Chapter 3
Achievements and Deficits of the Arab MENA Economies on the Eve of the Current Global Corona Crisis

Abstract Our exercise of standard development accounting attempts to arrive at a synthesis of the performance of Arab countries as they approach the abyss of the impending global economic recession and health crisis, connected with the Corona (Covid-19) pandemic. The choice of our indicators was guided by world system (Frank, ReOrient: Global economy in the Asian Age Ewing, University of California Press, 1998) and dependency approaches to development (Bornschier et al., Transnational corporations and underdevelopment, Frederic Praeger, New York, 1985); by later globalization-oriented debates about development (Tausch, Int J Heal Plan Manag 27(1):2–33, 2012a; Tausch, International macroquantitative data. Faculty of Economics, Corvinus University of Budapest. Available at http://www.uni-corvinus.hu/index.php?id=47854&tx_ttnews%5Btt_news%5D=0&tx_ttnews%5BbackPid%5D=31638&tx_ttnews%5BcalendarYear%5D=2012&tx_ttnews%5BcalendarMonth%5D=6&cHash=af8ef6888f7c9922b83b113f71c1ca32, 2012b; Tausch, Int Soc Sci J 68(227–228):79–99. DOI: 10.1111/issj.12190, 2018); and by indicators featuring internal, “home-made” restrictions on democracy and gender equality. The choice of our indicators was also guided by research on Islamism, and the issues of the way, religion, culture and values are structured in the region (Grinin et al. 2020).

Our data support the perspective of the UNDP Arab Human Development Report (UNDP, Arab Human development report 2016: Youth and the prospects for human development in a changing reality. UNDP, New York. Available at http://hdr.undp.org/en/content/arab-human-development-report-2016-youth-and-prospects-human-development-changing-reality, 2016) which diagnosed that, deficient as it may be, the state-led development model in the Arab world has expanded access to key entitlements and raised some levels of human development. Arab countries had a relatively low incidence of poverty and income inequality, shielding disadvantaged groups from some of the worst economic pressures of our times. On all accounts of standard development accounting (Grinin et al., Economic cycles, crises, and the global periphery, Springer, Cham, 2016; Tausch, Int Soc Sci J 61(202):467–488, 2010; Tausch and Heshmati, Globalization, the human condition and sustainable development in the twenty-first century: Cross-national perspectives and European...
implications. Anthem Press, London/New York/Delhi. https://www.scopus.com/inward/record.uri?eid=2-s2.0-84939789242&doi=10.7135%2fUPO9780857286550&partnerID=40&md5=32618c3ba9b7101853ea357f86de2703. https://doi.org/10.7135/UPO9780857286550, 2012a; Tausch and Heshmati, Sociologia 44(3):314–347, 2012b), the performance of the Arab countries since the 1960s was mixed at best.

The multivariate indicator analysis of the development performance of the countries in the world system along seven different dimensions:

Democracy
Economic growth
Environment
Gender
Human development
R&D
Social cohesion

showed that the global ranks of the Arab countries in this international comparison combining democracy, economic growth, environment, gender, human development, R&D and social cohesion ranged from rank 67 – Tunisia – to rank 167 – Sudan.

Our analysis of poverty gaps in the MENA region indicates that poverty gaps exhibit two trends in the region – a secular, long-run setback and decrease of the poverty gaps, measured by the three well-known World Bank purchasing power (PPP) benchmarks of 1.90$, 3.20$, 5.50$ a day, and a lamentable short-run setback and increase of the poverty gaps during the neo-liberal transformations of the 1990s and in the wake of the Arab Spring.

These setbacks in the 1990s and in the wake of the Arab Spring surely coincide with the statistics of unemployment, which closely correlates with the downswings in the economic cycle. This is especially true for the rates of youth unemployment, which reaches a staggering quarter of the entire age group.

Based on the extensive development accounting data collection contained in Tausch, 2019, we also arrive in this chapter at the following and rather depressing analysis of the development deficits of the Arab world: youth disempowerment, deficits in education, high unemployment and precarious jobs, the exclusion of young women, substantial health challenges, violent radicalization, patriarchy, low social and religious tolerance, inequality of opportunity in education, the challenges facing women, the effects of social and political conservatism, problems in the health sector, war and violent conflict, a high migration pressure, the flight of human capital, all these phenomena, mentioned by the UNDP Arab Human Development Report, 2016.

With the data of Barro and Ursua (Barro-Ursua macroeconomic data. Available at https://scholar.harvard.edu/barro/publications/barro-ursua-macroeconomic-data, 2011), and Barro et al. (The Coronavirus and the Great Influenza epidemic – Lessons from the ‘Spanish Flu’ for the Coronavirus’s potential effects on mortality and economic activity (2020). CESifo Working Paper No. 8166. Available at SSRN: https://ssrn.com/
abstract=3556305, 2020), as well as Grinin et al. (Economic cycles, crises, and the global periphery. Springer, Cham, 2016), we deal in this chapter also with the comparative aspects and what economic science knows about the effects of both the Spanish Influenza pandemic from 1918 onwards and the Great Depression from 1929 onwards. Poor countries like Egypt recovered their income levels from pre-Great Depression levels only in the late 1950s. Based on the empirical relationship between income levels and pandemic fatality rates 1918–1920, we can assume that if the current pandemic repeats the patterns of the Spanish influenza, 1918–1920, fatality rates in the Arab world will be 1–2 percent in the United Arab Emirates, Jordan, Egypt, Tunisia, Kuwait, Morocco and >2 percent in Qatar, Yemen, Sudan, Mauritania and Comoros. Finally, we risk a prognosis on the overall societal effects of the pandemic. There will be rising income inequality over time. And the severity of the epidemic negatively influences international income convergence over time.

With the majority of the populations in the Arab world predictably becoming poorer still by international standards after the pandemic, and with income inequality predictably rising, we should finally look at another lesson of history, which might be deduced from the Barro and Ursua (Barro-Ursua macroeconomic data. Available at https://scholar.harvard.edu/barro/publications/barro-ursua-macroeconomic-data, 2011) data. In the United Kingdom, it took practically a decade to recover the pre-pandemic income levels, and in Italy, the crisis was even more severe, and Italian democracy collapsed and Benito Mussolini rose to power in 1922.

**Keywords**  Religion · Arab MENA countries · UNDP Arab Human Development Report

### 3.1 Introduction

Our exercise of standard development accounting attempts to arrive at a synthesis of the performance of Arab countries as they approach the abyss of the impending global economic recession and health crisis, connected with the Corona (Covid-19) pandemic. The choice of our indicators was guided by world system (Frank 1998) and dependency approaches to development (Bornschier and Chase-Dunn 1985) as well as by later globalization-oriented debates about development (Tausch 2012, 2018) and by indicators featuring internal, “home-made” restrictions on democracy and gender equality. The choice of our indicators was also guided by research on Islamism, and the issues of the way, religion, culture and values are structured in the region (Grinin et al. 2018; Solomon and Tausch 2020).

First, we debate the background, present an overview of the methods and data and then portray the most important empirical results. We then discuss these results and present the conclusions from our findings. The vulnerabilities of the region and the development of achievements and deficits are our main focus.
3.2 Background: Assessing Development on the Eve of the Current Global Corona Tsunami

First, we should recall here that the UNDP, in its latest Arab Human Development Report (UNDP 2016), reached the following verdict on Arab Human Development:

This flawed Arab model of development depends on inefficient forms of intervention and redistribution that, for financing, count heavily on external windfalls, including aid, remittances and rents from oil revenues. The reliance on unearned income is sometimes dubbed the original sin of Arab economies. Since independence, most countries have seen little change in economic structure. Manufacturing – the primary vehicle for job creation in emerging economies – has registered painfully slow and sometimes negative growth. The public sector has either crowded out and manipulated the private sector or forged uncompetitive and monopolistic alliances, while inhibiting the development of viable systems of public finance. With few exceptions, the private sector is weak and dependent on state patronage, and the business environment hampers the rise of young and independent entrepreneurs. (UNDP 2016)

But the UNDP emphasized at the same time:

The state-led development model has created contradictions. It has expanded access to key entitlements, whether public employment or food subsidies, thereby raising some levels of human development. Thus, partly because of the entitlements, societies have been able to lower the incidence of poverty and income inequality, shielding disadvantaged groups from some of the worst economic pressures of our times. However, these ostensibly favourable outcomes have entailed a deeper trade-off in the long run. The gains in human development have rarely translated into gains in productivity and growth, first because the model traps human capital in unproductive public sector jobs, and, second, because it builds a pyramid of privilege whereby economic advantage is restricted to firms and individuals connected to the state and its ruling elites. Arab countries have long preserved social order by distributing unproductive rents (…). (UNDP 2016)

On all accounts of standard development accounting (Grinin et al. 2016; Tausch 2010; Tausch and Heshmati 2012), the performance of the Arab countries since the 1960s was mixed at best. For observers, guided by world system (Frank 1998) and dependency approaches to development (Borschier 1980, 1983; Borschier and Ballmer-Cao 1979; Borschier and Chase-Dunn 1985) as well as later globalization-oriented debates about development (Ariely 2018; Gygli et al. 2019; Heggem and Jakobsen 2016; Potrafke 2015; Tausch 2012, 2018) it was always clear that the Arab world ever since the rise of industrialization up to the twentieth century and beyond played only the role of a periphery and semi-periphery. For dependency, world system and several globalization approaches (Borschier 1980, 1983; Borschier and Ballmer-Cao 1979; Borschier and Chase-Dunn 1985; Grinin et al. 2016; Tausch 2012, 2018), this peripheral or semi-peripheral position implied and still implies several development blockades, like a tendency towards strong and recurrent economic fluctuations, no real long-lasting economic and social convergence with the countries of the centre, a tendency towards a high concentration of life chances and power, political instability and restrictions on or the complete lack of democracy.
A host of studies on the region, however, highlighted by contrast internal, “home-made” restrictions on democracy, such as gender inequalities, Islamism, and issues of the way, religion, culture and values are structured in the region as development impediments by themselves. Chapter 2 of this work assesses the tendency towards failing states and the loss of sovereignty in the MENA region, while Chapter 5 highlights patriarchy and the relationship between gender and Islam in the region.

In accordance with this analysis (see Chaps. 2 and 5), democracy indeed must be considered as a development factor on its own (Freedom House 2018; Fukuyama 1995, 2006; Huntington 1993, Popper 2012; Putnam 1983; Schumpeter 1950; Tessler 2002; Tyler, and Darley 1999). The same must be said about the ending of patriarchy: gender inequalities have a devastating effect on development capacities in all fields (Glas et al. 2018; Send 2003; Tausch 2017, 2019; Ucal and Günay 2019).

Islamism (Grinin et al. 2018; PEW 2015; Solomon and Tausch 2020; Tausch 2009, 2015; Tausch and Heshmati 2016) and issues of the way religion (Barro 2004, 2012; Barro and McCleary 2003; Elzinga 1999; Glahe and Vorhies 1989; Huntington 2000) and culture and values are structured in the Arab world (Abduljabber 2018; Alesina and Giuliano 2015; Dalton and Welzel 2014; Deutsch and Welzel 2016; Giorgi and Marsh 1990; Hofstede 2001; Inglehart 2018; Tausch 2016 Tausch et al. 2014) are portrayed as development impediments by themselves in parts of the existing literature, based on quantitative evidence.

We will also duly analyse the available data on gender relations in the region (Glas et al. 2018; Sen 2003; Tausch 2017, 2019; Ucal and Günay 2019).

But before we undertake our exercise, we should look around at the world at large, as we drift towards the abyss of the current recession of all global recessions in the period since the Great Depression, 1929, and the Second World War. The vulnerabilities of the Arab world, already present from their development performance 1960–2019, which we analyse here, will only increase, and crises of all sorts, state failures and conflicts will ensue, in a region which at any rate already was prone to state failures and conflicts at an accelerating pace since the end of the Cold War.

So, what is the nature of the global recession, which we are now facing? Writing in mid-April 2020, we can safely say that events in the wake of the Covid-19 pandemic which originated from the Huanan Seafood Market in Wuhan, China, are set to fatally change the fortunes of the twenty-first century in January 2020. As the NY Times showed on 22 March 2020 (see Wu et al. 2020), thousands of people from Wuhan did not stop traveling abroad even after the Chinese authorities were aware of the serious pandemic. Not all countries reacted to the crisis with the necessary determination, like South Korea and Singapore.

Even the countries of the centre of the global economy, especially the Euro-Zone, by mid-April 2020, are heading towards the abyss of an unprecedented economic recession. In “normal times”, there would have been the hope that somehow a functioning Euro-Mediterranean partnership could have provided a future anchor of stability for the countries from Morocco in the West to Lebanon and the other countries of the Arab East (Mashrek). But what will now be the fate of the MENA countries on the southern and eastern shores of the Mediterranean, when Italy and Spain are in their most delicate hour, caused by the Covid-19 pandemic?
The Euro-Mediterranean scenario would not only have implied an EU membership perspective for a secular and democratic Turkey but eventually also a similar perspective for Israel, and the enhanced development of the Euro-Mediterranean partnership with the majority of the other countries of the region (Tausch 2019). In the early years of the new millennium, the European Union and the then EU-Commission President Romano Prodi indeed greatly promoted this approach and called it the “ring of friends” involving a joint economic area between Morocco and Russia. This “ring of friends” should have been a counter-model to Islamist terrorism after the 9/11 attacks, creating a zone of peace in the Mediterranean. Romano Prodi, the former EU Commission President said at that time:

I want to see a “ring of friends” surrounding the Union and its closest European neighbors, from Morocco to Russia and the Black Sea. This encircling band of friendly countries will be diverse. The quality of our relations with them will largely depend on their performance and the political will on either side. [...] The goal of [i.e. European Union] accession is certainly the most powerful stimulus for reform we can think of. But why should a less ambitious goal not have some effect? A substantive and workable concept of proximity would have a positive effect. The existing and well-functioning instruments of the EU’s policy for its neighbors are the foundations for any new approach. We should be able to combine this proposal with the variety of existing partnership, cooperation, association and stabilization agreements. But we must also better exploit their potential and build on this basis. Let me concentrate on the question of what political perspective would best extend the area of stability without immediate enlargement of the Union. We have to be prepared to offer more than partnership and less than membership, without precluding the latter.1

An important element in this approach was the still valid idea that democracy and free trade are important requirements for peaceful relations between nations, anywhere in the world (for a survey of the relevant literature, see Tausch 2019). Moderate and organized migration across the Mediterranean would have been part of this model, and it would have been manageable and in terms of its political costs also affordable.

But already before the Covid-19 pandemic and recession, we were facing a weak and internally divided European Union, affected by a plurality of internal and external crises, such as Brexit, the lack of real democracy at a European Union level, the malfunctioning of European monetary union and the lack of a coherent European foreign policy.

