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Social Development Report 2

Inequality, Autonomy and Change in the Arab Region

Economic and Social Commission for Western Asia

Social Development Report 2

Inequality, Autonomy and Change in the Arab Region



United Nations
Beirut

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Executive Summary

Recent literature on inequality links equality of opportunity and outcome to equality of autonomy. It views human rights as interconnected: people cannot have full access to their social and economic rights and enjoy equal opportunities, without having access to their civil and political rights. Adopting this perspective, the present report examines how inequality and limited personal autonomy are likely to affect the prevailing 'political settlement' in the Arab region. It does so by first providing an overview of the political economy of the region. It then examines equality of opportunity at the macrolevel, in terms of access to income, education and employment. Moving to the microlevel, the report defines and measures autonomy in the Arab region and compares its levels to values held in the rest of the world, in different countries and in different socioeconomic groups. It demonstrates the existence of a perceived autonomy gap in the Arab region, investigates its distribution among countries and groups, and analyses the reasons behind this gap. It finally examines the implications of the autonomy gap on attitudes towards various forms of inequality in the region.

This report, the second Social Development Report from ESCWA, documents an increase in

inequality of access to good quality education and to good jobs in several countries of the region, which may further entrench income inequalities. It then looks at personal autonomy with the assumption that societies where individuals are autonomous can achieve increased outcomes, and where there is political inclusion, can find solutions to improve the quality of public services and reduce the existing gaps in labour markets, enhancing equality of opportunity. The report finds that while the aspiration for personal autonomy has risen in Arab countries, this has happened mostly among young educated individuals with perceived low levels of control over their lives and, consequently, little power for supporting social change. The report also highlights that in the Arab region several values that enhance social cohesion, such as tolerance for social and religious differences, have lagged behind changes happening globally. It concludes by recommending a reform agenda, which could be tailored for the different situations and needs of countries, focused on reducing inequality of access to quality services and jobs, and on developing social values geared towards increased personal autonomy, mainly through a modernized education system.

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Acronyms

ERF	Economic Research Forum
GCC	Gulf Cooperation Council
GDP	gross domestic product
HHIES	harmonized household income and expenditure survey
HIC	high-income country
IOP	inequality of opportunity
LIC	low-income country
MENA	Middle East and North Africa
MIC	middle-income country
pc	per capita
pce	per capita expenditure
PIRLS	Progress in International Reading Literacy Study
PPP	purchasing power parity
RoW	rest of the world
SAP	structural adjustment period
SDR2	Social Development Report, Second Edition
SME	small and medium enterprises
TIMSS	Trends in International Mathematics and Science Study
WDI	World Development Indicators
WJP	World Justice Project
WVS	World Values Survey



Introduction



Introduction

Examining economic and social inequalities in the Arab region through their connection to the concept of personal autonomy departs from the standard approach to analysing inequalities in the region. Along with an empirical approach grounding the analysis in the regional realities and a historical perspective placing the current challenges and constraints in a dynamic and long-term outlook, an analytical creative effort is required to draw the links between these concepts.

In this second Social Development Report (SDR2), autonomy refers to the ability of individuals to act independently without restraint, whether legal or social. More formally, autonomy is distinguished by two different but related concepts. The first concept of autonomy pertains to the extent to which one perceives to be in control of one's life. The second concept pertains to how much an individual aspires to autonomy and considers it an essential value.

Recent literature on inequality links equality of opportunity and outcome to equality of autonomy.¹ The SDR2 studies personal autonomy in the context of inequality in the Arab region with three considerations in mind. First, people value autonomy inherently for the freedoms and capabilities it provides them. The level and distribution of autonomy positively impacts their welfare in the same way inequality of outcome, access and opportunity have a detrimental impact. Second, individual autonomy, in the sense of increased self-expression, can have important social benefits

and be a principal driver for social emancipation on issues such as gender equality, income equality and social and religious tolerance. According to the sociological literature, the distribution of individual autonomy is relevant because it is largely the youth and the educated who drive changes in social norms when their level of self-expressive autonomy rises. Third, and in an even broader macroperspective, increased autonomy, in the sense of increased voice, in terms of expressing different preferences in the making of policy and better representation, can lead to improved societal outcomes such as more innovation and improved political inclusion which, over time, can help the Arab region break away from the low-progress “middle-income trap” it has sunk into.

Understanding how inequalities and personal autonomy evolved in parallel and interacted with each other over time requires a grounding of these concepts in the recent historical evolution of the social and political economy transformations of the region. It also requires building an analytical framework that includes these concepts and shows how they could interact with other important developments in the social, economic and political spheres.

Chapter 1 of this report reviews in detail how the political economy of the region evolved after the structural adjustments of the 1980s and 1990s. This included a sharp rollback of the State, which led to a gradual deterioration in the quality of State services, including in education,

health care and the labour market. Cronyism advantaged loyal, rather than efficient, entrepreneurs and led to feeble growth and a dearth of good jobs, which were increasingly distributed along clientelistic networks. Overall, countries witnessed a rising level of dualism – the split between insiders and outsiders in both the economy and the society. To this day, most businesses, particularly smaller firms, remain outsiders whose property rights are uncertain and whose interests are not represented in the policymaking process. On the labour market side, insider privilege is provided through stable State and private sector employment at higher wages with a good level of social protection. But most workers are outsiders, employed in the insecure informal market. Politically, repression of outsiders is rising while ever more carrots are provided to insiders in an attempt preserve a precarious status quo. In the process, economic growth has become less inclusive and in most countries, and especially those with oil resources, and the economy has been dominated by a culture of consumption and clientelism rather than by a system of production built on personal initiative and autonomy.

In the analysis of the evolving “political settlements” in Arab countries, to use the concept developed by Khan (2010), the dualism visible in the corporate field, the labour market and increasingly in the access to quality services, is at the heart of the specificity of the region. Insider-outsider divisions (see the figure below) create political feedback mechanisms through which insiders defend their privileges, outsiders are prevented from any influence through formal institutions and class-based cooperation is undermined. While market segmentation is also a characteristic of developing countries elsewhere, notably in Latin America (Schneider, 2013), dualism in the Arab

world has been more rigid, with both insider and outsider status much “stickier” (Hertog, 2016). Rigid insider groups in the business and labour market create vested political interests making economic reforms to reduce segmentation difficult.

Divided societies are unable to form the broad-based political coalitions needed to upgrade institutions in ways that allow them to move to high-income status. The fundamental societal challenges of improving the quality of education and fostering successful technological advances are qualitatively different from the challenges at lower levels of development and require the political ability to bring together large parts of society in a sustained effort to improve the quality of institutions. The interactions between many social groups – unions, bureaucrats, communities, associations, universities, and research centres – requires leadership and strong national coalitions which are impeded in a divided society (Doner and Schneider, 2016).

But the mode of governance and the variety of capitalism that has emerged in the region has so far prevented the emergence of broad reformist coalitions. As crony capitalism became entrenched, formal businesses gave up their role advocating for the upgrade of the institutions that govern markets, preferring to protect their short-term interests and preferences. Elite labour, as well, became protective of its short-term interests and gave up its national role as a champion for long-term progress. Moreover, the limited extent of formal employment weakens and fragments the structural links between labour and business. Together with a strong popular distaste for cronyism, distrust between workers and capitalists develops and undermines the potential for class compromise. As this dualism between formal and informal sectors in

business and labour relations grew, the countries of the Arab region became more stuck in a low equilibrium political economy trap (Hertog, 2016).²

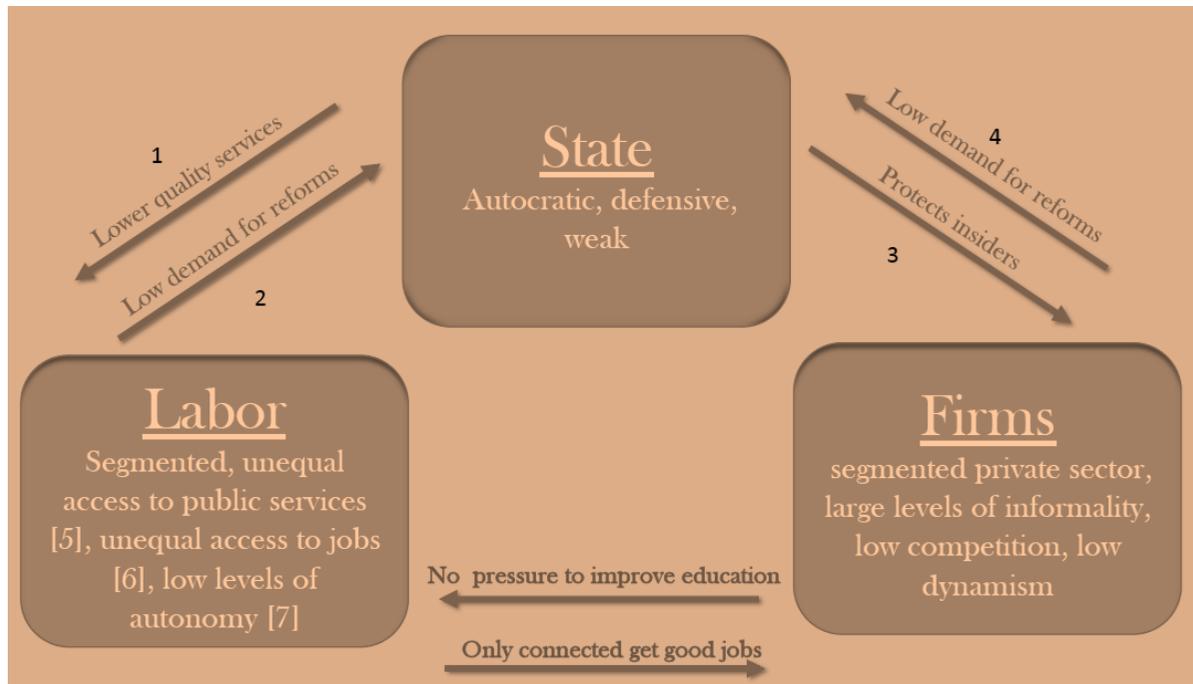
The advantage of the political settlement-type approach is that it allows the analysis of economic behavior in a broader institutional context, taking account of feedback loops that exist between economic, social and political development. The disadvantage is the relative complexity of the framework and the difficulty in establishing causal links in any conclusive manner, as too many variables move in parallel and detailed mechanisms are difficult to document. Indeed, the report does not claim to provide evidence for all the hypothesized causal links conclusively; much further research will be needed for this. The report does, however, provide a comprehensive framework for the analysis of various economic and social forces, incorporating concepts of inequality and personal autonomy together with insider-outsider divisions in the corporate, labour and social fields to help understand the dynamics of political settlements in the Arab region. The framework illustrated in the figure below depicts the main relations between State, business and labour.

While many countries all over the world have been stuck in a political economy-driven middle-income trap – a trap in which they are unable to keep up economically with more developed economies and move into the high-income bracket – positive change, where it has happened, was driven by two types of “upgrading coalitions”: elite deals (represented by arrow 4 in the figure below) or social movements typically driven by the middle class

(represented by arrow 2) (Przeworski and others, 2000). Elite deals are exemplified by the modernizing path followed by East Asia, and Korea specifically, which was very much led by a State-entrepreneur coalition and deeply embedded in society (Evans, 1995). The second approach, driven by a middle class, was the main driving force for the cross-class worker-business grand coalition of post-World War II Europe, and more recently, of Eastern Europe in the 1990s. Can transformation be expected instead from a broad middle-class alliance with poorer classes that could construct, over time, a bottom-up coalition for change with a long-term interest in upgrading institutions in ways to improve economic and social performances?

Such dynamics have been resisted by autocratic States that have actively encouraged the split of business and labour through strategies of divide and rule. Important parts of the politically critical middle class are placated through relative privileges in the labour market and important segments of the business class are tied to the regime politically through favoritism (arrow 3 in the figure below). Outsiders such as informal businesses and workers are sometimes controlled through clientelistic networks (sometimes through government coercion), and otherwise neglected, leaving the informal sector free to provide an economic safety valve for the poor (Bayat, 2000). But with increased urbanization, the spread of social media and some improvement in standards of living, improved personal autonomy expands the possibility of higher levels of social organization and the building up of bottom-up coalitions around an increasingly dense network of civil society associations and groups.

Structure of political settlements



Source: Przeworski and others, 2000.

In countries outside the Arab region, the success of such coalitions has rested on two major elements: the degree of economic and social inequality and the social and political emancipation of the population, especially among the middle classes (represented by areas 6 and 7 in the figure above). While rising inequalities can create discontent that leads to increased social efforts for change, it also creates class divisions that make forming national coalitions more difficult. To cite an example in education policy, national interest in quality public schooling system will diverge if the middle class are able to escape into higher quality private education options. Tax policies and redistribution also become contentious, with the poor favouring and middle class opposing high taxes. Similarly, in the labour

sector, while informal labour may be interested in a national vocational training system, formal labour might push for subsidies for in-house training.

Notwithstanding the large formal/informal divide in the Arab region today, low income inequality in the past was attributable to the legacy socialist systems in much of the region and the dominance of oil rents in other parts. While regional observers agree that inequality must have been rising in the region, mysteriously this has not been visible in the data. Chapter 2 of the report delves into this mystery, and concludes that trends are hard to see for two reasons: (a) surveys do not measure well the top 1 per cent of the population so the levels of inequality are not fully seen and

(b) leading, rather than lagging, economic indicators need to be examined to document this trend. The chapter reports on new evidence from two types of data that document the level and changes in inequality of access to quality education and jobs. The first type of data measures student learning using international test scores in key the subjects of math, science and reading. The chapter tracks student achievement in these subjects, compares scores to the rest of the world and examines the extent to which inequality can be explained by family and community background. The evidence shows a relatively high degree of inequality of opportunity in learning compared to the rest of the world and no consistent improvement in equalizing these opportunities. The second data set examines inequality of wages by education in three countries for which consistent data are available and finds that wage inequality has increased in some countries, especially among those with university degrees, a finding consistent with the notion that rising dualism in the labour market is increasingly creating inequality of access to good jobs.

Thus, it is expected that starting from low levels of inequality, inequality of income and consumption is likely to be on a fast-rising path in the region, even if this is not yet observable in income and consumption data. In addition to the burden of rising inequality, the report also documents other types of social inequalities using opinion polls, showing that the region scores low on tolerance to social and religious differences and among the lowest in the world on gender inequality.

Chapter 3 investigates whether the demand for social inclusion may arise more endogenously when there is an increase in personal autonomy among dynamic members of society, such as the young and the educated. Such a

phenomenon would represent a new, bottom-up ideology, promulgated by increased levels of education and connectivity to global knowledge, and would mark a sharp contrast to the top-down ideologies of the past. An endogenous wave of emancipation among the middle class, the youth and the educated, such as was observed during the Arab uprisings of 2011 could, over time, affect values such as gender equality, social and religious tolerance and concerns about income inequality in ways that would increase social trust and make society more cohesive, and consequently more disposed to democratization and the forming of reformist coalitions.

The rollback of the Arab State has only accelerated after the Arab uprisings of 2011-2012 failed to establish a more open system of government in much of the region. Six years after the spark of the Arab uprisings, the Arab region faces enormous challenges in the spheres of security, economic, political and social development. The risk of State failure hangs over Libya, the Syrian Arab Republic and Yemen. Rebuilding national coalitions that can preserve a modicum of stability is now a priority. At the other end of the spectrum, some countries – Jordan, Morocco, Algeria and the Arab Gulf countries – have largely managed to diffuse the political shock by either increasing social spending or by promising gradual change in politics and economics.

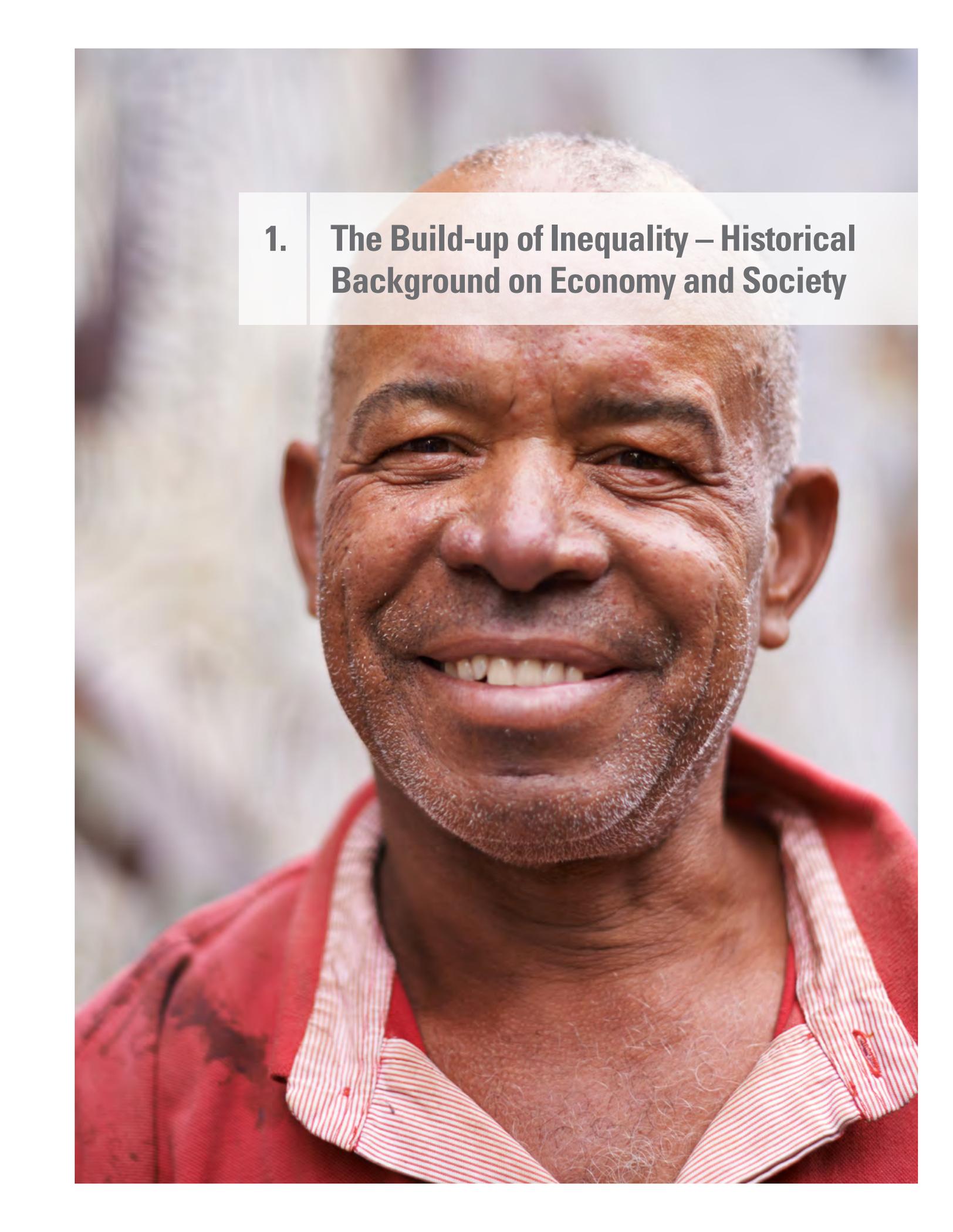
Up until this point, the development trajectory of much of the region has failed to improve conditions on the ground and current socioeconomic trends remain worrisome. The SDR2 argues that the status quo is likely to bring low economic growth and increasing inequality in the future, keeping the level of social discontent high and leading to increased social polarization. If no positive influence can change

this equation, there is a risk of rising levels of violence. The Arab region countries are in danger not only of remaining stuck in a deep middle income trap, a situation characteristic of the region since the 1980s, but increasingly – as seen in Libya, the Syrian Arab Republic and Yemen – of falling into a vicious downward cycle leading to a failed State.

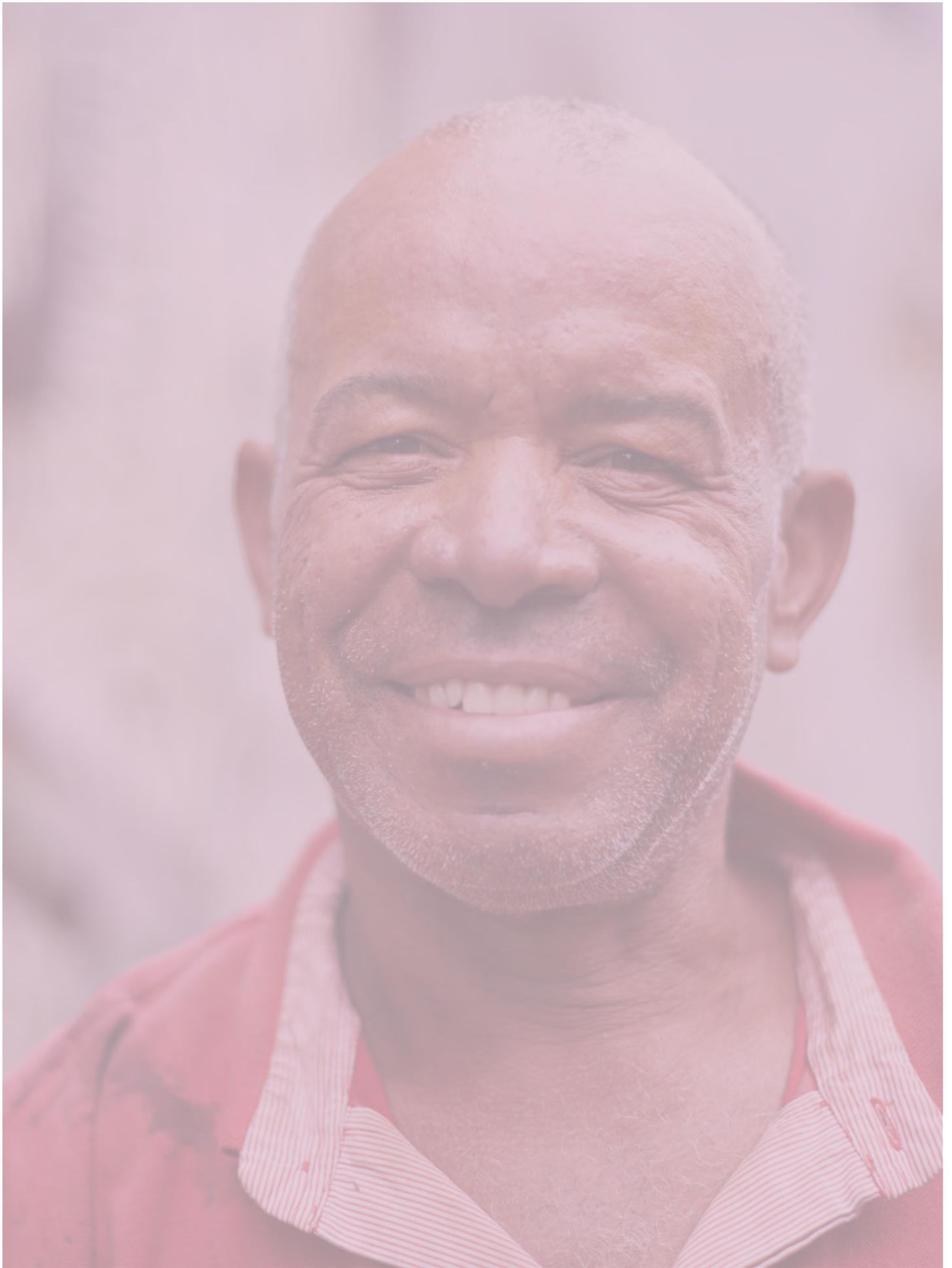
Looking at social development, the report also documents headwinds – weak rule of law, increased religiosity, an indoctrinating education system and the rise of physical insecurity – that have slowed the rise of autonomy in society. The results contain some elements of pessimism – and some sparks of hope. The SDR2 finds that negative autonomy

(meaning a sense of control over one's life) is high in the region, largely among the older generation, in contrast to the rest of the world where this sentiment is higher in the youth and the educated. Additionally, positive autonomy (meaning holding self-expressive values) has been rising fast among the more dynamic parts of society.

In the conclusion, the SDR2 brings the various parts of the analysis together, developing a new reform agenda focused on personal freedoms, freedom of association and fundamentally, the social quality of education, in an attempt to strengthen the emergence of a civil society that can over time become the champion for positive change in the region.



1. The Build-up of Inequality – Historical Background on Economy and Society



1. The Build-up of Inequality – Historical Background on Economy and Society

Any analysis of the evolution of inequality in the Arab region must be anchored in the historical evolution of its economy, society and polity. Taking a long view perspective of the last 50 years, three main developments have shaped the evolution of income, inequality and liberty in the region:

- The initial rise then extreme retrenchment of the State, which deeply affected the provision and access to quality social services and, as a result, the extent of social mobility;
- The economic liberalizations of the 1980s and 1990s, which led to a narrow form of crony capitalism, deepening the differentiation between a small formal sector and a large and growing informal one that profoundly shaped the evolution of the labour market and contributed to wage inequality;
- The lack of political liberalization throughout the period, as a preferred strategy for power preservation, which has affected the personal autonomy of citizens in many ways.

