



## The Social Contract: An Analytical Tool for Countries in the Middle East and North Africa (MENA) and Beyond

### Summary

The social contract is a key concept in social science literature focusing on state–society relations. It refers to the “entirety of explicit or implicit agreements between all relevant societal groups and the sovereign (i.e. the government or any other actor in power), defining their rights and obligations towards each other” (Loewe & Zintl, forthcoming).

The analysis of social contracts helps the understanding of: (i) why some societal groups are socially, politically or economically better off than others, (ii) why some revolt and demand a new social contract and, thus, (iii) why a country descends into violent conflict. In addition, the concept shows how foreign interventions and international co-operation may affect state–society relations by strengthening the position of the state or of specific societal groups. It illustrates that state fragility, displacement and migration can arise from social contracts becoming less inclusive.

Nevertheless, the term “social contract” has so far been neither well defined nor operationalised – to the detriment of both research and of bi- and multilateral co-operation. Such a structured analytical approach to state–society relations is badly needed both in research and in politics, in particular but not exclusively for the analysis of MENA countries. This briefing paper sets the frame, suggesting a close analysis of (i) the scope of social contracts, (ii) their substance and (iii) their temporal dimension.

After independence, MENA governments established a specific kind of social contract with citizens, mainly based on the redistribution of rents from natural resources, development aid and other forms of transfers.

They provided subsidised food and energy, free public education and government jobs to citizens in compensation for the tacit recognition of political regimes’ legitimacy despite a lack of political participation. But with growing populations and declining state revenues, some governments lost their ability to fulfil their duties and focused spending on strategically important social groups, increasingly tying resource provision to political acquiescence.

The uprisings that took place in many Arab countries in 2011 can be seen as an expression of deep dissatisfaction with social contracts that no longer provided either political participation or substantial social benefits (at least for large parts of the population).

After the uprisings, MENA countries developed in different directions. While Tunisia is a fair way towards more inclusive development and political participation, Morocco and Jordan are trying to restore some parts of the former social contract, providing for paternalistic distribution without substantial participation. In Egypt’s emerging social contract, the government promises little more than individual and collective security, and that only under the condition of full political acquiescence. Libya, Yemen and Syria have fallen into civil wars with no countrywide new contract in sight, and Iraq has been struggling for one since 2003. In addition, flight and migration also affect the social contracts of neighbouring countries such as Jordan, Turkey, and Lebanon.

All MENA countries are designing, or will need to design, new social contracts in order to reduce the current instability and enable physical reconstruction. This briefing paper informs on the status of conceptual considerations of social contract renegotiation in MENA countries and its meaning for international co-operation with them.

### Significance of social contracts

Social contracts include implicit and explicit rules for state–society relations on respective rights and duties and thereby make politics more predictable. They increase the legitimacy of rule – including material legitimacy – by allowing society a voice in the allocation of state resources and regulatory power. As a consequence, regimes need less repression to stay in power.

Analysing social contracts helps to understand

- how state–society relations have developed in the past and may further evolve in the future,
- why specific state–society relations remain peaceful or not,
- how state–society relations can be improved, and
- how foreign interventions (e.g. development aid) will affect state–society relations in a given country.

Each social contract is characterised by *three elements*: (i) its *scope* (the contracting sides and their respective spatial range of rule or influence), (ii) its *substance* (the deliverables exchanged between the contracting parties), and (iii) its *temporal dimension* (beginning, duration and end).

### The scope of social contracts

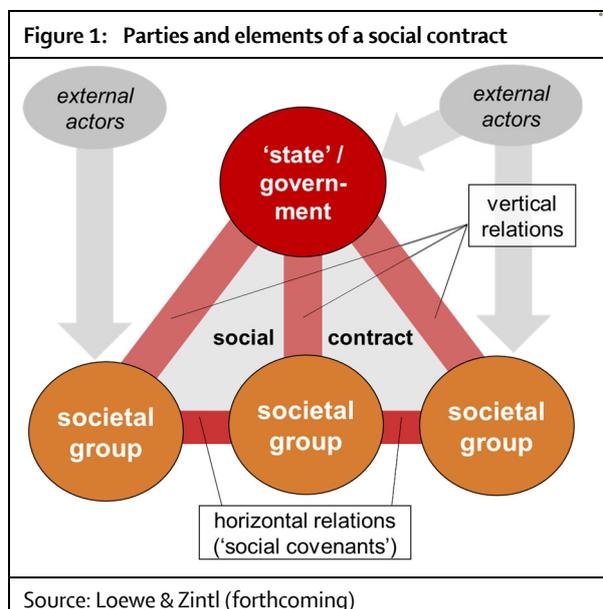
In regard to their scope, social contracts differ with regards to two aspects: the *who* and the *where*. Who are the contracting parties that accept the conditions of a given social contract? And where is their scope of influence, determining in which territory the social contract is valid?