Now, last 23 March 2020 was the day which will go down in European economic history as the day on which the core of the European Union’s hitherto existing neoliberal fiscal policy framework, the Maastricht criteria, were put out of action (D’Elia 2020; on the background see also D’Elia and de Santis 2019). The German Bundesbank, on its official website, still proudly declares that sound public finances are the cornerstone of a stability-oriented monetary union. The EU Member States therefore set out fiscal rules in the Maastricht Treaty and subsequently augmented them with the Stability and Growth Pact. The Maastricht Treaty specifies reference values for the general government sector of the various EU Member States:

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1 http://europa.eu/rapid/press-release_SPEECH-02-619_en.htm
3 percent of gross domestic product (GDP) for the government deficit and 60 percent of GDP for government debt (the Maastricht criteria).²

But all that is now history, with foreseeable and very tangible repercussions also for the Arab world further South and East. The Maastricht criteria fixed European economic policy targets of low inflation, a low ratio of gross government debt relative to GDP at market prices below 60 percent, and low long-term interest rates. The International Monetary Fund now already anticipates a global recession of −2.9 percent due to the “corona crisis”.³ Serious model calculations by Warwick McKibbin and Roshen Fernando from the Australian National University (McKibbin and Fernando 2020) expect at least 15–68 million global deaths from the current corona infection and a recession of over 8 percent in the countries of the euro zone. The current pandemic thus threatens to become the primary catastrophe of the twenty-first century. In their study of the 1918–1920 flu epidemic, Johnson and Mueller 2002, which was a similar global disaster concluded that 48 million to 100 million people worldwide fell victim to the “Spanish flu” at the time. Harvard economist Robert Barro (Barro et al. 2020; Barro 2006) speaks quite logically of “rare macroeconomic disasters” that shake the foundations of the global economy with recurrent force and regularity. Both Johnson and Muller as well as Barro et al. 2020, highlight that there is a clear north-south global differential in fatality rates, with highest fatalities to be observed in the weaker countries of the global periphery and semi-periphery. Current World Bank data⁴ suggest that the Arab world has only 1.6 hospital beds at its disposal for 1,000 inhabitants (the European Union 5.6, the United States 2.9). Equal vulnerabilities loom ahead in view of the impending Corona crisis concerning the benchmark indicator of physicians per 1,000 inhabitants. The Arab world has only 1.1 physicians available per 1,000 inhabitants; in the European Union, this ratio is 3.6, and in the United States, 2.6. Migration of medical personnel compounded the crisis, with the rates of physicians per total population shrinking in many countries of the global periphery and semi-periphery.

In their comparison of the effects of the Spanish flu in 1918 and Covid-19 today, Barro et al. 2020, conclude:

Both the implications of our findings from the Great Influenza Epidemic for the ongoing coronavirus epidemic are unsettling. As noted before, the flu death rate of 2.0 percent out of the (…) total population in 1918-1920 translates into 150 million deaths worldwide when applied to the world’s population of around 7.5 billion in 2020. Further, this death rate corresponds in our regression analysis to declines in the typical country by 6 percent for GDP and 8 percent for consumption. These economic declines are comparable to those last seen during the global Great Recession of 2008-2009. The results also suggest substantial

²https://www.bundesbank.de/en/statistics/public-finances/maastricht-deficit-and-debt-level/maastricht-deficit-and-debt-level-793140
³https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19 and https://www.nzz.ch/wirtschaft/der-imf-erachtet-die-corona-krise-als-ernsthaftes-risiko-fuer-die-weltwirtschaft ld.1544427
⁴https://data.worldbank.org/indicator/sh.med.beds.zs
short-term declines in real returns on stocks and short-term government bills. Thus, the possibility exists not only for unprecedented numbers of deaths but also for major global economic dislocation. Although these outcomes for the coronavirus are only possibilities, corresponding to plausible worst-case scenarios, the large potential losses in lives and economic activity justify substantial outlays to attempt to limit the damage. However, extreme mitigation efforts—such as widespread cancellations of travel, meetings, and major events—will themselves contribute to the depressed economic activity. (Barro et al. 2020)

In Europe, the nationwide victim numbers from the flu epidemic in 1918–1920 have a relatively large correlation with today’s corona numbers. As if the susceptibility to such disasters had been dislocated forever to southern Europe. We are afraid that the same will happen today in the Arab world. With 1.07 percent per total population, Egypt’s death rate during the flu epidemic of 1918–1920 was among the world’s higher rates, and about equal to those of Austria, China, Hungary, Italy, Korea, Malaysia, Spain and Turkey, but still lower than that of India, Indonesia and Mexico, which were at the lamentable global top. We can roughly say that a fatality rate of around 1 percent corresponded to the countries of what was then the semi-periphery, while higher rates were typical in the world system’s periphery (as to long-run time series data of global development ranging well into the nineteenth century, justifying such assumptions, see Grinin et al. 2016).

Taubenberger and Morens (2006), highlighted that the “Spanish flu” hit the world in three waves, with the first one in summer 1918 and a death rate of around 5 per 1,000 persons in the United Kingdom, while the deadliest, second wave occurred more than a year later in November 1918, with a death rate of around 25 per 1,000 persons and a third peak having been reached in March, 1919, with a death rate of 10 per 1,000 persons. If that logic of death were to apply again, the current more than 1.5 million Coronavirus cases and more than 88,000 deaths recorded by 9 April 2020, 4:14 GMT, will be nothing compared to the wave of death which could sweep across our globe by 2021, with five times the current rates of infection.

In this context, the Italian economist Giovanni Andrea Cornia (Cornia 2019; Cornia and Paniccià 2000) has proven that not only epidemics kill, but also economic crises which hit the world economy with the force of a Tsunami. Cornia’s theses on excess mortality led him to conclude that from 1989 to 2014, 18 million people in the region of Eastern Central Europe and the former USSR fell victim to the gradual economic downturns and shock therapies. The hurricane that is now brewing over Europe after the expected health and economic crisis 2020/2021 is

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5Simple Microsoft EXCEL correlations between the mentioned historical data on the Spanish flu and current covid-19 infection data, as reported in https://www.worldometers.info/coronavirus/

6https://www.worldometers.info/coronavirus/

7The statistics of crude death rates often can work like magnetic resonance imaging of the developments of a social system. Look at the World Bank figures https://data.worldbank.org/ for some of the most dramatic mortality crises of recent decades: South Africa (HIV crisis), Russia (collapse of the USSR), North Korea (famines under the communist dictatorship) and Rwanda (genocide). A final look reveals the public health crisis in the European South (Greece, Italy and Spain) which worsened after the economic crisis of 2008
already recognizable. The neoliberal set of rules, which determined Europe’s path after the 2008 financial crisis, has caused death rates to climb since 2008 and led to exactly the situation which Cornia describes in his works. Downgraded hospitals in Italy, Spain, the reduction of public services and health services to the limits of state failure, such as in Greece in the wake of the European Stability Mechanism (ESM) austerity packages . . . applied to the population as a whole, we must start from the thesis that the 2008 crisis and the subsequent crises in the Eurozone led to the
premature death of 1.76 million people (our own calculations, based on https://data.worldbank.org/).  

If Russia could have stabilized the death rate at 10.0 per 1000 as in the Brezhnev era, there are 14 million deaths to date that could have been avoided. If the gross death rate had stabilized at 12.0 as at the beginning of perestroika, still eight million lives could have been saved (our own calculations, based on https://data.worldbank.org/).  

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8 Crude death rates per 1.000 inhabitants in the European Union, according to the World Bank Open Data, available from: https://data.worldbank.org/data, have a clear and straight linear downward trend, which Microsoft EXCEL regression routine (OLS-regression) identifies as being dependent on the time axis with $-0.04$ as the unstandardized regression coefficient and 86.85 as the constant. Without using more sophisticated models, and predicting crude death rates from this trend after 2008 yields us a first realistic estimate of the crude death rates per 1.000 inhabitants in the European Union, if this good health policy trend would have continued. We compared then these predicted crude death rates per 1.000 inhabitants with the crude death rates after the crisis of 2008, which really exploded, considering the long-term European advances in public health policy before the crisis of 2008. We then projected for each year the numbers of deaths which would have been avoidable, subtracting the crude death rates per 1.000 inhabitants after 2008 from the expected numbers, based on the before-mentioned simple linear regression (regression residuals), which we then weighted with the yearly population figures of the European Union. From 2008 onwards, these figures add up together to 1.76 million human beings who died a death which would have been avoidable had the European Union not experienced the 2008 crisis.  

9 Crude death rates per 1.000 inhabitants in Russia according to the World Bank Open Data available from: https://data.worldbank.org/data. We compared Russian crude death rates per 1.000 inhabitants, as they occurred in Russian history, with the crude death rates which were recorded under Brezhnev (variant 1, crude death rate per 1.000 inhabitants = 10.0) and during the onset of “perestroika” (crude death rate per 1.000 inhabitants = 12.0). A simple linear prolongation
But the neoliberal policy framework, which dominated economic policy making on both shores of the Mediterranean, won’t be easily thrown overboard and will be prolonging the global economic recession, which now sets in. European elites are currently already hurrying to reanimate the neo-liberal “rescue umbrella” (in Chancellor Angela Merkel’s language “Rettungsschirm”, i.e. the European Stability Mechanism, ESM) that will drive Italy and Spain even more deeply into economic stagnation and into even deeper austerity.

Nobel laureate Hayek laid the foundation for the corset of neoliberal Europe as early as 1939 (Hayek 1980 (originally 1939); Schulmeister 2018): In a union of states, (economic) politics had to limit themselves to ensuring that personal initiative can develop optimally in the long term. Hayek explicitly welcomed the downward pressure on wages and social conditions in such a union of states. Unfortunately, what a correct prophecy!

For the present author, it is clear from the data of the IMF, contained in the Global Development Network Growth Database, (https://wp.nyu.edu/dri/resources/global-development-network-growth-database/) and in the IMF World Economic Outlook data base, (https://www.imf.org/external/pubs/ft/weo/2019/02/weodata/index.aspx) that before the great financial crisis in 2008, prolonged budget surpluses were extremely rare in the world economy. Great Britain under PM Margaret Hilda Thatcher is one such rare case (1988–1990), and is the only functioning “normal” Western democracy which managed to have a longer budget surplus period without military dictatorship or subsequent state failure, and without enjoying the rare status as an international financial centre (Singapore and Luxembourg) or sizeable oil revenues (Kuwait and Norway). Most instructive for governments both in Europe and the MENA region are the deterrent examples of budget surpluses in Myanmar (under the military rule, 1977–1983); in Chile (under the military dictatorship 1975–1976; 1979–1981; 1987–1988) and in communist Romania shortly before the revolution in 1991 (1980–1991). The last example, where long-run budget surpluses were achieved, ex-Yugoslavia, is just as disturbing. Before Yugoslavia collapsed, it achieved a budget surplus in three periods, from 1986 to 1989.10

10https://www.imf.org/en/Data
But why is the neoliberal budget logic, called the Maastricht criteria, which dominated the entire globe, and also dominated the MENA region until the onset of the Arab Spring revolts (Bogaert 2013), fundamentally so wrong? In order to understand the policy failures of neoliberalism both in Europe and the Arab World for much of the 1980s, 1990s and beyond, we have to analyse in more detail how budget policy affects the chances for economic growth. At closer inspection, both world regions north and south of the Mediterranean, the European Union and the Arab World, are deeply affected by these malfunctions of the neoliberal political economy. In the European Union, they are responsible for the deep existential crisis of the European South ever since the crisis of 2008, now culminating in the devastation of the health systems in Italy and Spain, and the centrifugal and populist tendencies all across the European continent, and in the Arab World, “Arab Socialism” ceased to exist and, like Eastern Europe and the USSR, was “liquidated”, and Islamism began to fill the vacuum (Grinin et al. 2016, 2018).

Followers of the economic theory based on Michal Kalecki (1899–1970; Kalecki 1971) will point out correctly that the private sector of the entire global economy displays a sustained tendency to save more than it invests. The same observation can be made with respect even to the European Union (EU). Almost all EU countries have consistently run budget deficits (very much in violation of the Maastricht Treaty; see Laski and Podkaminer 2011, 2012, 2013, 2014).

Laski and Podkaminer argue that looking at a national economy from both the income and expenditure sides, we get the following identity:

\[
Y_D + T + M = CP + IP + G + X
\]

where \(Y_D\) denotes the disposable income of the private sector, \(T\) is the disposable income of the government (all taxes net of all monetary transfers to the private sector) and \(M\) is the income of the rest of the world (RoW) from imports of the national economy in question (the left-hand side of (3.1)). On the right-hand side of (3.1), we have private sector expenditures on consumption (\(CP\)) and that sector’s gross investment (\(IP\)), government expenditure on goods and services (\(G\)) and RoW expenditure on the national economy’s exports (\(X\)). By simple rearrangement, we get

\[
[(Y_D - CP) - IP] = (G - T(Taxes)) + (X - M(Imports))
\]

This is equivalent to:

\[
(SP \text{ (private savings)} - IP \text{ (private investment}) = (G - T) + (X - M)
\]

or, finally:

\[
NPS \text{ (net private savings)} = D + E,
\]
i.e. net private savings is equal to the budget deficit plus the rest of the World (RoW) deficit or the current account of the country concerned.

Private savings (SP = YD − CP) comprise household savings and profits retained by firms. In (3.2), Laski and Podkaminer denote by NPS = (SP − IP), i.e. the net private savings, by $D = (G − T)$, i.e. the budget deficit and by $E = (X − M)$, i.e. as already highlighted, the RoW deficit (or the current account of the country concerned).

Ex post, formula (3.2), Laski and Podkaminer (2014) highlight, always holds because it is an identity. However, they highlight that even as an identity it points up interesting relationships between sectors, especially when statistical data covering longer periods are available. For the world as a whole, we obviously have NPS = D (net private savings are equal to budget deficits); this is an identity which, Lakshi and Podkaminer quite correctly argue, links the balances of the private and government sectors aggregated globally. Budget surpluses ($D < 0$) and even balanced budgets ($D = 0$) do occur, albeit rarely; thus, for monetary economies worldwide, budget deficits ($D > 0$) seem to be the rule rather than an exception. This applies not only to times of war and disasters, but – at least for the industrial countries disposing of longer statistical records – also to periods of peace. Hence, given that for the world as a whole $E = 0$ by definition and $D > 0$ (as shown by long-term statistical records), we have, according to (7.2), NPS > 0. Thus, the private sector of the entire global economy displays a sustained tendency to save more than it invests.

Last, but not least, Laski and Podkaminer observe that for NPS = 0 – which can be understood as a minimum requirement to the effect that the private sector should not become indebted in the long run – all countries with a current account deficit ($E < 0$) must record budget deficits $D > 0$. All these observations are to be understood as referring to a trend and average values for longer periods – and not as a rule for each country and every year. Laski and Podkaminer also observe that those countries which happen to report budget surpluses ($D < 0$) very often (although not always) record high E. This must be the case if $E > NPS > 0$ (e.g. the case of Norway since becoming a major oil exporting country).

Kazimierz Laski (1921–2015) also pointed out that private investment (IP) minus private saving (SP) plus government deficit (D) and plus net exports (E) added together always result in zero. So, growth can only be generated by an increase in private investment or by deficit spending or by foreign trade surpluses or by a reduction in the savings rate.

The lessons of the European crisis since 2008 to the MENA countries are also clear by analysing the effects of the European Union’s austerity packages (Pollin 1998; Schulmeister 2012, 2012, 2014; Stockhammer 2008; Stockhammer et al. 2020):

- The current “integration” of the deficit and debt rule in the EU fiscal pact prescribed to (almost) all EU countries the “Greek way” into depression. The European welfare state was consistently strangled.
- The concept of “natural unemployment” used by the EU Commission forced member states to cut wages and reduce unemployment benefits.
What future is ahead of the MENA countries, if even the future for the Eurozone is so bleak? Our data analysis will try to shed some light on this.