A. The rise and rollback of the State

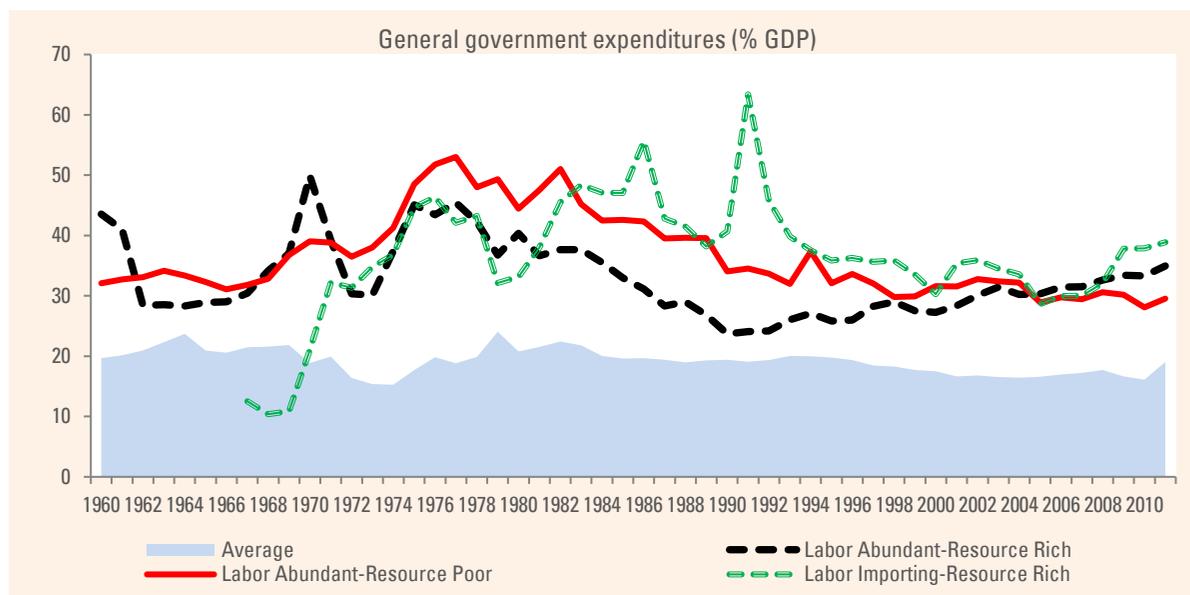
After skyrocketing in the 1970s, government expenditures on services for its citizens fell

precipitously in Arab countries in the 1980s before stabilizing at much lower levels in the 1990s (table 1 and figure 1). Many countries only started to increase expenditures again during the oil boom of the 2000s. Starting in 2005, oil importing countries implemented expansionary fiscal policies, with many ramping up subsidies, while oil-rich countries increased spending, taking advantage of rising oil prices. Rising fiscal deficits in oil-poor countries prompted governments to implement bold fiscal adjustment programmes that stressed reducing expenditures, mainly through eliminating fuel subsidies and shrinking the public sector. By the early 1990s, State expenditures had been cut dramatically. The examples of Egypt and Tunisia illustrate the magnitude of this shift: compared to their highest levels in the 1970s, spending levels were cut by 36 per cent of GDP and 16 per cent of GDP respectively by 1998. State expenditures were reduced in Egypt to 25 per cent of GDP from 62 per cent, and in Tunisia to 29 per cent of GDP from 45 per cent (Diwan and Akin, 2015). Such a deep rollback had a dramatic impact on some of the key services offered by the State, especially in Egypt where the cuts were so large, and public institutions declined steadily. This trend is reflected in the declining indicators of State capacity and effectiveness for Egypt and especially Tunisia (figure 2).

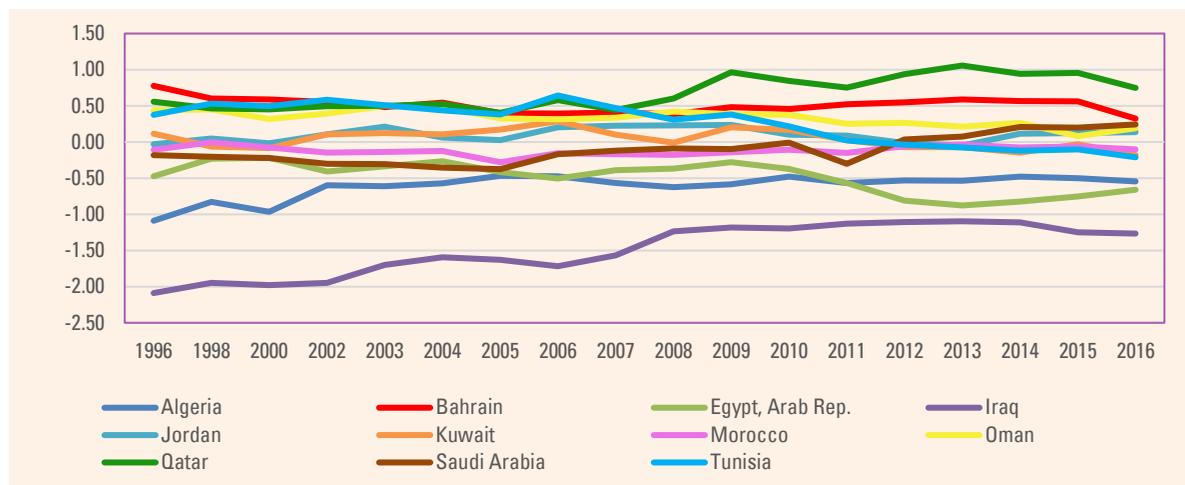
Table 1. Peak, low, and recent peak of total expenditures, as a share of GDP

	Available data	Peak expenditure Eh	Date of peak	Lowest expenditure EI	Date of lowest	Bulge Eh-EI	Last peak	Date of last peak
Algeria	1971-2011	38.1	1983	25.7	1990	12.4	41.9	2009
Bahrain	1974-2011	53.1	1986	25.1	2000	28.0	36.0	2002
Egypt	1960-2011	61.5	1982	25.1	1998	36.4	35.7	2006
Jordan	1960-2011	52.5	1980	29.9	1992	22.6	39.8	2009
Kuwait	1972-2011	57.2	1986	35.7	2007	21.5	49.7	2008
Lebanon	1990-2011	55.7	1994	29.6	2011	26.0	42.3	2000
Libya	1990-2011	n/a	n/a	26.7	1992	n/a	66.6	2011
Morocco	1960-2011	51.0	1981	26.2	1996	24.8	37.7	2011
Oman	1967-2011	56.7	1986	30.3	1997	26.4	41.1	2009
Qatar	1990-2011	51.4	1993	29.4	2003	22.0	32.2	2009
Saudi Arabia	1990-2011	57.6	1987	32.6	1995	25.0	42.5	2009
Syrian Arab Republic	1962-2010	48.2	1980	21.8	1990	26.4	32.9	2003
Tunisia	1960-2011	45.1	1984	28.8	1998	16.2	35.0	2011
United Arab Emirates	1991-2011	42.3	1996	30.2	2006	12.1	27.0	2009

Source: Diwan and Akin, 2015, calculations based on International Monetary Fund data.

Figure 1. The evolution of the size of the State

Source: Diwan and Akin, 2015, calculations based on IMF data.

Figure 2. Government effectiveness, 1996-2016

Source: World Bank, "Worldwide Governance Indicators, 1996-2016". Available at <http://info.worldbank.org/governance/wgi/#home> (accessed on 20 May 2018).

Table 2. Investment, public and private

Countries	Public investment			Private investment		
	1971-1990	1991-2000	2001-2010	1971-1990	1991-2000	2001-2010
Algeria	11.86	7.24	11.86	22.74	18.38	12.22
Bahrain	10.99	4.59	6.47	12.74	8.17	16.50
Egypt	18.46	13.98	8.25	9.62	5.58	10.30
Iraq						
Jordan	13.49	9.27	7.29	15.93	17.61	17.04
Kuwait	6.96	6.59	5.94	10.50	9.96	9.94
Lebanon	1.70	5.50	2.68	16.10	22.82	22.32
Libya			14.89			3.18
Morocco	6.87	4.18	14.36	15.43	18.23	13.92
Oman	10.51	8.24	9.08	15.86	13.07	15.45
Qatar	13.78	9.19	8.82	5.68	15.55	23.84
Saudi Arabia	18.09	6.06	5.42	2.09	13.28	12.82
Sudan	4.96	0.93	4.79	8.07	10.51	16.85
Syrian Arab Republic	15.01	10.75	10.36	10.27	12.01	10.05
Tunisia	14.04	8.85	3.42	12.32	16.26	19.89
United Arab Emirates	6.75	6.85	3.65	18.99	19.22	17.17
Yemen	7.18	3.99	6.78	3.32	15.44	10.40

Source: Diwan and Akin, 2015, calculations based on IMF data.

Public investment, which effectively evaporated in most countries, was deeply affected. For example, in Egypt public investment went from a high of 19 per cent of GDP to about 8 per cent, and in Tunisia from 14 per cent of GDP to about 3 per cent (table 2). The reduction in public investment affected public services, infrastructure and the competitiveness of the economy. It was typically cut the most for groups with little political voice – such as the poor – and in struggling regions with little political weight – the very same regions where political tensions erupted after 2011, such as Sidi Bouzid in Tunisia’s neglected interior and the Sinai Peninsula in Egypt’s underprivileged periphery. Because of the decline in public

investment, economic growth rates also fell after the 1980s (table 3).

Wages for the civil service was also squeezed, albeit less so than public investment. Large and underpaid State sectors are still a big challenge in many countries and have negatively affected the ability of the State to deliver basic services to the population. To keep with the examples of Egypt and Tunisia, while in both countries the civil service includes about 27 per cent and 22 per cent of the labour force, respectively, in the 2010s Egypt spent only about 6 percent of its GDP on the wage bill, while Tunisia was spending 10 percent (table 4).

Table 3. Real GDP per capita growth

	1961-1970	1971-1980	1981-1990	1991-2000	2001-2010	SD 1960-2010	Av. 1960-2010
Algeria	2.08	3.07	-0.21	-0.18	2.22	1.50	1.40
Bahrain	4.20	4.70	-1.49	2.92	-0.94	2.90	1.88
Egypt	2.82	4.32	3.04	2.50	2.97	0.70	3.13
Iraq	3.20	8.00	-30.00	14.92	-1.53	17.27	-1.08
Jordan		11.74	-1.58	0.99	3.89	5.77	3.76
Kuwait	2.50	-3.10	-3.12	-1.58	1.92	2.72	-0.68
Lebanon	4.00	7.00	-9.10	4.61	3.93	6.38	2.09
Libya			0.20	1.78	2.32	1.10	1.43
Morocco	2.09	2.65	1.52	1.00	3.80	1.08	2.21
Oman	18.62	1.10	4.28	2.64	2.65	7.22	5.86
Palestine		6.10	5.00	2.47	-3.74	4.40	2.46
Qatar					0.84		0.84
Saudi Arabia	4.77	7.86	-5.23	0.55	0.13	4.98	1.62
Sudan	-0.77	0.70	-0.11	3.13	4.39	2.20	1.47
Syrian Arab Republic	2.29	6.76	-0.87	2.46	2.37	2.72	2.60
Tunisia	3.21	5.14	1.11	3.10	3.46	1.43	3.20
United Arab Emirates	11.00	2.26	-4.66	-0.56	-4.63	6.47	0.68
Yemen				1.59	1.14	0.32	1.36

Source: World Bank, “World Development Indicators, 1961-2016”. Available at <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators> (accessed on 20 May 2018).

Table 4. Peak, low, and recent peak: expenditures on wages, and public employment

	Peak wage bill	Low wage bill	Most recent peak	Bulge (peak-low)	Average 1990s	Average 2000s	Average 2010s	Public employment % LF 1990s	Public employment % LF 2005-2010*
Algeria	7.8	9.3	8.8	-1.5	8.9	7.2	11.0	58	30.0
Bahrain	20.9	13.2	14.6	7.7	15.7	12.2	10.5		33.9
Egypt	9.7	5.9	6.8	3.8	6.1	6.7	6.4	32	27.0
Jordan	20.9	12.8	15.3	8.1	14.5	13.8	13.7	49	34.0
Kuwait	14.5	8.3	8.1	6.3	16.3	11.1	10.1		80.1
Lebanon	9.1	8.3	6.9	n/a	8.1	5.8	8.1		17.6
Libya	n/a	12.9	34.8	n/a	14.1	9.0	23.4		65.0
Morocco	12.1	10.4	11.7	1.7	10.6	11.4	11.3	26	11.0
Oman	8.9	8.0	7.8	0.9	8.6	7.6	6.8		47.1
Qatar	16.4	7.3	6.1	n/a	15.5	6.6	4.7		86.7
Saudi Arabia	18	13.2	19	4.8	n/a	n/a	n/a		49.9
Syrian Arab Republic	8.1	5.2	5.5	2.9	4.6	5.0	n/a	29	21.0
Tunisia	9.9	10.2	10.6	-0.3	10.0	10.1	10.1	32	22.0
United Arab Emirates	4.85	2.2	3.5	n/a	5.0	3.0	2.8		73.3

Source: Diwan and Akin, 2015, calculations based on IMF data.

Notes: For GCC countries, percent of nationals. For dates of peaks and lows, see table 1.

Reduced expenditures on health and education, which had provided the main pathways out of poverty for the poor, created source of inequality of access that certainly slowed social mobility (table 5). The budget cuts manifested in unusually high out-of-pocket health and education payments in the region, often leading to the further impoverishment of poor and lower middle-income households. According the study “Rethinking Fiscal Policy” (ESCWA, 2018), these payments accounted for as much as 8 per cent of disposable income among the poor and 11 per cent among the middle class.

While overall education enrolment expanded quickly over the 50-year period, higher

education expanded the most in recent years. This was especially the case in Tunisia, where tertiary enrolment rates jumped from 8 per cent of the age cohort in 1980, to 19 per cent in 2000 and to 36 per cent by 2010 (Kaboub, 2013). In Egypt and Algeria, the rate of enrolment in tertiary education was nearly as high. The expansion of tertiary education may have kept the youth out of the street for a few years, but at a cost: it raised expectations that could not be satisfied given the overall low demand the local economy generated for educated skilled workers. This gave rise to the phenomenon of the “educated unemployed” and high levels of frustration among them and their parents. And while enrolment rates increased, public

universities were not supported with the needed investments to maintain standards and the overall quality of the education system declined.

Subsidies on consumer goods were slashed most during the adjustment period. In Egypt, they fell from a whopping 23 per cent of GDP at their height in the 1970s, to less than 2 per cent of GDP at the end of the adjustment period of the 1990s. In Tunisia, they fell from a height of

11 per cent of GDP to close to zero (table 6). With the increase in energy prices in the 2000s, energy subsidies rose again (Diwan and Akin, 2015). However, this was an attempt by many governments to entice the rich and the middle classes to continue supporting their weakened hold on power, not to support the poor who needed subsidies the most. These expenditures further shrank an already squeezed fiscal space.

Table 5. Peak, low, recent peak, and decade average expenditures on health and education, as a share of GDP

	Peak H+Eh	Low H+Ee	Recent peak	Bulge HEh-HEe	H+E Average 1990s	H+E Average 2000s	H+E Average 2010s	HDI ranking average 80,90,00,10
Algeria	n/a	n/a	8.3	n/a	10.4	6.8	n/a	70, 81, 84, 93
Bahrain	7.9	5.4	6.3	2.5	6.1	6.0	6.2	38, 40, 38, 48
Egypt	6.5	5.5	5.7	1.0	5.4	6.0	5.1	81, 92, 91, 111
Jordan	5.3	6.2	7.8	-0.9	7.5	8.1	6.9	59, 72, 77, 99
Kuwait	11.2	5.6	6.9	5.6	9.7	7.3	7.3	31, 41, 39, 51
Lebanon	n/a	2.7	3.6	n/a	3.5	3.4	2.8	137, 151, 163, 74
Libya	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Morocco	7.8	6.9	8.3	0.9	6.7	7.2	8.0	85, 99, 107, 130
Oman	8.6	6.6	6.9	2.0	6.8	6.4	6.0	145, 158, 169, 84
Qatar	n/a	n/a	5.9	n/a	n/a	4.7	4.9	21, 32, 32, 37
Saudi Arabia	10.2	8.5	12.7	1.7	n/a	n/a	n/a	
Syrian Arab Republic	3.0	2.0	n/a	1.0	2.8	n/a	n/a	64, 83, 90, 115
Tunisia	7.9	7.1	7.3	0.8	7.7	7.3	7.2	72, 85, 80, 92

Source: Diwan and Akin, 2015. calculations based on IMF data.

Note: For dates of peaks and low, see table 1.

Table 6. Peak, low, recent peak subsidies and public investment, as a share of GDP

	Peak subsidy Sh	Low subsidy Se	Recent peak subsidy	Peak investment Ih	Low investment Ie	Recent peak investment	$[(Sh-Se) + (Ih-Ie)]/B$
Algeria	7.1	5.2	10.6	18.9	8.2	38.5	1.0
Bahrain	n/a	1.8	n/a	n/a	4.3	9.1	n/a
Egypt	22.7	1.5	8.8	20.7	14.1	8.0	0.8
Jordan	7.0	2.0	1.5	17.7	6.1	8.2	0.7
Kuwait	n/a	4.5	6.6	17.6	4.3	3.7	n/a
Lebanon	1.6	4.8	0.4	9.3	1.7	3.1	n/a
Libya	n/a	0.2	13.7	n/a	8.3	7.6	n/a
Morocco	5.6	0.6	6.1	8.4	3.0	4.5	0.4
Oman	2.9	0.5	1.9	23.7	11.4	18.8	0.6
Qatar	0.0	1.9	3.0	6.8	7.9	10.6	-0.1
Saudi Arabia	1.8	1.6	2.3	16	5	12	0.4
Syrian Arab Republic	20.2	13.1	10.4	17.6	7.4	11.2	0.7
Tunisia	11.4	0.2	5.4	16.5	5.7	1.4	1.4
United Arab Emirates	0.0	0.0	0.0	10.1	6.7	9.4	0.3

Source: Diwan and Akin, 2015, calculations based on IMF data.

Note: For dates of peaks and low, see table 1.

Other politically meaningful constituencies, such as powerful labour unions, were typically protected. Organized labour has long been a force in Tunisia and in Egypt, as well as in Morocco and Algeria. Although labour unions did not represent the vast number of workers employed in the informal sector, they were strong in large private enterprises and in the public sector. Keeping the social peace requires, at the very least, their acquiescence to government policies. The need for buy-in from the unions helps explain why the civil service was reduced but remained bloated, privatization was slow and the (formal) labour market structures were rigid, slowing the development

of export industries (table 4). The “labor aristocracy” among the organized and public sector workers were somewhat protected, while those who were unemployed, migrant workers or in the informal sector paid the price of the rising dualism in labour markets. Few governments, faced by strikes, street protests and rising opposition forces, would have risked alienating such a key urban constituency as organized labor (Beinin and Vairel, 2013; Hibou, 2006).

Thus by 2011, the legacy of the past for countries in this region included an overstaffed and underpaid civil service; poor quality services,

especially for the poor; an oversized and low quality university system; large subsidies supporting the middle and upper classes; low levels of public investment in infrastructure; impoverished peripheral and remote regions; and repression of the opposition. The spread of discontent across the region in 2011 drove many countries to increase public spending, further depleting their fiscal balances, until the oil-rich countries have cut public spending due to falling oil prices in 2014. But twenty years of decay following the economic policies of the 1990s had deeply marked the institutions inherited by the new regimes formed after the Arab uprisings of 2011, severely restricting their ability to reform their systems in ways that were adapted to the ideologies that they embodied.

B. From State-led growth to an unbalanced form of capitalism

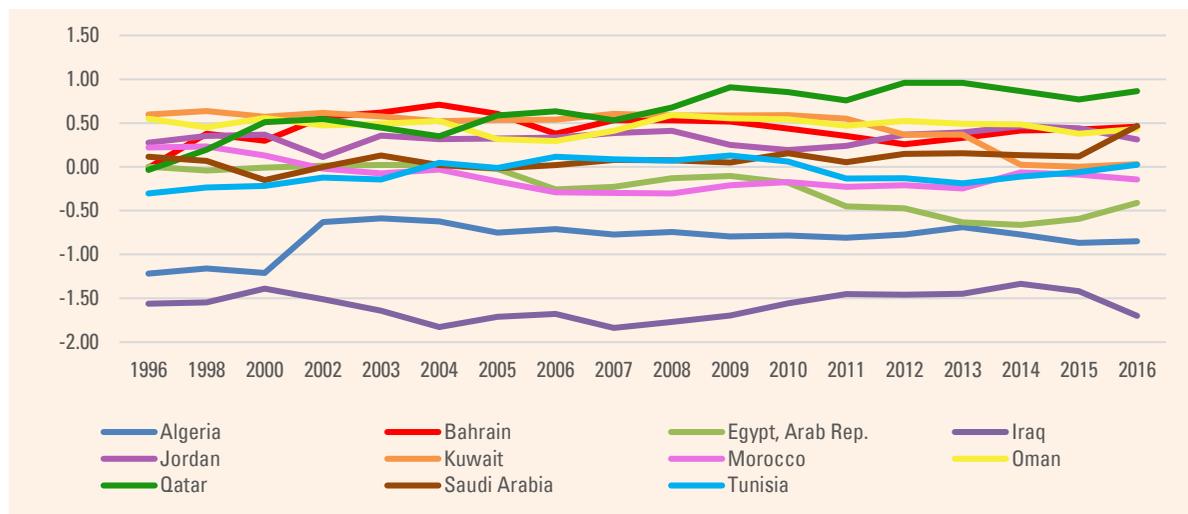
During the move from a State-run to a market economy – implemented under duress in the mid-1980s when Arab States were in crisis – autocrats faced rising opposition at the very same time they were losing the levers of ideology and the ownership of State enterprises, flush investment budgets, large civil services and generous military and security spending. Political stability required that the emerging private sector be managed to ensure, if not its neutrality, that it did not offer support to the opposition. Control over the private sector was achieved by erecting barriers to entry that excluded political opponents and providing privileges to a small group of trusted allies.

The narrowing of networks of privilege

While networks of privilege existed in the private sector prior to the structural adjustment period (SAP) of the 1980s and 1990s, the private sector was secondary in importance to State-owned enterprises and operated as a complement to the public sector. After the SAP period however, these networks became both more important in terms of their control of the economy, and narrower, concentrated around 20-30 families close to the ruler (Owen, 2004, 2014; Heydemann, 2004). These narrow networks of privilege were reflected in low levels of the rule of law, especially in Iraq and Algeria (figure 3).

In the case of Egypt, Middle East scholar and one of the authors of this report, Diwan, Keefer and Schiffbauer (2014) identify around 500 firms controlled by 32 businessmen with high levels of political connections, most of whom also occupied political posts in the mid-2000s (Chekir and Diwan, 2015; Acemoglu and Robinson, 2013). Between 2000 and 2010, these firms came to dominate the Egyptian corporate landscape and monopolized the most profitable new economic opportunities. By 2010, these firms earned 60 per cent of the overall corporate profits in the country, even though they employed only 11 per cent of the labour force in the formal private sector. In Tunisia as well, former President Ben Ali's entourage came to control directly a whopping 21 percent of all private sector profits in 2010, although their firms produced only about 3 percent of private sector output and employed a mere 1 percent of the labor force (Rijkers, Freund and Nucifora, 2018).

Figure 3. The rule of law by country, 1996-2016



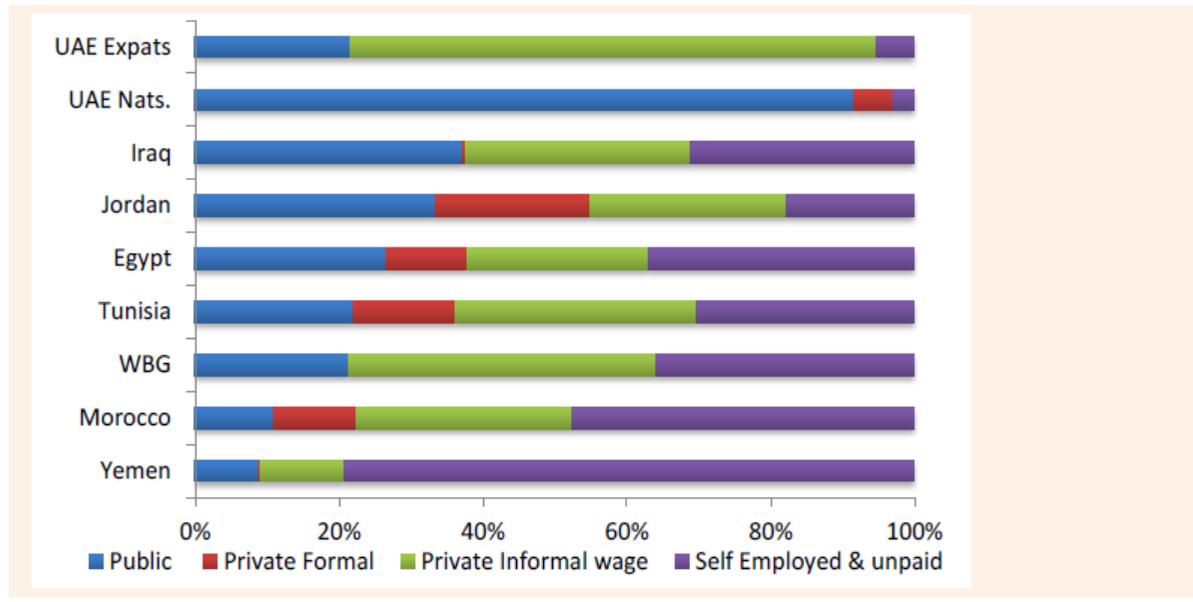
Source: World Bank, “Worldwide Governance Indicators, 1996-2016”. Available at <http://info.worldbank.org/governance/wgi/#home> (accessed on 20 May 2018).

Corruption hurts growth by reducing the beneficial effect of competition – the dynamic forces that drive the private sector to innovate and invest in processes and assets that can improve efficiency and labour productivity. The seminal work of Aghion and others (2001) has shown how this dynamic process gets attenuated when leading firms have exogenous cost advantages that cannot be overcome, leading to market structures with a few large but inefficient firms and too many small, inefficient firms. In the case of Egypt, there is significant evidence that cronyism led to stagnant economic growth and poor job creation. While advantages allowed connected firms to increase their profits, they were run less efficiently than their competitors, because they were more capital-intensive and were shielded from competition. This contributed to the misallocation of scarce national savings and low growth.

