

# Social Policy Responses to the Arab Uprisings

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“Economic Management Under Fire”

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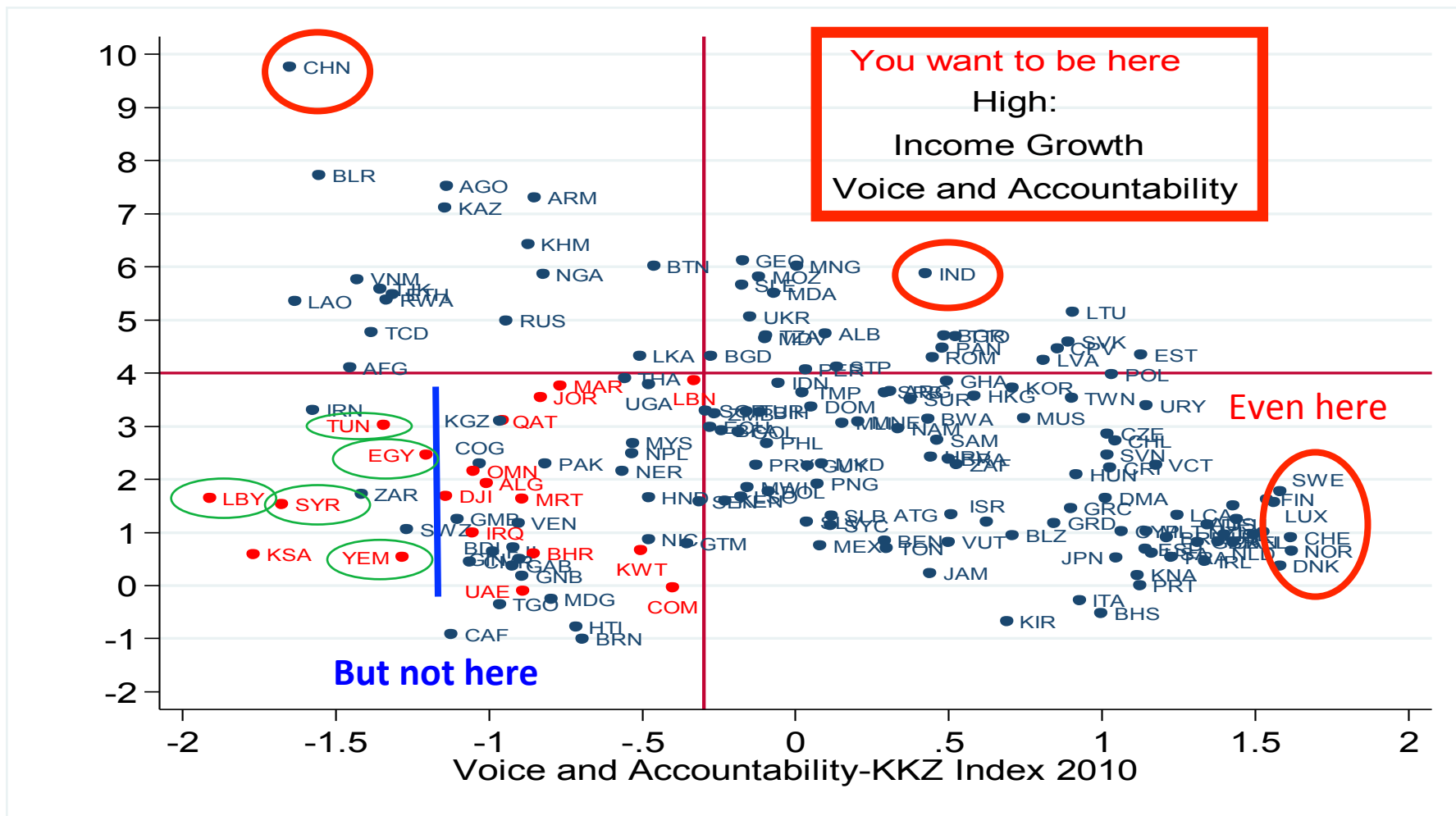
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# Summary