3.3 Data and Methods for Our Comparisons of the Achievements and Deficits of the Arab MENA Economies

This chapter was written in the tradition of macroquantitative development research. We especially mention what can be termed “development accounting” (see: Grinin et al. 2016; Tausch 2010; Tausch and Heshmati 2012, 2013). We also portray our research results at the level of choropleth maps.¹¹

Our macro-comparative methodology is also oriented by recent advances in this field (see Babones 2014; Holland and Campbell 2005; Tausch et al. 2014). We also apply advanced econometric time series techniques, like spectral analysis and analyses of autocorrelations, to the MENA country data (as to the description of these techniques, see Grinin et al. 2016).

General datasets used in the present analysis were as follows:

- **Global Development Network Growth Database**, [https://wp.nyu.edu/dri/resources/global-development-network-growth-database/](https://wp.nyu.edu/dri/resources/global-development-network-growth-database/) based on IMF.
- **IMF World Economic Outlook** data base, freely available from [https://www.imf.org/external/pubs/ft/weo/2019/02/weodata/index.aspx](https://www.imf.org/external/pubs/ft/weo/2019/02/weodata/index.aspx).
- **KOF Globalization Index**. Data definitions and free download available from: [https://kof.ethz.ch/prognosen-indikatoren/indikatoren/kof-globalisierungsindex.html](https://kof.ethz.ch/prognosen-indikatoren/indikatoren/kof-globalisierungsindex.html).¹²
- **UNDP Human Development Data**. Data definitions and free download available from: [http://hdr.undp.org/en/data](http://hdr.undp.org/en/data).
- **UTIP Inequality Index**. Data definitions and free download available from: [https://utip.lbj.utexas.edu/data.html](https://utip.lbj.utexas.edu/data.html).
- **World Bank Open Data**. Data definitions and free download available from: [https://data.worldbank.org/](https://data.worldbank.org/).

In addition, special emphasis was given to dependency and world system approaches to development, which received a large-scale empirical confirmation in Tausch and Heshmati 2013 (see also Bornschier 1980, 1983, Bornschier and Ballmer-Cao 1979; Bornschier and Chase-Dunn 1985; Tausch 2010, 2012; Tauscha and Heshmati 2012). Datasets for these investigations were as follows:

¹¹The choropleth maps of this chapter were drawn using the free software developed by Robert Mundigl, available at [https://www.clearlyandsimply.com/](https://www.clearlyandsimply.com/).

¹²Data definitions for the current version of the KOF Index are available from: [https://ethz.ch/content/dam/ethz/special-interest/dual/kof-dam/documents/Globalization/2018/Definitions_2018_2.pdf](https://ethz.ch/content/dam/ethz/special-interest/dual/kof-dam/documents/Globalization/2018/Definitions_2018_2.pdf).
• Bornschier and Ballmer-Cao (1978)
• Müller and Bornschier (1988)
• Tausch 2012 [International Macroquantitative Data. Faculty of Economics, Corvinus University of Budapest (with data definitions and sources). Free download available from http://www.uni-corvinus.hu/index.php?id=47854&tx_ttnews%5Btt_news%5D=0&tx_ttnews%5BbackPid%5D=31638&tx_ttnews%5BcalendarYear%5D=2012&tx_ttnews%5BcalendarMonth%5D=6&cHash=af8ef688f7e9922b83b113f71c1ca32]

More recent databases, integrating dependency and world system approaches with conventional economic theories and the sociology of world values research are:

• Tausch 2019. [Migration from the Muslim world to the West: Its most recent trends and effects. Jewish Political Studies Review, 30(1–2), 65–225, available at http://jcpa.org/article/migration-from-the-muslim-world-to-the-west-its-most-recent-trends-and-effects/ (with data definitions and sources). Free data download available from https://www.academia.edu/37568941/Migration_from_the_Muslim_World_to_the_West_Its_Most_Recent_Trends_and_Effects]
• Tausch and Heshmati 2013 [Globalisation, the human condition, and sustainable development in the twenty-first century: cross-national perspectives and European implications. London, New York and Delhi: Anthem Press (with data definitions and sources). Free data download available from https://www.academia.edu/35044095/Globalization_the_human_condition_and_sustainable_development_in_the_21st_Century__Cross-national_perspectives_and_European_implications_Codebook_and_EXCEL_data_file]

Our statistical calculations were performed by the routine and standard SPSS statistical program (SPSS XXIV), available at many academic research centres around the world and relied on the so-called oblique rotation of the factors, underlying the correlation matrix (Tausch et al. 2014). The SPSS routine chosen in this context was the so-called promax rotation of factors (Tausch et al. 2014), which in many ways must be considered to be the best suited rotation of factors in the context of our research. Since both our data and the statistical methods used are available around the globe, any researcher can repeat our research exercise with the available data and software.

13https://www-01.ibm.com/software/at/analytics/spss/
14https://www.ibm.com/analytics/spss-statistics-software. The authors express thanks to the Department of Political Science, Innsbruck University, https://www.uibk.ac.at/politikwissenschaft/index.html.en for the opportunity to be able to use the software.
15Older approaches often assumed that there is no correlation between the factors, best representing the underlying dimensions of the variables. But, for example, in attempting to understand the recent pro-Brexit vote in the United Kingdom, it would be ridiculous to assume that, say, there is no correlation between anti-immigration attitudes and anti-European Union attitudes.
3.4 Results: Global Opinion Surveys and Data Analyses on the Overall Development Performance in the Arab World, 1960–2019 – the Overall Balance

Confronted by the often dramatic and stark statements about the state of development in the Arab MENA region and the Arab world in general (see Chap. 4 of this work), we have to start with the certainly surprising contention that the United Arab Emirates are in the global leadership league together with such countries as the Netherlands, Scandinavia and Austria. Oman does not fare much worse and is on par with such countries as Germany and the United States of America. Bahrain and Saudi Arabia play in the same global life satisfaction league as several other leading Western democracies. Algeria and Libya are in the same league as the EU member states like Italy, Slovakia, Poland, Lithuania and Estonia, while Morocco and Jordan are still in the same global overall life satisfaction league as the European Union member states Portugal, Latvia and Romania. Tunisia, Egypt, Sudan and Iraq belong to lower ranks of global life satisfaction, but this is still a place which they share with the NATO and EU member states Hungary and Bulgaria. Very much down the list are Syria and Yemen, ravaged by civil wars.

Given that a large part of the social science literature on the Arab world is dominated by considerations of political instability, conflict and tensions, our results about a relatively high life satisfaction in the region most probably will be surprising to a large part of our audience.

Confronted with such empirical data, it is imperative to recall that already very early on in the social science debate on terrorism, Crenshaw 1981, with good reason warned:

Terrorism per se is not usually a reflection of mass discontent or deep cleavages in society. More often it represents the disaffection of a fragment of the elite, who may take it upon themselves to act on the behalf of a majority unaware of its plight, unwilling to take action to remedy grievances, or unable to express dissent. This discontent, however subjective in origin or minor in scope, is blamed on the government and its supporters. (Crenshaw 1981)

Gaibulloev and Sandler (2019), in their survey article in the “Journal of Economic Literature” that 95 of the global 527 terrorist groups, which started their campaigns before 2002, and 40 of the 105 terrorist groups, which started their campaigns after 2002, were located in the MENA region. Gaibulloev and Sandler

16https://www.scopus.com/home.uri. The authors express thanks to the Department of Development Studies, Vienna University, https://ie.univie.ac.at/en/ for the opportunity to be able to use Scopus.

17Google scholar, by April 10, 2020, lists 36137 pieces of literature, quoting Huntington, 2000.
(2019), found that there is little convincing evidence supporting globalization as a cause of transnational terrorism and that neither very low nor very high GDP per capita is conducive to terrorism. At low GDP per capita, subsistence is an overriding concern, thus limiting terrorism. At high GDP per capita, grievances are not great, and society invests in counterterrorism, thus curbing terrorism. Moreover, Gaibulloev and Sandler 2019, maintained that strong democracies limit terrorism-inducing grievances through political access. In contrast, anocracies lack the means to respond rigorously to terrorism and only offer intermediate levels of political access. Along a regime spectrum with autocracies and strong democracies at the endpoints, anocracies are anticipated to experience the most domestic and transnational terrorism, thus giving rise to an inverted U-shaped regime-terrorism relationship. As autocracies are transformed into fledgling democracies or anocracies, the risk of greater terrorism surfaces so that preventive actions must be in place to protect against this risk.

So, our Map 3.1 establishes overall life satisfaction in the region.

In the recent literature on MENA development, Bhatia and Ghanem (2017), highlighted the fact that most published empirical studies hitherto failed to demonstrate any link between unemployment and radicalization. Bhatia and Ghanem (2017), in their empirical study, based on the Gallup World Poll, maintain that unemployment on its own does not impact radicalization, but that unemployment among the educated leads to a greater probability of radicalization. Relative deprivation might be an important driver of support for violent extremism. Individuals whose expectations for economic improvement and social mobility are frustrated; they are at a greater risk of radicalization (Bhatia and Ghanem 2017). Our data about
the low satisfaction of Arab publics with the labour market only partially support this contention (Map 3.2).

Saudi Arabia, Oman and the Gulf States, and interestingly as well, Algeria, Libya and even Iraq belong to the league of better labour market performers, and even Morocco and Tunisia perform better than the majority of the countries of the European Union and Japan. The real problem on this account is presented by Egypt (see also Bertoni and Ricchiuti 2017).

Map 3.3 features the final results of a multivariate indicator analysis of the development performances of the countries in the world system (Tausch and Heshmati 2013). These performances were standardized along a scale, ranging from 0 (worst value) to 1 (best value). The chosen variables corresponded to seven different dimensions such as:
The performance scores, calculated according to the well-known UNDP index practice, were combined into a single index, based on a list of 35 variables.

- Democracy: Combined failed states index
- Democracy: Civil and political liberty violations
- Democracy: Corruption avoidance measure
- Democracy: Democracy measure
- Democracy: Global tolerance index
- Democracy: Rule of law
- Economic growth: Crisis performance factor
- Economic growth: IMF prediction growth rate in 2009
- Economic growth: IMF prediction growth rate in 2010
- Economic growth: Economic growth in real terms per capita per annum, 1990–2005
- Environment: Ecological footprint (gha per capita)
- Environment: ln (number of people/million inhabitants 1980–2000 killed by natural disasters per year + 1)
Map 3.2 (continued)

- Environment: Carbon emissions per million US dollars GDP
- Environment: Carbon emissions per capita
- Environment: Environmental performance index (EPI)
- Environment: Environmental sustainability index (ESI)
- Environment: Happy life years
- Environment: Happy planet index
- Environment: Avoiding net trade of ecological footprint gha per person
- Gender: Closing economic gender gap
- Gender: Closing educational gender gap
- Gender: Closing health and survival gender gap
- Gender: Closing of global gender gap overall score 2009
Map 3.3 Overall 35 variable development index. (Tausch and Heshmati 2013)
Note: the overall 35 variable development index is downloadable from https://www.academia.edu/35044095/Globalization_the_human_condition_and_sustainable_development_in_the_21st_Century_Cross-national_perspectives_and_European_implications_Codebook_and_EXCEL_data_file

- Gender: Closing political gender gap
- Gender: Gender empowerment index value
- Human development: Infant mortality (2005)
- Human development: Female survival, probability of surviving to age 65
• Human development: Human development index (HDI) value 2004
• Human development: Life expectancy (years)
• Human development: Life satisfaction (0–10)
• R&D: Country share in top world 500 universities
• R&D: Per capita world-class universities
• R&D: Tertiary enrolment
• Social cohesion: Quintile share income difference between richest and poorest 20 percent
• Social cohesion: Unemployment rate

For nine of these indicators, a high numerical value implied a negative development balance as follows:

Negative 1 Combined failed states index
Negative 2 Civil and political liberty violations
Negative 3 Ecological footprint (gha per capita)
Negative 4 Infant mortality (2005)
Negative 5 Quintile share income difference between richest and poorest 20 percent
Negative 6 Unemployment rate
Negative 7 ln (number of people per million inhabitants 1980–2000 killed by natural disasters per year + 1)
Negative 8 Carbon emissions per million US dollars GDP
Negative 9 Carbon emissions per capita

For the rest of the 35 indicators, positive numerical values were associated with a positive development balance. The 20 best placed countries of this global comparison were:

1. Sweden
2. Finland
3. Norway
4. Switzerland
5. New Zealand
6. Denmark
7. Netherlands
8. Austria
9. USA
10. Iceland
11. United Kingdom
12. Germany
13. Ireland
14. France
15. Australia
16. Canada
17. Belgium
18. Costa Rica
19. Spain
20. Slovenia

As Tausch and Heshmati 2013, highlighted, Third World countries with advanced human development, like Costa Rica, Chile, Panama, Uruguay and Argentina, are ranked very favourably, and also the State of Israel most definitely belongs to the group of the 30 countries of the world with the highest overall development level, which includes democracy, economic growth, environment, gender, human development, research and development, and social cohesion. Guyana, Tunisia and Albania are the leading Muslim countries along this scale, but their rank on the combined index, equally weighting the UNDP standardized performance for six indicators of democracy, four indicators of economic growth, nine indicators of the environment, six indicators of gender equality, five indicators of human development, three indicators of research and development, and two indicators of social cohesion, is rather disappointing, showing that several Eastern European countries still outside the European Union, and Latin American countries are ahead of most member nations of the Organization of the Islamic Cooperation. The five least developed countries according to the scale presented in Tausch and Heshmati 2013, are Equatorial Guinea, Swaziland, Sierra Leone, Sudan and Zimbabwe. The worst performance in the European Union according to Tausch and Heshmati 2013, is to be encountered in Romania, which is placed rank 67 of world society, just ahead of Tunisia, and only eight ranks ahead of the emerging economy of People’s Republic of China. Costa Rica, Israel, Chile, Panama, Uruguay, Argentina, Barbados, the Bahamas, the Philippines, Cuba, Hong Kong, the Dominican Republic, Sri Lanka, Brazil, Peru, Thailand, Mauritius, South Korea, Dominica, Ecuador and Singapore would all be better qualified to run for European Union membership than the worst placed EU member countries Bulgaria (ranked 54), Estonia (ranked 56), Malta (ranked 62) and Romania (ranked 67). Colombia, Jamaica, Belize, Trinidad, Mexico, Guyana, Nicaragua, El Salvador, Malaysia and Mongolia all are better placed than the worst-placed EU-27 member states, thus shattering once more the tenets of Eurocentrism, which are at the basis of European exclusivity in the policy of EU enlargement, especially vis-à-vis the southern and eastern rim of the Mediterranean.