Moreover, Diwan, Keefer and Schiffbauer (2014) found that sectors that were dominated by a few crony firms were less dynamic—fewer new

businesses were formed, there was a larger “missing middle” of medium-size enterprises and overall did not as many jobs were created compared to more competitive sectors. These effects add up to a sizable aggregate impact of cronyism on growth. It can be estimated that Egypt’s growth could have been 1 per cent larger per year and labour demand 20 per cent larger over the past decade, in the absence of privileges of the politically connected.³ Similar processes are at play in the other countries. In Tunisia, the system developed a sharp distinction between onshore and offshore businesses, with the first reserved for the politically connected, and the second allowed to operate with a system of low taxation to boost exports. In reality, the growth of export businesses was taxed by the low competitiveness of onshore services, and could not grow over time (Cammett and others, 2015). More generally, the formal sector in all Arab countries remained small, employing less than 15 per cent of the labour force 20 years after liberalization (figure 4).

Figure 4. Composition of labour force in selected Arab countries, around 2010



Source: World Bank, 2013.

Note: Formal employment, defined through affiliation with social security, is not available among private sector firms in WBG, and the United Arab Emirates for expatriate workers.

There are variations in the type of cronyism experienced in countries of the region depending on the political role it plays. There are three classic archetypes of close State-business relations, with varying kind of exchanges taking place between the patron/matron and his/her clients: the Korean, the Brazilian and the Russian (Khan, 2010). The Korean model emphasized tight monitoring by the patron for performance – the main *Chaebols* received many economic advantages, but those that did not deliver rising exports risked having their managers go to jail.⁴ The Brazilian model is one of clientelism: to receive economic privileges, client firms must compensate politicians with political financing, jobs for political supporters or support for politically useful NGOs. Finally, the Russian model emphasizes exclusion: only firms friendly to the regimes are allowed to operate at the apex of

the economy, in order to prevent access to political finance for the opposition. While there is potential for the first model to deliver economic growth, the third model is most costly in terms of inclusive growth. The second model can support growth, but only when it works in support of reformist governments. While the political settlements in the Arab region included all three types of State-business relationships, several notable countries, such as Egypt under former President Mubarak and Tunisia under former President Ben Ali were of the third type, which explains the lack of inclusiveness of their growth.

The existence of large informal sectors is also directly connected to the regulatory environment. The labour market has been regulated to protect the interest of elite labour, deepening the chasm between the formal and informal sector. The

share of employment in microfirms with less than five employees dominates the private sector, ranging from about 40 per cent in Tunisia to almost 60 per cent in Egypt. Microstartups – firms less than five years old and with less than five employees – accounted for 92 per cent of net job creation in Tunisia from 1996 to 2010. Yet, the probability that microfirms will grow beyond 10 employees five years later is only 3 per cent in Tunisia (World Bank, 2015). This limits the pool of young firms and the scope for net job creation, and ultimately results in a small formal private sector. Small firms tend to stay small and large firms stay large, resulting in a “missing middle”, the component of the private sector that tends to exhibit the greatest degree of innovation in other countries. In the small formal private sector, good jobs are rationed to the politically connected, through networks of clientelism, increasing the inequality of access to good jobs and feeding discontent among the educated youth, whose unemployment rates remain high.

The social inheritance of concentrated capitalism has been highly problematic. Cronyism has made capitalism exclusive and unpopular; it led to the emergence of a very rich “1 per cent”, which has unbalanced politics by considerably strengthening the voice of the elite at the expense of the population at large. The slow growth of the formal private sector has exacerbated labour market dualism, increasing the inequality of opportunity faced by young graduates. For all these reasons, large swaths of the population increasingly came to see cronyism and corruption, both petty and grand, as the hallmark of economic liberalism and the source of many ills, including the job deficit and the rise in inequality. Many indicators point to the deep popular concerns with corruption as a driving force of popular discontent (Diwan and Nabli, 2013).

C. Hindered democratization and limited voice and autonomy

Most Arab countries underwent a big economic push post-independence. Their regimes were in some cases led by a king (Jordan, Morocco, Saudi Arabia) and in some cases by the military and/or single parties (Iraq, Libya, the Syrian Arab Republic, Algeria) and they were all organized around charismatic individuals who became president-for-life after having successfully consolidated their grip on power (Owen, 2014). In this, they were similar to other post-independence State-dominated countries, such as Korea in the 1960s and early 1970s or contemporary Ethiopia and Rwanda. These are countries where a first flush of authority sets a country on the move after its leadership has embraced a coherent and mobilizing strategy for development.

The failure of the State-led modernization of the economy and import substitution strategies pushed most countries in the Arab region to implement economic liberalization starting in the 1980s, but none underwent political liberalization. The rollback of the State was very large by international standards. Increasingly, rulers resorted to divide-and-rule strategies to stay in place, leading to a weakening of the quality of governance, particularly in rule of law and State capacity. After the SAP reforms of the 1980s and 1990s, governance became more fragmented in some countries and myopic and oriented to short-term survival in others.

Another consequence of disengagement of the State is that social grievances rose and with them, a broad movement of political opposition was unleashed in the 1980s, as reflected for example in the various bread riots that took place across Arab capitals when consumption subsidies were removed. Unlike other regions,

such as Latin America and sub-Saharan Africa in the 1980s and 1990s, in Arab countries the economic crises did not provoke regime change during the near synchronous “third wave” of democratization that swept other regions. In the Middle East, rulers did not open up the political space to reduce social pressures stemming from the decline in economic resources. On the contrary, in 2010 the region was less open politically than it was in 1980. Instead, growing grievances led governments to resort increasingly to crude methods of repression and cooptation to stay in power (Schlumberger, 2007; Cammett and others, 2015). The rise in repression further reduced the quality of the rule of law (figure 3). Rising subsidies also crowded out social expenditures and public investments (table 5 and table 6), further depleting social services.

The ideological foundations and social drivers of the Arab uprisings of 2011 represented a departure from the ideologies of the past and the ushering in of a new “cultural episode” in the region (Moaddel and Gelfand, 2017). Major socioeconomic transformations had taken place during the long autocratic period from the decline of traditional order, the rise of education, a demographic revolution, fast urbanization, the development of market economies and, most recently, the rise of mass communication which created a dynamic Arab cultural space connected to the influences of global ideas. The Arab uprisings reflected values that had grown more organically in society, in a bottom-up, rather than the top-down fashion of previous episodes. The emerging event was dynamic and multifaceted, and was not defined by a single political theory.

Historically, top-down ideologies in the Arab world have tried to shape citizens’ values and attitudes, from the modernizing Islamic liberalism of the 1920s, the rising Arab

nationalism of the 1960s, and until the uprisings of 2011, the long winter of the autocratic regimes in the 1990s and 2000s. This last period also saw a parallel revival of political Islam. Values connected with personal agency and individualism were actively suppressed, either in the name of the public good or, more cynically, to support autocratic rule long after it had lost popular legitimacy. Liberal political movements, which typically endorsed individualism, were barred from political life and not allowed to create institutions that could defend their interests. Islamists, however, managed to do so in the protective shadow of their mosques. Liberals were neutralized through both repression (especially the leftists among them) and cooptation. Richer social liberals were largely coopted into the authoritarian bargain out of fear of the tyranny of a majority they did not identify with – too conservative socially in the case of political Islam, and too redistributive economically in the case of the left (Diwan, 2013).

In the past four decades, and in defense of their autocratic rule, Arab regimes deployed a panoply of policies and institutions to enforce a culture of quietism and obedience among their citizens. Autocrats, patriarchs, mosques, schools, the media, and when needed, the “Mukhabarat”, or secret intelligence agencies, became instruments to suppress dissent and autonomous voice, managing to deliver more than 30 years of stability, despite often unpopular foreign policies, rising corruption, increased repression of civic and human rights and little economic growth (outside the GCC countries). Religion was used to instill values of obedience. Popular culture was emptied of social content by censorship and a growing regional media controlled by conservative interests increasingly became a vehicle for gratification of individuals, devoid of political

underpinnings. Education was tightly controlled to instill conservative values and neutralize its potentially corrosive effect on social order. Patriarchy was strengthened in many countries with family laws that rolled back the gains of more progressive periods. Youth were marginalized and women were disempowered and controlled (Zaatari, 2014). These institutions left deep scars and rifts in society – more conservative values, less gender equality and less social and religious tolerance relative to societies at the same level of development.

D. The uprisings of 2011 and their aftermath

Popular frustration with low quality governance, rising repression and unmet social aspirations among an increasingly educated population produced a political shock in 2011, when mass movements throughout the Middle East attempted to shift the course of politics to more open political systems. Such jumps from autocratic to more open and competitive systems have occurred elsewhere in the past.

Most political scientists believe that as countries get richer, they will end up in a competitive polity with more space for “voice”. This case is powerfully developed by Acemoglu and Robinson (2006) who argue that without political and economic inclusion, societies are unlikely to become prosperous. While the rise of China (or the GCC countries for that matter) puts this hypothesis in question, it is undeniable that autocratic countries confront governance-related challenges in case of economic failure and success, that push them to either restore lost power or to open up political access. In much of the Arab world of the 2000s, ruling regimes no longer held any ideological foundation, in sharp contrast to the

widely legitimate and mobilizing ideologies of the 1960s.

But pressures arise equally from success. The relative success in accelerating economic growth, as happened in much of the Arab world in the 2000s, resulted in a more sophisticated private sector, a growing middle class and an emerging network of civil society organizations – all of which sought institutions capable of both the impartial resolution of disputes and the provision of a platform for competition on a “level playing field”. This enhanced social and economic complexity tends to bring civil society and the private sector into increasing conflict with control-oriented political and State institutions.

The diverse reactions of political elites to these mass movements set the respective countries on widely different courses. The extent to which the sudden political opening that followed decades of dominant State polities unleashed previously suppressed conflicts made the governance challenges more complex and profound. After the initial flush of electoral enthusiasm has worn off, institutions capable of supporting continuing competition are unlikely to be in place in countries with long autocratic histories. The result, as seen in places such as Bangladesh or Kenya, can be a polity in which the rules of the game are clientelistic and which teeters, seemingly indefinitely, on what Levy and Fukuyama (2010) call the “edge of chaos”. Interestingly, it turns out that this edge of chaos can be compatible with significant economic dynamism. But whether a country can sustain its high-wire act for a sufficiently long enough time for these gains to be consolidated – or whether the edge of chaos is a prelude to backsliding – is uncertain.

The cases of the Syrian Arab Republic, Yemen and Libya illustrate extreme situations where a

move away from autocracy led to the collapse of the past political settlements. At the other extreme, the GCC countries reacted to the uprisings by increasing social spending and remained stable. The rest of the countries of the region responded to the new situation in different ways, breaking the uniformity of politics that characterized the Middle East in the past. The examples of Egypt and Tunisia are cases at polar extremes. Egypt sought to adapt to the new circumstances through a “reformation” of the old system while Tunisia looked for ways to adjust its politics and economics to a more competitive system. Jordan, Morocco and Algeria chose an intermediate path, initiating political reforms to preserve and then gradually change the existing political settlement, without major loss of political power in the short term.

All newly formed competitive democracies face challenges in trying to adapt to new circumstances. At the outset of any transition, political parties capable of aggregating preferences into a workable plan of action do not exist and there is a dearth of institutions that can generate cooperative solutions among the main political forces. That said, transitions from dominant to competitive trajectories can proceed relatively smoothly – such as in Korea, where a fairly autocratic governance system evolved fairly seamlessly into a competitive polity. But they can also unfold discontinuously – examples include the Eastern European “colour revolutions”, and upheavals in Indonesia and Thailand. But unlike Eastern Europe, delegitimized institutions in the Arab region could not be readily replaced by new rules imported from the European Union. And unlike the transitions in Korea, Indonesia and Mexico, the Arab autocratic rulers had not prepared the institutional ground for a more inclusive future.

Efforts to restore an autocratic order after popular revolts, as happening in Egypt, also face challenges, albeit of a different type from those experienced by young and fragile democracies. Examples from the former Soviet Union’s failed reformation to Pakistan’s unstable equilibrium point to the dangers ahead for Egypt. These revolts have unleashed social activism to levels unseen in the past and, while the fear of chaos may have cooled impulses in the short term, it is much harder for regimes to stay in place if they cannot guarantee a minimum level of satisfaction for important constituencies in a reformulated autocratic bargain.

The Arab uprisings caused negative economic shock in the countries undergoing transition. Tourism took a hit, capital flight accelerated, exports declined and investment collapsed across the region. As a result, economic growth declined sharply after 2011 and unemployment increased. For countries such as the Syrian Arab Republic that were thrown into civil conflict, the economies were devastated and a staggering human toll in terms of refugees, civilian suffering and death was exacted. The instability and the influx of refugees has also negatively affected the economies of neighbouring Lebanon and Jordan.

In the Arab countries struggling to stabilize their forms of government, risks are high. Newly competitive systems lack the institutions to provide checks and balances, while the autocratic systems are held back from reform by heightened fears of popular reaction in the streets. Both these constraints can prevent determined efforts to restart economic recovery until political crises are resolved. A downward spiral may ensue with polarized politics exacerbating economic difficulties, leading

in turn to more fractious politics (Galal and others, 2017). At the same time, in many Middle East countries, citizens' concerns about security threats seem to be at an all-time high, exacerbated by State weakness and breakdown, the rise of extremism, the more frequent occurrence of terrorist acts, the proliferation of conflict and civil wars and massive displacement of people.

E. Implications

What are the implications of this broad-brush account of past development on the study of the evolution of inequality in the region and the linkages between various forms of inequality (outcome, access and opportunity) and the evolution of personal autonomy?

The liberalization of the economy along a formal/informal mode and the rollback of State expenditure, including efforts to reduce poverty, certainly increased income inequality over time, even if from a low starting point. Equally, it can be expected that the reduced role of the State and the deterioration of the quality of public services – health and education in particular – must have increased the inequality of access to quality services and reduced social mobility over time. Similar trends would be expected in the formal labour market, particularly in the public service, where meritocracy was replaced by *wasta* (nepotism networks) and connections, excluding those from modest and unconnected backgrounds and creating a scarcity of formal jobs.

Given the above, increased inequality of access, the beginning of rising income inequality, with the dividing lines most sharply drawn between formal and informal sectors, young and older workers, and central versus marginalized

regions can be expected. While such trends have not been clearly documented in the region yet, the main challenge in chapter 2 is to find measurements, for example for high inequality in access to quality education and good jobs, that provide a picture of this evolution.

On the political front, divided societies are unable to coordinate multiple institutions and actors for sustained periods of time and sufficiently to improve the quality of education, encourage innovation and to move products up on the quality ladder. In this sense, rising inequalities burden institution building and make the move to more inclusive and better performing institutions all but impossible, driving Arab countries deeper into the middle-income trap.

On the social front, repressive regimes see individual voice as a threat to their survival, and therefore engage in all sorts of action to impede movement towards greater individual autonomy. Chapter 3 of the report explores the extent to which the development of laws, including those related to personal freedoms, family, particularly strengthening patriarchal order, and interventions in the education system, may have managed to blunt the potential emancipative effect of education on personal, social and political values.

The repression of personal autonomy, together with rising inequality of opportunities and outcome, does not bode well for the future. As will be shown in chapter 3, frustrated youth are increasingly distrustful of the State, intolerant of social and religious differences, uncommitted to the ideal of inclusive governance, and at the same time, expecting support from the State rather than from personal initiative. One would expect that educated youth would be the champions of

positive change and the emancipation of society in the direction of more inclusion, tolerance, and trust. However, the policies of the past have resulted in divisions along generational and educational lines that present distinct challenges for peaceful and gradual improvements in political, social and economic outcomes moving forward.

In the conclusion, the report outlines the main policy recommendations at the country level that could lead to improvements in reducing inequality and improving personal autonomy. It also discusses the political economy constraints that one can expect to arise on the policy front and the type of interventions that can ease these political constraints.

2. New Results on Inequality in the Arab Region





2. New Results on Inequality in the Arab Region

A. Introduction

The ability to choose one's life course, known as autonomy, naturally depends on how income and opportunity for advancement are distributed in a society. Equality of autonomy, as mentioned in the introduction, is closely related to equality of opportunity as well as equality of outcome. Not surprisingly, individuals with lower levels of autonomy are not able to achieve the same outcome as those with more autonomy. This chapter sets out the fundamental issues on equality of opportunity and income in the Arab region, re-examines the existing evidence and produces new thinking on the evolution of inequality in the region.

Much has been written on income inequality, the gap between the rich and everyone else, often pointing out how low it appears on the Arab region, relative to other developing regions (Bibi and Nabli, 2009; Hassine, 2014). The moderate levels seem to be at odds with the ardent calls from protestors for economic justice seen during the Arab uprisings of 2011. Known as the Arab inequality puzzle, seasoned regional observers agree that inequality must be rising in the region, even if this has not been visible in the data. However, new surveys of household income and expenditure have become available thanks to the Economic Research Forum (ERF) data harmonization project which provides up-to-date evidence on income inequality. Additionally, including the

highest income levels in the measurement of income inequality have improved accuracy. Information from these two data sets are laid out in this chapter.

Another promising avenue of investigation to document the inequality puzzle is to move beyond static notions of inequality, such as the Gini index which measures inequality of income at a point in time, and to look at equality of opportunity and social and economic mobility. Inequality of opportunity (IOP) is a forward-looking concept in that it measures the extent to which there is access to certain services such as education and employment, depending on a person's background such as race, gender and the characteristics of the family and community in which he or she grows up. These concepts correspond more closely to the commonly held notions of fairness and social injustice that can, and did, lead to political uprising in the Arab region. Even moderate inequality can become intolerable for those at the bottom rung of the economic ladder if there is no hope of advancement, either for themselves or for their children. Since less is known about equality of opportunity, this chapter devotes space to measuring it.

Shifting the attention from equality of outcome to equality of opportunity is also important in connecting the current state of inequality in the region to the decline in the good services provided by the State discussed in chapter 1,

in terms of health and education. This chapter examines the consequential retreat of the State in the provision of quality services, particularly in the education and employment sectors. As the State has cut back on its role as an employment provider for graduates of the education system and at the same time let the quality of education in public schools and universities decline, private resources have moved in to fill the gap, often with adverse impacts on equality of opportunity. The rapid expansion of private education in the last decade, along with the extra resources such as private tutoring needed to succeed in it, has essentially closed the door to higher education for children from disadvantaged backgrounds (Assaad, 2010).

At the same time, the rapid expansion of higher education without the resources required to maintain its quality has created a divide even among those with access to a university education. While in Egypt the probability that a youth from the most advantaged background will attend university is 97 per cent, compared to only 9 per cent for youth from the most vulnerable background, this differentiation is further intensified when they enter the labour market (Assaad, 2010). With a limited number of jobs in the formal job market, a large number of graduates are forced to find employment in the informal sector, crowding out nongraduates. Among those with access to higher education, family connections play a big role in terms of the type of jobs graduate are able to secure (Assaad, Krafft and Salehi-Isfahani, 2017). For these reasons, reductions in State services may have had a greater adverse impact on equality of opportunity than income inequality, as measured by the Gini index.

New evidence from two types of data document the level and changes in equality of access to quality education and jobs. The first type of data

measures student learning using international test scores in the key subjects of math, science and reading, tracking student achievement in these subjects, comparing scores to the rest of the world and examining the extent to which inequality can be explained by family and community background. The evidence shows a relatively high degree of inequality of opportunity in learning in the Arab region compared to the rest of the world and no consistent improvement in equalizing these opportunities. The second data set examines inequality of wages by education in three countries for which consistent data on wage by education level are available. It finds that wage inequality has increased, especially among those with university degrees, consistent with the notion that rising dualism in the labour market is increasingly creating inequalities of access to good jobs.

B. Data

The chapter uses two different sources of data, each covering an important aspect of inequality in the region:

- Microdata from household income and expenditure surveys, harmonized by ERF, provide the basic picture of inequality of economic welfare, measured by per capita consumption;
- Test score data from Trends in International Mathematics and Science Study (TIMSS) at the eighth-grade level and Progress in International Reading Literacy Study (PIRLS) at the fourth-grade level help link students' learning in math, science and reading to the characteristics of their families and the community in which they grew up.

The Harmonized Household Income and Expenditure Survey (HHIES) data available from

26 surveys from six countries in the ERF have the great advantage of having uniform definitions for key variables of interest to us – specifically expenditures, wages and education. The main disadvantage of HHIES data and all household survey data is lack of coverage at the highest income levels. As a result, measures of inequality are biased downward, meaning that they appear more equal than reality, sometimes by as much as 30 per cent (Alvaredo, Assouad and Piketty, 2017). Adjusting for this deficiency is challenging in Arab countries because of the lack of reliable tax data. Those who evade survey interviewers also probably evade tax collectors. However, the missing top incomes are less important for comparison across time or countries, which is the focus in this report. It is plausible to assume that the underestimation of inequality due to missing top incomes does not vary much over time and across countries.

HHIES data do not include information on parents or the rest of the individual's family, so they are not useful in measuring inequality of opportunity. A few labour force surveys collected by ERF for Egypt, Jordan and Tunisia report parental characteristics for all individuals in the survey. These data have been used extensively to study inequality of income and inequality of expenditure, which is discussed later in section D of this chapter. (For a description of these surveys see Assaad and Krafft, 2013).

The international test score data are from TIMSS and PIRLS are the source of most international studies of inequality of opportunity in education. Unit record data from the most recent rounds (TIMSS, 2007, 2011, 2015; PIRLS, 2001, 2006) are used to estimate equality of opportunity in access to quality education. These data provide measures of educational achievements for children in fourth

and eighth grade, as well as information on their family and community background. TIMSS and PIRLS samples have a complex structure. They choose schools randomly and then pick classes from each school. Test questions are not uniform across countries and are calibrated to the curriculum taught in specific schools. As a result, the scores must be rescaled to make them comparable over time and across countries. These data are the only source for comparison of equality of opportunity in education over time and between Arab countries and the rest of the world.

C. Economic welfare and poverty

The most readily available source for comparison of living standards across time and countries is the national accounts of a country. GDP and consumption per capita, measured in purchasing power parity (PPP), are the staple to compare living standards over time and across countries. Survey data, which is used to measure poverty rates and income inequality, differ from the national accounts because the prices paid by consumers do not always reflect the true value of the goods and services consumed. This is true of food and energy which are often subsidized in the region. In addition, a much wider gap between GDP and survey-based measurements of living standards in oil-rich countries is expected because the value of annual oil income is included in GDP but only a small part of it finds its way into the average household budget. As a result, consumption estimated from survey data is always below what the national accounts data indicate and is not a sign of its inaccuracy.

First, the trends in economic welfare need to be examined at three different income distribution points, using real per capita expenditures at the

twenty-fifth, fiftieth and ninetieth percentiles. These percentiles represent a poor person (p25), an average person (the median real per capita expenditure, p50) and a wealthy person (p90). Using the 90th percentile as opposed to the share of the top decile reduces the bias due to missing top incomes endemic to household surveys (see section B Data).

It is worth noting that the trends in median real per capita expenditure (pce) are generally increasing. This is consistent with what is known from GDP and consumption per capita from national income accounts. For example, the median real pce in Egypt grew by 5.2 per cent each year during the 2008-2010 period and in Tunisia by 3.5 per cent during the 2005-2010 period. These increases indicate rising living standards in years prior to the uprisings (figure 5).

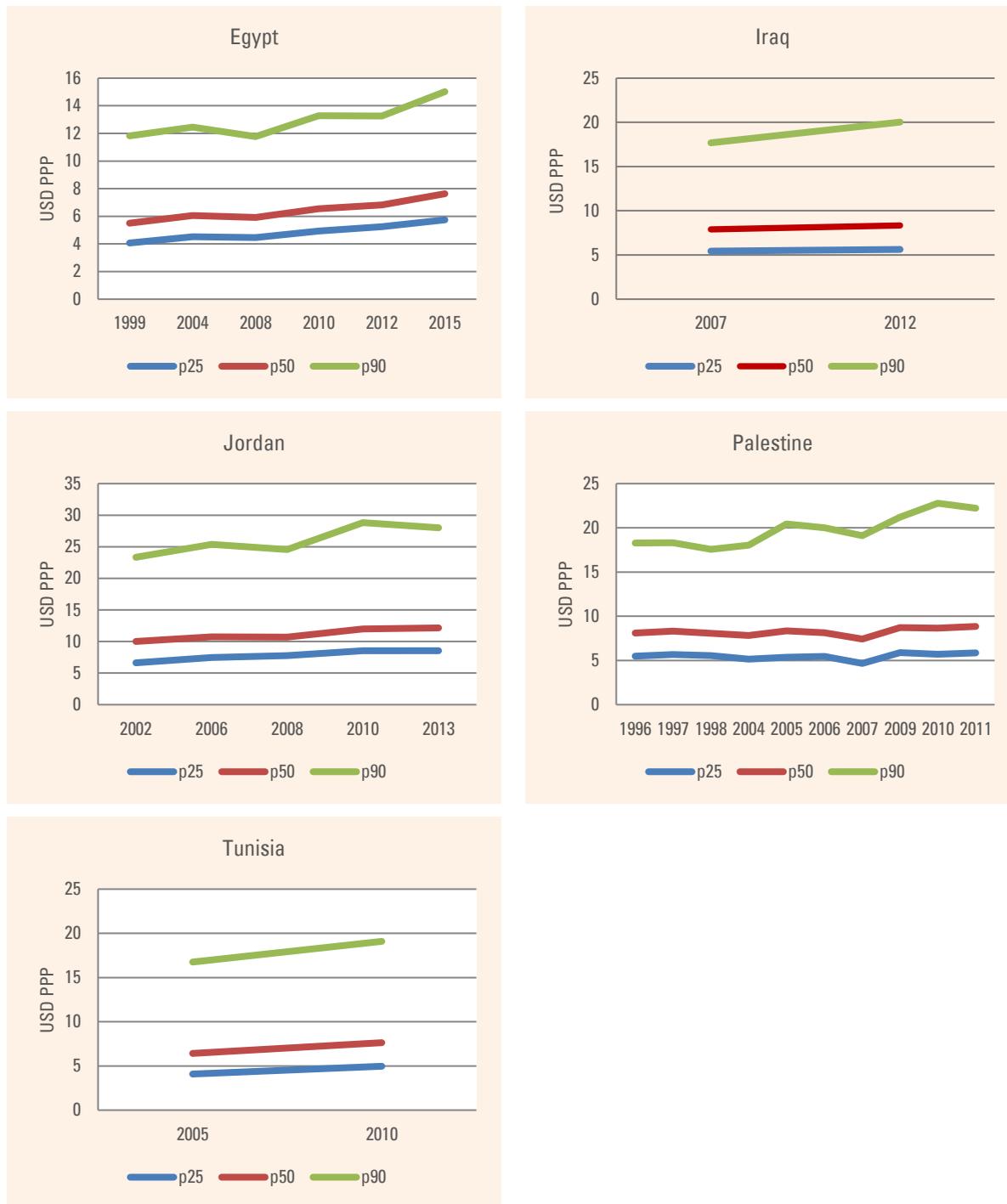
These figures also indicate changes in equality. In Egypt, while all three percentiles show a rising trend, the gap between the ninetieth and the other two percentiles widens significantly during 2008-2010 and later during 2012-2015. During the economic downturn caused by the upheavals of 2010-2012 the opposite happened: the ninetieth percentile lost relative to the other two. The trend toward greater inequality resumed with the return of autocratic rule during 2012-2015.