- The “statist to pro-market” economic reforms during the two decades preceding the Uprisings had the desirable macroeconomic impacts in terms of reducing deficits, debts and inflation, increasing aggregate economic growth and accelerating employment creation
- However, they failed to have a commensurate increase in per capita incomes while insecurity increased due to privatization and lower public social spending, while there have been no improvements in citizens’ voice and government accountability
- Following the Uprisings, initial responses have been expansionary in most South-Med countries to accommodate popular demands - in fact, responses have been similar to those adopted in previous crises such as the food crisis in the early 2000s and the global financial crisis in 2008
- And like in previous crises, responses in all fronts (fiscal, social, structural) have been neither well coordinated nor consistent with long-term stability or the creation of conditions for inclusive growth
- GDP growth cut by half and macroeconomic conditions and employment prospects have deteriorated - Eventually, all countries, except Algeria, sought IMF support and efforts to restore macro stability have been reintroduced

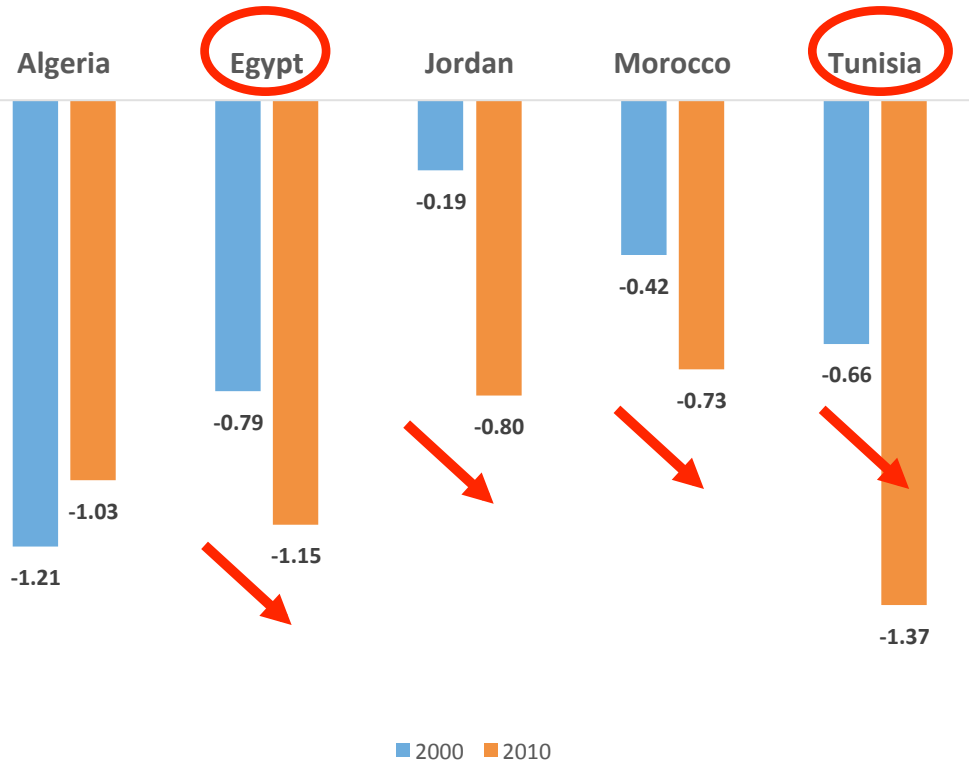
# As of 2011, Citizens in Arab Countries Have Had Slow Increases Incomes and Low Voice Amidst Weak Government Accountability