The global ranks of the Arab countries in this international comparison combining democracy, economic growth, environment, gender, human development, R&D and social cohesion were:

67: Tunisia
82: Jordan
86: Bahrain
94: Morocco
97: Egypt
98: Oman
103: Lebanon
104: Kuwait
106: Saudi Arabia
Our analysis reveals quite considerable contradictions to the way the Arab world is perceived most of the time in international debates. Scopus lists, by 13 April 2020, none the less than 53 research articles featuring “inequality” and the “Arab world”, and a simple Google search, by the same date, lists such important sources as Brookings,18 Carnegie,19 and the World Bank,20 all speaking about high rates of inequality in the Arab world. Yet, as especially the World Bank already advises its readers, the MENA countries not only did reach the Millennium Development Goals related to poverty reduction and access to infrastructure services, but also made important strides in reducing hunger, child and maternal mortality, and increasing school enrolment.21 The World Bank rather talks about wealth inequality and admits that income expenditure inequality, measured by the Gini index, did not worsen in most MENA economies in recent years and remained low to moderate by international standards.22 Yet, as the World Bank remarks, starting in late 2010 there were revolutions in Tunisia, Egypt, Yemen and Libya, a rebellion that has led to a

18 https://www.brookings.edu/blog/future-development/2015/02/04/how-unequal-are-arab-countries-2/
19 https://carnegie-mec.org/2018/05/31/arab-1-inequality-and-development-event-6901
20 http://documents.worldbank.org/curated/en/303441467992017147/pdf/Inequality-uprisings-and-conflict-in-the-Arab-World.pdf
21 http://documents.worldbank.org/curated/en/303441467992017147/pdf/Inequality-uprisings-and-conflict-in-the-Arab-World.pdf
22 http://documents.worldbank.org/curated/en/303441467992017147/pdf/Inequality-uprisings-and-conflict-in-the-Arab-World.pdf
protracted civil war in Syria, and widespread popular discontent in many other countries. The World Bank concludes in its study that

Standard development indicators failed to capture or predict the outburst of popular anger during the spring of 2011.24

To measure these trends on a country-to-country basis, we used the following data.

**Globalization** ETH Zurich globalization time series data (KOF data 2018, version 2007; variable ai; https://kof.ethz.ch/prognosen-indikatoren/indikatoren/kof-globalisierungsindex.html; download per 1 September 2019; as to the debates about the Index, see also Tausch and Heshmati 2012. The Zurich data, used in our graphs, refer to the ETH economic globalization time series only, which covers “actual flows”, combining trade (percentage of GDP); foreign direct investment (flows, percentage of GDP); foreign direct investment (stocks, percentage of GDP); portfolio investment (percentage of GDP); and income payments to foreign nationals (percentage of GDP).

**Inequality** https://utip.lbj.utexas.edu/data.html; Estimated Household Income Inequality (EHII) data set - is a global dataset, derived from the econometric relationship between UTIP-UNIDO, other conditioning variables and the World Bank’s Deininger and Squire data set. GINI indices of inequality.

Arab female and male survival rates to age 65 as percent of the respective age cohort show the considerable convergence of life chances in the Arab world in comparison to the Eurozone and the other Western democracies (Graphs 3.1 and 3.2).

While conventional, “globalisation-critical” development research is replete with evidence about rising globalization and rising inequality on a global level (see also Tausch and Heshmati 2013), the Arab country-to-country evidence, reproduced here, flatly disproves the hypothesis that the “Arab Spring” was a revolution against rising globalization and against rising income inequality. What follows here are the graphs, supporting our strong and generalized argument for the region (Graphs 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13, 3.14, 3.15, 3.16, and 3.17).

With popular hypotheses about globalization and inequality thus dispelled for the region, we move on to refute another popular myth: the myth of overall deficient development.

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23 http://documents.worldbank.org/curated/en/303441467992017147/pdf/Inequality-uprisings-and-conflict-in-the-Arab-World.pdf
24 http://documents.worldbank.org/curated/en/303441467992017147/pdf/Inequality-uprisings-and-conflict-in-the-Arab-World.pdf
Graph 3.1  Survival to age 65, female (percent of cohort)

Graph 3.2  Survival to age 65, male (percent of cohort)
3.5 Economic Globalization (Inflows) and Higher Inequality in the Arab World: Mixed...

**Graph 3.3** Globalization and inequality in Algeria

**Graph 3.4** Globalization and inequality in Egypt
Graph 3.5  Globalization and inequality in Iraq

Graph 3.6  Globalization and inequality in Jordan
3.5 Economic Globalization (Inflows) and Higher Inequality in the Arab World: Mixed... 63

**Graph 3.7** Globalization and inequality in Kuwait

**Graph 3.8** Globalization and inequality in Libya
Graph 3.9  Globalization and inequality in Morocco

Graph 3.10  Globalization and inequality in Oman
3.5 Economic Globalization (Inflows) and Higher Inequality in the Arab World: Mixed...

**Graph 3.11** Globalization and inequality in Qatar

**Graph 3.12** Globalization and inequality in Saudi Arabia
Graph 3.13  Globalization and inequality in Syria

Graph 3.14  Globalization and inequality in Sudan
Graph 3.15  Globalization and inequality in Tunisia

Graph 3.16  Globalization and inequality in the Westbank and Gaza
3.6 The Global Evidence Based on Macroquantitative Data

First, we document here the economic growth rates of the Arab world in comparison to the Eurozone and the OECD countries since 1960, based on the World Bank data base (Table 3.1).

Yes, Arab economic growth was characterized by stronger fluctuations than in the Eurozone and in the OECD countries. In 1978, 1981–1985, 1987, 1989, 1991, 1995, 1999, 2001–2002, 2009 and 2017, the Arab world experienced a recession in real terms, but in 1976–1977, 1979–1980, 1990, 1992–1993, 1998, 2003–2010, 2012–2013, and in 2016, Arab economic growth was faster than the growth of OECD countries.

In the following, we will carefully look at the data provided by the UNDP and the World Bank to further dispel the hypothesis that Islamic fundamentalism is caused by accelerated urbanization and failed modernization (Castells 2011).

3.7 Human Development

Recent data analysed in this section suggest that in terms of the UNDP Human development index (HDI), which can be regarded with justification as the most reliable single yardstick of international development today, the MENA region and the Arab world in general are not at the bottom of the international league tables. The HDI is based on three basic dimensions of human development: a long and healthy
### Table 3.1 Annual percentage growth rate of GDP per capita based on constant local currency

| Year | Arab world | Euro area | OECD  |
|------|------------|-----------|-------|
| 1960 |            |           |       |
| 1961 | 5.6        | 3.1       |       |
| 1962 | 5.4        | 4.4       |       |
| 1963 | 5.1        | 4.1       |       |
| 1964 | 4.6        | 5.2       |       |
| 1965 | 4.1        | 4.2       |       |
| 1966 | 4.4        | 4.9       |       |
| 1967 | 4.6        | 3.5       |       |
| 1968 | 4.9        | 5.2       |       |
| 1969 | 6.3        | 4.4       |       |
| 1970 | 5.2        | 1.2       |       |
| 1971 | 3.2        | 2.6       |       |
| 1972 | 4.2        | 4.3       |       |
| 1973 | 5.5        | 5.0       |       |
| 1974 | 2.6        | 0.0       |       |
| 1975 | −1.3       | −0.8      |       |
| 1976 | 12.3       | 4.6       | 3.8   |
| 1977 | 4.8        | 2.7       | 2.8   |
| 1978 | −3.9       | 2.7       | 3.4   |
| 1979 | 8.0        | 3.4       | 3.0   |
| 1980 | 5.7        | 1.7       | 0.5   |
| 1981 | −0.3       | 0.1       | 1.2   |
| 1982 | −11.9      | 0.4       | −0.5  |
| 1983 | −9.6       | 1.2       | 2.0   |
| 1984 | −1.6       | 2.2       | 3.8   |
| 1985 | −5.2       | 2.1       | 3.0   |
| 1986 | 1.7        | 2.3       | 2.2   |
| 1987 | −3.3       | 2.3       | 2.8   |
| 1988 | 2.7        | 4.0       | 3.8   |
| 1989 | −0.4       | 3.7       | 3.0   |
| 1990 | 9.1        | 3.1       | 2.2   |
| 1991 | −1.2       | 2.1       | 0.5   |
| 1992 | 3.1        | 0.9       | 1.1   |
| 1993 | 0.6        | −1.1      | 0.3   |
| 1994 | 0.6        | 2.2       | 2.2   |
| 1995 | −0.4       | 2.2       | 1.9   |
| 1996 | 2.2        | 1.4       | 2.3   |
| 1997 | 2.0        | 2.5       | 2.7   |
| 1998 | 3.0        | 2.8       | 2.1   |
| 1999 | −0.3       | 2.7       | 2.5   |
| 2000 | 3.3        | 3.5       | 3.3   |
| 2001 | −0.6       | 1.8       | 0.7   |

(continued)
life, access to knowledge and a decent standard of living. A long and healthy life is measured by life expectancy. Knowledge level is measured by mean years of schooling among the adult population, which is the average number of years of schooling received in a lifetime by people aged 25 years and older; and access to learning and knowledge by expected years of schooling for children of school-entry age, which is the total number of years of schooling a child of school-entry age can expect to receive if prevailing patterns of age-specific enrolment rates stay the same throughout the child’s life. Standard of living is measured by Gross National Income (GNI) per capita expressed in constant 2011 international dollars converted using purchasing power parity (PPP) conversion rates.\textsuperscript{25}

In Graph 3.18, we shortly describe the methodology which we used to measure Arab progress in human development between 2012 and 2017. We used a simple, EXCEL-based linear OLS regression, predicting the HDI country values in 2017 by

\textsuperscript{25}http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/EGY.pdf

### Table 3.1 (continued)

| Annual percentage growth rate of GDP per capita based on constant local currency | Arab world | Euro area | OECD |
|---|---|---|---|
| 2002 | −1.5 | 0.5 | 0.8 |
| 2003 | 3.1 | 0.2 | 1.3 |
| 2004 | 6.9 | 1.7 | 2.5 |
| 2005 | 3.4 | 1.2 | 2.1 |
| 2006 | 4.0 | 2.7 | 2.3 |
| 2007 | 2.1 | 2.5 | 1.9 |
| 2008 | 3.3 | −0.1 | −0.5 |
| 2009 | −2.0 | −4.8 | −4.1 |
| 2010 | 2.3 | 1.9 | 2.3 |
| 2011 | 1.3 | 1.9 | 1.3 |
| 2012 | 4.3 | −1.1 | 0.6 |
| 2013 | 0.9 | −0.6 | 0.8 |
| 2014 | 0.3 | 1.1 | 1.4 |
| 2015 | 1.2 | 1.8 | 1.8 |
| 2016 | 1.3 | 1.6 | 1.1 |
| 2017 | −1.1 | 2.4 | 1.9 |
| 2018 | 0.1 | 1.7 | 1.7 |
| 2019 | | | |

\textsuperscript{a}Annual percentage growth rate of GDP per capita based on constant local currency. Aggregates are based on constant 2010 U.S. dollars. GDP per capita is gross domestic product divided by midyear population. GDP at purchaser’s prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.
the country values in 2012. Countries, which were above the predicted regression line, performed well, while the countries below the line did not perform well.

Table 3.2 lists our results for 2012–2017. In order to make our results clearly visible on a Choropleth map, we rank the countries according to the size of the residual from the regression of Graph 3.18.

Arab HDI levels above or very much above the lowest-ranked countries of the European Union (Bulgaria and Romania) were recorded in United Arab Emirates, Qatar, Saudi Arabia, Bahrain and Oman. Performances above the regression line (in descending order) were recorded in Bahrain, Morocco, Iraq, Egypt, Saudi Arabia, United Arab Emirates, Oman and Mauritania, showing that positive progress in Human Development is possible in the Arab world. The performances below the regression line are the real trouble-spots of the region, especially Syria, Yemen and Libya, and also the growth of the human development index over time in Lebanon, Comoros, Kuwait, Jordan, Djibouti, Algeria, Qatar, Sudan and Tunisia was far from satisfactory.

So, Maps 3.4 and 3.5 enable our readers to make a judgement of their own about the league tables, to which the Arab world belongs nowadays in terms of human development.

In the following, we will offer a time series perspective of MENA country developments since the 1960. Debating the Arab revolts since 2011, Shamaileh, 2018, weighs the argument that the Arab Spring was the product of an angry Arab youth revolt against traditional Islamic norms and neoliberal economic policies, but questions that these arguments may not have much empirical support, while economic and religious conditions likely influenced the trajectory of these uprisings in nuanced ways (see also Campante and Chor 2012). A myriad of explanations exist as
### Table 3.2 Human development dynamics 2012–2017 in the world

| Country                             | HDI 2012 | HDI 2017 | Predicted HDI 2017 | Residual | Score for HDI dynamics |
|-------------------------------------|----------|----------|--------------------|----------|------------------------|
| Syria                               | 0.6314   | 0.5357   | 0.6497             | -0.1140  |                        |
| Yemen                               | 0.5047   | 0.4519   | 0.5248             | -0.0729  |                        |
| Libya                               | 0.7406   | 0.7056   | 0.7574             | -0.0518  |                        |
| Venezuela                           | 0.7740   | 0.7608   | 0.7904             | -0.0296  |                        |
| Dominica                            | 0.7211   | 0.7151   | 0.7382             | -0.0231  |                        |
| South Sudan                         | 0.3880   | 0.3877   | 0.4098             | -0.0220  |                        |
| Central African Republic            | 0.3652   | 0.3668   | 0.3873             | -0.0205  |                        |
| West Bank + Gaza                    | 0.6866   | 0.6858   | 0.7042             | -0.0184  |                        |
| Equatorial Guinea                   | 0.5889   | 0.5906   | 0.6078             | -0.0172  |                        |
| Belize                              | 0.7063   | 0.7076   | 0.7236             | -0.0161  |                        |
| The Bahamas                         | 0.8072   | 0.8071   | 0.8231             | -0.0160  |                        |
| Brunei Darussalam                   | 0.8523   | 0.8533   | 0.8676             | -0.0143  |                        |
| El Salvador                         | 0.6699   | 0.6742   | 0.6877             | -0.0135  |                        |
| Burundi                             | 0.4084   | 0.4172   | 0.4298             | -0.0126  |                        |
| Saint Vincent and the Grenadines    | 0.7178   | 0.7227   | 0.7349             | -0.0122  |                        |
| Lebanon                             | 0.7514   | 0.7567   | 0.7680             | -0.0113  |                        |
| Belarus                             | 0.8026   | 0.8075   | 0.8186             | -0.0110  |                        |
| Liechtenstein                       | 0.9127   | 0.9161   | 0.9271             | -0.0110  |                        |
| Barbados                            | 0.7947   | 0.8003   | 0.8108             | -0.0105  |                        |
| Comoros                             | 0.4933   | 0.5033   | 0.5136             | -0.0103  |                        |
| Tajikistan                          | 0.6417   | 0.6500   | 0.6599             | -0.0099  |                        |
| Sierra Leone                        | 0.4069   | 0.4190   | 0.4284             | -0.0094  |                        |
| Italy                               | 0.8740   | 0.8798   | 0.8890             | -0.0092  |                        |
| Argentina                           | 0.8182   | 0.8248   | 0.8340             | -0.0091  |                        |
| Ukraine                             | 0.7429   | 0.7507   | 0.7597             | -0.0089  |                        |
| Denmark                             | 0.9240   | 0.9295   | 0.9382             | -0.0088  |                        |
| Suriname                            | 0.7111   | 0.7196   | 0.7284             | -0.0088  |                        |
| Kuwait                              | 0.7958   | 0.8031   | 0.8118             | -0.0087  |                        |
| Chad                                | 0.3907   | 0.4040   | 0.4124             | -0.0085  |                        |
| United States                       | 0.9178   | 0.9239   | 0.9322             | -0.0083  |                        |
| Tonga                               | 0.7167   | 0.7256   | 0.7339             | -0.0082  |                        |
| Vanuatu                             | 0.5918   | 0.6026   | 0.6107             | -0.0081  |                        |
| Hungary                             | 0.8304   | 0.8378   | 0.8460             | -0.0081  |                        |
| Jordan                              | 0.7265   | 0.7354   | 0.7435             | -0.0081  |                        |
| Federated States of Micronesia      | 0.6163   | 0.6273   | 0.6349             | -0.0076  |                        |
| Madagascar                          | 0.5067   | 0.5192   | 0.5268             | -0.0076  |                        |
| Trinidad and Tobago                 | 0.7745   | 0.7839   | 0.7908             | -0.0069  |                        |
| Cuba                                | 0.7674   | 0.7773   | 0.7839             | -0.0066  |                        |
| Liberia                             | 0.4202   | 0.4351   | 0.4415             | -0.0064  |                        |
| Andorra                             | 0.8485   | 0.8577   | 0.8638             | -0.0062  |                        |