In Iraq, during 2007-2012,⁵ only the top percentile appears to have gained, as evidenced

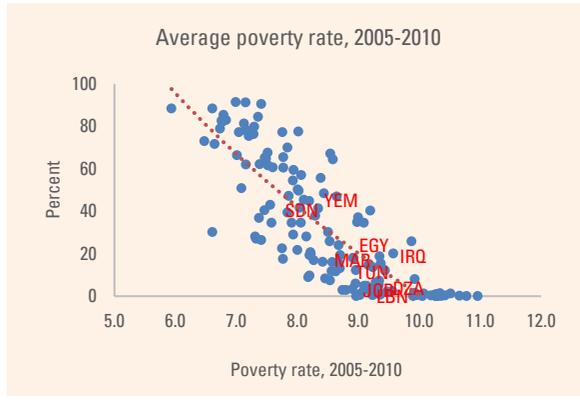
by the much faster rising pce for the ninetieth percentile compared to the twenty-fifth and fiftieth percentiles. In Jordan and Palestine, the trend seems to follow oil prices, which affect household incomes through remittances and transfers. Rising oil prices appear to have pushed all incomes in the region up, especially for the top group, during 2008-2010.⁶ The pattern in Tunisia is similar to Egypt, with a rising trend for all percentile with a widening gap between the top percentile and the bottom two.

To focus on the fortunes of those at the bottom of the income distribution and to put poverty rates in a comparative perspective, World Development Indicators (WDI) from the World Bank are used to make two points. First, Arab countries have lower poverty rates relative to their income level than other regions, thanks to the expansion of State services after independence. Figure 6 shows poverty rates in Arab countries in relation to their GDP per capita and in a global context. Most Arab countries for which WDI data are available fall below the line that measures the global average poverty rates as a function of GDP per capita. Second, and in line with the global trend, most Arab countries reduced their poverty rates in the last two decades. Figure 7 shows that all Arab countries, except for Yemen, report lower poverty rates (living on less than \$3.2 per day) in the period 2005-2015 compared to before 2000. This is not exceptional as most countries follow this trend.

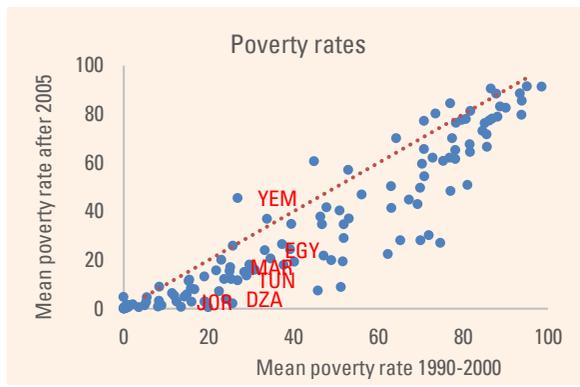
Figure 5. Changes in real per capita expenditure, selected percentiles



Source: Authors' calculations based on Economic Research Forum (ERF), Harmonized Household Income and Expenditure Surveys (HHIES).

Figure 6. Arab poverty rates in global context

Source: Authors' calculation based on World Bank, "WDI data". Available at <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators> (accessed on 17 February 2018).

Figure 7. Change in poverty rates over time, from before 2000 to after 2005

Source: Authors' calculation based on World Bank, "WDI data".

D. Income inequality

Most existing measures of income inequality are based on data from expenditure and income surveys. Nearly all Arab countries collect such surveys, but not all make the raw data available to researchers. For about a dozen Arab countries, survey data in microrecords are available from the ERF harmonized data bank.

For some countries, such as Kuwait, published tabular data has been used to estimate inequality (El-Katiri, Fattouh and Segal, 2011). However, estimates from secondary sources are not as reliable. For example, Kuwait's estimated Gini index⁷ from tabular data is the lowest in the region (0.21, and 0.28 including non-Kuwaiti residents) and is hard to accept without microdata to support the assertion.

HHIES and two common measures of income inequality, the Gini index and the Palma ratio, are used to depict levels and trends in income inequality. The Gini index measures overall inequality and is more sensitive to inequality in middle incomes than in the extremes. In contrast, the Palma ratio, which calculates the ratio of the share of the richest 10 per cent of the population in total household expenditures to the share of the poorest 40 per cent, assumes that the share of the middle-income groups is relatively constant over time, and much of the variation arises from changes in the share of the top 10 per cent relative to the bottom 40 per cent. This assumption has been verified in a wide variety of countries, and appears to hold for the countries studied in this chapter (table 7). Even though the two measures are sensitive to different parts of the distribution of income, they produce similar trends over time and rankings across countries.

The trend of decreasing income inequality over time is consistent with the decline in poverty rates in the last two decades noted in section C. Paradoxically, the countries to first experience uprisings, Egypt and Tunisia, had declining inequality. In Egypt, where the share of the middle class remained constant at 51 per cent, the bottom 40 per cent gained relative to the top decile. Inequality in Tunisia is generally higher than in Egypt, but it seems to have been more widely distributed. Between 2005 and 2010 the

Gini index fell from 41.4 to 38.5, as the middle class gained share from 51 per cent to 53 per cent. Concurrently, the Palma ratio in Tunisia declined. These trends appear to throw doubt on the widespread notion of rising inequality as a contributor to Tunisian uprisings, but it should be noted that they ignore the top incomes which, while missing from the surveys on which these data are based, were visible to the public

because of the ostentatious lifestyle of the ruling family.

The trends do not show a similar decline in income inequality in Iraq, Jordan and Palestine. In fact, inequality in Iraq increased between 2007-2012. The Sudan, which has had only one survey, exhibited a high level of inequality in 2009, with a Gini coefficient of 54.7.

Table 7. Measures of inequality of per capita expenditures

Egypt	1999	2004	2008	2010	2012	2015				
Gini	0.339	0.320	0.313	0.314	0.296	0.313				
Gini (adjusted)*	0.56	0.55	0.54	0.52	0.52	0.54				
Palma Ratio	1.395	1.276	1.231	1.234	1.129	1.236				
Share of deciles 5-9	50%	51%	51%	51%	51%	51%				
Jordan	2002	2006	2008	2010	2013					
Gini	0.355	0.358	0.340	0.362	0.331					
Gini (adjusted)	0.53	0.54	0.54	0.57	0.54					
Palma Ratio	1.469	1.482	1.371	1.527	1.293					
Share of deciles 5-9	52%	52%	52%	51%	54%					
Palestine	1996	1997	1998	2004	2005	2006	2007	2009	2010	2011
Gini	0.355	0.341	0.345	0.360	0.381	0.377	0.408	0.377	0.392	0.384
Gini (adjusted)	0.57	0.57	0.58	0.59	0.59	0.59				
Palma Ratio	1.464	1.360	1.386	1.499	1.664	1.650	1.938	1.650	1.770	1.704
Share of deciles 5-9	53%	54%	54%	54%	54%	52%	52%	52%	52%	52%
Iraq	2007	2012								
Gini	0.351	0.367								
Gini (adjusted)	0.59	n/a								
Palma Ratio	1.452	1.567								
Share of deciles 5-9	53%	53%								
Sudan	2009									
Gini	0.547									
Gini (adjusted)	n/a									
Palma Ratio	1.313									
Share of deciles 5-9	54%									
Tunisia	2005	2010								
Gini	0.414	0.385								
Gini (adjusted)	n/a	n/a								
Palma Ratio	2.001	1.703								
Share of deciles 5-9	51%	53%								

Source: Authors' calculations based on ERF data.

Notes: * Adjusted Gini coefficients are from Alvaredo, Assouad and Piketty (2017), who use a Pareto distribution adjustment for top incomes.

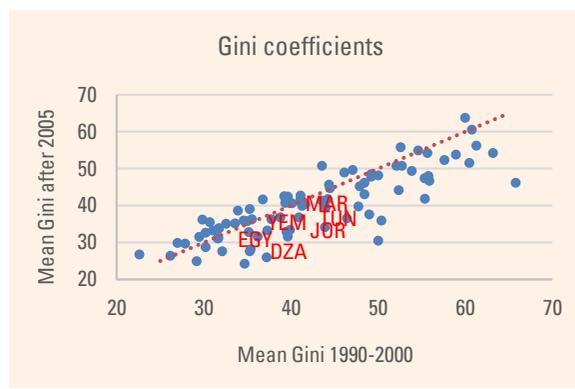
The WDI database is used to put inequality in the Arab region in a global context and to include Arab countries that have not been included in the ERF harmonized surveys. Figure 8 presents average values of the Gini index for many countries for two periods in time, 1990-2000 and 2005-2015. For many Arab countries, there is only one observation in each period, but for those with more than one year of data the average is used. Gini coefficients for Arab countries appear on lower end of the spectrum. Except for Morocco, all fall below the 45-degree line, meaning that their Gini index declined and inequality decreased between the two periods. Algeria registered the largest decline with its Gini index falling from 37.8 to 27.6. However, from a human welfare point of view, a decline in the Gini index is not unambiguously good: if the decline is the result of stagnant incomes overall combined with decline at the top income levels, this is not a positive development.

How does this picture of Arab inequality in the global context change if the Gini coefficients were based on data with adjustments for the top incomes? This is the task of an important research project on income inequality in the Middle East undertaken by Alvaredo, Assouad and Piketty (2017). Table 7 shows adjusted Gini estimates for some Arab countries. The Alvaredo team use various means of extrapolation to produce their data, including a Pareto extension of the distribution of top incomes and official government tabulations from countries that do not allow access to their survey data. The extrapolations for top incomes naturally increase the Gini index by some 20 points, painting a picture of much greater inequality in the region. The upward adjustment of the region's Gini coefficients in Alvaredo's study produces plausible results that explain the gap between perceptions of inequality, which

includes top incomes, and inequality estimated from the HHIES, which do not.

However, the unadjusted Gini coefficients do not illustrate the standing of the countries relative to each other nor the trends over time. And while the unadjusted Gini coefficients in table 7 and figure 8 underestimate inequality because the surveys on which they are based do not take the top incomes into account, they have the advantage of using a uniform methodology for data collection and inequality measurement. The results tell a useful story that Arab income inequality is likely low in a global comparison.

Figure 8. Changes in the Gini index of inequality in per capita expenditures



Source: Authors' calculation based on World Bank, "WDI data".

Note: The 45-degree line shows how a country's inequality has changed between the two periods.

In contrast, the Alvaredo study challenges the view that income inequality in the Middle East and North Africa (MENA) is, in actuality, low compared to other regions. It makes the bold claim that the MENA region is in fact the most unequal in the world, which would resolve the Arab region inequality puzzle. However, this claim is based mainly on inequality between countries of the region rather than inequality within individual

Arab countries. Interpreting a measure of inequality for a region that happens to include the world's richest and poorest countries is unconvincing because the countries' wealth or lack thereof is as much an accident of geography and geology as it is the product of socioeconomic systems. Only the latter tends to animate national politics and can be influenced by realistic changes in policy.

There is reason to believe that the oil boom of 2004-2014, which brought incredible wealth into the region, may have increased the share of top incomes beyond what extrapolations of the survey data can project. Oil income accrues to the government which distributes it in a complex way to the rest of the society, often increasing inequality in the process (Salehi-Isfahani, 2009, 2017). The reason for the increase in inequality tied to the inflow of oil money is simple: the transfer of oil rents to private individuals follows paths set by family and clientelistic networks which, by nature, increases only top incomes and consequently overall inequality.

A significant part of these funds finds its way abroad and into tax havens. Johannesen (2015) uses evidence from overseas bank deposits from Arab countries in tax havens to show that wealth from Arab countries held in tax havens is larger than elsewhere. Likewise, according to Lanchovichina (2015), evidence from Forbes data on world billionaires, as well as wealth held by rulers and other political leaders, shows that "in several Arab countries, a few billionaires control a much greater share of wealth than billionaires in other countries at comparable levels of development. Lebanon and Egypt stand out with a few individuals and their families controlling close to 30 per cent and 24 per cent of GDP".

E. Inequality of access to education

Perceptions of social injustice have more to do with inequality of access to income earning opportunities and lack of social mobility than inequality at a set point in time. This is particularly true of inequality of opportunity in education because education has been perceived as the main path to upward social and economic mobility in the Arab region since independence. Inequality of opportunity in education and income inequality are closely interrelated but income inequality is the main reason why opportunity is unequal for the next generation. While public policy can try to equalize life chances, it can only go so far: parents with greater means will themselves have more access to education and will find a way to give a leg up to their children in the competition for places in university. Given that education is inherently competitive, no one expects education outcomes to be equal. But people do expect the system to be fair in the sense of having a level playing field in terms of access. Inequality of outcome, which the Gini index measures for income, does not by itself indicate unfairness any more than a lopsided game of soccer would indicate unfair play. However, to the extent that existing inequality is a sign of unequal opportunities of access faced by the next generation, the two concepts are related.

The measurement of inequality of opportunity follows a thesis made by Roemer (1998) which distinguishes between three factors that influence an outcome:

- (a) Circumstances, which are factors beyond individual control, such as gender and family background, for which the society but not the individual is morally responsible;

- (b) Effort, which is under individual control for which he or she can be responsible;
- (c) Luck, which is not under anyone's control, including policymakers.

The philosophical debate on which factors should be included in which category is not settled. Does ability belong to luck or circumstances? Is membership in a cultural group which may inhibit or promote effort a circumstance or is it something under individual control? These debates are not a concern in this report because the set of circumstances used – gender, family background and the characteristics of the community in which the child grows up – are generally agreed to be beyond individual control and amenable to policy intervention. Roemer's suggestion has been widely implemented in the empirical literature on inequality of opportunity, breaking down total inequality outcomes into parts explained by circumstances for which we have data and parts explained by other factors (Bourguignon, Ferreira and Menéndez, 2007).

The SDR2 follows the recommendation of Ferreira and Gignoux (2014) and disaggregates inequality in test scores, looking at the factor of pre-determined circumstances (family background and student and community characteristics). It measures IOP, turning it into a statistical measurement of how close the data are fitted to the linear regression of scores (R-squared) on circumstances. This makes it possible to estimate how much family background and student and community characteristics contribute to inequality in educational achievement. As Ferreira and Gignoux show, the R-squared of this regression measures the proportion of total inequality that can be attributed to circumstances. Note that as other studies, the measure of the inequality of opportunity is a lower bound for IOP, because

the list of circumstances available to researchers is almost always limited.

Both inequality of educational attainment (years of schooling) and achievement (learning, test scores) are looked through this framework.

1. Attainment

Inequality of access to schools has been studied by Assaad, Salehi-Isfahani and Hendy (2017) who calculate the probability of children under 18 who live with their parents ever attending school and reaching the secondary level. They use HHIES in seven Arab countries to examine how these probabilities are affected by household income, parents' education and rural or urban residence. Results have been collected for two groups – the most and least advantaged children. All countries in their sample showed large differences in the opportunities open to children in the most and least advantaged groups. The estimated probability of ever attending school and the probability of reaching secondary for children depends greatly on the children's background. In nearly all Arab countries, the children of the most advantaged families have nearly the same chance of ever attending school – close to 100 per cent probability (Assaad, Salehi-Isfahani and Hendy, 2017). But for the least advantaged groups, the variations are large. Iraq and Yemen fared particularly poorly (both countries were surveyed before the latest internal strife). The probability of ever attending school for the least advantaged children varies from 33 per cent for girls in Yemen to 99 per cent for boys in Tunisia. Iraq is the second worst performer in this category, with only a 69 per cent probability of ever attending school for the least advantaged girls. The gender gap also varies greatly from country to country. Among disadvantaged children, in Yemen, before the conflict, boys

were four times as likely as girls to ever attend school.

The same study finds that the most advantaged children in several countries (Egypt, Jordan, Palestine and Tunisia) have nearly perfect chances of reaching secondary school (Assaad, Salehi-Isfahani and Hendy, 2017). Among the most advantaged children, the lowest probability of reaching secondary school belongs, as before, to Yemeni girls (only 10 per cent) and the highest probability to boys in Tunisia (as much as 90 per cent). The gender gap in reaching secondary school remains large, with Yemen the worst performer: in Yemen boys are 4.5 times as likely as girls to reach secondary school. As expected, the gender gap is much wider for the least advantaged group. Tunisia showed the smallest gender gap. Overall, the more educated the country, the smaller gender gap.

2. Achievement

To look at educational achievement, we turn to international test scores in math, science and reading among fourth-grade and eighth-grade students. The students who participate in these tests have reached secondary school and are already somewhat privileged having passed that hurdle. They show a large variation in test scores that is directly related to variations in the quality of the home environments (parental education, number of books at home, etc.) and in school quality. Both these sources create inequality in access to learning but the latter is more directly amenable to public policy. The data demonstrate that while equality of access to schools is essential for children from lower incomes to have the chance to learn, guaranteed access to schools is not sufficient – quality of learning must be assured as well.

The analysis that follows focuses on the results of the 2015 round of TIMSS and the 2011 round of PIRLS compared to the previous results in 2007 and 2006, respectively. The gist of the story is the same for both subjects: there was little change in the level of inequality generally (as illustrated by the column “Gini” in table 8) or the inequality of opportunity estimates for Arab countries (as illustrated by the column “IOP” in table 8) between the two rounds of TIMSS and PIRLS studied. As table 8 shows, the only notable change for math scores was, happily, an improvement in mean scores, though these were confined to the GCC countries which had done poorly in 2007. There was no noticeable change in mean scores for Egypt, whereas Jordan and Lebanon had substantial declines. The table points to a noticeable improvement in reading scores for the few countries which participated in PIRLS more than once.

Total inequality of scores has remained basically unchanged over time, but the part due to circumstances, known as inequality of opportunity or IOP, decreased in most Arab countries and exceeded change in the global average. An earlier study by Assaad, Salehi-Isfahani and Hassine (2014) used TIMSS scores in math and science for eighth-grade students to estimate IOP in educational achievement for 16 MENA countries. This SDR2 report adds to that study in two ways: first, by expanding the data by including achievement in reading, using PIRLS data for 2001 and 2006, and by including two new rounds of TIMSS (2011, 2015) which have become available since that study was conducted; second, by expanding the analysis to the entire sample of countries that participated in these rounds, inequality of opportunity in the Arab countries can be situated in the context of a larger set of countries.

Table 8. Changes in mean, inequality, and inequality of opportunity in math and reading scores

	Change in TIMSS, 2007-2015			Change in PIRLS, 2006-2011		
	Mean	Gini	IOP	Mean	Gini	IOP
Bahrain	49	-0.02	0.00			
Egypt	2	-0.01	-0.08			
Jordan	-38	0.00	-0.07			
Kuwait	22	0.00	0.12	89	-0.04	0.05
Lebanon	-10	0.00	-0.13			
Morocco	4	0.00	-0.07	-12	0.00	-0.05
Oman	21	0.01	-0.10			
Qatar	88	-0.03	0.06	71	-0.01	0.2
Saudi Arabia	36	-0.01	-0.05			
United Arab Emirates (Dubai)	31	-0.02	-0.08			
All countries	17	0.00	0.01	0	0.00	-0.02

Source: Authors' calculation based on TIMSS and PIRLS datasets.

The study by Assaad, Salehi-Isfahani and Hassine (2014) concluded that the inequality of opportunity for MENA countries was high by comparing estimates for other countries, though the latter were obtained using different sets of circumstances. The SDR2 revisits their conclusion, applying the same methodology and using a uniform set of circumstances for all countries. The SDR2 finds that while the region performs appreciably worse than the rest of the countries in terms of average scores, even holding GDP per capita constant, it does not stand out as having unusually high levels of inequality of scores or inequality of opportunity in education.

Turning to the results of the expanded data, as noted earlier, the estimation of inequality of opportunity for the entire sample of countries in TIMSS and PIRLS is simplified by following Ferreira and Gignoux (2014). These authors

show that the R-squared of the linear regression of scores on circumstances has the same properties as the estimates used in Assaad, Salehi-Isfahani and Hassine (2014), as well as in other studies who followed the lead of Bourguignon, Ferreira and Menéndez (2007). In a linear regression, the R-squared decomposes the total variance into explained (by circumstances) and unexplained parts. While the rankings and the change over time are comparable between this study and Assaad, Salehi-Isfahani and Hassine (2014), the magnitudes of estimates are not.

Using average scores at the national level, Arab countries can be compared with all others that participated in TIMSS 2015. Figure 9 presents mean math and science scores in the 2015 round against per capita GDP (PPP in 2011 USD for year 2015). There is a clear positive correlation between average scores and income,

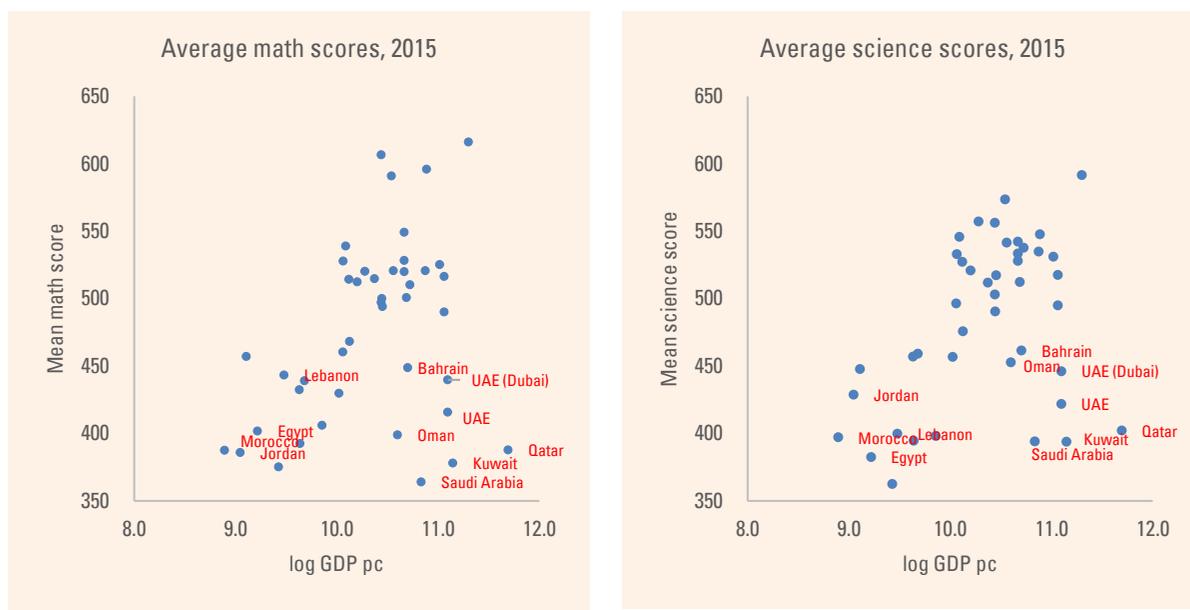
which is unsurprising. But what is surprising is that Arab countries are generally at the lower end of the graphs. Worse still, the oil-rich countries of the region are all located in the bottom right corner of these graphs, which means that they are doing very poorly academically despite having high income per capita. These countries have a large migrant worker population, but the sample is limited to students who are nationals, defined as those whose fathers were born in the country. Graphs for 2007 and 2011 are not included in this report but they paint the same picture.

A similar picture emerges when we graph inequality of scores against income (figure 10), except that the correlation is now negative – richer countries have *lower* inequality of scores but the Arab countries have higher inequality

of scores and the oil-rich countries are again bunched together and to the right of the scatter. Egypt tops the world sample in inequality, both in math and science scores. This is strong evidence of very high levels inequality of access to good education.

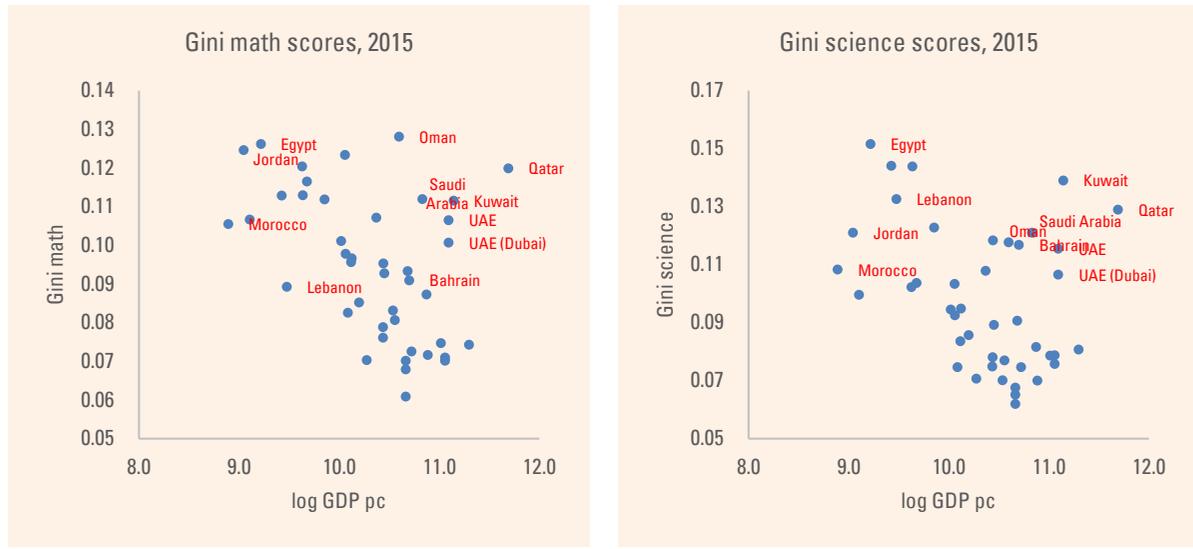
Turning to PIRLS, the results for the reading ability of eighth graders are illustrated graphically. While not all Arab countries that participated in TIMSS also participated in PIRLS, there is enough of an overlap to notice the patterns are very similar to the math and science scores. Compared to other countries, Arab countries have lower achievement in reading (figure 11). Importantly, as in math and science, Arab countries have some of the highest levels of inequality in scores.