Social contracts involve (a) the state and (b) (groups of) society. Social contracts can build on “social covenants”, i.e. horizontal agreements between societal groups on the formation of a state. Once a state exists, it achieves implicit or explicit vertical agreements with the different societal groups, which often become the dominant element of the social

contract. But these can be quite different, putting different societal groups into quite different positions and favouring some over others. Governments are thus in a position to follow a divide-and-rule approach. At the same time, of course, neither the state nor the societal groups are homogeneous actors.

The state, as contracting party, is not necessarily a formal government of a nation state in a Weberian sense. It can be any power that exercises a monopoly over the use of force in a given territory, even one with shifting boundaries. In this sense, parastatal organisations, such as militias controlling a territory (e.g. the Kurdish-dominated Syrian Democratic Forces in Northern Syria or the so-called Islamic State (IS) in Iraq and Syria) as well as tribal groups can enter as “quasi-states” into social contracts with subordinates living in the territory they control. On society’s side, social groups such as clans, tribal groups, social classes or interest groups, but also society at large, are contracting parties of a social contract. In contrast to the normative thinking exposed by the forefathers of social contracts (17th- and 18th-century political philosophers such as Hugo Grotius, Thomas Hobbes, John Locke and Jean Jacques Rousseau) not all but only some individuals living in a particular state need to approve of the social contract. Who and how many are required to explicitly consent is a matter for empirical analysis. Thus, societal groups are relevant for the analysis of social contracts if they have the resources to affect a given social contract’s deliverables. They can be ethnic or religious groups, economic actors (e.g. trade unions), social classes or regional groups.

Consequently, a social contract’s respective area of relevance is defined by the area under the influence of its contracting parties. While most social contracts are national and end at the borders of the respective country, trans- and subnational social contracts also exist. Examples are the quasi-states established by the Kurds in Northern Syria or, up until recently, by IS in parts of Syria and Iraq.



### The substance of social contracts

In their substantive dimension, social contracts differ in terms of *what*. Which items have contracting parties explicitly or implicitly agreed to exchange? Or which rights and obligations arise from the contract?

The state can provide one or more of the three Ps (see Figure 2):

- *protection* (which may include collective security against external threats; individual security against physical threats such as alleged or real terrorist threats from non-state actors, criminal acts or acts of state arbitrariness; and sometimes even legal security such as the enforcement of human and civil rights),
- *provision* of basic services such as access to resources, infrastructure, social services (e.g. health and education), social protection and economic opportunities, and
- *participation* by society in political decision-making processes on different levels.

In exchange, societal groups are incentivised to recognise the state’s rule as legitimate and pay taxes or provide alternative obligations. This incentive may replace or complement the group’s acquiescence because of fear of state repression.

Failing to provide any or several of these deliverables leads to societal discontent and political instability known as “state fragility” (see: Grävingholt, Ziaja & Kreibaum, 2015). Fragile states fall short in the fulfilment of one or more of these core state functions:

- Some fail mainly in terms of protection (mainly physical security for citizens) because of a lack of state authority (e.g. El Salvador and Sri Lanka; no example in MENA).
- Some countries fail mainly in terms of provision (mainly social and economic services) because of a lack of state capacity (e.g. Zambia or Burkina Faso; no typical example in MENA).
- Some countries fail mainly in participation (which holds for most MENA countries, such as Egypt, Morocco, Jordan and Saudi Arabia).
- And some countries fail in all three ‘P’ state functions. (An increasing number of countries fall into this category, often resulting in armed conflict or civil war, such as in four MENA countries: Libya, Yemen, Iraq and Syria.)

The first three categories of fragile states still have a social contract, even though it may be a truncated, and hence unstable, one. Countries in the fourth category, however, tend no longer to have a nationwide social contract, while non-government actors often fulfil some state functions and thereby build up quasi-statehood with non-nationwide social contracts.

### The temporal dimension of social contracts

In their temporal dimension, social contracts differ with regards to the *when* and *how long*: How long are they respected and when do contracting parties demand re-negotiation or decide to cancel a social contract in hope of

striking a better deal? While, as we saw, the main function of social contracts is to bring some predictability into state–society relations, they may be adapted and re-negotiated from time to time for one or several of the following reasons: (i) the relative distribution of power between the contracting parties changes, (ii) one party realises that the other party does not fulfil its obligations as contracted, (iii) one party finds that the existing social contract does not live up to its expectations. Re-negotiating the contract creates the possibility of *Pareto improvements* being achieved, i.e. reforms that create a win–win or at least a “no-one loses” situation. However, whether a new social contract takes shape depends heavily on the relative distribution of organisational power, as put forward by the political settlement literature (Khan, 2017; McCandless, 2018).