(continued)
| Country                | HDI 2012 | HDI 2017 | Predicted HDI 2017 | Residual | Score for HDI dynamics |
|-----------------------|----------|----------|---------------------|----------|------------------------|
| The Gambia            | 0.4453   | 0.4601   | 0.4662              | −0.0061  | 41                     |
| Guyana                | 0.6416   | 0.6536   | 0.6598              | −0.0061  | 42                     |
| Germany               | 0.9277   | 0.9360   | 0.9419              | −0.0059  | 43                     |
| Jamaica               | 0.7208   | 0.7322   | 0.7379              | −0.0056  | 44                     |
| Austria               | 0.8987   | 0.9078   | 0.9133              | −0.0056  | 45                     |
| Kiribati              | 0.5985   | 0.6118   | 0.6173              | −0.0055  | 46                     |
| Switzerland           | 0.9352   | 0.9440   | 0.9493              | −0.0053  | 47                     |
| Papua New Guinea      | 0.5298   | 0.5443   | 0.5496              | −0.0053  | 48                     |
| Lesotho               | 0.5047   | 0.5197   | 0.5248              | −0.0051  | 49                     |
| Azerbaijan            | 0.7451   | 0.7570   | 0.7618              | −0.0049  | 50                     |
| Netherlands           | 0.9210   | 0.9306   | 0.9353              | −0.0047  | 51                     |
| Niger                 | 0.3360   | 0.3539   | 0.3585              | −0.0046  | 52                     |
| Israel                | 0.8929   | 0.9032   | 0.9076              | −0.0044  | 53                     |
| Australia             | 0.9288   | 0.9386   | 0.9430              | −0.0043  | 54                     |
| Afghanistan           | 0.4815   | 0.4977   | 0.5020              | −0.0043  | 55                     |
| Haiti                 | 0.4813   | 0.4979   | 0.5017              | −0.0038  | 56                     |
| Belgium               | 0.9053   | 0.9161   | 0.9198              | −0.0037  | 57                     |
| Norway                | 0.9422   | 0.9525   | 0.9562              | −0.0037  | 58                     |
| Djibouti              | 0.4588   | 0.4760   | 0.4796              | −0.0036  | 59                     |
| Algeria               | 0.7404   | 0.7538   | 0.7572              | −0.0035  | 60                     |
| Qatar                 | 0.8437   | 0.8556   | 0.8591              | −0.0035  | 61                     |
| Solomon Islands       | 0.5294   | 0.5460   | 0.5492              | −0.0032  | 62                     |
| Sri Lanka             | 0.7565   | 0.7700   | 0.7731              | −0.0031  | 63                     |
| Sudan                 | 0.4851   | 0.5025   | 0.5055              | −0.0030  | 64                     |
| Luxembourg            | 0.8921   | 0.9039   | 0.9068              | −0.0029  | 65                     |
| Eritrea               | 0.4215   | 0.4400   | 0.4428              | −0.0028  | 66                     |
| Finland               | 0.9080   | 0.9197   | 0.9224              | −0.0028  | 67                     |
| Estonia               | 0.8586   | 0.8710   | 0.8738              | −0.0027  | 68                     |
| New Zealand           | 0.9049   | 0.9167   | 0.9194              | −0.0027  | 69                     |
| Mali                  | 0.4079   | 0.4269   | 0.4293              | −0.0025  | 70                     |
| Guinea-Bissau         | 0.4366   | 0.4553   | 0.4577              | −0.0024  | 71                     |
| Singapore             | 0.9200   | 0.9320   | 0.9343              | −0.0023  | 72                     |
| Korea, South          | 0.8901   | 0.9026   | 0.9048              | −0.0023  | 73                     |
| Montenegro            | 0.7999   | 0.8137   | 0.8159              | −0.0022  | 74                     |
| Samoa                 | 0.6974   | 0.7128   | 0.7148              | −0.0020  | 75                     |
| Slovakia              | 0.8416   | 0.8552   | 0.8570              | −0.0018  | 76                     |
| Tunisia               | 0.7194   | 0.7347   | 0.7365              | −0.0018  | 77                     |
| Uruguay               | 0.7895   | 0.8039   | 0.8056              | −0.0017  | 78                     |
| Antigua and Barbuda   | 0.7646   | 0.7795   | 0.7811              | −0.0015  | 79                     |
| Moldova               | 0.6835   | 0.6998   | 0.7011              | −0.0014  | 80                     |
| Croatia               | 0.8164   | 0.8311   | 0.8322              | −0.0011  | 81                     |
| France                | 0.8864   | 0.9008   | 0.9011              | −0.0003  | 82                     |

(continued)
| Country     | HDI 2012 | HDI 2017 | Predicted HDI 2017 | Residual | Score for HDI dynamics |
|------------|---------|---------|-------------------|----------|------------------------|
| Cape Verde | 0.6359  | 0.6540  | 0.6542            | -0.0002  | 83                     |
| Romania    | 0.7953  | 0.8112  | 0.8114            | -0.0002  | 84                     |
| Nigeria    | 0.5119  | 0.5318  | 0.5319            | -0.0001  | 85                     |
| Japan      | 0.8946  | 0.9092  | 0.9092            | -0.0001  | 86                     |
| Macedonia  | 0.7398  | 0.7567  | 0.7567            | 0.0000   | 87                     |
| Zambia     | 0.5686  | 0.5881  | 0.5879            | 0.0002   | 88                     |
| Saint Lucia| 0.7297  | 0.7470  | 0.7467            | 0.0003   | 89                     |
| Mauritania | 0.4990  | 0.5196  | 0.5192            | 0.0004   | 90                     |
| Greece     | 0.8542  | 0.8699  | 0.8695            | 0.0005   | 91                     |
| Mexico     | 0.7569  | 0.7740  | 0.7735            | 0.0006   | 92                     |
| Iran       | 0.7810  | 0.7981  | 0.7973            | 0.0008   | 93                     |
| Malawi     | 0.4549  | 0.4766  | 0.4757            | 0.0008   | 94                     |
| Oman       | 0.8042  | 0.8210  | 0.8201            | 0.0009   | 95                     |
| Indonesia  | 0.6754  | 0.6940  | 0.6931            | 0.0009   | 96                     |
| Armenia    | 0.7373  | 0.7551  | 0.7542            | 0.0009   | 97                     |
| Honduras   | 0.5968  | 0.6167  | 0.6156            | 0.0011   | 98                     |
| Albania    | 0.7672  | 0.7849  | 0.7836            | 0.0013   | 99                     |
| Cyprus     | 0.8522  | 0.8688  | 0.8675            | 0.0013   | 100                    |
| United Arab Emirates | 0.8455 | 0.8628 | 0.8609          | 0.0019   | 101                    |
| Panama     | 0.7705  | 0.7893  | 0.7869            | 0.0024   | 102                    |
| Serbia     | 0.7678  | 0.7867  | 0.7843            | 0.0024   | 103                    |
| Russia     | 0.7977  | 0.8163  | 0.8137            | 0.0026   | 104                    |
| Turkmenistan | 0.6860 | 0.7063 | 0.7036          | 0.0027   | 105                    |
| Portugal   | 0.8288  | 0.8471  | 0.8444            | 0.0028   | 106                    |
| Ghana      | 0.5697  | 0.5917  | 0.5889            | 0.0028   | 107                    |
| Egypt      | 0.6749  | 0.6956  | 0.6926            | 0.0030   | 108                    |
| Saudi Arabia | 0.8347 | 0.8533 | 0.8503          | 0.0030   | 109                    |
| Spain      | 0.8729  | 0.8910  | 0.8879            | 0.0032   | 110                    |
| Mozambique | 0.4119  | 0.4366  | 0.4333            | 0.0033   | 111                    |
| Rwanda     | 0.5004  | 0.5239  | 0.5206            | 0.0034   | 112                    |
| Kazakhstan | 0.7808  | 0.8004  | 0.7971            | 0.0034   | 113                    |
| Peru       | 0.7293  | 0.7498  | 0.7463            | 0.0035   | 114                    |
| Palau      | 0.7785  | 0.7985  | 0.7948            | 0.0037   | 115                    |
| Mongolia   | 0.7199  | 0.7408  | 0.7370            | 0.0038   | 116                    |
| Canada     | 0.9076  | 0.9260  | 0.9220            | 0.0039   | 117                    |
| Philippines| 0.6773  | 0.6989  | 0.6950            | 0.0039   | 118                    |
| Paraguay   | 0.6800  | 0.7017  | 0.6976            | 0.0040   | 119                    |
| Slovenia   | 0.8772  | 0.8962  | 0.8922            | 0.0041   | 120                    |
| Fiji       | 0.7193  | 0.7408  | 0.7364            | 0.0044   | 121                    |
| Uganda     | 0.4915  | 0.5163  | 0.5118            | 0.0045   | 122                    |
| Colombia   | 0.7254  | 0.7470  | 0.7424            | 0.0046   | 123                    |
| Malaysia   | 0.7806  | 0.8018  | 0.7969            | 0.0049   | 124                    |
| Country            | HDI 2012 | HDI 2017 | Predicted HDI 2017 | Residual | Score for HDI dynamics |
|--------------------|----------|----------|--------------------|----------|------------------------|
| Costa Rica         | 0.7722   | 0.7939   | 0.7886             | 0.0053   | 125                    |
| Kyrgyzstan         | 0.6488   | 0.6722   | 0.6669             | 0.0053   | 126                    |
| Saint Kitts and Nevis | 0.7557   | 0.7778   | 0.7723             | 0.0056   | 127                    |
| Benin              | 0.4887   | 0.5146   | 0.5090             | 0.0056   | 128                    |
| Grenada            | 0.7494   | 0.7719   | 0.7661             | 0.0058   | 129                    |
| Gabon              | 0.6785   | 0.7022   | 0.6962             | 0.0061   | 130                    |
| Brazil             | 0.7359   | 0.7592   | 0.7527             | 0.0065   | 131                    |
| Vietnam            | 0.6696   | 0.6940   | 0.6874             | 0.0066   | 132                    |
| Nicaragua          | 0.6327   | 0.6577   | 0.6510             | 0.0067   | 133                    |
| Thailand           | 0.7310   | 0.7547   | 0.7479             | 0.0068   | 134                    |
| Nepal              | 0.5476   | 0.5740   | 0.5671             | 0.0069   | 135                    |
| Mauritius          | 0.7667   | 0.7901   | 0.7832             | 0.0069   | 136                    |
| Hong Kong          | 0.9111   | 0.9326   | 0.9256             | 0.0070   | 137                    |
| Czech Republic     | 0.8652   | 0.8876   | 0.8803             | 0.0073   | 138                    |
| Latvia             | 0.8242   | 0.8471   | 0.8399             | 0.0073   | 139                    |
| Pakistan           | 0.5345   | 0.5616   | 0.5542             | 0.0074   | 140                    |
| Burkina Faso       | 0.3943   | 0.4234   | 0.4160             | 0.0075   | 141                    |
| Timor-Leste        | 0.5986   | 0.6249   | 0.6174             | 0.0075   | 142                    |
| Iraq               | 0.6593   | 0.6853   | 0.6773             | 0.0080   | 143                    |
| Swaziland          | 0.5609   | 0.5883   | 0.5802             | 0.0081   | 144                    |
| Bhutan             | 0.5849   | 0.6124   | 0.6039             | 0.0085   | 145                    |
| Chile              | 0.8185   | 0.8429   | 0.8343             | 0.0086   | 146                    |
| Dominican Republic | 0.7097   | 0.7358   | 0.7270             | 0.0088   | 147                    |
| Senegal            | 0.4758   | 0.5051   | 0.4963             | 0.0088   | 148                    |
| Ecuador            | 0.7257   | 0.7519   | 0.7427             | 0.0092   | 149                    |
| United Kingdom     | 0.8976   | 0.9215   | 0.9122             | 0.0093   | 150                    |
| Uzbekistan         | 0.6827   | 0.7098   | 0.7003             | 0.0095   | 151                    |
| Cambodia           | 0.5529   | 0.5820   | 0.5723             | 0.0097   | 152                    |
| Zimbabwe           | 0.5046   | 0.5346   | 0.5248             | 0.0098   | 153                    |
| Cameroon           | 0.5261   | 0.5559   | 0.5460             | 0.0100   | 154                    |
| Burma              | 0.5487   | 0.5783   | 0.5682             | 0.0100   | 155                    |
| Guinea             | 0.4276   | 0.4591   | 0.4488             | 0.0103   | 156                    |
| Seychelles         | 0.7698   | 0.7965   | 0.7862             | 0.0104   | 157                    |
| Namibia            | 0.6174   | 0.6465   | 0.6359             | 0.0106   | 158                    |
| Sweden             | 0.9075   | 0.9328   | 0.9220             | 0.0108   | 159                    |
| Bulgaria           | 0.7859   | 0.8130   | 0.8020             | 0.0110   | 160                    |
| Kenya              | 0.5595   | 0.5899   | 0.5788             | 0.0111   | 161                    |
| Tanzania           | 0.5065   | 0.5377   | 0.5266             | 0.0112   | 162                    |
| Lithuania          | 0.8311   | 0.8581   | 0.8467             | 0.0115   | 163                    |
| Maldives           | 0.6877   | 0.7169   | 0.7052             | 0.0116   | 164                    |
| Iceland            | 0.9086   | 0.9349   | 0.9231             | 0.0118   | 165                    |
| Ethiopia           | 0.4296   | 0.4627   | 0.4508             | 0.0119   | 166                    |

(continued)
to how and why these uprisings differed, yet, as Marc Lynch (2014) highlighted, a confluence of factors influenced the nature and tentative outcome of each uprising. Etling, 2018, for his part, debates as possible reasons for the uprisings, such as economic grievances, neoliberal policies, diminished public sector employment opportunities, reduction in employment levels, high population growth rates culminating in a youth bulge and progress in higher education which led to an excess supply of labour. Such list of arguments usually also includes the rise in unemployment rates and growing inequality coupled with a rise in food prices, while the interaction of high youth unemployment rates and cultural norms, such as the central role of marriage, constitutes an obstacle for many young people in the transition to adulthood (Etling 2018). However, a closer look at the MENA World Bank data dispels most of these arguments.

