

A NEW SOCIAL CONTRACT FOR MENA
COUNTRIES:
EXPERIENCES FROM DEVELOPMENT
AND SOCIAL POLICIES

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*States and social contracts in North Africa:
state-making functions à la carte"*

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States and social contracts in North Africa: state-making functions à la carte

The analysis of social implications of the Arab uprisings have concentrated on: socio-economic grievances, Arab «youth bulge» factor and the negative impact of globalization-led neoliberal policies.

However,

most of those analysis have overlooked the reasons behind Arab states' inability to deliver on socio-economic rights and security, two pillars of contemporary understanding state-sovereignty.



Therefore, we propose to:

- 1) Debunk founding myths on the Arab uprisings' roots;
- 2) re-assess the nature of the Arab state as a key trigger of public discontent.

Our assumptions:

- (1) the gap between people's expectations and reality had become untenable, particularly in regard to state poor performance and citizens' attachment to a Weberian notion of the state;
- (2) Arab States' hybrid nature: blurred private-public boundaries, failure to perform typically public functions, outsourced to non-governmental bodies.

We define this example of limited statehood as "*states à la carte*"

States and social contracts in North Africa: state-making functions à la carte

Surveying the false myths around the Arab uprisings

(1) Social inequalities

"The MENA region in 2011 had the highest levels of inequality" (Lakner and Milanovic, 2013)



Income inequality in the Middle East is substantially higher than in the US or Europe, but not compared to South-East Asia and the Sahel region, Latin America, South Africa

However,

Sharp rise in unemployment since 2000s, the highest in the world (averagely 20%, more than 12% global rate)

+no social coverage (98% of unemployed with no allocation, Achcar 2013)

+ highest informal labour rates (34% Libya, 44,5%Egypt, 50% Tunisia, 80% Morocco)

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(2) Negative Impact of Globalization

"Globalization spurring liberalization has impoverished MENA countries"

Overall average MENA growth before 2008: +5%

Per capita GDP yearly growth before 2008: +1,25%

FDI ratio to GDP: 4.6% (over the EU 4.3%) (UNDP, 2011)

Globalization has spurred pluralism and opening of regimes → "authoritarian bargain" (Desai et al., 2009)

Springborg (2016): it is the slowing down of globalization that has fuelled frustration

(3) Youth Bulge

"Impossibility to create enough jobs for an extraordinary percentage of youth"

MENA young people (12-19): 20% average

Sub-Saharan Africa and South-East Asia: 23%

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Crisis of the authoritarian bargain since the 2000s

(public sector's hiring insufficient, private sector unable to catch up)

Result → Crisis of regimes' legitimacy on the delivery side, on state-performance

There is a need to deep rethink undemocratic MENA states' institutional set-ups:

crony capitalism, poor legitimacy, lack of elite circulation, state-capture

Crony capitalism: which new trade-off to stave off contentious actions?

Legitimacy: What possible legitimacy for undemocratic states not able to deliver to their citizens?

State-capture: Who or which group is capturing the State?

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Beyond notions of a unitary State and of rational action by state bodies

pluralist understanding of the State (Robert Dahl)

States as arenas of competing social and political action for various social groups
vying for control

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Theoretical framework: Re-conceptualising the Arab State

Historical background: after the demise of Nasserism (1967), Arab states without legitimizing ideologies → resorted to neoliberal policies promoting (uneven) economic development and later talking the language of good governance

Looking at Arab states' infrastructural power

Ayubi (1995): weak, strong, hard and fierce states

Arab states show little penetration of society (*i.e.* ability to extract resources but also Gramscian ideological legitimacy)

Muehlberger (2015) Arab states inability to extract resources can hide state attitudes to rely on alternative rents (*i.e.* natural resources, semiprivate income, foreign aid)

This goes so far as to consider state-owned resources and profits as semi-private – *i.e.* oil in the Gulf countries redistributed at their will- or claiming national resources raised with public funds as corporate or private repository -*i.e.* Egyptian army' exploitation of land.

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Theoretical framework/2: Re-conceptualising the Arab State

Looking at Arab states' legitimacy

Ibn Khaldun argued that "Authority stems from *'asabiyya*, or group feeling"

Arab states are made of overwhelming political and social alliances

Achcar (2013): Arab states rely on "tribalism, sectarianism and regionalism", all remnants of past societal fabrics (kinship and lineage structures)

Old-fashioned structures coexist without frictions with modern institutions

States are non-unitary and do not reflect a supposedly homogenous social body (the nation) but have to recompose social groups' interests

Arab States: beyond Westphalia:

No (absolute) sovereignty (ability to autonomously create and impose a set of rules)

No linear State-society relations (no hegemony over society)

Hybrid nature both in terms of legitimacy and in terms of infrastructural power

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Theoretical framework/3: the idea behind “Pick and choose” states

We define Arab states as selective: They arbitrarily choose the functions they want to perform *vis-à-vis* their societies

Hibou (2004): no reductionist dichotomy between state and society

Migdal (2004): State in society: the State as part and apart from society

The unit and vision of the State stems from different *foci* of power, sometimes with incoherent rationales.

however...