ECONOMICS

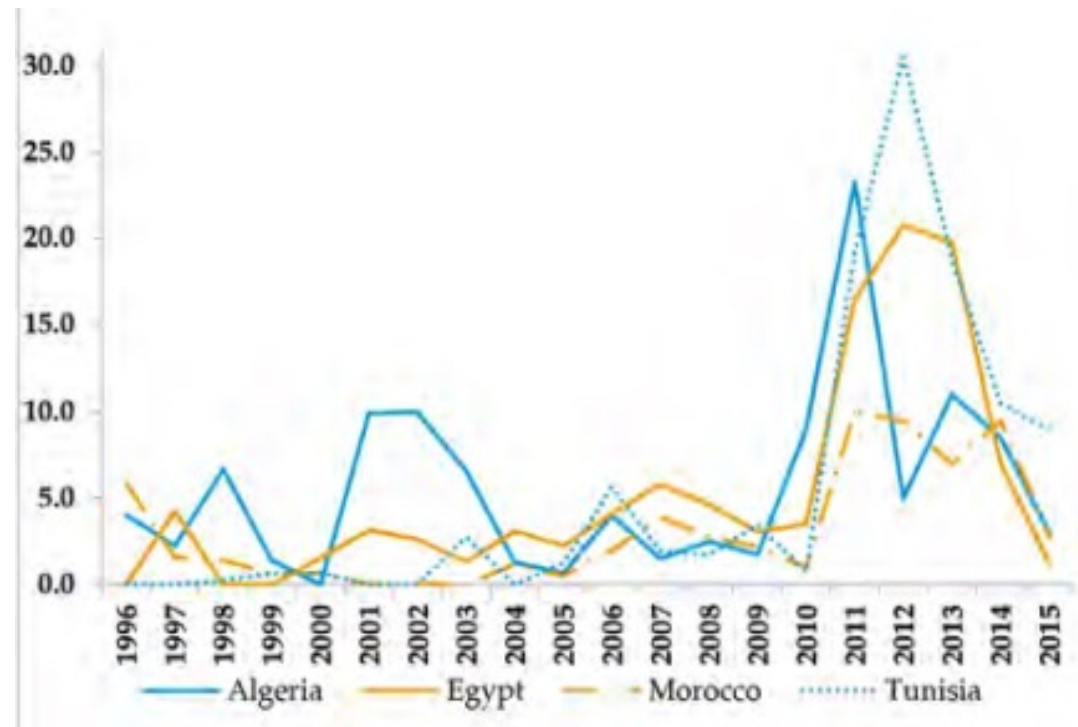


POLITICS

**Voice and accountability had been deteriorating (except Algeria)**



**Public protests had been increasing but suppressed, 1996-2015**



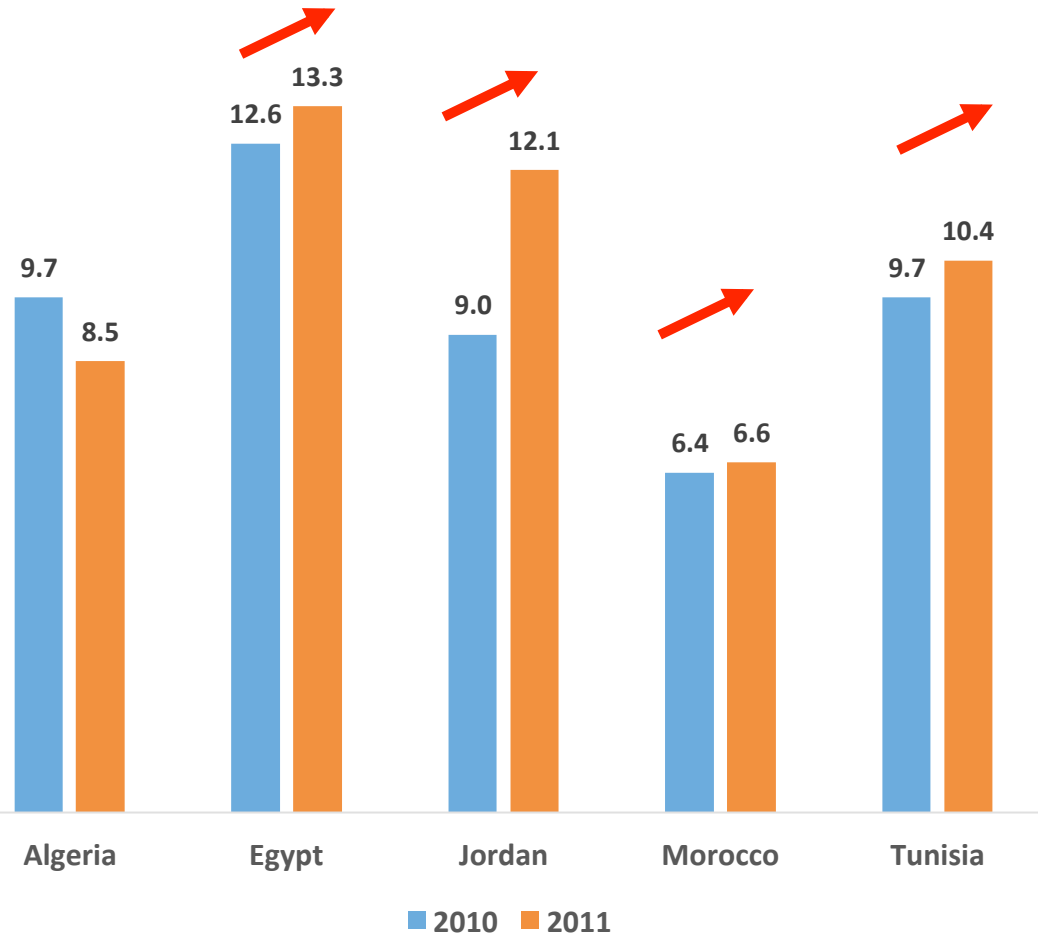
**Indexes**

## Country Responses to the Uprisings, 2011-12

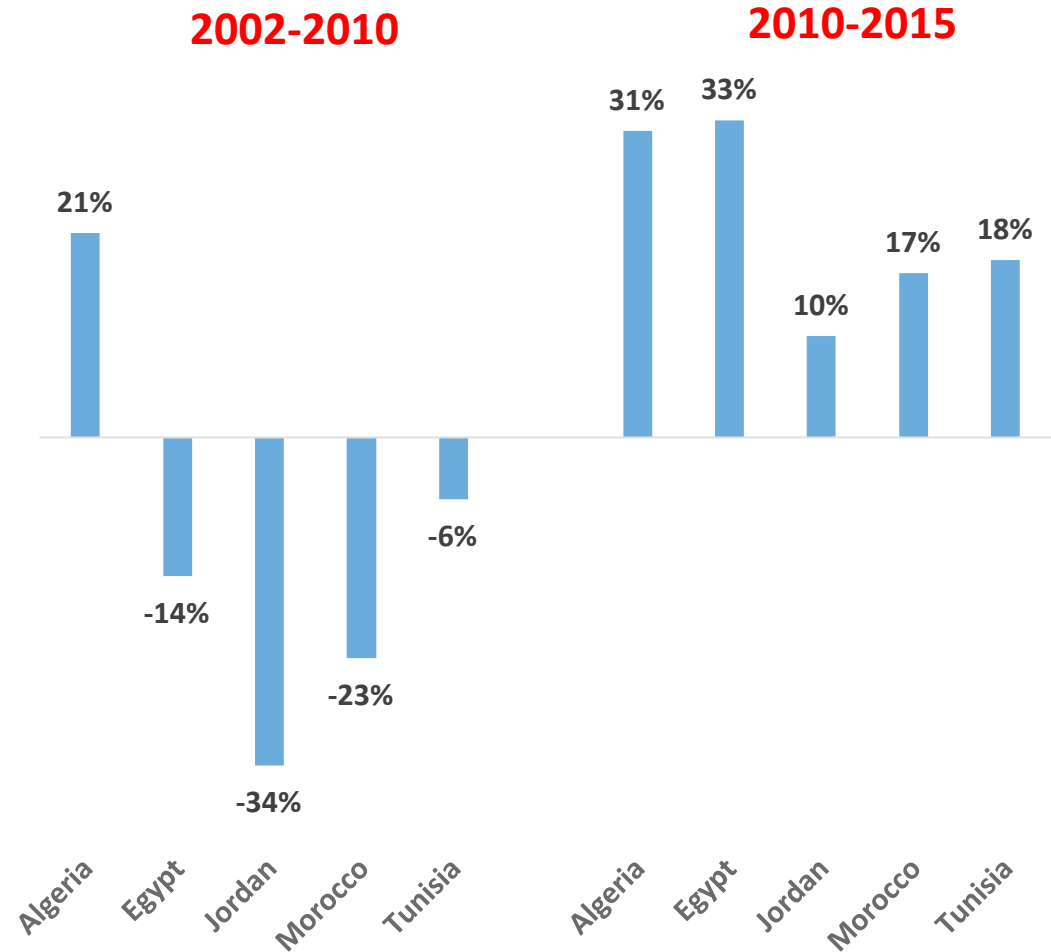
Country	Labor market				Social protection			
	Public wages	Public employment	Minimum wages	Training	Unemployment benefits	Pensions	Cash transfers	Food subsidies
Algeria	X		X		*	X		X
Bahrain	X	X	X	X	*	X		X
Egypt	X	X	X	X	X	X	X	X
Iraq	X						X	
Jordan	X	X	X	X		X	X	X
Kuwait	X				*		X	X
Lebanon	X		X					
Libya	X	X	X				X	
Morocco	X	X	X	X	X	X		X
Oman	X	X	X	X	*	X	X	X
Qatar	X					X		
KSA	X	X	X	X	X		X	
Syria	X			X	X		X	
Tunisia	X	X	X	X	X		X	X
UAE	X		X			X	X	
Yemen	X	X		X			X	