| Country                        | HDI 2012 | HDI 2017 | Predicted HDI 2017 | Residual | Score for HDI dynamics |
|--------------------------------|----------|----------|---------------------|----------|------------------------|
| Bosnia and Herzegovina         | 0.7394   | 0.7685   | 0.7562              | 0.0122   | 167                    |
| Bolivia                        | 0.6620   | 0.6925   | 0.6799              | 0.0126   | 168                    |
| Morocco                        | 0.6354   | 0.6665   | 0.6537              | 0.0128   | 169                    |
| China                          | 0.7217   | 0.7517   | 0.7388              | 0.0129   | 170                    |
| Georgia                        | 0.7502   | 0.7798   | 0.7668              | 0.0130   | 171                    |
| Laos                           | 0.5687   | 0.6013   | 0.5879              | 0.0134   | 172                    |
| Poland                         | 0.8360   | 0.8651   | 0.8515              | 0.0136   | 173                    |
| Malta                          | 0.8493   | 0.8782   | 0.8646              | 0.0136   | 174                    |
| Turkey                         | 0.7602   | 0.7906   | 0.7767              | 0.0139   | 175                    |
| Republic of the Congo          | 0.5726   | 0.6063   | 0.5918              | 0.0145   | 176                    |
| Botswana                       | 0.6830   | 0.7166   | 0.7006              | 0.0159   | 177                    |
| Togo                           | 0.4661   | 0.5032   | 0.4867              | 0.0165   | 178                    |
| Democratic Republic of Congo   | 0.4195   | 0.4575   | 0.4408              | 0.0167   | 179                    |
| South Africa                   | 0.6643   | 0.6990   | 0.6822              | 0.0169   | 180                    |
| Cote d’Ivoire                  | 0.4544   | 0.4923   | 0.4752              | 0.0171   | 181                    |
| Angola                         | 0.5433   | 0.5812   | 0.5628              | 0.0183   | 182                    |
| Sao Tome and Principe          | 0.5513   | 0.5895   | 0.5708              | 0.0187   | 183                    |
| Guatemala                      | 0.6127   | 0.6503   | 0.6313              | 0.0190   | 184                    |
| India                          | 0.5996   | 0.6398   | 0.6184              | 0.0214   | 185                    |
| Ireland                        | 0.9018   | 0.9384   | 0.9164              | 0.0221   | 186                    |
| Bangladesh                     | 0.5665   | 0.6082   | 0.5857              | 0.0224   | 187                    |
| Bahrain                        | 0.7998   | 0.8461   | 0.8158              | 0.0303   | 188                    |
Map 3.4 UNDP human development index, 2017
3.8 Rapid Urbanization, Fertility Decline and Rising Life Expectancies

Undoubtedly, the region experienced an enormous urbanization process between 1960 and today, with two-thirds of the MENA population now living in cities (Graph 3.19).

The annual urban population growth rate at the beginnings of the 1960s was 5 percent and diminished in a somewhat erratic way right to the 1990s and rose again around 2008/2010 to fall again ever since (Graph 3.20).
Graph 3.19  Urbanization in the MENA countries, 1960–2018
Note: This and all the following graphs use the MENA country definition of the World Bank, see Chap. 1, above. The country list thus comprises Algeria; Bahrain; Djibouti; Egypt; Iran; Iraq; Israel; Jordan; Kuwait; Lebanon; Libya; Malta; Morocco; Oman; West Bank + Gaza; Qatar; Saudi Arabia; Syria; Tunisia; United Arab Emirates; Yemen (https://data.worldbank.org/region/middle-east-and-north-africa)

Graph 3.20  Annual growth of the urban population in percent in the MENA countries, 1960–2018
The rise in life expectancy was really spectacular, from below 50 years in the 1960s to almost 75 years in the contemporary period (Graph 3.21).

Equally astonishing was the demographic transition taking place in the region, revisiting early modernization theories and contemporary globalization theories (Mauldin et al. 1978; Hendi 2017). Hendi (2017) examines differences in fertility between pairs of countries over time. Convergence in fertility between pairs of countries is, according to Hendi, 2017, hypothesized to result from increased cross-country connectedness and cross-national transmission of fertility-related schemas. The impact of various cross-country ties, including ties through bilateral trade, intergovernmental organizations and regional trade blocs, on fertility convergence, reported in Hendi’s study is considerable, and the impact would suggest that globalization positively affected the demographic transition in the MENA countries. Following this logic, MENA trade with rich countries, joint participation in the UN and UNESCO, and joining a free trade agreement, all contributed, Hendi’s argument (2017) would be, to fertility convergence between richer countries and the MENA countries (see also Graphs 3.22, 3.23, and 3.24).

In the following, we will analyse with the necessary care the empirical tendencies of gender discrimination, as they reflect themselves in the data about “missing women”. According to Sen 2003, the problem refers to the terrible deficit of women in substantial parts of Asia and north Africa, which arises from sex bias in relative care. Sen stated that the numbers are very large indeed. He found the number of missing women in China to be 44 m, in India 37 m and so on, with a total that easily exceeded 100 m worldwide, a decade or so ago: the ratio of women to men in the total population, while changing slowly (Sen 2003). According to Sen, female disadvantage in mortality has typically been reduced substantially, but this has been
counterbalanced by a new female disadvantage – that in natality – through sex-specific abortions aimed against the female foetus. Graphs 3.25 and 3.26 look at the World Bank data from which – at least in principle – this problem of “missing women” in the Arab world can be estimated roughly.
In the MENA region, differences in life expectancy to the advantage of females have increased, and the sex ratio at birth (male births per female births) in the Arab world is lower than that of the European Union, but in the MENA countries and the Arab world, there was a rise of the sex ratio during the time of the Arab Spring and thus a reversal of the positive trend away from the “missing women” phenomenon.

Graph 3.24 Crude death rates per 1,000 people in the MENA countries, 1960–2017, compared to the countries of the Euro area

Graph 3.25 Gender differences of life expectancy in the MENA countries, 1960–2018
Graph 3.27 portrays the social convergence of the MENA countries as compared to the European Union (EU-28) and the USA. MENA life expectancy in percent of the life expectancy of the European Union (EU-28) and the United States of America, 1960–2019 rose from around 65 percent in the 1960s to above 90 percent in the contemporary period.

In the following, we will present our analyses of the cycles of economic growth in the region.

Graph 3.26 Sex ratio at birth (male births per female births) in the MENA countries as compared to the European Union and the Arab world

Graph 3.27 Social convergence of the MENA countries. MENA life expectancy in percent of the life expectancy of the European Union (EU-28) and the United States of America, 1960–2019
3.9 The Cycles of Economic Development and Economic Convergence

High military outlays were certainly a growth constraint in the region, but military expenditures per GDP decreased from their peaks in the 1970s and 1980s to far lower levels in the contemporary period (Graph 3.28).

The standard measure of economic convergence nowadays, the percentage of the purchasing power of a poorer country or region, measured by the GDP per capita, PPP in constant 2011 international dollars as a percentage of the leading regions in the world economy, the European Union (EU-28) and the United States of America, 1960–2018, show a fairly constant increase in the decade before the onset of the “Arab Spring”, only to stagnate at a constant level, as it did in the 1990s (Graph 3.29):

Annual GDP per capita growth of the region (see also Table 3.1, above) was often considerable, but the time series shows quite large fluctuations (Graph 3.30).

Applying the well-known standard econometric techniques of spectral analysis and analysis of autocorrelation (see Grinin et al. 2016), we arrive at the conclusion that economic cycles in the Arab world are characterized by normal 3-year and 5-year and 8- to 8-year short-term fluctuations and by a strong long-term, 25 to 33-year Kuznets cycle (see Grinin et al. 2016) (Graph 3.31).

The analysis of autocorrelation confirms our hypothesis about the length of Arab economic cycles, derived from spectral analysis (Graph 3.32).

Graph 3.28  Military expenditure per GDP, 1960–2018
**Graph 3.29**  Convergence of the MENA countries in percent of the GDP per capita, PPP in constant 2011 international dollars of the European Union (EU-28) and the United States of America, 1960–2018

**Graph 3.30**  GDP per capita growth (annual percent), 1960–2018
3.10 A Look at Poverty and Unemployment

Our next MENA country development pattern analysis features the data on poverty. While there was a staggering rate of 40 percent of all school children at primary school age out of school, this percentage has now been reduced to some 5 percent, although since the Arab Spring and the political convulsions connected with it, this percentage has lamentably enough increased again (Graph 3.33).

Adult literacy rates in the region have increased from 40 to 80 percent. Today, World Bank data suggest that aggregate adult literacy rates in Sub-Saharan Africa are 66 percent, in South Asia 72 percent, in the Arab world 75 percent, in Latin America and Caribbean 94 percent and in East Asia and Pacific 96 percent. Considering that even in the European Union member state Malta (2018), 5 percent of the adult population were unable to read and write; adult literacy rate in the region reveals a really appalling development deficit.

Graph 3.31 Spectral analysis of economic growth in the MENA region – periodogram for 1960–2018
x-axis: cycle length

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26 https://data.worldbank.org/indicator/SE.ADT.LITR.ZS
Graph 3.32  Time series analysis (analysis of autocorrelation) of economic growth in the MENA region – spectral density for 1960–2018
x-axis: lag number (cycle length)

Graph 3.33  Children out of school in the MENA region, 1960–2018
After all, the Quran, in its first commandment states: *Sūrat l-Isrā* (*The Night Journey*), 17, 14: Pickthall translation: (And it will be said unto him): Read thy Book. Thy soul sufficeth as reckoner against thee this day.\(^{27}\)

In Somalia, Mauritania, Yemen Rep., Comoros, Sudan, Egypt, Arab Rep. and Morocco, adult literacy rates were (in ascending order) below 75 percent. In Tunisia, the adult literacy rate was only 79 percent, and in Algeria, Syria, Iraq and Libya, adult literacy rates were between 80 percent and 90 percent. Only in Qatar, United Arab Emirates, Lebanon, Malta, Saudi Arabia, Kuwait, Oman, Bahrain, West Bank and Gaza, and Jordan (ascending order), adult literacy rates were above 90 percent (Graph 3.34).

Tertiary education enrolment rates in the Arab world are also often very low. In Oman, Syria and in the West Bank and Gaza, tertiary enrolment rates were at least equal to or above the world average of 38 percent, and in Bahrain, Algeria and Kuwait, these enrolment rates were above 50 percent, and in Libya and Saudi Arabia, they were above 60 percent. But tertiary enrolment rates below 20 percent were recorded in Somalia, Djibouti, Mauritania, Comoros, Yemen Rep., Iraq and Qatar, and 20-38 percent (world average) in Lebanon, Tunisia, Jordan, Egypt, Arab Rep. and Morocco (Graph 3.35).

Our analysis of poverty gaps in the MENA region indicates that poverty gaps exhibit two trends in the region – a secular, long-run setback and decrease of the poverty gaps, measured by the three well-known World Bank purchasing power (PPP) benchmarks of 1.90$, 3.20$, 5.50$ a day, and a lamentable short-run setback.

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\(^{27}\) [http://corpus.quran.com/translation.jsp?chapter=17&verse=14](http://corpus.quran.com/translation.jsp?chapter=17&verse=14)
and increase of the poverty gaps during the neo-liberal transformations of the 1990s and in the wake of the Arab Spring (Graph 3.36).

These setbacks in the 1990s and in the wake of the Arab Spring surely coincide with the statistics of unemployment, which closely correlates with the downswings in the economic cycle (Graph 3.37).
This is especially true for the rates of youth unemployment, which reaches a staggering quarter of the entire age group (Graph 3.38).

Undernourishment has also increased in the wake of the Arab Spring and is again above 9 percent of the total population (Graph 3.39).
3.11 Inequality – UTIP Data Series

In the following, we would like to analyse the evolution of inequality in the Arab MENA countries in the larger perspective of what we have been saying above about the indicators of poverty and inequality. Based on the UTIP inequality data, presented above in conjunction with the KOF data series of globalization (Graphs 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13, 3.14, 3.15, 3.16, and 3.17), we are

The UNDP Arab Human Development Report, 2016, sharply criticizes the state-sector orientation of the region:

These rents are not merely revenues generated outside the economy in the form of oil and aid, but politically mediated rents created through economic controls, licences and monopolies. The region is one of the most protected in the world. The movement of goods, people and capital is subject to tight restrictions. The behind-the-border barriers that generate trade frictions are more pervasive in the Arab region than elsewhere. The trade regime is even more restrictive in the resource-rich, labour-abundant economies of the region, precisely where private sector employment generation is most required. While the model has created an adverse legacy of entitlement that aims to sustain some individuals from conception to coffin, it has also fostered political marginalization, economic deprivation and social exclusion. Thus, the associated trade frictions push firms without political or social connections to the margins of the economy, and opportunities for absorbing young entrants to the workforce are lost. The model thereby hobbles promising enterprises, discourages economic efficiency and deters young talents because its goal is not to promote innovation or competition, but solely to preserve access to wealth and power among a few. The result is a top-down model that is based on hand-outs (...). (UNDP 2016)
But, at the same time, the UNDP (2016) also recognized that this pattern of development expanded access to key entitlements, whether public employment or food subsidies, thereby raising some levels of human development. Thus, the UNDP correctly argues, partly because of the entitlements, societies have been able to lower the incidence of poverty and income inequality, shielding disadvantaged groups from some of the worst economic pressures of our times (UNDP 2016). The combined time series results for all the countries of the region with available data support this view (Graph 3.40).

3.12 The Effects of Membership of a Country in the Arab League on Global Development and Value Indicators

Based on the extensive development accounting data collection contained in Tausch, 2019, we arrive at the following and rather depressing analysis of the development deficits of the Arab world, which repeat the analysis provided by the UNDP Arab Human Development Report, 2016. For the readers of UNDP 2016, the issues being dealt with in our partial correlation analysis of Arab League membership with global indicators of social, economic and value development, with the UNDP Human Development Index and its square constant, will be no surprise: youth disempowerment, deficits in education, high unemployment and precarious jobs, the exclusion of young women, substantial health challenges, violent radicalization, patriarchy, low social and religious tolerance, inequality of opportunity in education, the challenges facing women, the effects of social and political conservatism, problems in the health
sector, war and violent conflict, a high migration pressure, the flight of human capital, all these phenomena, mentioned by the UNDP team under the leadership of Jad Chaaban (Team Leader) reappear in the high and significant partial correlations of Arab League membership with indicators of social, economic and political deficits. The list is long indeed. Independent of the level of achieved human development and its square, Arab countries – *ceteris paribus* – will be characterized in a significant way and more than other countries of world society by antisemitism, militarism, carbon emissions, outward migration, unemployment, human inequality, terrorism and unemployment. Arab countries will – *ceteris paribus* – have problems in the health sector, will have a low deregulation of their economic activities and hence will discriminate against the private sector, will discriminate against women in education and in politics, will have low social security expenditures, will have had a slow economic growth rate from 2007 to 2014 and will have a low labour force participation rate of their migrants at home.

Their political systems will enjoy only very low trust by its citizens, and several indicators of the quality of education and the environment will perform badly. Effective democracy and support for civil society as well as social globalization will be low, and there will a lack of a climate of religious and social tolerance in society. Labour force participation rates will be also low. All these statements are independent of the level of human development, measured by the UNDP human development index (Table 3.3).