Figure 9. Average math and science scores and log GDP per capita, 2015



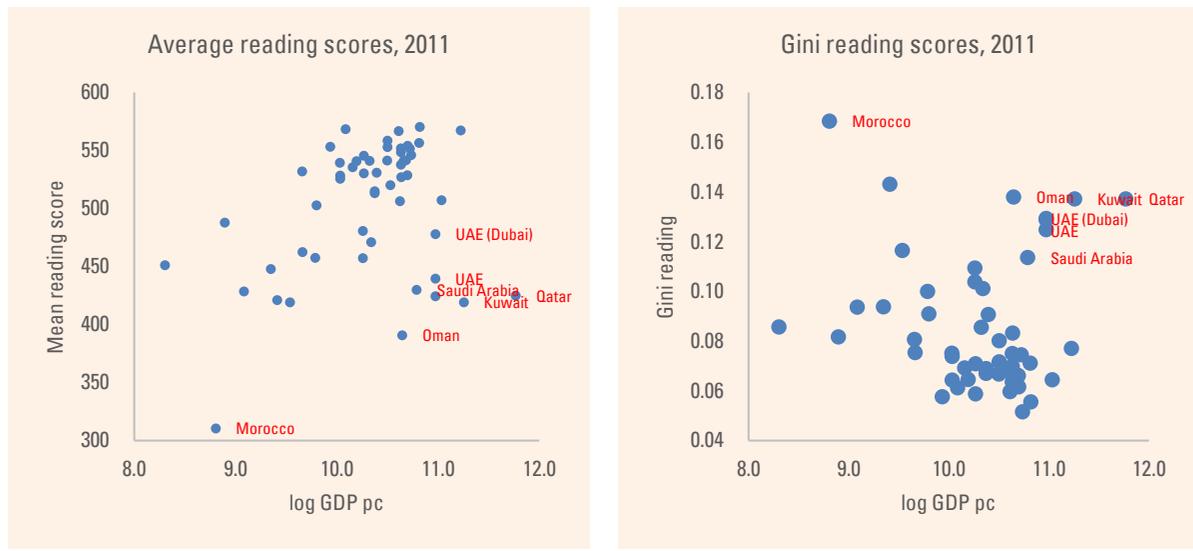
Source: Authors' calculation based on TIMSS, 2015; WDI datasets.

Figure 10. Inequality of math and science scores using Gini index and log GDP per capita, 2015



Source: Authors' calculation based on TIMSS, 2015; WDI datasets.

Figure 11. The global comparison of average PIRLS scores and their inequality, 2011



Source: Authors' calculation based on PIRLS, 2011; WDI datasets.

The key observation from these graphs is that Arab countries score very low in math, science and reading tests and their scores are distributed with high levels of inequality. For example, Morocco, which has the lowest average reading scores also has the highest level of inequality in reading scores. The significance of the higher inequality of scores cannot be overstated because it speaks to the higher inequality of life opportunities, future earning potential in particular. To the extent that these scores are correlated with future success in the labour market, the patterns observed here portend large rises in future inequality even if labour markets were to reward learning rather than social and economic status. Inequality in achievement at a young age predicts inequality in access to higher education, which increases the probability of unequal employment and wages.

Next question is how much of this inequality is due to the students' circumstances and how much arises from variations in their natural abilities and the effort they put into learning? As mentioned before, the share of natural abilities and effort is estimated from a regression of scores on circumstances, and the results are presented in figure 12, which plots the R-squared of the regressions for a country against its log GDP per capita (PPP in 2011 USD for year 2015). Unlike the cases of inequality in average scores, which showed Arab countries at the unfavorable end of the global pattern, figure 12 shows that in terms of inequality of opportunity in educational achievement, Arab countries fall in the middle.

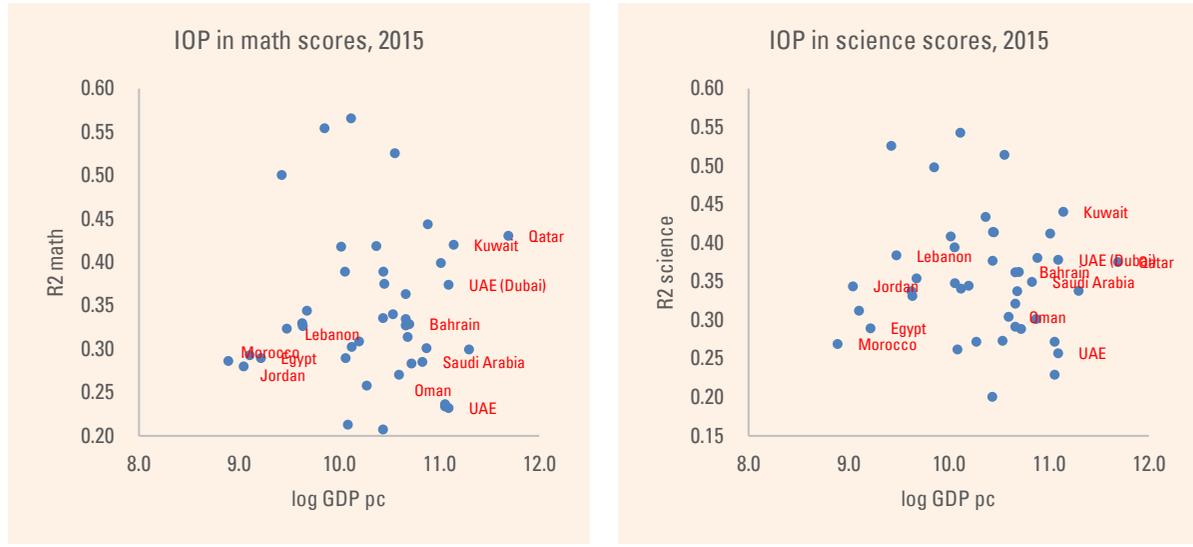
Three things should be noted in interpreting this result. First, TIMSS and PIRLS surveys only cover children in school. Because those who drop out of school before the eighth grade (and who are presumably weaker in achievement and

family background) are excluded, the samples are biased downward, meaning they look more favourable than reality. The lower the enrolment rate, the larger the bias. The real estimates of inequality of opportunity for Arab countries with lower enrolment rates are probably higher in reality. Second, the social and political implications of even moderate levels of inequality of opportunity are more severe than elsewhere because historically formal schooling has been the main path to social and economic mobility in the Arab region. More so in Arab countries than elsewhere, university education is a prerequisite for getting a formal job (Assaad, 2014).

As a result, closing the education path to advancement is a significant departure from the Arab social contract.

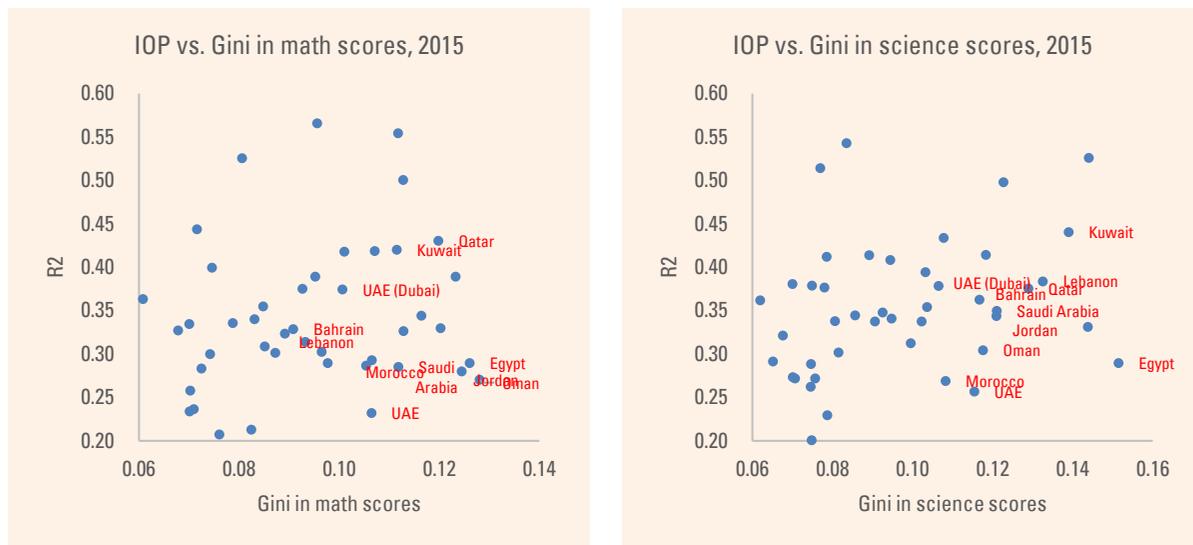
Are levels of inequality of scores at the country level related to inequality of opportunity? For example, Kuwait and Qatar have high inequality of scores as well as high IOP (figure 13). But, as illustrated in the graph, for the sample as a whole there is no clear relationship between the two. Two possible explanations can be offered for why higher inequalities of scores in Arab countries are not associated with higher level of IOP. One is that the inequality of circumstances may be lower, leaving more room for effort and luck to explain low scores. A second explanation may be that having more parental resources does not translate into higher learning if these resources cannot buy higher quality schools for children. While private universities have cropped up the Arab region to serve middle and upper class students who are unable to enter public universities, they do not necessarily provide a better environment for learning. As a result, inequality in income does not readily translate into inequality in scores.

Figure 12. Inequality of opportunity in math and science scores and log GDP per capita, 2015



Source: Authors' calculation based on TIMSS, 2015; WDI datasets.

Figure 13. Inequality of opportunity and total inequality in math and science scores, 2015



Source: Authors' calculation based on TIMSS, 2015; WDI datasets.

F. Labour markets and inequality of opportunity

Moving beyond education, the extent to which potential wages depends on family background and the characteristics of the community where a person is raised must also be examined. There is little doubt that circumstances affect both chances of employment and levels of wages in the Arab region. The previous section showed that learning opportunities are unequally distributed; what is not known is if labour markets exacerbate the inequality of opportunity inherent in the Arab education systems.

Do circumstances beyond education influence earnings of individuals? Labour markets can potentially reduce the inequalities created by education if they reward some skills that the education system does not measure or promote. But it is more likely that labour markets add to inequality of opportunity.

Some answers to this question can be found in a recent study of the labour market outcomes of graduates in information technology and commerce in Egypt and Jordan (Assaad, Krafft and Salehi-Isfahani, 2017). The study finds that, after controlling for the quality of the higher education and high school institution, parental education continues to carry the most influence on employment for graduates. Indeed, parental education is the only variable that seems to matter for outcomes such as the time taken to secure a first formal job, wage at first employment and wages five years on.

Expanding informality is increasingly a defining characteristic of all the Arab labour markets (Assaad, 2014) and may play a role in the increasing inequality of wages in Egypt (Assaad, Krafft and Salehi-Isfahani, 2017). Using data from labour force surveys in Egypt (1988-2012),

inequality of opportunity in wages and consumption can be compared over time. The estimates of inequality in wages show a declining trend, but closer examination reveals a more nuanced result. Dividing their sample into three classes based on the education of parents, the study examines employment for individuals from different family backgrounds. Upper class families are defined as having educated parents with at least one parent having higher education. Middle class parents have at least a basic education. Individuals with less educated parents are classified as lower class. Note that in this framework an individual's income or education does not determine his or her class. Upward mobility then occurs if an individual from a lower background is able to achieve a higher level of income and consumption.

The analysis of Assaad, Krafft and Salehi-Isfahani (2017) reveals that the falling inequality of opportunity index for wages is actually hiding *declining* access to income opportunities for the middle class. Since 2008, while the top group (upper class) has distanced itself from the rest, the fortunes of those growing up in middle class families have collapsed toward those with lower class backgrounds. This phenomenon is related to increasing informality of the Egyptian labour market. Many middle-class youth who a generation ago attended universities and landed good jobs in the government or the formal private sector, now end up in the informal sector after graduation, taking unstable jobs that used to go to less educated workers.

G. Informality and wage inequality

If informality is the reason for the collapse of the middle-class wage profile, wage inequality is expected to have risen for the more educated workers since the 1990s when, as noted in

chapter 1, State retrenchment and rising clientelism diminished opportunities for formal employment for the educated middle class. This has been studied only in Egypt, which has four rounds of labour force surveys. Table 9 shows the Gini index and the wage ratio at the tenth and the ninetieth percentile for three education groups: basic, secondary and tertiary education. Inequality appears to decrease over the decade 1988-1998, but from then on increases for all education groups, and faster for those with higher education. The increased inequality of wages is reflected in the Gini values as well as in the decile ratios. This is likely because the

educated are increasingly finding and taking lower paid informal jobs. It is also consistent with the larger hypothesis that as clientelistic capitalism expanded, segmentation of the labour markets into formal and informal sectors deepened.

Jordan and Tunisia have only one year of data, so how inequality of wages has changed over time there cannot be established. But in Tunisia, the inequality of wages for the most educated group is considerably higher than the rest. Inequality of wages for all groups is highest in Jordan.

Table 9. The distribution of wages

Country	Year	Gini coefficient				P90/P10			
		Whole sample	At most basic education	At most secondary	Post-secondary or higher	Whole sample	At most basic education	At most secondary	Post-secondary or higher
Egypt	1988	0.39	0.34	0.38	0.41	5.77	5.56	4.89	5.10
Egypt	1998	0.37	0.34	0.34	0.38	4.99	4.46	4.32	4.98
Egypt	2006	0.40	0.37	0.37	0.41	5.33	4.38	4.90	5.71
Egypt	2012	0.43	0.37	0.38	0.46	5.49	4.11	4.91	6.32
Tunisia	2014	0.42	0.34	0.33	0.42	4.73	3.71	4.95	6.03
Jordan	2010	0.56	0.53	0.52	0.55	5.91	4.28	5.40	5.40

Source: Authors' calculation based on ERF.

Notes: Real 2012 purchasing power parity (PPP) hourly wage for the main job; at most basic education: illiterate, read and write, basic education; at most secondary: secondary education; post-secondary or higher: post-secondary, university, post-graduate.

H. Implications

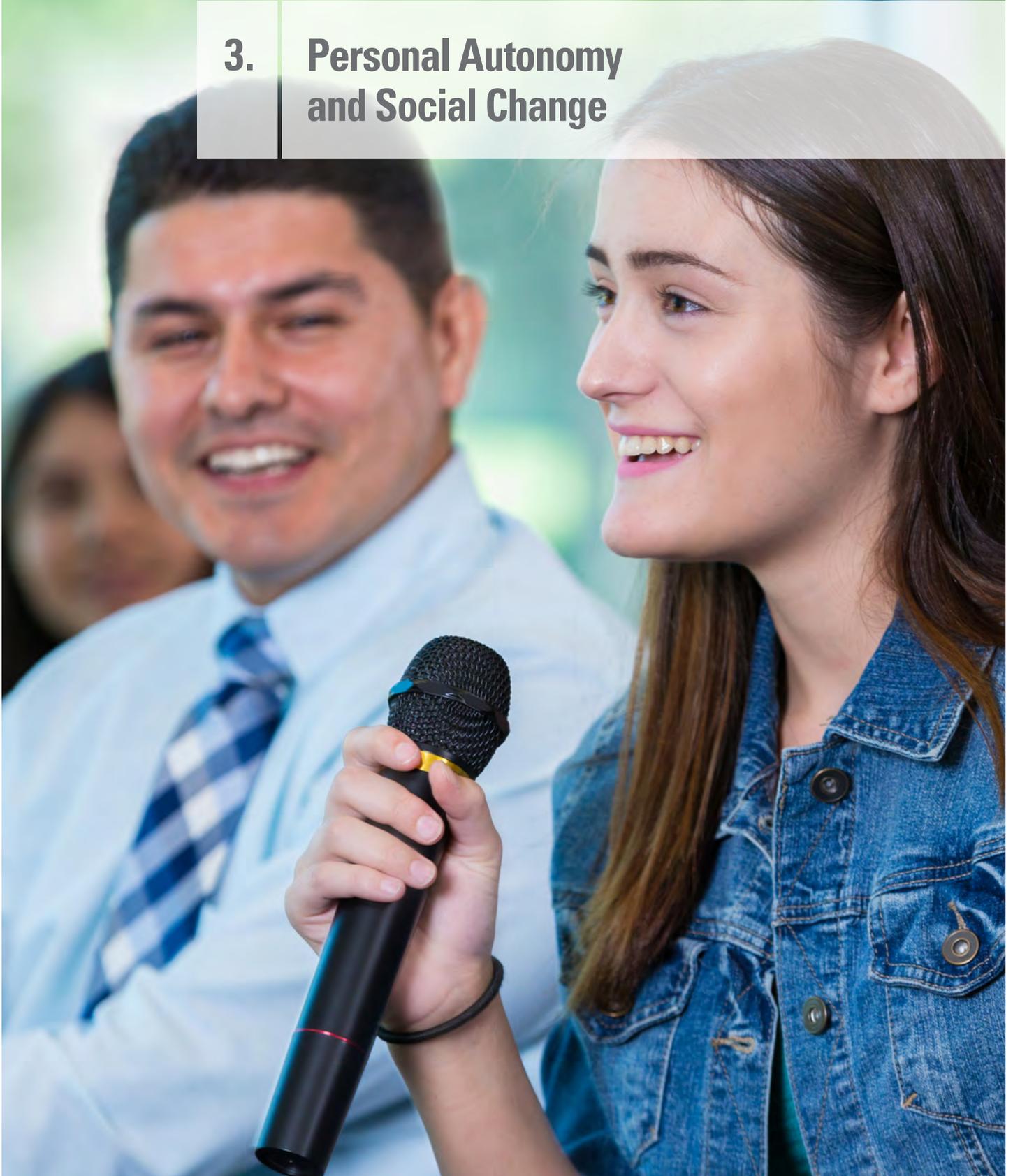
Autonomy is tightly bound with equality of income and education. This chapter presented evidence on the status of income and education inequality in Arab countries which generally confirms the prevailing view that, in the global context, inequality in the Arab region is moderate. That said, it stressed that the low values of the Gini index of income inequality may be hiding higher levels of inequality resulting from the rising share of incomes at the highest levels. The massive inflow of wealth since 2000 expanded the number of billionaires in the region compared to the rest of the globe (Ianchovichina, 2015; Johannesen, 2015) and created the highest region-wide inequality in the world (Alvaredo, Assouad and Piketty, 2017).

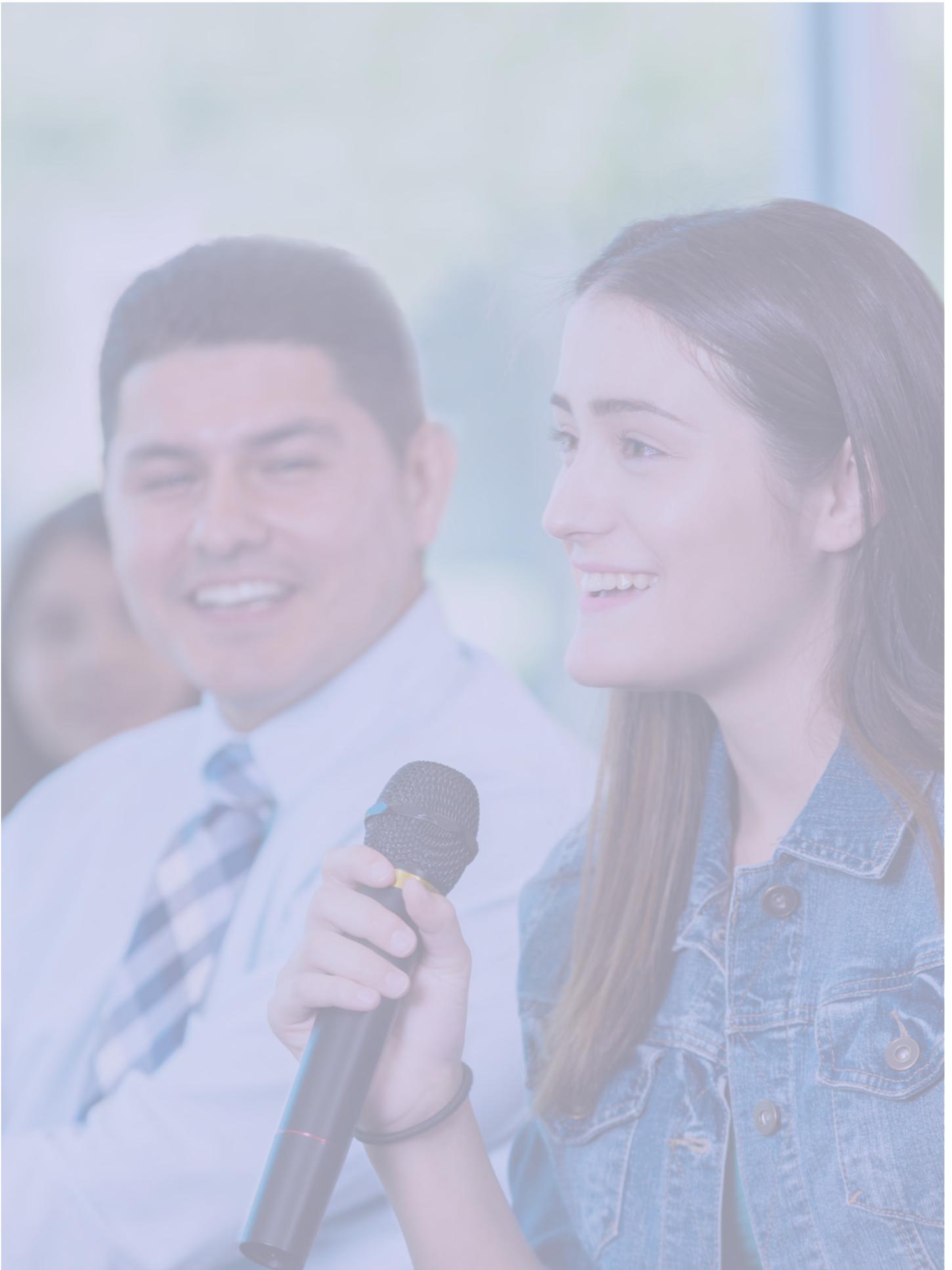
It also examined inequality of access to education. Access to schooling is relatively equal for certain Arab countries, such as Jordan and Tunisia, but access to quality education, as reflected in inequality of educational achievement remains high, and is especially high in the richer countries. In general, Arab countries, especially the oil-rich, lag badly in average achievement in math, science and reading scores and are showing little improvement over time. In addition, low

average scores coincide with high inequality in test scores. This is a major challenge for the region because learning inequality is closely linked to inequality in access to university education and consequently good jobs. Accordingly, inequality in learning is a predictor of rising inequality of income and access to employment in the future.

The fact that a significant part of this inequality is explained by family resources and the communities where students have grown up, means that a majority of citizens view the education system as unfair and a failure as a path for social mobility. Inequalities in education are coupled with deteriorating employment opportunities in the formal market for educated labour. These phenomena explain rising wage inequality for educated workers. As identified in chapter 1, a major culprit is the retrenchment of the State which has allowed the quality education to fall and allowed private resources to play a larger role in education. In Egypt, Tunisia and the United Arab Emirates, where inequality of opportunity is high, private tutoring is a flourishing business (Farah, 2011; Hartmann, 2008; Lapham, 2013). From a policy perspective, reducing inequality of opportunities in learning and reducing informality can go a long way in reducing overall inequality.

3. Personal Autonomy and Social Change





3. Personal Autonomy and Social Change

A. Introduction

This chapter begins by defining and measuring people's perception of autonomy in the Arab region in section A, and compares it to values held in the rest of the world and among Arab countries and different socioeconomic groups. Section B demonstrates the existence of an autonomy gap in the Arab region and investigates its distribution among countries and groups. Section C investigates the reasons behind this gap, including a weak and at times repressive system of legal rights; an educational system that does not promote personal autonomy; a predominantly patriarchal system which constrains individual behavior; rising economic and physical insecurity; and increasing religiosity. Section D examines the implications of the autonomy gap on the attitudes towards various core values in the region such as patriarchy, gender inequality, social and religious tolerance, leanings for social justice and civic action.

The concept of autonomy goes beyond the basic freedom of choice, control, self-expression and empowerment an individual has over their life. It draws on political, philosophical and psychological theories, emphasizing traits of agency and capability (Inglehart and Welzel, 2010) in addition to well-being and quality of life. Autonomy widens people's intellectual resources, leading them to become cognitively more active in areas such as problem-solving. In an autonomous society, people cultivate and

express their preferences and ideas, use their abilities to make autonomous decisions as an individual on issues impacting their lives and environment, and innovate without being unduly bound by traditional social constraints. Personal autonomy should be complementary to social cooperation and is a quality deemed central to a shift from "communities of necessity", such as family or tribe, to "elective affinities", such as civic associations or political parties. In short, autonomy is part of a liberating process that diminishes social constraints on human choice.