Note: These countries had various forms of unemployment benefits prior to 2010  
Source: Compiled from Official publications and ILO/UNDP (2012), ESCWA (2015)

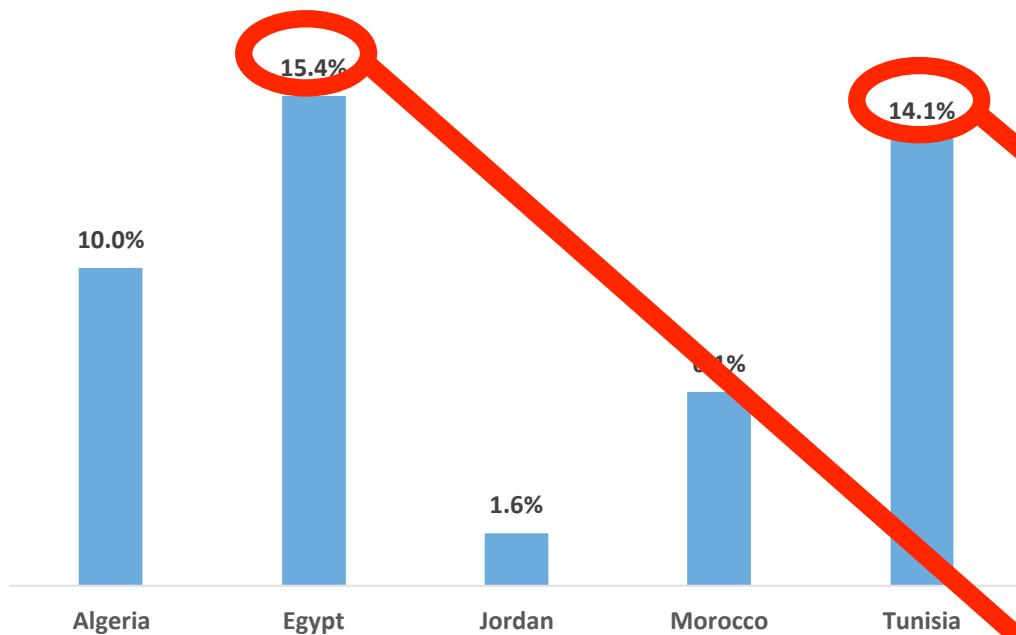
**Public social protection expenditure increased except Algeria (percent to GDP)**



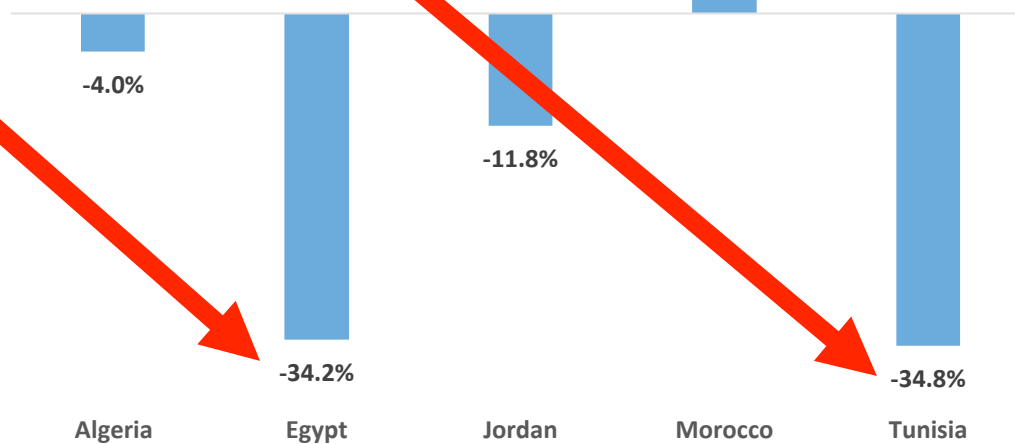
**And giveaways have been rising faster than revenues (incr. in public wage bill - incr. in taxes)**