### 3.13 Gender and Freedom – Naming the Real Development Deficits of the Arab MENA Countries

The “litany” of development deficits of the region, already exposed by the UNDP 2016, highlighted, as we stated above, such areas as education, employment, gender equality, radicalization and tolerance. Our percentile performance analysis of the Arab countries and the Arab MENA countries in world society reveals that they perform the following way in world society (Table 3.4):

**Bottom 50–75 Percent**

- Gallup poll about satisfaction: overall life satisfaction index
- Gallup poll about satisfaction: health care quality
- Optimism and engagement
- Infant mortality 2005
- Human development index (HDI) value 2004
- Gallup poll about satisfaction: job
- Life expectancy (years) (by 2010)

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28We of course duly considered that, for example, a high unemployment rate is bad for development.
Table 3.3 The partial correlations of membership of a country in the Arab league on global development and value indicators, UNDP human development index and UNDP human development index^2 are constant

|                                | Partial correlation with Arab league (human sec Kuznets constant) | Error | Df  |
|--------------------------------|---------------------------------------------------------------|-------|-----|
| ADL 100 (antisemitism)         | 0.826                                                         | 0.000 | 97  |
| Annual population growth rate, | 0.536                                                         | 0.000 | 161 |
| 1975–2005 (percent)            |                                                               |       |     |
| Civil and political liberties  | 0.479                                                         | 0.000 | 165 |
| violations                     |                                                               |       |     |
| Military personnel rate ln     | 0.452                                                         | 0.000 | 151 |
| (MPR+1)                        |                                                               |       |     |
| Military expenditures per GDP  | 0.447                                                         | 0.000 | 123 |
| Carbon emissions per capita    | 0.387                                                         | 0.000 | 162 |
| Net migration rate             | 0.370                                                         | 0.000 | 173 |
| Net international migration    | 0.323                                                         | 0.000 | 163 |
| rate, 2005–2010                |                                                               |       |     |
| Total unemployment rate of     | 0.285                                                         | 0.000 | 166 |
| immigrants (both sexes)        |                                                               |       |     |
| Coefficient of human inequality| 0.253                                                         | 0.003 | 139 |
| Global terrorism index         | 0.212                                                         | 0.009 | 147 |
| Unemployment rate              | 0.207                                                         | 0.012 | 143 |
| Gallup poll about satisfaction:| −0.172                                                        | 0.036 | 146 |
| health care quality            |                                                               |       |     |
| Share of people without religion| −0.188                                                        | 0.013 | 173 |
| per total population           |                                                               |       |     |
| Deregulation index 2013, World| −0.188                                                        | 0.015 | 166 |
| Bank                           |                                                               |       |     |
| Health expenditure as percent  | −0.202                                                        | 0.007 | 175 |
| of GDP                         |                                                               |       |     |
| Female share of seats in       | −0.208                                                        | 0.005 | 175 |
| parliament                      |                                                               |       |     |
| Social security expenditure    | −0.208                                                        | 0.032 | 104 |
| per GDP average 1990s (ILO)    |                                                               |       |     |
| Closing educational gender gap | −0.223                                                        | 0.010 | 129 |
| Slope 2007–2014 GDP pc growth  | −0.248                                                        | 0.004 | 131 |
| Labour force participation rate| −0.258                                                        | 0.001 | 166 |
| of migrants (both sexes)       |                                                               |       |     |
| Social protection (ILO)        | −0.274                                                        | 0.000 | 159 |
| Trust in institutions          | −0.274                                                        | 0.045 | 52  |
| Gallup poll about satisfaction:| −0.278                                                        | 0.001 | 130 |
| education quality              |                                                               |       |     |
| Female population with at least| −0.285                                                        | 0.000 | 154 |
| some secondary education       |                                                               |       |     |
| ESI index component social and| −0.291                                                        | 0.001 | 137 |
| institutional capacity         |                                                               |       |     |
| Overall civil society index    | −0.291                                                        | 0.033 | 52  |
| UNDP education index           | −0.297                                                        | 0.000 | 166 |
| closing political gender gap   | −0.307                                                        | 0.000 | 129 |
| Environmental performance      | −0.314                                                        | 0.000 | 143 |
| index (EPI)                    |                                                               |       |     |
| ESI-environment sustainability | −0.331                                                        | 0.000 | 137 |
| index (Yale Columbia)          |                                                               |       |     |

(continued)
### Table 3.3 (continued)

| Variable                                                                 | Partial correlation with Arab league (human sec Kuznets constant) | Error p | Df  |
|-------------------------------------------------------------------------|------------------------------------------------------------------|---------|-----|
| Democracy movement                                                      | −0.347                                                           | 0.010   | 52  |
| Percentage of women in government, all levels                           | −0.360                                                           | 0.000   | 161 |
| Effective democracy index                                               | −0.381                                                           | 0.000   | 161 |
| Overall 35 variable development index, based on 7 dimensions            | −0.385                                                           | 0.000   | 126 |
| Social globalization, overall index (KOF-Index, ETH Zurich)             | −0.387                                                           | 0.000   | 177 |
| Mean years of schooling 2013                                            | −0.388                                                           | 0.000   | 177 |
| Climate of personal non-violence (based on world values survey)         | −0.443                                                           | 0.001   | 52  |
| Social globalization, de jure index                                     | −0.465                                                           | 0.000   | 177 |
| LFPR 55-59 (labour force participation rate)                            | −0.489                                                           | 0.000   | 162 |
| Global tolerance index (based on world values survey)                   | −0.498                                                           | 0.000   | 67  |
| Democracy measure                                                       | −0.518                                                           | 0.000   | 146 |
| Closing of global gender gap overall score 2009                         | −0.556                                                           | 0.000   | 129 |
| Closing economic gender gap                                             | −0.605                                                           | 0.000   | 129 |
| Very favourable or somewhat favourable opinion of Israel (2013) (based on PEW survey) | −0.646                                                           | 0.003   | 17  |
| No redistributive religious fundamentalism (based on world values survey) | −0.657                                                           | 0.000   | 52  |
| Gender empowerment index value                                           | −0.669                                                           | 0.000   | 71  |
| Feminism (based on world values survey)                                 | −0.733                                                           | 0.000   | 52  |
| Dissent with the opinion: religious authorities should interpret the laws (based on world values survey) | −0.772                                                           | 0.000   | 46  |

### Expenditure on education
- Gallup poll about satisfaction: freedom of choice
- Environmental performance index (EPI)
- Average annual HDI growth 2000-2013
- Female population with at least some secondary education
- Coefficient of human inequality 2013
- Ecological footprint (g ha /cap)
- Ecological footprint per capita
- Overall 35 variable development index
- Mean years of schooling 2013
- ESI index component social and institutional capacity
- Tertiary emigration rate
Table 3.4  The global development performance and rankings of Arab league countries, and Arab MENA countries. (Based on the data collection, Tausch 2019)

| Year                  | Arab League | Arab MENA countries | Number of countries for the ranking | Global Rank | Global rank Arab MENA countries | percentile performance MENA countries |
|-----------------------|-------------|---------------------|-------------------------------------|-------------|---------------------------------|---------------------------------------|
| Gallup poll about satisfaction: Overall life satisfaction index | 5.1500      | 5.2765              | 153                                 | 77          | 77                              | 50.33                                 |
| Gallup poll about satisfaction: Health care quality          | 47.5500     | 51.1176             | 150                                 | 81          | 81                              | 54.00                                 |
| Optimism and engagement                                       | 0.0354      | 0.0354              | 59                                  | 32          | 32                              | 54.24                                 |
| Infant mortality 2005                                          | 33.2105     | 27.3750             | 168                                 | 76          | 92                              | 54.76                                 |
| Human development index (HDI) value 2004                       | 0.7064      | 0.7415              | 168                                 | 92          | 92                              | 54.76                                 |

(continued)
| **Gallup poll about satisfaction: Job** | 70.1000 | 72.7647 | 149 | 83 | 83 | 55.70 |
| Life Expectancy (years) (by 2010) | 69.0786 | 70.5417 | 139 | 78 | 78 | 56.12 |
| Expenditure on education | 4.6933 | 4.5462 | 153 | 86 | 86 | 56.21 |
| **Gallup poll about satisfaction: Freedom of choice** | 62.7000 | 65.4706 | 153 | 87 | 87 | 56.86 |
| Environmental Performance Index (EPI) | 66.0011 | 68.4832 | 170 | 98 | 98 | 57.65 |
| Average annual HDI growth 2000-2013 | 0.7038 | 0.6257 | 155 | 91 | 91 | 58.71 |
| Female Population with at least some secondary education | 41.0000 | 44.8250 | 158 | 97 | 97 | 61.39 |
| Coefficient of human inequality 2013 | 25.7889 | 24.6875 | 143 | 54 | 89 | 62.24 |
| ecological footprint (g ha/cap) | 2.9143 | 3.0383 | 139 | 52 | 87 | 62.59 |
| ecological footprint per capita | 2.9143 | 3.0383 | 139 | 52 | 87 | 62.59 |
| overall 35 variable development index | 0.5019 | 0.5173 | 170 | 108 | 108 | 63.53 |
Table 3.4 (continued)

|                                | 2013   | 7.0000 | 181  | 117  | 117  | 64.64 |
|--------------------------------|--------|--------|------|------|------|-------|
| Mean Years of Schooling 2013   | 6.4300 | 7.0000 |      |      |      |       |
| ESI Index Component Social and | 36.8133| 38.2385|      |      |      | 65.25 |
| Institutional Capacity        |        |        |      |      |      |       |
| Tertiary emigration rate      | 7.2750 | 7.6571 | 151  | 52   | 99   | 65.56 |
| Trust in institutions         | -0.5150| -0.5150| 59   | 39   | 39   | 66.10 |
| Gallup poll about satisfaction: Education quality | 53.2222 | 56.0667 | 134  | 90   | 90   | 67.16 |
| Happiness, good health        | -0.1758| -0.1758| 59   | 41   | 41   | 69.49 |
| Female share of seats in parliament | 13.3450 | 12.9765 | 179  | 128  | 128  | 71.51 |
| Global terrorism index        | 3.9631 | 4.0254 | 151  | 39   | 112  | 74.17 |
| Effective Democracy Index     | 11.8122| 12.3813| 165  | 123  | 123  | 74.55 |
| Total unemployment rate of immigrants (both sexes) | 14.8842 | 12.7250 | 170  | 43   | 127  | 74.71 |
| Democracy movement            | -0.5271| -0.5271| 59   | 45   | 45   | 76.27 |
| Health expenditure as % of GDP| 5.1150 | 4.8941 | 179  | 137  | 137  | 76.54 |

(continued)
| Metric                                                                 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------------------------------------------------------|------|------|------|------|------|------|------|------|------|
| Carbon emissions per million US dollars GDP                         | 76.65| 76.97| 78.20| 79.66| 81.20| 81.36| 81.63| 82.35| 84.40|
| Climate of personal non-violence                                     | 167  | 39   | 59   | 46   | 47   | 48   | 47   | 42   | 119  |
| Closing educational gender gap                                        | 59   | 133  | 147  | 133  | 147  | 147  | 147  | 51   | 141  |
| Overall Civil Society Index                                          | 472.6493 | -0.4489 | 0.9312 | 1.4865 | -1.4865 | 0.9692 | -0.7725 | 12.5000 | 43.4769 |
| Closing health and survival gender gap                               | 42.9133 | 43.4769 | 13.6429 | 12.5000 | 0.3508 | 0.3508 | 0.3508 | 0.3508 | 0.3508 |
| No redistributive religious fundamentalism                           | 16.53 | 16.53 | 16.53 | 16.53 | 16.53 | 16.53 | 16.53 | 16.53 | 16.53 |
| Unemployment rate                                                    | 13.6429 | 12.5000 | 10.8735 | 10.8735 | 10.8735 | 10.8735 | 10.8735 | 10.8735 | 10.8735 |
| WVS: dissent with the opinion: religious authorities should interpret the laws | 0.3508 | 0.3508 | 0.3508 | 0.3508 | 0.3508 | 0.3508 | 0.3508 | 0.3508 | 0.3508 |
| Feminism                                                              | -0.6718 | -0.6718 | -0.6718 | -0.6718 | -0.6718 | -0.6718 | -0.6718 | -0.6718 | -0.6718 |

Table 3.4 (continued)
|                                | 55.1053 | 53.0500 | 170   | 146   | 146   | 85.88 |
|--------------------------------|---------|---------|-------|-------|-------|-------|
| Labour force participation rate of migrants (both sexes) |          |         |       |       |       |       |
| Democracy measure             | -5.4000 | -5.7857 | 150   | 130   | 130   | 86.67 |
| Civil and Political Liberties violations | 5.6316  | 5.6563  | 169   | 22    | 147   | 86.98 |
| Carbon emissions per capita    | 10.4211 | 12.2850 | 166   | 16    | 150   | 90.36 |
| closing political gender gap   | 0.0547  | 0.0495  | 133   | 122   | 122   | 91.73 |
| closing of global gender gap overall score 2009 | 0.5949  | 0.5938  | 133   | 123   | 123   | 92.48 |
| Global tolerance index         | 0.3838  | 0.3838  | 71    | 66    | 66    | 92.96 |
| ADL 100 (avoiding Antisemitism) | 81.8000 | 81.8000 | 101   | 7     | 94    | 93.07 |
| closing economic gender gap    | 0.4306  | 0.4259  | 133   | 125   | 125   | 93.98 |
| gender empowerment index value | 0.2463  | 0.2463  | 75    | 74    | 74    | 98.67 |
Trust in institutions
Gallup poll about satisfaction: education quality
Happiness, good health
Female share of seats in parliament
Global terrorism index
Effective democracy index
Total unemployment rate of immigrants (both sexes)

Bottom 75 Percent or Worse

Democracy movement
Health expenditure as percent of GDP
Carbon emissions per million US dollars GDP
Climate of personal non-violence
Closing educational gender gap
Overall civil society index
Closing health and survival gender gap
No redistributive religious fundamentalism
Unemployment rate
WVS: dissent with the opinion: religious authorities should interpret the laws
ESI-index environment sustainability index (Yale Columbia)
Feminism
Labour force participation rate of migrants (both sexes)
Democracy measure
Civil and political liberties violations
Carbon emissions per capita
Closing political gender gap
Closing of global gender gap overall score 2009
Global tolerance index
ADL 100 (avoiding antisemitism)
Closing economic gender gap
Gender empowerment index value

Our next percentile performance analysis is about the performance of the Arab world on the well-established freedom indicators, compiled by Freedom House (Table 3.5).29

29https://freedomhouse.org/
3.14 The Arab World on the Eve of the Corona Tsunami

As we already outlined in our Introduction, the International Monetary Fund (IMF), in its recent prediction, now expects the global economy to contract by 3 percent in 2020, much worse than during the 2008–09 financial crisis. This scenario still assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound. The advanced economies will shrink by \(-6.1\) percent, while China and India still will experience some sort of economic growth by \(<2.0\) percent, while the Middle East and North Africa will shrink by around \(-3.3\) percent.