The interest in personal autonomy, in the context of a report on inequality in the Arab region, stems from three types of considerations. First, people value autonomy inherently for the freedoms and capabilities it provides them. The level and distribution of autonomy positively impacts their welfare in the same way inequality of outcome, access and opportunity have a detrimental impact. Second, individual autonomy, in the sense of increased self-expression, can have important social benefits and be a principal driver for social emancipation on issues such as gender equality, income equality and social and religious tolerance. According to the sociological literature, how individual autonomy is distributed is relevant because it is largely the youth and the educated who drive changes in social norms when their level of self-expressive autonomy rises. Third, in even broader macro perspective, increased autonomy, in the sense of increased voice, leads to a better

representation of different preferences in the making of policy, which can lead to welfare-improving societal outcomes, such as lower income inequality (see arrow 2 of the figure in the introduction).⁸

Methodologically, chapter 3 combines several empirical approaches, including graphical analysis and statistical regression models. It starts by comparing average values across countries and then asks whether their distribution along age and education is different in the Arab region from the rest of the world using graphical analysis.⁹ It then looks into these relationships in depth by using regression models to control for these and other individual characteristics more formally. Third, it investigates whether there are differences across countries in the region.

Based on the empirical evidence, the perception of personal autonomy tends to be, on average, relatively low in the Arab region, compared to other parts of the world at similar levels of development. Moreover, based on World Values Survey (WVS)¹⁰ and Arab Barometer¹¹ data, it also finds that personal autonomy is distributed unequally in the region: unlike elsewhere in the world where the main split is usually between educated and uneducated, in the Arab region it is most often between the young and the old.

The rise of autonomy can be an important driver of social change. The chapter looks at the impact of personal autonomy on the social values in three expanding circles: individual and family, society and polity. The question is how to unmask the relationship between autonomy and some of the core values of inclusive and sustainable development such as income equality, gender equality, social and religious tolerance, civic engagement and attachment to

democratic values. Typically, these values are considered progressive and tend to be associated with increased autonomy. The chapter will examine whether this is true for the Arab region.

Throughout the analysis, it is useful to think of autonomy as comprised of two aspects – one negative and one positive.

This is similar to the notions of negative/positive freedoms introduced by Berlin (1964). The concept of “negative autonomy” refers to the *capacity* to act autonomously – to be in control of one’s life, to have the freedom to choose how to live. This is measured by the extent to which individuals feel that they are in control of their life. The concept of “positive autonomy” refers to extent to which autonomy is *valued* as an aspiration and is measured by using survey questions that ask individuals how much they value independence relative to obedience. This variable of autonomy is also known as self-expression, following the ideas of Inglehart and Welzel (2005, 2010). A person with high levels of negative autonomy, for example a rich, male head of household, would feel in control of his life and probably his household, yet at the same time, may have low positive autonomy, in the sense that he does not hold personal autonomy in high value, and may prefer that his household members be obedient (to him, to the State) and not autonomous in the way they think, act or express themselves. Similarly, a young, educated woman unable to find a job and to break away from an oppressive patriarchal family circle, may not feel in control of her own life, yet active on social media and following developments in the rest of the world, values and yearns for greater autonomy in the sense of self-expression, creativity, critical thinking and holding political opinions that reflect her attachment to autonomy as a condition for others in society.

The chapter will show that an important specificity of the Arab region is that the two aspects of autonomy are distributed differently among the population. This is a reflection of current context in the Arab region which is experiencing the synchronous trends of restriction on personal freedoms alongside increasing aspirations of autonomy among segments of the population, particularly the youth, the educated and women. The restrictions that reduce individual autonomy include a constraining legal framework, the continuing predominance of a patriarchal order, scarce economic opportunities and an environment increasingly overshadowed by physical insecurity and violence. On the other hand, the rise in emancipative aspirations is related to the bottom-up emergence of a view of the world regarding the role of the individual and the State, which has developed endogenously in reaction to economic development, education and increased interaction with the world, that has been produced by improved communication and travel. These developments seem to have increased yearning for more autonomy and voice among the youth, which contrasts sharply with the top-down ideologies of the past.

Opinion surveys, despite their known weaknesses, offer a unique window on values and attitudes.¹² Anthropological approaches provide great clues about the complexity of the subject of study, but to have any “scientific” value, opinions about opinions need to be formed through a systematic effort, polling personal attitudes across the region in a statistically balanced way. This report relies on new data from the WVS that for the first time presents a snap-shot of values and attitudes in 12 Arab countries around 2013 that allows for global comparisons with about 50 countries around the world. Thus, the WVS data is used to

make cross-country comparisons, including along age, education, income, and gender dimensions. Until recently, such rich data was not available. We also use the Arab Barometer to track the development of values in the Arab region over time, between 2006 and 2017.¹³

But when interpreting change, one should avoid falling into an essentialist trap by considering the country context and its specific history and circumstances. Country variations need to be connected to differences in wealth, circumstances and history. Moreover, when looking at values as expressed in opinion surveys, great care needs to be exercised as results depend on the precise timing of the survey and the way in which questions are formulated.

It is informative to investigate Arab countries as one entity with a relatively homogeneous economic culture, despite some obvious differences in terms of wealth, ethnic diversity and political systems. On the cultural front, the region shares one language and the rise of a regional Arab media and the movement of migrants throughout the region have facilitated the spread of ideas. On the political front, “presidents-for-life” have entrenched autocratic regimes in most Arab countries (Owen, 2014) in contrast with the rest of the world where the “third wave” of democratization spread through Africa, Latin America and Asia. Finally, the economies of Arab countries have been dominated by a philosophy of rent extraction and distribution – oil, geopolitical and regulatory. This has fostered cronyism between political power and business, taxed growth, impeded global integration and generated similar social and economic frustrations among the population of the region. These parallel developments were revealed most starkly in

2011 when protests in Tunisia led to a surge of protests across the Arab region, fueled by similar political demands for more freedom, dignity and economic opportunities. The empirical work will also highlight important differences related to levels of development, the dominance of conservative culture and the organization of politics across the region.

B. Stagnating control over life, but rising self-expression

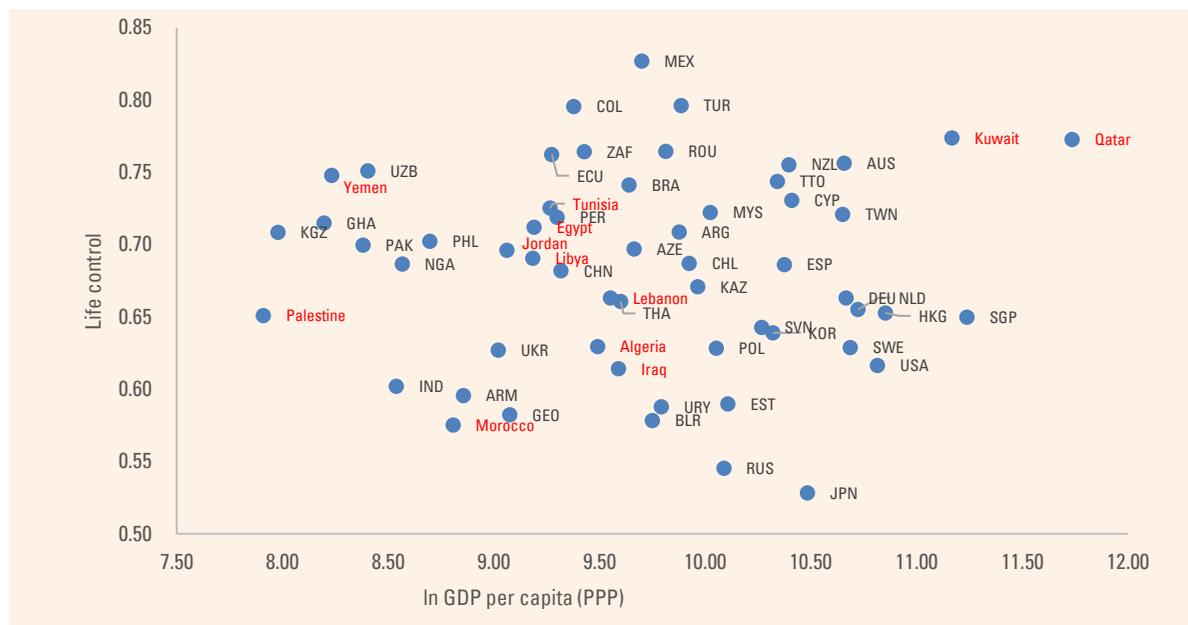
The values of individual autonomy are measured using data from opinion polls. In the WVS sociological literature, “individual autonomy” is assessed based on a battery of questions that combine measures of control over one’s life and measures of self-expression: (i) control of one’s life is measured in response to a question on the extent to which individuals perceive they have free choice and control over their lives; (ii) self-expression is measured in response to a question on parental preferences concerning the extent to which they would encourage independence and determination over obedience as desirable qualities among their children. Annex I at the end of SDR2 contains the precise wording of the survey questions used.

In general, the more democratic and the higher the level of income of a country, the higher the level of autonomy of the people. Moreover, both self-expression and control of life tend to move up in parallel in the richer countries, with the educated youth being both more self-expressive and feeling more in control over their lives. Rising levels of

autonomy tend to be associated with emancipative forces for progressive social change, particularly with a variety of socially useful social tenets ranging from political demands for egalitarianism, to support for gender equality and rising tolerance for social differences (Inglehart and Welzel, 2010). Social progress can be achieved by “generational replacement”, meaning that emancipation is expanded by the youth, who spread more progressive social norms as they grow.

For the Arab region (and other developing countries) however, the two constituents of the autonomy index do not move in parallel. Accordingly, it is more useful to study their evolution and distribution separately. The national averages for the indices of life control and self-expression are depicted in figure 14 and figure 15 (where higher values represent higher levels of self-expression and life control). The value of life control is, on average, nearly as high in the Arab region as in the rest of the world (RoW), while there is a large deficit in self-expression. Variations exist within the region. In life control, Morocco, Iraq and Algeria are at the bottom of the graph and Yemen (before the start of the conflict in 2015), as well as the two countries of the GCC countries in the data, Qatar and Kuwait, are at the top of the graph. This ranking largely reflects the economic situations of the latter two countries. On the other hand, while most Arab countries lag behind the RoW in terms of self-expression, the extreme stragglers are Yemen, Iraq, Libya, Jordan, Algeria, Kuwait and Qatar. There are multiple reasons for this, which are likely related to the conservative culture in the countries.

Figure 14. Control over life



Source: World Values Survey, wave 6 (2010-2014). Available at www.worldvaluessurvey.org/WVSDocumentationWV6.jsp (accessed on 20 March 2018).

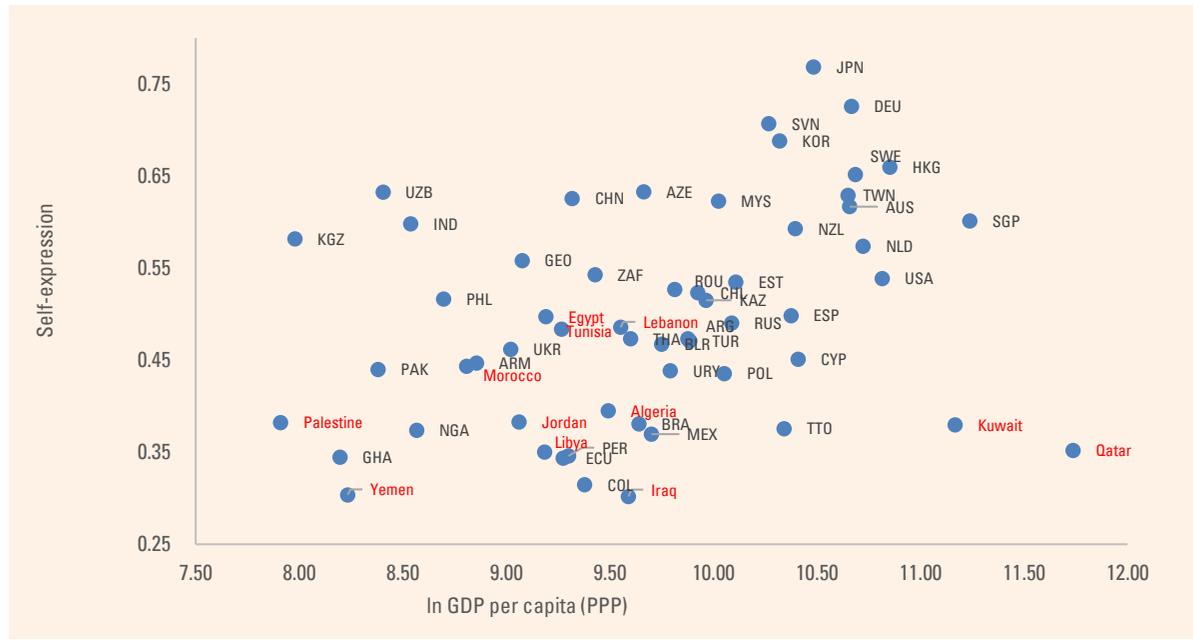
Aside from the low country averages, how these values are distributed among the population characterizes the Arab region.

Focusing on the difference between educated/uneducated, young/old, and male/female, a graphical analysis is done and the main observations are then consolidated through more formal regression analysis. The graphs depict the distribution of values over age groups and education levels. The empirical analysis is based on a simple model that describes the distribution of values along individual characteristics of age, education, income class and gender, with different estimated slopes in the Arab region and in the RoW (annex I). In the graphs, the apparent higher value among the youth relative to their elders may be driven in part by their higher levels of education, a result of the fast rise in educational attainment. Regression analysis can separate the effect of age from the effect of

education to develop a deeper understanding of the distribution of these values in the population.¹⁴

In the Arab region, a sense of control over life is stronger among the old and the educated compared to the RoW. A few trends are notable in the data. First, the distribution over age groups tends to be flat in the region, while in the RoW, the sense of control over life is highest among the youth and decreases with age (figure 16). In some Arab countries, the relation is reversed, and the old have more control over life than the youth (Kuwait, Libya). Second, in all countries, whether Arab or the RoW, life control rises with education – the specificity of the Arab region is that the slope of this relation tends to be larger, with education bringing much more control than in the RoW (see table A1.2, column 2).

Figure 15. Self-expression



Source: World Values Survey, wave 6 (2010-2014).

The exceptionally low relative levels of life control among Arab youth – when they are compared with youth around the world – can be connected to their high levels of unemployment and the related elevated levels economic worries. This can be seen in the WVS data in answers to questions about happiness and the degree of worry Arab youth experience (on the finances, finding or losing a job, being unable to offer one’s children a good education). This pattern is the opposite of what is observed in the rest of the world, where typically economic worries are lower among the youth (UNDP, 2016). It should be noted that aspirations of autonomy are not high among the youth is despite a large demographic advantage. The current generation of youth in the Arab region is not only the largest cohort in history, it also

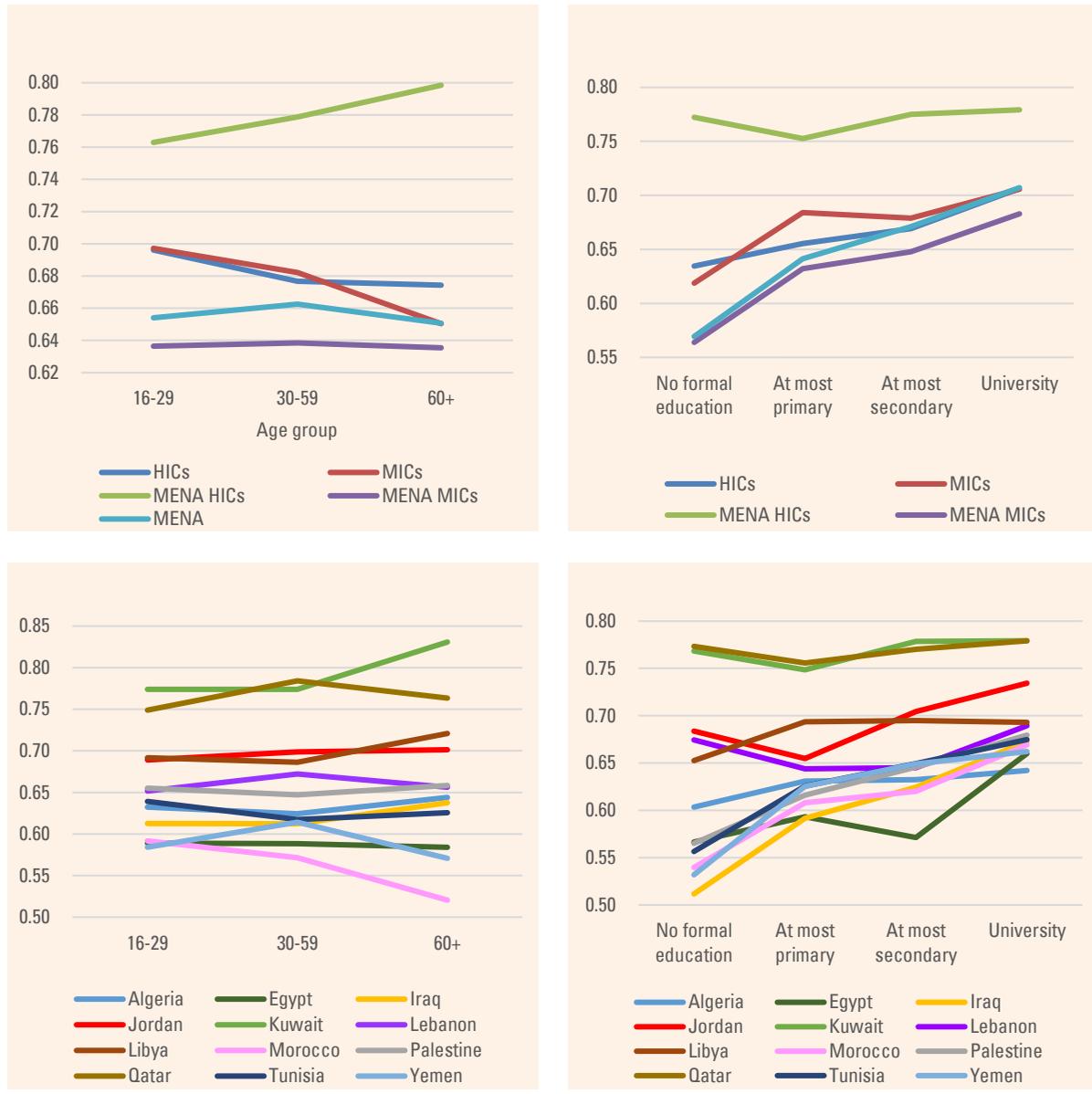
has exceptionally low levels of family responsibilities, creating more space for individualism to flourish. The youth today tend to have many siblings and share responsibility in supporting their parents in old age, and due to their own delay in marriage age, tend to have few children of their own (Fargues, 2003). Women also tend to experience less control over life than men generally, and more so in the Arab region than in the RoW (see annex table A1.2, column 2).

The distribution of self-expression is also different in the Arab region and in the RoW. First, comparing age ranges, the slope is negative and steeper in the Arab region (figure 17) indicating that there has been a recent rise in self-expression in the region. This could also be due to the rising education rates among

youth today compared to the preceding generations. Second, the slopes relative to education are much lower in the Arab region than in the RoW, meaning that education is less emancipative in the Arab region compared with the RoW. This may be a reflection of the conservative content of education. In some countries, especially in the GCC countries, these slopes are flat, and even negative at some levels of education (mostly secondary education), indicating that increased education reduces self-expression in these countries. There are considerable country variations in the relations between self-expression and education or age however. Looking at the age distribution, one can get a sense of how values changed over time and got internalized by successive cohorts. Countries with rapid change include countries with relatively high levels of self-expression (Lebanon, Morocco, Tunisia and Palestine), but also countries with low levels that have started to catch up (Iraq, Libya and Yemen). Alternatively, countries with relatively flatter slopes, such as Kuwait and Jordan, have not seen recent changes among their youth. Qatar has a reverse relation, indicating that the youth are less self-expressive than older generations. In Tunisia and Lebanon (and for those with a tertiary education in Iraq and Yemen), the slopes are high, indicating that education is very emancipative. In contrast, countries where slopes are low (and sometimes reversed) are those where education is more likely to teach conservative values. These include Algeria, Qatar and Kuwait, followed at a distance by Morocco, Jordan and Libya.

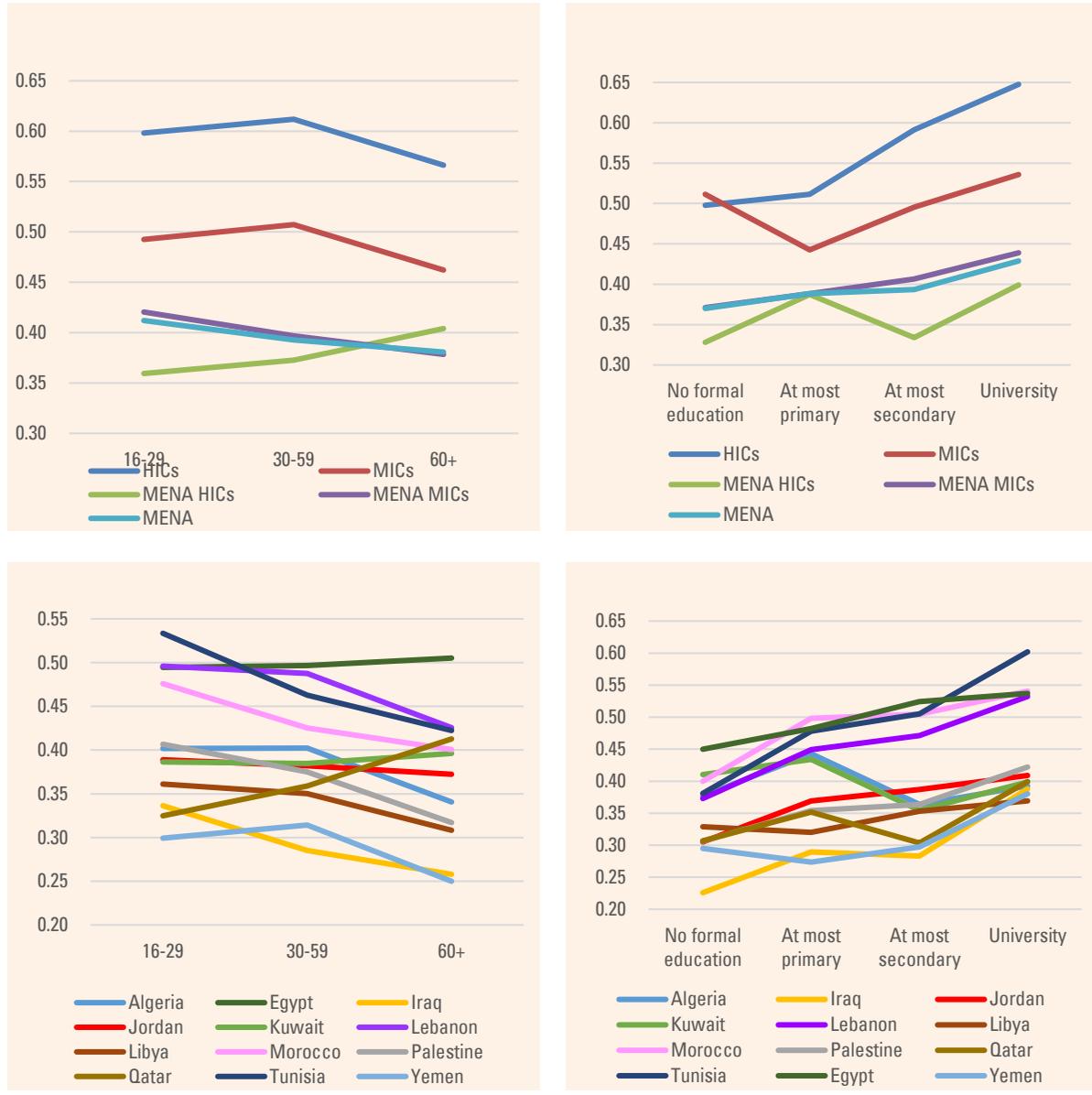
A plausible reason for the rise of self-expression among the youth in some countries is the rise in connectivity to information and communication technology. In the past decade, the region has moved from being information starved in a context of complete State dominance over the media to having access to diverse sources of information through the growing regional media channels, the proliferation of websites and blogs among communities of interest and the explosion of social media (UNDP, 2016). Young Arabs are on average just as connected to electronic means of information as their peers around the world and social media has become a part of their daily lives. Mobile telephone use has increased significantly with nearly 100 per cent penetration. By 2013, internet use had increased to almost 40 per cent – about equal to the world average then – and all accounts indicate that growth has continued at a fast pace since. Greater electronic access has facilitated the formation of online communities and as of 2013, 64 per cent of Arab youth had a Facebook account; 50 per cent were active on Twitter; 46 per cent read blogs; and 59 per cent got their news from online sources (UNDP, 2016). This exposure to global knowledge has provided a liberating portal for young Arabs living in inhibiting environments to form and express their own opinions as well as to challenge power structures. There are however great variations in the region, with young Lebanese, Algerians, Tunisians and Qataris leading the self-expression expansion and Moroccan, Egyptians and Yemenis trailing behind (UNDP, 2016).

Figure 16. Control over life over age and education groups



Source: World Values Survey, wave 6 (2010-2014).

Figure 17. Self-expression over age and education groups



Source: World Values Survey, wave 6 (2010-2014).

Table 10. Distribution of autonomy variables in the Arab region and in the RoW

	Total Arab fixed effect	Age effect	+Additional Arab age effect	High income class	+Additional Arab high income class effect	Education	+Additional Arab education effect	Constant
Self-expression	-11.5%***	-0.008	-0.018	0.013	-0.003	0.096***	-0.065***	0.473***
Life control	-2.1%***	-0.011	0.065***	0.007	0.072***	0.056***	0.014	0.672***

Source: World Values Survey, wave 6 (2010-2014).

Notes: OLS regression. See variable definitions in the annex. Arab effects must be added to the global effect to get the total effect of a variable in the Arab region. The first column measures the total Arab gap, in a regression model without differentiated individual characteristics. All variables rescaled over the (0,1) range. Stars for significance levels: ***=1%, **=5%, *=10%.