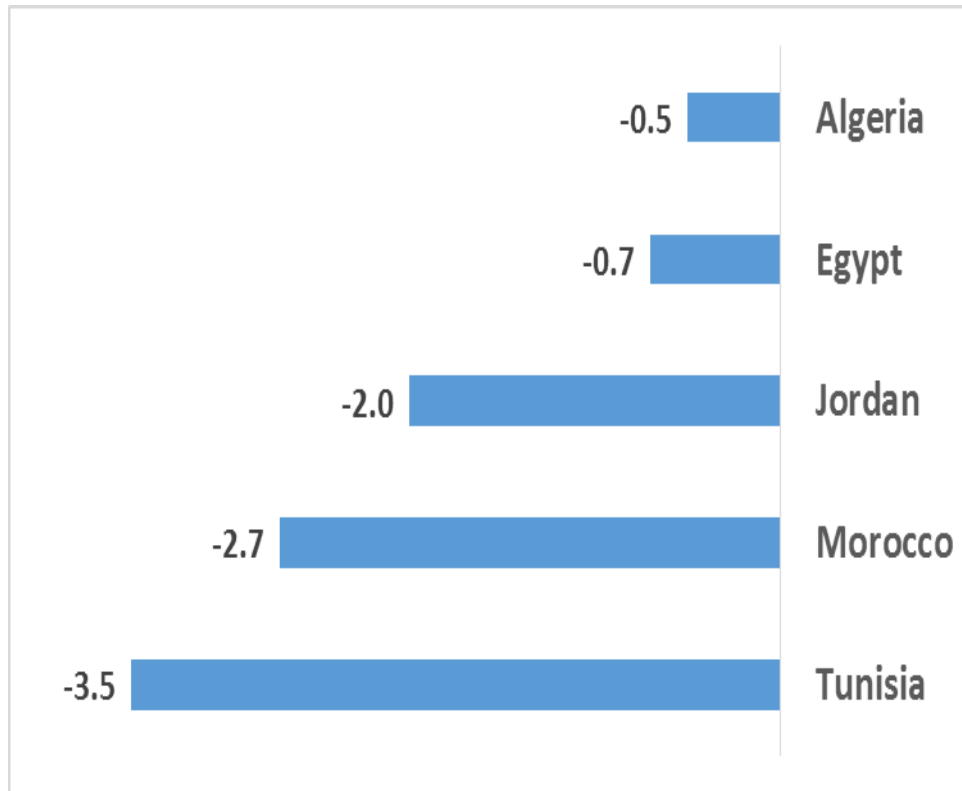
Change in General Government **Expenditure**, 2010-2014  
(% of GDP)



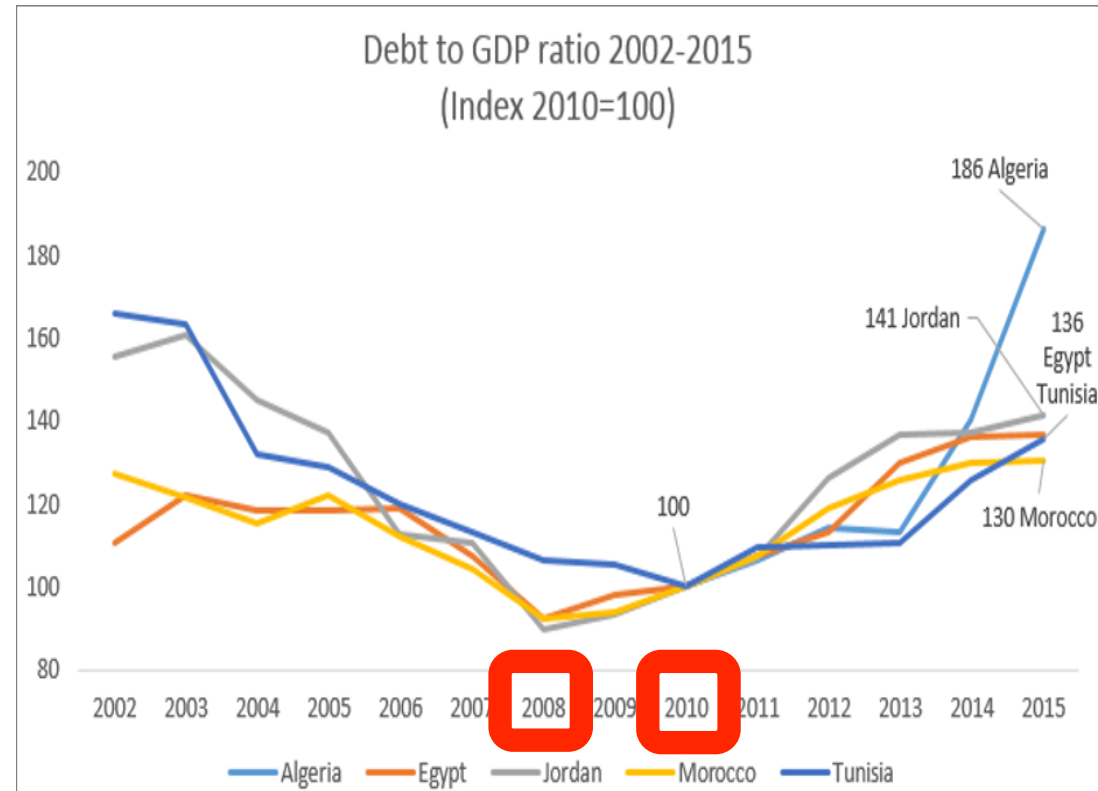
Change in Public **Investment** Expenditure, 2010-2014  
(% GDP)