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Table 3.5 Freedom in the Arab world, 2013–2018

| Country/territory       | Freedom score 2018 | Freedom score 2013 | Increase/decrease of freedom (freedom development, 2013–2018) | Global percentile performance, 2018 |
|-------------------------|--------------------|--------------------|---------------------------------------------------------------|-----------------------------------|
| Tunisia                 | 70                 | 59                 | 11                                                            | 42.58                             |
| Comoros                 | 55                 | 55                 | 0                                                             | 55.98                             |
| Lebanon                 | 43                 | 49                 | \(-6\)                                                         | 66.03                             |
| Morocco                 | 39                 | 43                 | \(-4\)                                                         | 69.38                             |
| Jordan                  | 37                 | 34                 | 3                                                             | 69.86                             |
| Kuwait                  | 36                 | 41                 | \(-5\)                                                         | 71.29                             |
| Algeria                 | 35                 | 35                 | 0                                                             | 71.77                             |
| Iraq                    | 31                 | 24                 | 7                                                             | 73.21                             |
| Mauritania              | 30                 | 34                 | \(-4\)                                                         | 75.12                             |
| West Bank and Gaza      | 28                 | 30                 | \(-2\)                                                         | 77.51                             |
| Djibouti                | 26                 | 29                 | \(-3\)                                                         | 78.95                             |
| Egypt                   | 26                 | 41                 | \(-15\)                                                        | 79.43                             |
| Qatar                   | 24                 | 28                 | \(-4\)                                                         | 80.38                             |
| Oman                    | 23                 | 26                 | \(-3\)                                                         | 81.82                             |
| United Arab Emirates    | 17                 | 22                 | \(-5\)                                                         | 87.56                             |
| Yemen                   | 13                 | 25                 | \(-12\)                                                        | 89.47                             |
| Bahrain                 | 12                 | 18                 | \(-6\)                                                         | 90.43                             |
| West Bank + Gaza        | 12                 | 19                 | \(-7\)                                                         | 91.39                             |
| Libya                   | 9                  | 43                 | \(-34\)                                                        | 94.26                             |
| Sudan                   | 8                  | 7                  | 1                                                             | 94.74                             |
| Saudi Arabia            | 7                  | 10                 | \(-3\)                                                         | 95.69                             |
| Somalia                 | 7                  | 2                  | 5                                                             | 96.17                             |
| Syria                   | \(-1\)             | 5                  | \(-6\)                                                         | 100.00                            |

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\(^{30}\)https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020
The world will thus be confronted with the largest economic depression since the Great Depression of 1929.

Thanks to the work of Barro and Ursua 2011, and Barro et al. 2020, economic science knows much more about the effects of both the Spanish influenza pandemic from 1918 onwards and the Great Depression from 1929 onwards. Since the large literature on long economic cycles, depressions and their devastating effects have been reviewed extensively elsewhere (Grinin et al. 2016), we rather concentrate on analysing what can be expected from the double crises of a pandemic and a global depression for the countries of the MENA region.

The robust lesson of the “Great Depression” accounting, made possible by the Barro and Ursua 2011, data is that there are very considerable differences in the way, the Tsunami of the Great Depression hit the countries of the world system in 1929. To recover their pre-depression income level by around + 5 percent, it took Denmark, Iceland, Korea and Russia only a short lapse of time, and for all practical purposes, they recovered already in 1930/31. By 1933/34, Colombia, Greece, Brazil, Finland, Japan, Norway, South Africa, Sweden and Turkey recovered again.

Only in 1935/36, Italy, Singapore, Taiwan, United Kingdom, Australia, Germany and New Zealand recovered and had an income level of around +5 percent above the pre-depression level. In 1937, Portugal and Venezuela followed, while Indonesia only made it in 1938. Even more dramatic, Austria recovered and had an income level of around +5 percent above the pre-depression level in 1939, the year of the Anschluss, and thus shared the economic misfortunes of Mexico and the Philippines, who also recovered only in 1939. Even worse, Canada and the United States only could recover their income levels in 1940, after the beginning of the Second World War in 1939.

In the following graphs, we will give special attention to those countries, who were even later in their economic recovery from the Great Depression. A plus of around 5 percent or more in the real income levels, compared to 1929, were recorded in the following nations in the following years:

1944: Argentina
1945: Chile
1946: Peru, Switzerland and Uruguay
1947: Belgium
1949: France
1950: Netherlands
1956: China and Spain
1959: Egypt

After 1960: India, Malaysia and Sri Lanka

Graph 3.41 analyses the income development of the most unfortunate countries, emerging out of the abyss of the Great Depression, India, Malaysia, Sri Lanka and Egypt.

Graph 3.42 shows the almost as devastating effects of the Great Depression in China, Spain, the Netherlands, France and Belgium.
The economic aftermath of the Great Depression in Peru, Switzerland, Uruguay, Chile and Argentina was also more than severe (Graph 3.43).

The world ahead of us is also reflected in Graph 3.44, which correlates the data about relative GDP per capita in PPP (UK, 1913 = 100) of the countries of the world.
**Graph 3.43**  The aftermath of the Great Depression in Peru, Switzerland, Uruguay, Chile, Argentina. Real GDP pc in PPP (1929 = 100), calculated from Barro and Ursua (2011)

**Graph 3.44**  Estimated Flu death rates during the Great Influenza Epidemic, 1918-1920. Estimated Flu death rates during the Great Influenza Epidemic, 1918, predicted by real natural logarithm of GDP per capita in PPP (UK, 1913, = 100)
system, contained in Barro and Ursua (2011), and Grinin (2016), with the country death rates of the Great Influenza Epidemic, 1918. The suggestion is that poorer countries were hit harder by the influenza epidemic of 1918 than countries of the centre, although the effect is non-linear due to the higher death rates in some richer countries (see also Table 3.6).

Table 3.6 now mentions the original data.

The IBM–SPSS 24 calculation of the relationship between the natural logarithm of GDP per capita in the last peace year before the First World War in 1913, UK =

| Country      | GDP per capita in PPP (UK, 1913 = 100) | Estimated Flu death rates during the Great Influenza Epidemic, 1918–1920 |
|--------------|---------------------------------------|-------------------------------------------------|
| Argentina    | 77.16                                 | 0.33                                            |
| Australia    | 104.80                                | 0.28                                            |
| Austria      | 70.41                                 | 0.97                                            |
| Belgium      | 85.75                                 | 0.83                                            |
| Brazil       | 16.48                                 | 0.69                                            |
| Canada       | 90.37                                 | 0.62                                            |
| Chile        | 60.72                                 | 0.86                                            |
| Colombia     | 17.17                                 | 0.46                                            |
| Denmark      | 79.50                                 | 0.31                                            |
| Finland      | 42.90                                 | 0.71                                            |
| France       | 70.82                                 | 0.74                                            |
| Germany      | 74.13                                 | 0.78                                            |
| Greece       | 23.92                                 | 0.45                                            |
| India        | 13.68                                 | 5.22                                            |
| Indonesia    | 17.66                                 | 3.04                                            |
| Italy        | 46.84                                 | 1.23                                            |
| Japan        | 28.19                                 | 0.96                                            |
| Netherlands  | 82.28                                 | 0.71                                            |
| New Zealand  | 104.69                                | 0.69                                            |
| Norway       | 49.73                                 | 0.57                                            |
| Peru         | 20.97                                 | 0.39                                            |
| Portugal     | 25.40                                 | 1.81                                            |
| Russia       | 28.73                                 | 1.87                                            |
| Spain        | 41.78                                 | 1.36                                            |
| Sri Lanka    | 25.08                                 | 1.74                                            |
| Sweden       | 58.40                                 | 0.63                                            |
| Switzerland  | 144.14                                | 0.76                                            |
| UK           | 100.00                                | 0.46                                            |
| Uruguay      | 67.26                                 | 0.22                                            |
| USA          | 107.72                                | 0.52                                            |
| Venezuela    | 22.43                                 | 1.25                                            |
100 and its square and the influenza death rate per country in 1918–1920 in the 31 countries reported in Table 3.6 is significant at the 1 percent level, the F ratio is 8.46; the adjusted $R^2$ is 33.2 percent and the predicted influenza death rate was $13,8860 - 6,1790 \times \ln (\text{GDP per capita PPP, UK, } 1913 = 100) + 0,7160** \times \ln (\text{GDP per capita PPP, UK, } 1913 = 100)^2$. Applying this equation to today’s income relationships (Tausch 2019) of the countries of the world system (ln (GDP per capita PPP, UK, mid decade 2010–2020 = 100) and its square), we get Table 3.7.

As Barro et al. (2020), convincingly argued, every global pandemic has terrible effects on the mortality rates especially in poorer countries. Assuming the reproduction of the non-linear relationship between relative average income levels and the global pandemic mortality rates during the Spanish influenza, 1918–1920, and today’s relative average income levels and today’s Corona-19 pandemic, we can assume the following expected pandemic death rates in the Arab countries.

| Country          | Expected death rate Covid-19 |
|------------------|-----------------------------|
| Algeria          | 0914                        |
| Bahrain          | 0699                        |
| Comoros          | 6393                        |
| Egypt            | 1119                        |
| Iraq             | 0796                        |
| Jordan           | 1046                        |
| Kuwait           | 1546                        |
| Lebanon          | 0702                        |
| Mauritania       | 3953                        |
| Morocco          | 1818                        |
| Qatar            | 2479                        |
| Saudi Arabia     | 0878                        |
| Sudan            | 3539                        |
| Tunisia          | 1128                        |
| United Arab Emirates | 0999                   |
| Yemen            | 3062                        |

$31$ It is to be noted that already in the Spanish influenza pandemic of 1918–1920, fatality rates due to the pandemic in very rich countries were higher. Such factors as urbanization, population density, and dense networks of public transport and so on seem to play a role here.
1–2 percent
United Arab Emirates
Jordan
Egypt
Tunisia
Kuwait
Morocco

>2 percent
Qatar
Yemen
Sudan
Mauritania
Comoros

Finally, we risk a prognosis on the overall societal effects of the pandemic. A lesson of the 1918–1920 pandemic is that the severity of the pandemic, as it impacts the different countries of the world, contributes to rising income inequality over time. We measured this by calculating a Pearson correlation of income inequality with the time axis, 1921–1929, based on the Piketty time series data of the share of the richest 1 percent in total incomes, discussed in Grinin et al. 2016, and the Flu death rates during the Great Influenza Epidemic, 1918–1920 (Barro et al. 2020) (Graph 3.45).

![Graph 3.45](image)

**Graph 3.45** Rising income inequality over time (Pearson correlation of income inequality with the time axis, 1921–1929, calculated from Grinin et al. 2016, based on Piketty, top 1 percent) and the Flu death rates during the great influenza epidemic, 1918–1920. (Barro et al. 2020)
We also attempted to estimate the effects of the severity of the pandemic on international income convergence/divergence over time. To estimate this, we calculated the Pearson correlation of income convergence with the time axis, 1921–1929, based on Maddison data of a country’s income per capita in PPP, world average = 100, documented in Grinin et al. 2016, and the severity of the Flu epidemic 1918–1920, measured by the Flu death rates (Barro, et al. 2020). The result is that the severity of an epidemic negatively influences international income convergence over time (Graph 3.46).

With the majority of the populations in the Arab world predictably becoming poorer still by international standards after the pandemic, and with income inequality predictably rising, we should finally look at another lesson of history, which might be deduced from the Barro and Ursua 2011 data. Graph 3.47 analyses the developments of average per capita incomes in purchasing power parities in Italy and the United Kingdom, two European countries which were particularly hard hit by the Influenza Pandemic of 1918–1920. In the United Kingdom, it took practically a decade to recover the pre-pandemic income levels, and in Italy, the crisis was even more severe, and Italian democracy collapsed and Benito Mussolini rose to power.

**Graph 3.46** Income convergence/divergence over time (Pearson correlation of income convergence with the time axis, 1921–1929, calculated from Grinin et al. 2016, based on Maddison data of a country’s income per capita in PPP, world average = 100) and the flu death rates during the great influenza epidemic, 1918–1920 (Barro, et al. 2020)
The world is approaching the abyss of a very deep global recession to the tune of a global minus 3 percent in 2020, and minus 3.3 percent in the Middle East and North Africa.

With the data of Barro and Ursua 2011, and Barro et al. 2020, as well as Grinin et al. 2016, we deal in this chapter also with the comparative aspects and what economic science knows about the effects of both the Spanish Influenza pandemic from 1918 onwards and the Great Depression from 1929 onwards. Poor countries like Egypt recovered their income levels from pre-Great Depression levels only in the late 1950s.

The world ahead of us is also to be guessed when we correlate the data about relative GDP per capita in PPP (UK, 1913 = 100) of the countries of the world system, contained in Barro and Ursua 2011, and Grinin 2016 with the country death rates of the Great Influenza Epidemic, 1918. The suggestion is that poorer countries were hit harder by the influenza epidemic of 1918 than countries of the centre, although the effect is non-linear due to the higher death rates in some richer countries.

As Barro et al. 2020, convincingly argued, every global pandemic has terrible effects on the mortality rates especially in poorer countries. Assuming the reproduction of the non-linear relationship between relative average income levels and the global pandemic mortality rates during the Spanish Influenza, 1918–1920, and today’s relative average income levels and today’s Covid-19 pandemic, we can assume the following expected pandemic death rates in the Arab countries:
Finally, we risk a prognosis on the overall societal effects of the pandemic. There will be rising income inequality over time. And the severity of the epidemic negatively influences international income convergence over time.

With the majority of the populations in the Arab world predictably becoming poorer still by international standards after the pandemic, and with income inequality predictably rising, we should finally look at another lesson of history, which might be deduced from the Barro and Ursua 2011 data. In the United Kingdom, it took practically a decade to recover the pre-pandemic income levels, and in Italy, the crisis was even more severe, and Italian democracy collapsed and Benito Mussolini rose to power in 1922.

These structures are also reflected in the percentile performance indices of Arab countries, documented in Table 3.8.
Table 3.8  Percentile global development performance of the countries of the Arab League

| Country       | overall 35 variable development index | Effective Democracy Index |
|---------------|----------------------------------------|---------------------------|
| Algeria       | 62.9                                   | 80.0                      |
| Bahrain       | 50.6                                   | 61.2                      |
| Comoros       | 85.9                                   | 72.1                      |
| Djibouti      | 90.0                                   | 74.5                      |
| Egypt         | 57.1                                   | 78.2                      |
| Iraq          | xx                                     | xx                        |
| Jordan        | **48.2**                               | **53.3**                  |
| Kuwait        | 61.2                                   | **44.8**                  |
| Lebanon       | 60.6                                   | xx                        |
| Libya         | 74.1                                   | 98.2                      |
| Mauritania    | 82.4                                   | 70.3                      |
| Morocco       | 55.3                                   | 60.6                      |
| Oman          | 57.6                                   | 67.3                      |
| West Bank + Gaza | xx                                           | xx                        |
| Qatar         | 78.2                                   | 72.7                      |
| Saudi Arabia  | 62.4                                   | 95.8                      |
| Somalia       | xx                                     | xx                        |
| Sudan         | 98.2                                   | 100.0                     |
| Syria         | 64.7                                   | 97.0                      |
| Tunisia       | **39.4**                               | 70.9                      |
| United Arab Emirates | 67.6                                      | 66.7                      |
| Yemen         | 88.2                                   | 80.6                      |

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