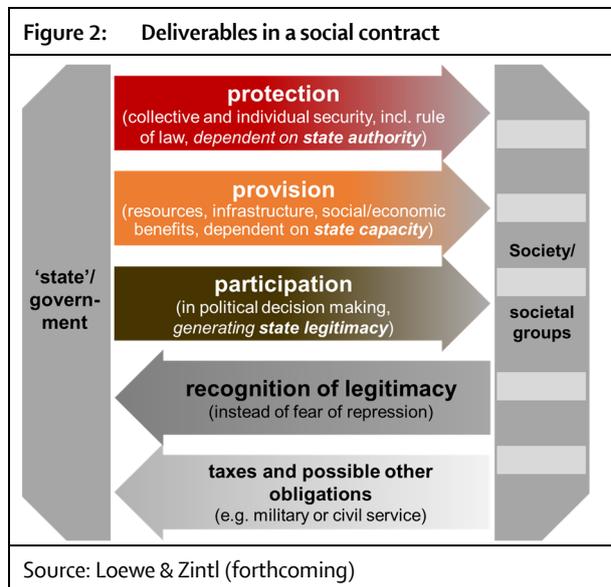
### The quest for new social contracts in the MENA

Most MENA countries developed quite similar populist-authoritarian social contracts after independence. The MENA republics, in particular, but increasingly also the monarchies, based their rule on providing two kinds of *deliverables*: provision of public services and of protection. In this way they aimed at a performance-based legitimacy. They provided social benefits to most parts of the population (energy and food subsidies, free public health care and education, social housing, jobs in the public sector, opportunities in public procurement) in order to compensate for the lack of political participation (beyond rigged elections, rubber-stamp parliaments and neo-corporatist mass-organisations). Bolstered by repression, MENA governments managed to provide a relatively high degree of stability and physical – if not legal – security.

These social contracts massively relied on rent income from natural resources, politically motivated foreign budget transfers, remittances, tourism and other sources. Hence, when this rent income dwindled and populations grew, MENA governments cut back on the *scope* of their social contracts, spending increasingly on their most important allies, not the most deprived societal groups.

The uprisings in MENA countries in and after 2011 can thus be seen as a protest against the erosion of the former social contracts: reduced social benefits and increased tax collection despite continued lack of political participation. Yet, protesters did not fully share the same goals: some called mainly for more social justice and political freedom, while others called for a return to the old service-oriented populist social contracts.

Following the protests, MENA countries’ social contracts developed in diverging ways. Only Tunisia has advanced towards a new, more inclusive and participatory social contract, yet still struggles for a clear policy course. Jordan and Morocco tried to retain as much as possible from their old social contracts, offering some more political participation here or more service provision there. The Gulf monarchies did so, too, with more leanings towards repression. Egypt reverted, after massive upheavals, to a new but securitised



and even more exclusionary version of its old social contract. Syria, Yemen and Libya have no nationwide social contract in place. They are besieged with tenacious civil war and, like Iraq, with ongoing instability and dysfunctionality.

Nevertheless, the quest for new, more sustainable social contracts in the MENA region has not ended but, rather, has just began. For this, social contracts' substance and, sometimes, their scope needs to be re-negotiated, or in some cases, entirely re-invented. Most MENA governments deliver little more than the first P (protection): short-term stability and security. So far, citizens still accept the situation because security now seems more urgent than better service provision let alone more political participation. Sooner or later, however, citizens may ask for more; and if governments dismiss their demands, they are likely to rebel again – potentially with even bloodier consequences. Governments will not offer full political participation and accountability because they risk disempowerment. But it may be possible to identify small reforms that improve the well-being of larger groups of citizens and are still acceptable for governments: e.g. replacing inefficient energy subsidies with direct cash transfers, improving accountability in the public administration and judiciary by e-government or better and more equitable public education.

Of course, the war-affected MENA countries face a much bigger challenge because of the inability of their former governments to deliver on the most basic provision of a social contract – mere physical security. Here, de facto social contracts at sub-national level have supplanted the previous, national one – often on an ethno-sectarian basis and, again, in exchange for political submission. This sectarianisation has produced (or reinforced) the distrust of important societal groups not only versus the remnants of a previously

oppressive government but also against one another. In order to overcome the auto-dynamic of violence and estrangement between societal groups – exacerbated by the rise of groups such as IS, which emerge out of such contexts – new “horizontal” social covenants have to be built between them as a foundation for a new social contract (see Figure 1).

### Perspectives for international co-operation

Foreign donors should be aware that these processes are very sensitive to external interventions. Even the most well-intentioned advice or support from outside may adversely affect the distribution of power between society and the government and, thereby, existing social contracts. Any financial support to partner governments, for example, tends to strengthen them, at least reputationally, and can thus reduce societal pressure to implement reforms. The motto should thus be never to harm but to strengthen the societal side of the contract, in particular vulnerable societal groups in authoritarian contexts, by keeping an eye on how specific interventions change the inclusiveness of a social contract vis-à-vis particular groups.

Actors of international co-operation have therefore started to analyse and weigh the effects of their activities on existing social contracts. Germany's Ministry for Economic Co-operation and Development (BMZ), for example, started in 2017 to review its co-operation with MENA countries in terms of their impact on existing social contracts; new projects are meant to have positive, or at least no negative impact on the emergence of new social contracts. And the Organisation for Economic Co-operation and Development (OECD) has set up a MENA Resilience Task Force to promote the re-negotiation of social contracts in the MENA region, and is currently piloting such a project in Mosul, Iraq.

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