Even when they are unable to perform and delegitimized, there is no alternative

Mostly, they look weaker than they actually are because they are evaluated against a Weberian *ideal type* in terms of functioning and performances

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Theoretical framework/4: Re-conceptualising the Arab State as states "à la carte"

Arab states are the product of "friction and complementarity between different institutional arena", conducive to "different level of democracy and regime stability"
(Ahmed&Capoccia, 2014)



Arab states present an original political model where the state is only one institutional authority among many others actors fulfilling a regulatory function in an highly competitive political arena composed of semi-autonomous actors of similar weight vying for both resources and contributing in defining the rules of the political game.



Positional view of power: the state is coexisting with alternative fiefdoms of power,
→ no clear hierarchical order in the sources of power.

The state's inability to deliver on socio-economic rights is not the product of an inner pathology of delay in development, but the outcome of the difficult negotiations process taking place between the state and other actors.

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Case study/1: TUNISIA

1) Two-tier state penetration

Unemployment rate: 15% average, with internal spikes (Tataouine, 30%) and coastal drops (Monastir, 6%)

Coastal/Inland split is due to a specific choice of the State: to concentrate on “useful” Tunisia (Bono, Hibou, Meddeb and Tozy, 2015) accepting to penetrate the southern regions in a less intensive way, leaving them to alternative sources of authority and loyalty

2) Lack of consistency in state action

Jendouba forests are public land occupied and converted in *de facto* private properties without changing their legal status

Ben Ali endorsed liberalization policies and sold them to new private owners ignoring 30 years-long gentrification (accepted by the State)

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3) Private-Public encroachments

CPG is managing some public-owned lands around mines: the sell tenures and real estates to private citizens who acquire property rights but not full ownership

This leads to a blurred situation where citizens cannot sell property they legally own

Their last resort is to sue the CPG, a state agency

4) State withdrawal and endorsement of alternative welfares

Establishment of an autonomous welfare agency under the authority of the Ministry of Religious Affairs fighting against unemployment and financed by zakat

« Organisation nationale de la Zakat » (April, 2016), channelling both private and state-sponsored donations

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Case study/2: Morocco

1) Alternative welfare: Royal goodness for development

Funding of social, infrastructural, developmental and microeconomic projects through INDH (royal yard) with no Parliamentary supervision and direct allocation

2) Green Morocco: State unsuited policies on development

The Government bets on Green Morocco: renewable energies and solar plants, disregarding the real agricultural problem: massive lack of water/ distorted land allocation/ land concentration in the hands of a few generals

3) Drug as tool of power-sharing

Authorities deny any tolerance vis-à-vis the drug trade portraying the Rif as beyond state control,

But the Ministry of Agriculture compile a yearly accurate account of cannabis production (Bordes and Labrousse, 2004:28)

But again, the monarchy periodically dispatches the army in the Rif, allowing militaries to confiscate drug revenues and production sites as a side-payment

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- Case study/3: Egypt

- 1) Major development works as corporate revenues

Doubling of the Suez Canal passed off as a major development and job-creating public work, but who benefits are foreign contractors in joint ventures with the army (2 billion dollars)

SCAF spokesperson in 2012: «*Our money does not belong to the State, it is the sweat of the Ministry of defense from the revenues of its enterprises.. We will not allow the state to intervene*» (Abul-Majd, 2015)

(national resources confiscated for corporate interest and waiving taxes)

- 2) Quiet state acceptance of massive informal labour

The State coexists with high rates of informal labour (70% in rural areas), despite the concrete loss for state revenues (no local fiscal revenues/inability to extract resources)

Informal economy not fought against as illegal activity but tolerated as social safety valve

- 3) Market concentrations and outsource of traditional functions

The military controls 40% of the Egyptian economy while neglecting security tasks and devolving them to private security firms (*Baltaggiyya*, entrepreneurs of violence attacking political gatherings)

The military has not been touched by any structural reform since the 90s

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- Competing *foci* of power, with different actors pursuing their own corporate or group interest despite or in accordance with the State, may be among the main causes hindering development within the Arab States.
 - The Arab state model à la carte is under-performing and fueling citizens' resentment
- However, this does not imply that institutions have been hollowed out but that production of public goods is selective and irregular and that development takes place in the absence of a supervising and legitimate hegemonic authority.
- Thus, the gap between expectation of a Westphalian-Weberian-like state by citizens and the existence of a state *à la carte* has been one of the underlying elements for the 2011 mass protests and could represent the trigger for further protests.