Regression analysis refines these results by separating the effects of age and of education. Regression analysis is a useful statistical procedure that disentangles the net relation between values and age from the effects that can be attributed to education levels. This is an important correction because younger cohorts tend to be better educated than older cohorts in the Arab region, and as a result, straight averages of values over age tend to incorrectly attribute to age effects that are in reality correlated with education. Regression analysis uses a model that relates the values of interest, at the individual level, to several independent variables measured both at the country and individual levels. At the country level, the regression model controls for differing levels of development (using the GDP per capita variable). It also includes a fixed effect, which measures the extent to which individuals within the Arab region have similar values solely because of this reason. At the individual level, controls for age, education, gender and income class are used. The fixed effect indicator for the Arab region is also interacted with the individual characteristics to check if the relation between values and personal characteristics are different

in the Arab region when compared with the shape of these relations in the RoW (see annex I for details of the models). It should be noted that the results of the regression models are more precise than the results obtained from the graphical analysis conducted earlier. In particular, the relation between various values and age can appear to be different, once the effect of education is isolated.

Regression analysis reveals that the overall gap in the Arab region relative to the RoW is small for control over life (-2.1 per cent), and large for self-expression (-11.5 per cent) (table 10, first column).

When controlling for individual characteristics, it appears that in the RoW the life control variable is not related to age while, in the Arab region, life control rises with age (by 6.5 per cent), meaning that it is highest among the old.¹⁵ While life control and education are clearly linked in the Arab region, as in the RoW, the older educated in the Arab region have a large extra push on control over life (by 15 per cent) (see table AI.2).

Moreover, the relation with income classes is also different, with the rich much more in control over their lives in the Arab region, and the poor much less (see, table AI.2). Thus, the distribution of power in Arab society seems more tilted towards older people who are educated and the rich. Self-expression on the other hand now appears to behave in similar ways across the Arab region and the RoW. Specifically, self-expression is not influenced by age or income, only by education. That said, it is much less affected by education in the Arab region than in the RoW. This strongly confirms the lack of emancipative content of education, which was suggested by the graphical analysis.

The distribution of these values among the population depicts a problematic situation from the perspective of social change.

Social change and progress tend to be driven by actors with a strong sense of autonomy. It is unlikely that social pressures for social change – for income equality, gender equality or more inclusive and tolerant societies – would be led by older generations whose values tend to be already consolidated, in contrast to those of the youth, especially the educated youth, who develop emancipated values during their formative years, leading to the spread of change and new norms through gradual intergenerational replacement. Yet, for individuals in society to have a substantial influence on society, they need to have high levels of both self-expression and life control. Control over life offers freedom of action, but without high levels of self-expression, control is more likely to be used for self-benefit and self-gratification, rather than to pursue social goals. On the other hand, high values for self-expression without control over life, may give rise to important personal social aspirations, but not the means to act on them.

C. The autonomy gap among the youth and the educated

The low level and peculiar distribution of the value of self-expression in Arab society is likely to reflect several phenomena particular to the Arab region.

The main reasons why the youth and the educated do not acquire more self-expressive values (and why the young and the educated do not feel a sense of control over their lives), can be related to:

- An unequal and exclusive system of legal rights;
- An education system that does not promote personal autonomy (or promotes it much less than in the RoW);
- A dominant system of patriarchy which plays a significant role in constraining individual behavior and autonomy, particularly for youth and women;
- Various other cultural, economic and political forces suppressing self-expression, that are linked to rising economic insecurity, religiosity, physical repression and more recently, physical insecurity.

1. Rule of law and personal autonomy

Arab countries have long been a place of questionable political, human and women's rights. According to Freedom House, the region is currently characterized by a dismal average rating on its freedom scale.¹⁶ Within the Arab region, home to over 420 million people, only Tunisia is considered a free country and Jordan, Kuwait, Lebanon and Morocco partially free countries. The Freedom House indicator is based on the electoral process, political pluralism and participation rights and the functioning of government. The indicator shows that the Arab region has long been one

of the world's worst-performing regions in terms of political rights (UNDP and Arab Fund for Economic and Social Development, 2002; UNDP 2016). In the aftermath of the Arab uprisings, the region did not experience any improvement of its citizens' political rights. In 2016 most Arab countries had few, very restricted or weak political rights. Only Tunisia enjoyed a wide range of political rights, including free and fair elections. The political rights indicator developed by Freedom House also includes a subcategory that assesses political pluralism and participation rights in Arab countries. Once again, only Tunisia provides its citizens with full and strong political participation rights.

The dysfunctions of authoritarian regimes in terms of citizens' political participation are also highlighted in the other governance indicators. Using various indices developed by the World Bank, the African Development Bank, Transparency International and other NGOs, the "voice and accountability" dimension of the World Bank Worldwide Governance Indicators (WGI) captures the extent to which a country's citizens can participate in selecting their government, as well as freedom of expression, freedom of association and free media. In 2015, with the exception of Tunisia, none of the Arab countries was above average in voice or accountability compared to the RoW. The Arab region ranked last in the world with Bahrain, Djibouti, Iraq, Libya, Saudi Arabia, the Sudan and the Syrian Arab Republic in the bottom 10 per cent globally (UNDP, 2016).

In terms of gender rights, the de jure discrimination against women in some Arab States is still entrenched. Indeed, the lack of an explicit prohibition of gender-based discrimination in the constitutions of many Arab

countries – namely Kuwait, Lebanon, Oman, Qatar, Saudi Arabia and the United Arab Emirates – severely limits women's rights of access to justice. The guardianship system, economic dependency and the centralized justice system are other factors contributing to the lack of accessibility to the justice system for Arab women. Women are also systematically underrepresented in government across the region.

Not only is rule of law weak in general, but the specific aspects of rule of law that deal with the equal treatment of individuals are even weaker relative to other countries, and in a systematic way.

The Rule of Law database, which comprises 44 measured dimensions of a country's rule of law, extracts nine variables related to the concept of equality of treatment of individuals by the law.¹⁷ An "equal legal treatment" index is constructed to contrast the six Arab countries covered by the database to comparator groups. Table 11 shows the average of the equal treatment index, the overall rule of law index for the Arab countries and for various groups of countries and the ratio of these two indexes. In the Arab countries, laws pertaining to equal treatment were rated worse than the overall rule of law (reflected by a lower ratio). This is in contrast to the average situation in the RoW, regardless of low, middle, or high-income level, where equal treatment laws tend to move in parallel with the general rule of law.

The weakness of the rule of law when it comes to the equal treatment of individual is reinforced by peoples' perception of how equally they are treated by their authorities.

A question from the Arab Barometer asks: "To what extent do you feel you are being treated equally by the government in comparison with other citizens in your country?" Figure 18 below reports the evolution of this

index (“to a great extent” has been coded as 1). Two aspects are noteworthy: First, there is a close concordance between perceptions and the more objective rule of law index. Among the countries in the region, Lebanon and Egypt have low ratings on both measures, while Jordan and GCC countries have the highest ratings. Second,

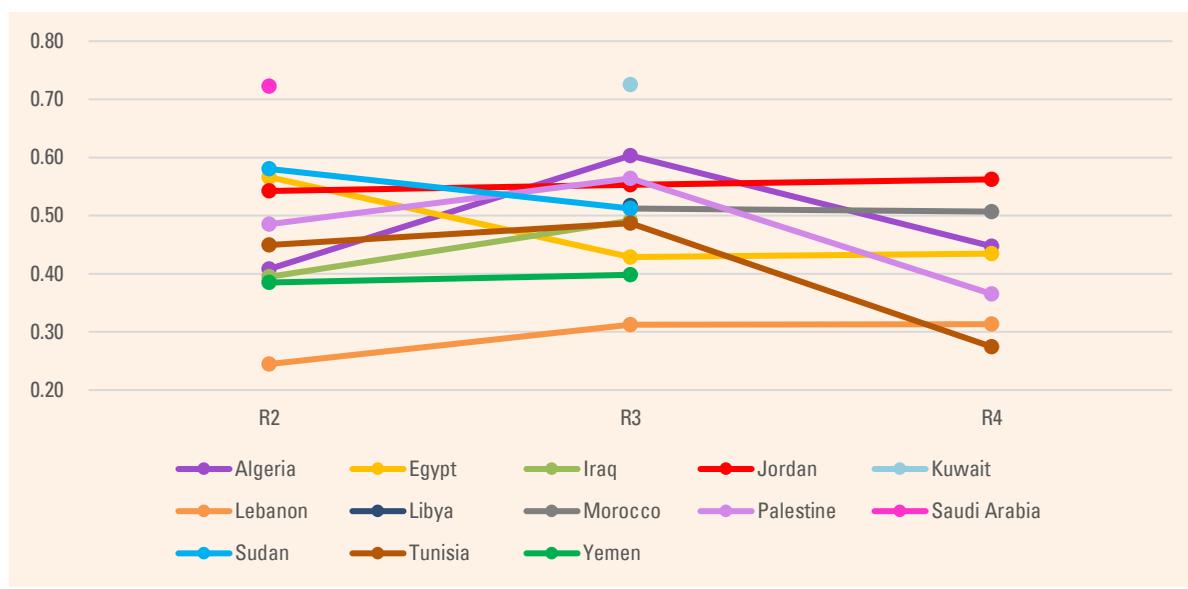
the Arab Barometer data reveals a sharp deterioration in these perceptions between waves 2 and 3 in Egypt and the Sudan and between waves 3 and 4 in Tunisia, Palestine and Algeria. It is as if the uprisings exacerbated citizens’ perceptions of their problems and made them more critical of poor governance systems.

Table 11. Rule of law and equal treatment

	Equal treatment index (1)	Rule of law index (1)	Ratio (1)/(2)
All Arab countries	.47	.52	.89
Egypt	.34	.37	.93
Jordan	.53	.59	.90
Lebanon	.43	.46	.94
Morocco	.46	.53	.87
Tunisia	.51	.53	.96
United Arab Emirates	.53	.66	.80
LICs	.46	.45	1.02
MICs	.51	.50	1.01
HICs	.74	.74	1.00

Source: World Justice Project, “Rule of Law Index database 2016”. Available at <https://worldjusticeproject.org/our-work/wjp-rule-law-index> (accessed on 15 September 2017).

Figure 18. Equal treatment (Arab Barometer)



Source: Arab Barometer, waves 2, 3 and 4. Available at www.arabbarometer.org (accessed on 20 May 2018).

2. Education as indoctrination

The region's education system seems to be designed to slow down social change.

Regional research has convincingly shown how pedagogical methods that emphasize rote learning encourage respect for authority by reducing the recourse to critical thinking (see, for example UNDP and Arab Fund for Economic and Social Development, 2002; UNDP, 2016; Kadi and Billeh, 2007; Doumato and Starrett, 2007; Faour and Muasher, 2011; Zaatari, 2014). More than simply reflecting conservative values, such pedagogical methods have been used by authoritarian regimes as an instrument of indoctrination (Diwan and Vartanova, 2017).

Education has been used as a special instrument to forge an obedient technocratic elite. The autocratic State formed a social contract exchanging obedience to authority for the high returns gained from education. The unequal access to education can be partly explained by its indoctrinating role, as individuals who refused to "play the game" – meaning they did not engage in rote learning or show excessive respect toward teachers and authority more generally – were ultimately rejected by a system whose goal is the reproduction of the values of its political elites.

Besides education-based indoctrination, there are other instruments of socialization that affect the whole population. Propaganda has been central to Arab nationalism in the post-independence period when Nasserism and Ba'athism values were spread through mass education drives of the 1960s and 1970s, especially in Egypt, the Syrian Arab Republic and Iraq. These values emphasized a cult of personality for the countries' leaders and the values of respect for authority and sacrifice for the nation.

3. Role of rising religiosity

Pious societies tend to be less in favour of values of emancipation. Religion has been frequently highlighted as a part of a broader puzzle to explain the lack of personal autonomy (and genuine democracy) in Arab countries. The place of religion in public life and its impact on personal status laws, and the rights of women in particular, remains a contentious issue (ESCWA, 2014). Piety is a narrow expression of the broad concept of religiosity. To the extent that piety entails more visits to the mosque or the church, which involves listening to sermons, it propagates and amplifies the institutional messages, which tend to be socially and politically conservative, especially when serving authoritarian State interests. Research has found that higher levels of piety in the Arab region are associated with lower levels of social activism, higher support for patriarchy and authority and more social and religious intolerance (Esmer, 2002; Norris and Inglehart, 2002; Zaatari, 2014).

Around the world, Arabs tend to be more pious by a large margin than citizens with similar socioeconomic characteristics, living in countries at similar levels of development (UNDP, 2016). Moreover, there has been a very large upswing in piety since the 1970s, coinciding with the failure of the post-independence State-led modernization drive. In parallel with the decline in leftist parties, there has been a dramatic surge in the popularity of political Islam, resulting in rising social polarization around the role of religion in politics (UNDP, 2016).

4. Autonomy and insecurity

The heightened state of insecurity in the region post-uprisings seems to have affected individual preferences in important ways. The threat of insecurity can lead to a

decline in both social activism and demands for civic rights along with a rise in identity-based cleavages. It can also lead to a rise in extremism and social polarization, making necessary economic and political reforms more difficult and creating risks of countries falling into “violence traps” (North, Wallis and Weingast, 2009). The global literature, building on earlier research on the links between the rise of modern sociopolitical values and the decline of insecurity in Western societies (Inglehart and Welzel, 2005, 2010) has started to look in more detail at how insecurity threats affects individual preferences. Simply put, a threatened public tends to favor authoritarianism. Moreover, insecurity has been associated with support for repression, rising intolerance, exclusionist attitudes towards minorities and people with different political ideologies, reduced support for civil liberties and a greater willingness to support war and militarization (Foa and Mounk, 2016; Motyl, Hart and Pyszczynski, 2010; Burke and Stets, 2009; Davis and Silver, 2004). Other literature has focused on the rise of extremism and has shown that people who feel vulnerable turn to zeal in the face of perceived threats (McGregor and Jordan, 2007). Regional literature has studied the way insecurity distorts individual values. Recent studies show how exposure to terrorism and other threats shapes exclusionist political attitudes toward minority groups (Canetti-Nisim and others, 2009).

D. The effect of autonomy on social and political values

A depressed level of personal autonomy tends to translate into low levels of social empathy and weak support for reducing various forms of inequality. In other parts of the world, the rise of personal autonomy has been associated with positive forces for social change, and in particular with a variety of socially useful practices ranging from demands for egalitarianism

in politics, to support for gender equality and commitment to the values of an inclusive and more democratic society (Inglehart and Welzel, 2010). Conversely, the sluggish rise in autonomy, especially in environments where physical security has been threatened violence, may translate into less tolerance for differences, whether social or political. Indeed, more chaotic environments created by the collapse of autocracy can polarize society along various dimensions that exacerbate intolerance.

A critical problem with the disconnect between the components of personal autonomy among the Arab youth is that it slows down the change in social norms.

Individuals shape their opinions largely during their formative stage, between the ages of 18 and 25 years, usually when they are students (Yates and Youniss, 1998; Burke and Stets, 2009). These opinions then tend to stick with them for the rest of their lives. The shared predispositions of age cohorts are taken to represent generational effects in the sociological literature (Inglehart and Welzel, 2010; Yates and Youniss, 1998; Burke and Stets, 2009). Empirical research on political generations has produced solid findings that certain attitudes, after being shaped during the formative period, persist throughout life (Alwin, 1993, 1994). Yates and Youniss (1998) show that the disposition to civic action is developed during their schooling and that participation in community activities are very good predictors of future political participation in their lifetime. Thus, progressive values tend to affect mainly the youth, whose opinions have not yet been solidified, and to penetrate society over time as youth grow older (Inglehart and Welzel, 2010). If, however the youth are not open to new ideas and values, and because of a gap in their life control, they are unable to become influential in society, new values are not able to penetrate in society since older members tend to have set values and are unlikely to champion changes in norms.

Table 12. Correlation coefficient between self-expression and life control on desirable social values in the Arab sample (in percentage points)

	Self-expression			Life control		
	All	Educated	Youth	All	Educated	Youth
Society						
Gender equality	6	9	6	-1	-3	-1
Religious tolerance	11	12	10	-1	-2	-1
Social tolerance	6	5	7	3	8	2
Inequality						
Preference for equality	5	2	4	-18	-12	-14
Social justice	-2	-2	-1	-10	-7	-8
Polity						
Support for democracy	2	2	3	12	15	9
Civic engagement	-1	2	-2	8	5	6
Confidence in institutions	-2	-4	-2	7	8	5

Source: Authors' calculations based on World Values Survey database, 2014.

Note: See annex II. Correlations from a regression model of individual values on self-expression and life control, with Arab regional fixed and slope effects. The figures in the table are the total Arab slopes.

How does the evolution and distribution of personal autonomy relate to the preference for equality, tolerance for differences, gender equality and commitment to democracy in society? The premise is that more autonomous individuals, especially the educated, hold more emancipated social values which can influence and slowly change social norms. The extent of the influence can be estimated by the correlation between the social values of interest and the level of autonomy. These correlations are depicted in table 12 below and will be discussed in detail in the following sections. Self-expression translates more than life control into social tolerance and a preference for equality, while

life control translates into more political involvement, and both these correlations are largest among the youth and the educated.

1. Gender equality

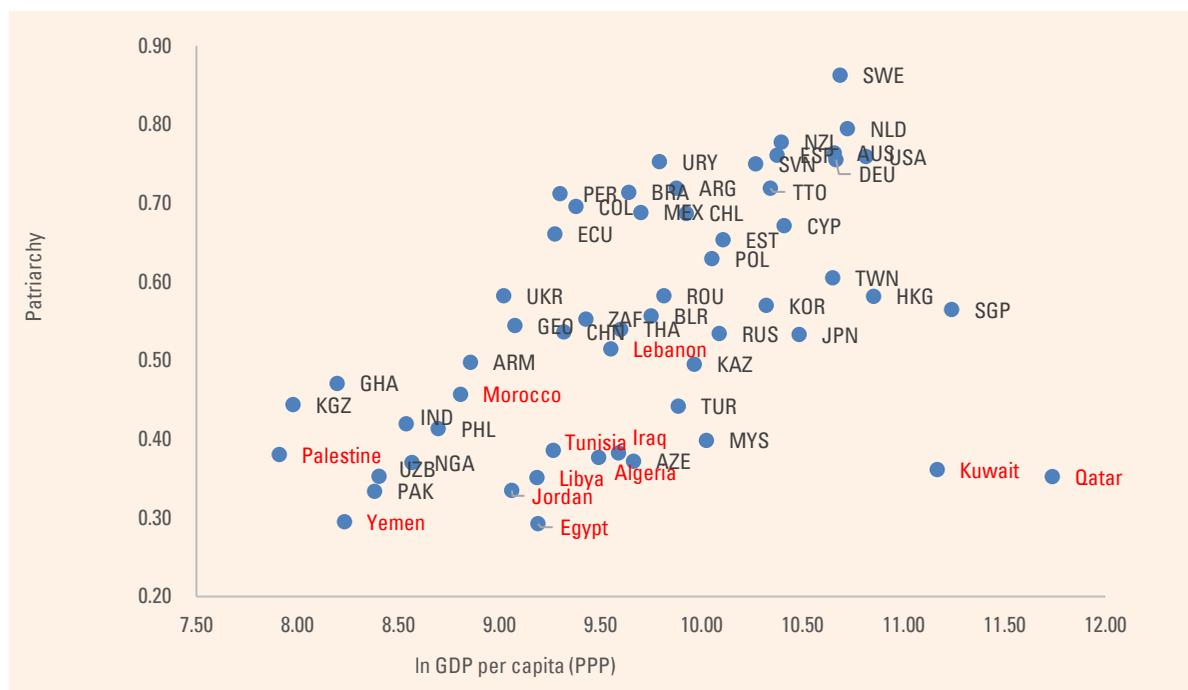
Arabs countries score lower on support for gender equality when compared to countries at similar levels of development. Using opinion polls, the individual attachment to gender equality can be measured in the WVS by building an index of answers to questions that ask: (i) should men have more right to a job when jobs are scarce; (ii) is a university education more important for a boy; and (iii) do men make better political leaders. Using this

index, individuals in the region score lower than comparable individuals in the rest of the world on the value of gender equality, with a large gap of about 19 per cent (table 13, figure 19). All Arab countries stand are in the bottom half. Within the group, support for gender equality is highest in Lebanon and Morocco and lowest in Egypt, Yemen, Kuwait, Qatar and Jordan.

In Arab countries, gender inequality in politics, the labour market, education and the family is practiced, tolerated and even sanctioned by the State and by law (Zaatari, 2014). Patriarchy is a social structure that privileges males, asserts power over women and affirms inequality between the genders. Gender inequality is a central tenet of the patriarchal order. Patriarchy touches on all aspects of life, from the political to the social,

economic, cultural, religious and sexual (Joseph, 2000; Zaatari, 2014). The low level of personal autonomy in the region is both due to a strong patriarchal order and also further strengthens the patriarchy. The closeness of the Arab family and the connection of family values with patriarchal values have been well documented in literature (Esmer, 2002; Alexander and Welzel, 2011; Norris and Inglehart, 2002; Moghadam, 2003). The traditional patriarchal structure of the family is especially prevalent among rural and low-income groups throughout the Arab region, and influences young Arabs' attitudes towards gender equality. There is also a close coherence between the values of patriarchy and those associated with gender inequality, respect for authority, extreme religiosity and support for autocratic governance.

Figure 19. Gender equality



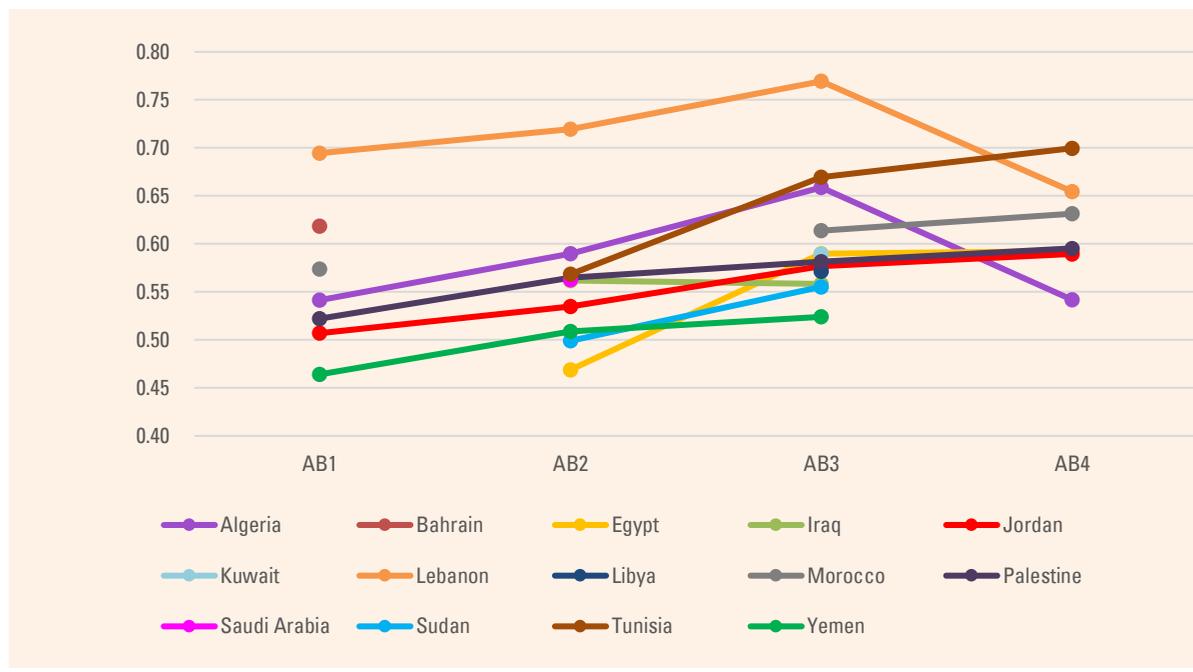
Source: World Values Survey, wave 6 (2010-2014).

Most countries of the region experienced pro-gender progress after the Arab uprisings. While it is still too early to fully understand the political and social ramifications of what happened and continues to happen in the region as a result of these major popular movements, the mobilization of youth, including women, to change their societies is likely to have wide-ranging implications for the future. Since the Arab Barometer includes the same variables as the WVS on patriarchy a similar index can be computed. There are four waves of data available, two before the uprisings and two after. Examination of the trends per country (figure 20) reveals slow progress nearly everywhere, with some exceptions. There have been recent setbacks in Lebanon and Algeria which are not easy to explain. Among the countries with progress, Tunisia is noteworthy

moving from the third most pro-gender in wave 2 to the country in the number one slot, through slow but constant gains across the four Arab Barometer waves.¹⁸

Women all over the region are more pro-gender than men. It is noteworthy that the difference in the average index of gender equality between the Arab region and the rest of the world is smaller among women than among men. This can be seen by noting that the differences of opinions between men and women on gender equality is about 20 per cent to 40 per cent in the Arab region, as compared to only 7 per cent to 10 per cent in the rest of the world (Diwan and Vartanova, 2017). Without men adopting a more egalitarian worldview, it will be a challenge for women alone to alter the status quo.

Figure 20. Lack of patriarchy (Arab Barometer)



Source: Arab Barometer, waves 1, 2, 3 and 4.

Table 13. Patriarchal values

	Arab FE	Age	Arab*age	Female	Arab*female	Education	Arab*edu	Constant
Gender equality	-19.0%***	-0.029**	-0.062***	0.089***	0.042***	0.111***	-0.059***	0.561***
Lack of respect for authority	-12.6%***	-0.016	0.014	-0.013***	0.012*	0.079***	-0.065***	0.229***

Source: World Values Survey, wave 6 (2010-2014).

Note: see table 10.

Younger individuals tend to be more pro-gender than the rest of the population, and the gap between the older generation is greater than in the RoW. This reflects rapid gains in support for gender equality among the younger generation, but from a relatively low base (figure 21). At this stage, only Lebanese youth are as much for gender equality than comparable youth in the RoW. Indeed, the slopes of the gender equality preferences over age are steepest in Lebanon and Morocco, followed by Tunisia, Palestine and Kuwait (mid-level) and Yemen (from a low base). In contrast, there is no apparent progress in Egypt (where the value is also one of the lowest in the region), Jordan, Kuwait and Libya.

