



## Chapter 4

# Governance and Economic Growth in the Arab Region

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### ABSTRACT

*The explanations for the failure of the Arab regimes to provide the kind of sound governance for their people that can deliver prosperity is undoubtedly a quite complex and nested issue. However, the most significant reasons have tended to be associated or rooted in the political legacy of dictatorship. This chapter attempts to contribute to the existing literature in three ways. First, it evaluates the governance system in Arab states not only from general view as most of the previous research but also from each aspect of institutions. Second, a comparative assessment is conducted between the Arab region to other developed and developing regions, and within the region itself to highlight the similarities and differences among the region's countries. Third, an examination is made of particular relationships concerning Arab governance, which has raised interesting issues in recent research.*

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## **INTRODUCTION**

The current political systems in the Arab world were affected by the revolutionary movement which emerged after independence in the 1950s and 1960s as result of either military coups or anti-colonial resistance, which tried to apply- at least at their earlier stages- some socialist ideology (Dabrowski, 2012). During the 1980s and 90s decades with some external factors, mainly, the demise of the Soviet Union, some of the Arab autocracies endeavored to apply minor official political reforms to promote modern citizenship concept through mechanisms of mass mobilization (political parties, trade unions, or civic associations). However, these reforms have been more in the spirit of “political liberalisation” and not genuine “democratisation”, through enforcing restrictions on political and civil rights to ensure they do not expand to levels that would allow the citizenry to exercise great collective control over public policy (Brynen et al., 1995). While some other states have remained full autocracies over the last 50 years such as Iraq, Libya, Saudi Arabia, Syria, and Sudan.

Therefore, many of these nations have built their modern political authority on patronage rather than on formal institutions, their external rents, and moral legitimacy providing authorities with efficient tools to subordinate and coerce the rest of the society (The Carrot and Stick Approach) (Izquierdo Brichs, 2012). The Arab countries sank into a trough in terms of the capacity of institutions due to not only the repression, dictatorships and absence of ‘state of law’, but also the autocratic regimes were associated with a high level of corruption. The ruling elites who control both the polity and key sectors of the economy exemplify an extraordinary level of corruption. They abuse formal and informal institutions to control the accumulation and distribution of resources and jobs to extend their power and amass illicit wealth.

According to Schlumberger (2004), political reforms are required and essential for all Arab countries and should be accompanied by economic reform programs. Although economic underdevelopment was one of the causes of the Arab uprising in 2011, state corruption and mismanagement, or both were the real reasons behind this underdevelopment. For instance, when Arab states have attempted to engage in the liberalisation and privatisation of their economies through structural reform programs, this liberalisation processes did not drive to create a sustainable development or even stable economic growth that could serve as the new beginning of legitimacy for the regime. Alternatively, poorly designed and inadequately implemented market reforms led to increasing the incidence of corruption and socioeconomic inequality, including creating a new class of super-wealthy entrepreneurs, many of them affiliated with government leaders’ families. Those political elites usually tend to prefer personal interest above the common good through accumulating financial wealth through monopolistic structures, which has become a major weapon to hinder or distort reforms.

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