## Differences in average GDP growth rates between 2010-15 and 2000-10



## The hard won debt reductions have been reversed after 2008 and 2010



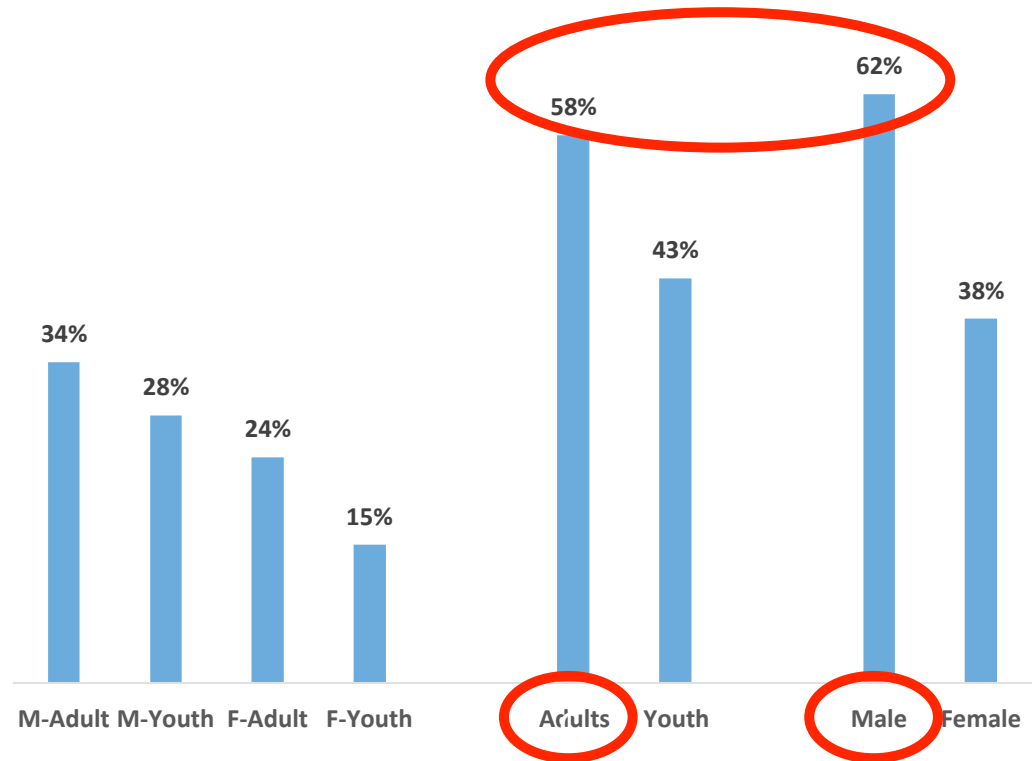


## Where we stand today (1)

### Unemployment is probably the biggest issue

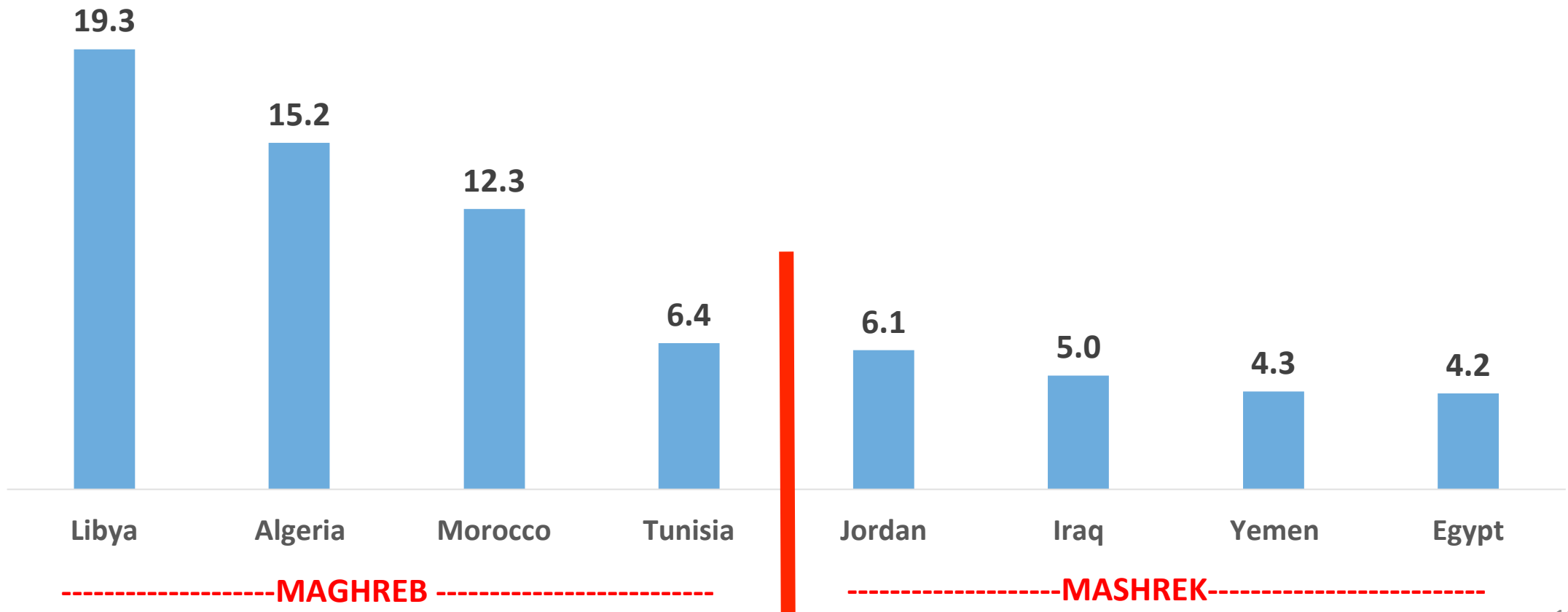
- Commodity subsidies maintained plus or minus
- Energy subsidies being removed
- Targeted cash assistance introduced to cushion rationalization
- Health acknowledged as a right with practical emphasis in some countries
- Education spending somewhat declining/ more emphasis on cost recovery, privatization

Composition of Unemployed Arabs by Age and Sex, 2016



## Where we stand today (2)

### Is Democracy "Completely Appropriate" for Your Country? (% answering "yes", Arab Barometer 2013)



# Moving forward

## New social contract but which one?

	Liberal/ Interest-based	Rights-based	
	Neoliberalism	<b>negative</b> Inclusive liberalism	<b>positive</b> Social democracy
Goal of social contract	Protecting rights; maintenance of order	Protecting existing property rights	Equality-based social justice
Core policy concerns	Security and economic opportunity		Empowerment and equity
Key policy actors	Market	State, market, community, citizens	
Welfare regime	Conservative	Liberal	Social democratic
Social protection (examples)	Microfinance; Safety nets	Coordinated/conditional social policy	Universalism

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**The quest for a new social contract continues,  
there can be reversals,  
and it may take a few rounds before a new contract emerges  
while it is not clear what the new contract will look like**