More educated individuals tend to be more pro-gender than the rest of the population, in line with global experience.

The difference between educated and uneducated individuals is however not as steep as in the RoW, suggesting schooling has less effect on gender equality than elsewhere, another reflection of the conservative nature of Arab education systems (table 13). The only countries where education has an emancipative effect on gender equality are Lebanon, Morocco and Tunisia (figure 21).

There is more differentiation in the way autonomy – having it or aspiring for it – is influencing values related to gender equality. Individuals that have a high level of autonomy are not more or less supportive of gender equality than the rest of the population. However, among those with high levels of aspiration for autonomy, the relationship is positive and higher than in the RoW sample. This suggests a strong pro-gender drive in the post Arab uprising populace in the region.

At the same time, the system of patriarchy is under threat, as younger and more educated Arabs are becoming less accepting of authority.

Obedience to authority is a value fundamentally associated with traditional, patriarchal and autocratic values. Looking at the changing pattern of feelings of obedience to authority among the countries of the region can provide further clues on the evolution of these values. The WVS measures obedience to authority using questions related to obedience of parents and towards political leaders (UNDP 2016). The region is above the global average by about 12.6 per cent (table 13). It is weakest (and closest to RoW norms) in Lebanon, Algeria and Palestine. Obedience to authority in conservative Arab countries – Libya, Egypt, Yemen, Jordan and the GCC countries (figure 22) – remains much higher than in the RoW.

Figure 21. Gender equality over age and education groups

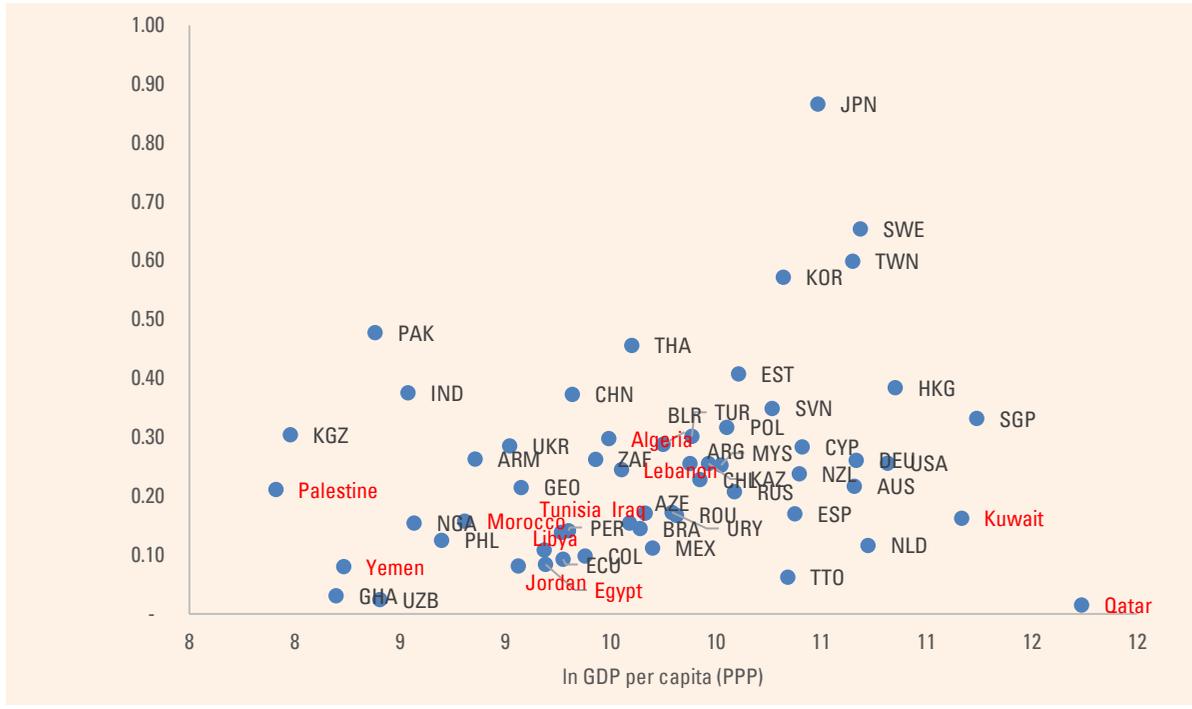


Source: World Values Survey, wave 6 (2010-2014).

Obedience is lower among the educated relative to the uneducated, in both the Arab and the rest of the world samples. However, the difference in this value between youth and old is much less marked in the region than in the RoW, suggesting that on average the Arab youth are not aligned with global trends. The only place progress is observed is in Lebanon, while there is regress (meaning youth are more obedient than their

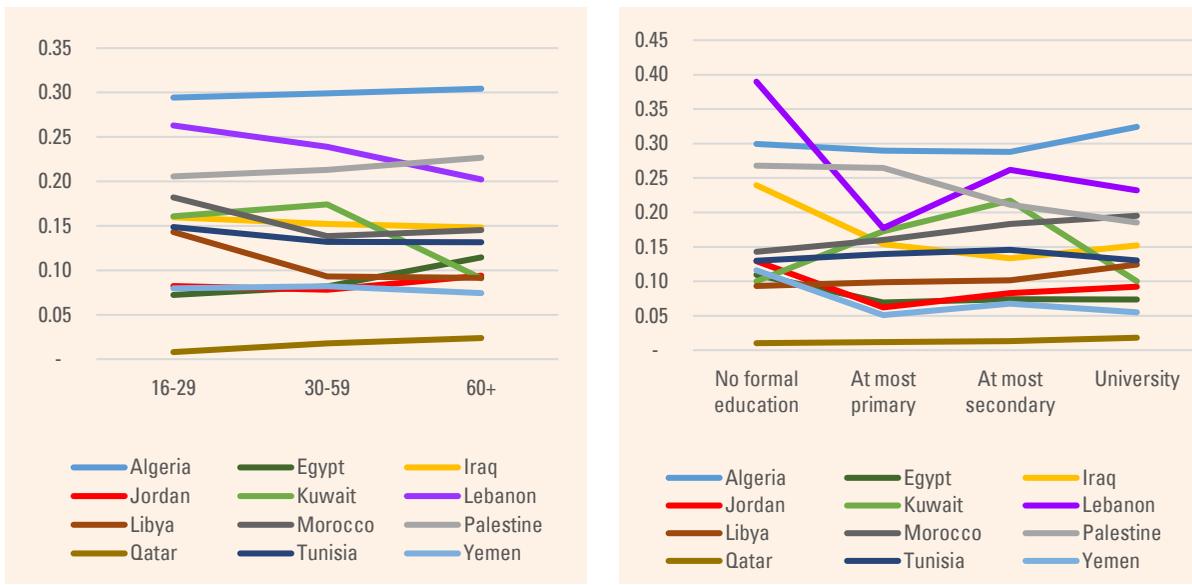
elders) in Qatar, Libya, Egypt, Palestine and Algeria. Similarly, the effect of education is positive but dampened relative to the RoW. Again, this is likely to reflect the content of education, where curricula and methods of teaching encourage a lack of critical thinking in ways that preserve the status quo. There are some regional variations, with some levels of education being emancipating in Kuwait and Palestine (figure 23).

Figure 22. Lack of respect for authority

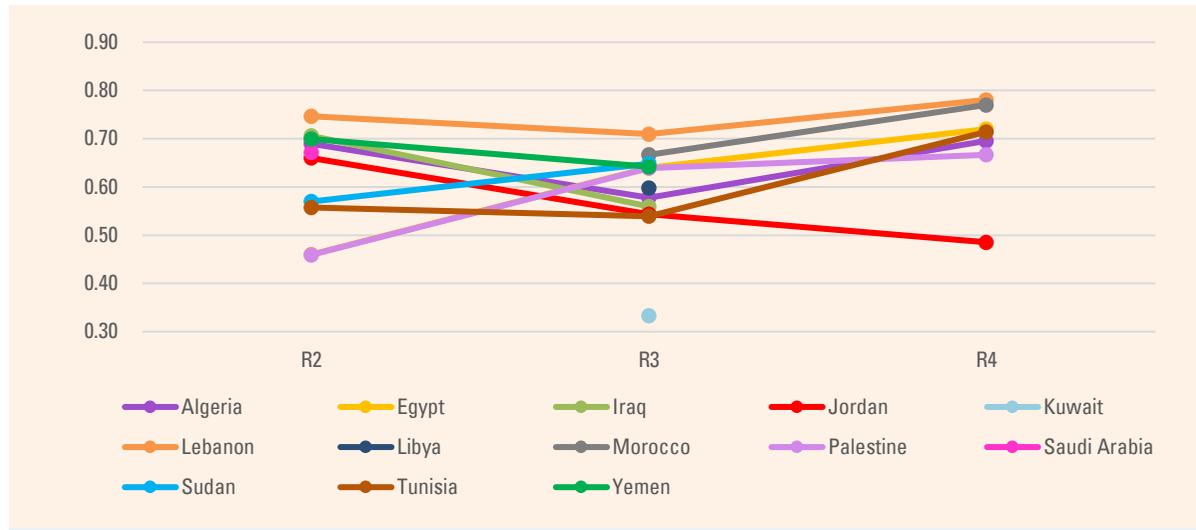


Source: World Values Survey, wave 6 (2010-2014).

Figure 23. Lack of respect for authority over age and education groups



Source: World Values Survey, wave 6 (2010-2014).

Figure 24. Lack of respect of authority among educated male youth (Arab Barometer)

Source: Arab Barometer, waves 2, 3 and 4.

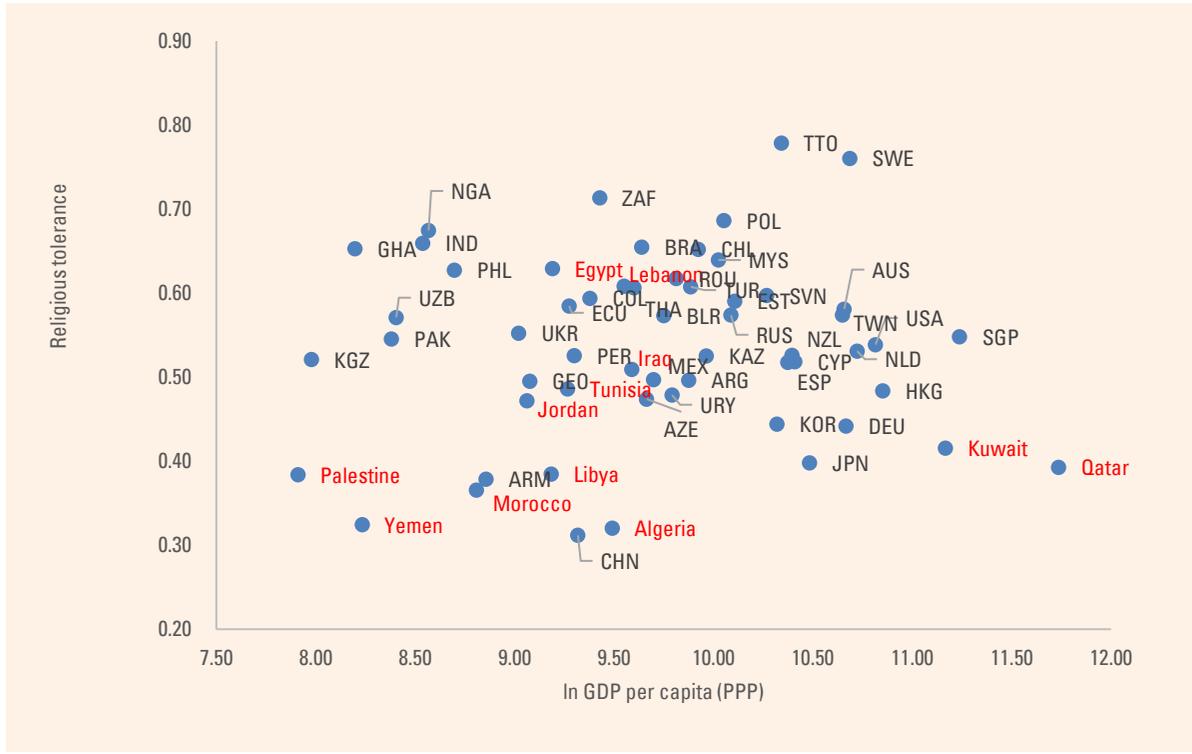
It is possible to look at the evolution of this variable over time, as it is included in the Arab Barometer's waves 2 to 4 (figure 24). While the variable is not the same in the WVS, it measures similar values (the precise question used is: "To what extent do you agree or disagree with the following statement: Citizens must support the government's decisions even if they disagree with them?"; strongly disagree is coded as 1). The results suggest that respect for authority dropped after the uprisings, especially by wave 4, after stabilizing or falling a bit during the chaotic period prior. This drop is especially marked among the educated youth, and most so in Lebanon, Algeria, Morocco, Tunisia, Egypt and Palestine. The reverse trend is observed in Jordan only. It is as if the uprisings liberated large swaths of the population from traditional social norms of respect for authority.

2. Social and religious tolerance

Tolerance is a core value in pluralistic societies and a cornerstone of systems that

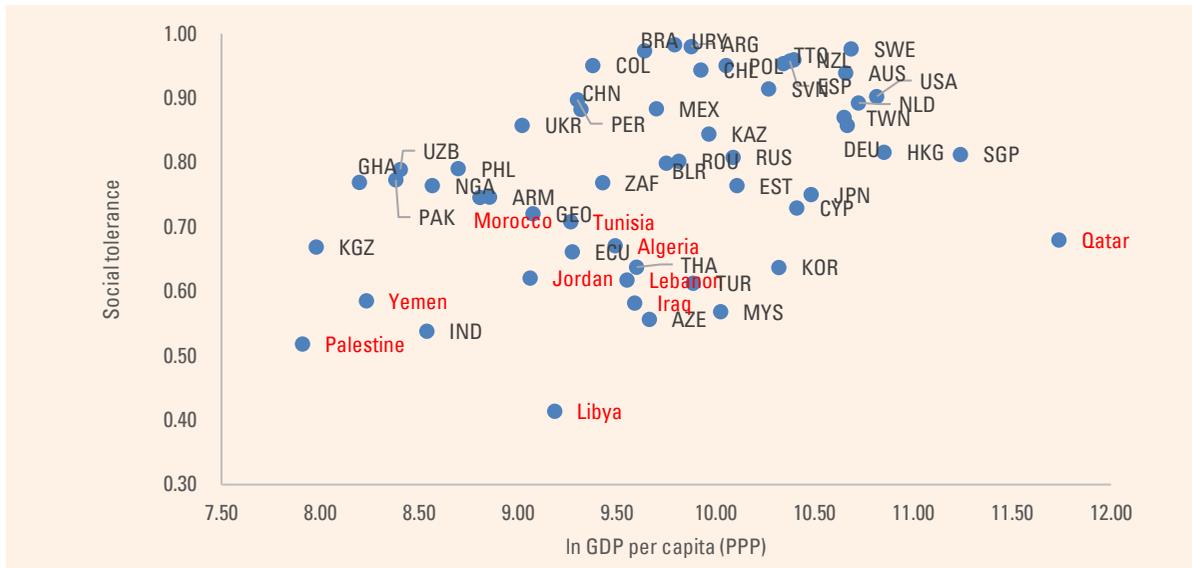
are more inclusive and more democratic (Muasher, 2014). Up till now the Arab region has been characterized by high levels of social and religious intolerance. Two groups of questions in the WVS measure tolerance in ways that can distinguish between social and religious tolerance. The first index builds on a question on the acceptability of various types of neighbors – people of a different race, nationality, language and unmarried couples. The second builds on questions that ask whether all religions are equally moral and whether they should be all taught in schools. As shown in table 14, the region's gap with the rest of the world is large at -18.3 per cent for social tolerance and -12.6 per cent for religious tolerance. The more religiously diverse countries of Lebanon and Egypt actually score above the global average on religious tolerance (figure 25). On social tolerance, Libya, Iraq, Jordan and Lebanon score lowest among the middle-income countries worldwide, and Palestine and Yemen score lowest among the poorer countries (figure 26).

Figure 25. Religious tolerance



Source: World Values Survey, wave 6 (2010-2014).

Figure 26. Social tolerance

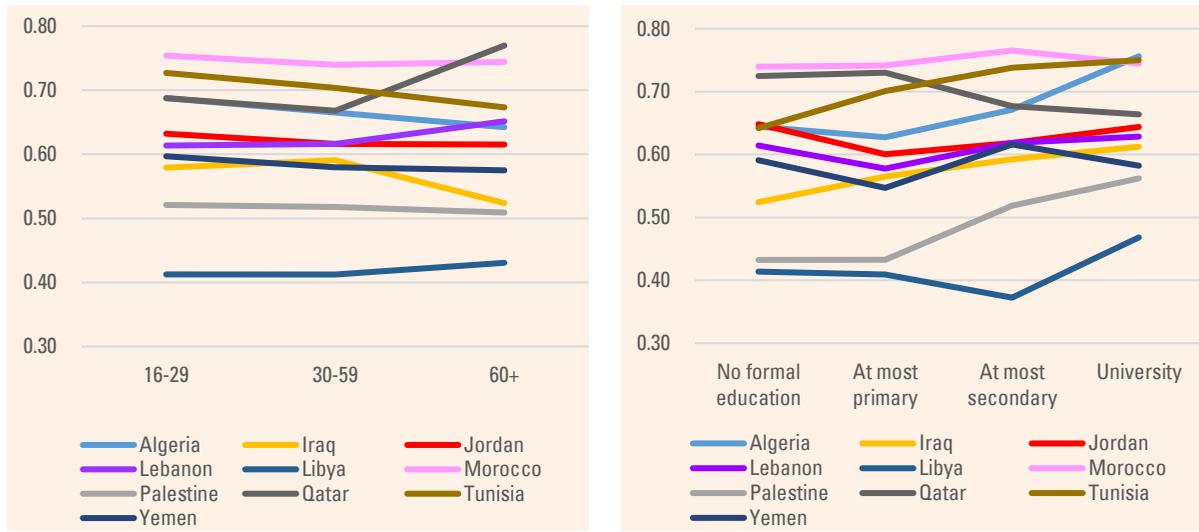


Source: World Values Survey, wave 6 (2010-2014).

In sharp contrast to the RoW, Arab youth are less tolerant than the old on religious issues, which is the opposite of the global trend (table 14). This is a worrisome development requiring further investigation. On social issues, Arab youth are on average a bit

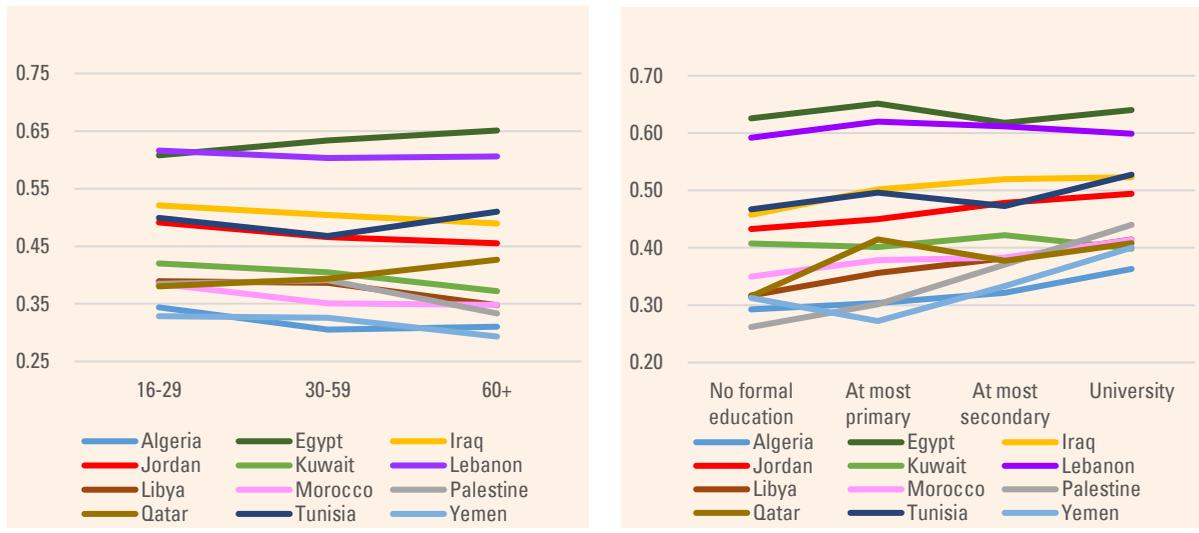
more tolerant than the old, as in the RoW. There are however important regional variations. In Iraq, the youth are more tolerant of social differences than the old, indicating progress. In Qatar and Lebanon, the old are more tolerant than the youth, indicating regress (figure 27).

Figure 27. Social tolerance over age and education groups



Source: World Values Survey, wave 6 (2010-2014).

Figure 28. Religious tolerance over age and education groups



Source: World Values Survey, wave 6 (2010-2014).

Table 14. Value of social and religious tolerance

	Arab FE	Age	Arab*age	High income class	+Additional Arab high income class effect	Education	Arab*educ	Constant
Religious tolerance	-12.6%***	-0.044***	0.052**	0.029***	-0.029*	-0.036***	0.056***	0.602***
Social tolerance	-18.3%***	-0.034***	0.017	-0.080***	0.037*	0.089***	-0.080***	0.752***

Source: World Values Survey, wave 6 (2010-2014).

Note: see table 10.

Education does not lead to greater social tolerance in the Arab region, unlike in the RoW. On the one hand, there is a positive and significant effect of higher education on religious tolerance, which is larger than in the rest of the world and is one of the most beneficial aspects of education found so far. However, that social tolerance remains nearly flat even with rising education levels is a very worrying trend and another example of the conservative nature of education. Here too, there are regional variations. Education actually reduces social tolerance in Qatar, Yemen and Morocco while in Palestine, Iraq, Algeria and Tunisia education increases social tolerance.

To what extent does the evolution in the value of autonomy affect changes in social norms regarding gender equality and social and religious tolerance? Table 12 shows that gains in self-expression have a positive effect on these social values in the Arab region, while a rise in life control actually has a (small) negative effect on religious tolerance. In that respect, it is good news that the wave of emancipation rolling through the region among the youth has had a positive effect of social tolerance. Gender equality and social and religious tolerance are areas where both education and self-expression can pull in the same direction to begin to counter intolerance. This is especially relevant on for social intolerance, which seems to be most deeply ingrained in

society. The countries that experience gains in self-expression – such as Lebanon, Morocco, Tunisia and Algeria – also saw the largest gains on gender equality and social tolerance in the region, especially among the educated (compare figure 15, with figure 19, figure 25 and figure 26). Conversely, countries with high levels of life control – a such as Qatar, Kuwait, Libya and Jordan – achieved fewer gains on the gender quality and social tolerance fronts.

3. Attitudes Towards Inequality

So far, the discussion has assumed that individuals have an innate preference for equality. But there is no universal tendency for such a preference. While people tend to universally dislike unfairness, including inequality of opportunity, the tolerance to inequality varies across cultures and types of individuals. For example, some “conservatives” believe that inequality provides incentive for effort, and others that it provides gives them a valuable motivation to earn money (Starmans, Sheskin and Bloom, 2017). El-Gamal (2015) has noted that there is no theory of social justice in Islam, and that different societies have developed different attitudes and preferences about the extent to which they tolerate inequality and the ways in which policy should intervene. How the region fares in terms of its dislike of income inequality and preference for income

redistribution is examined here. How these values are affected by the sense of autonomy is also examined.

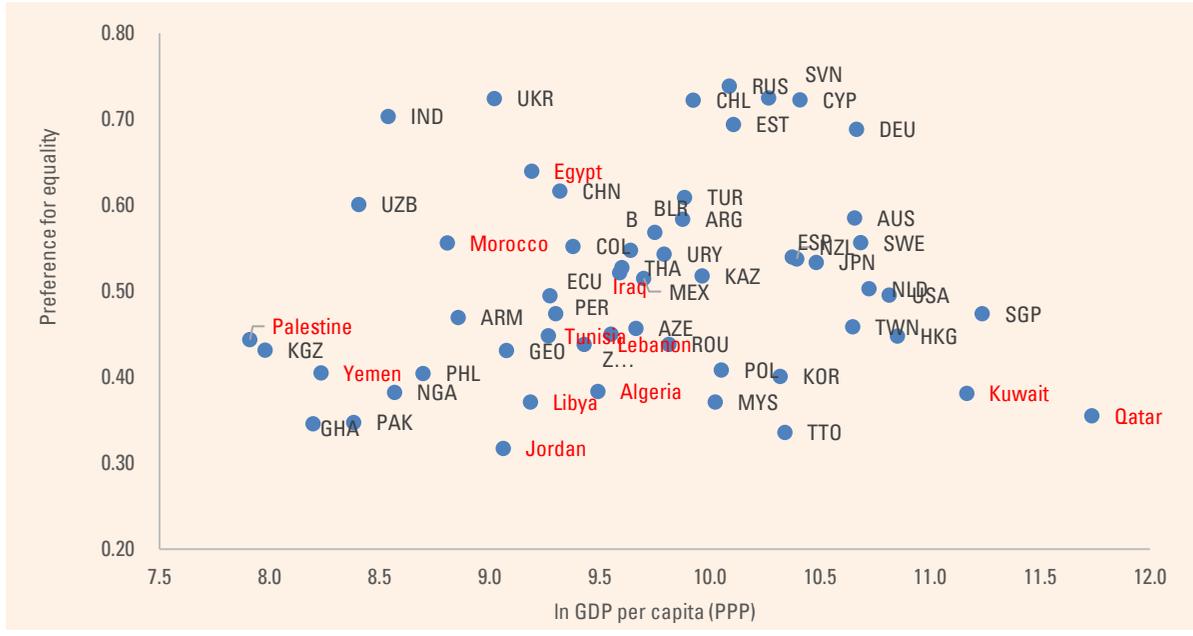
On average, the Arab region is more accepting of inequality than the RoW. The preference for equality is measured by the WVS question: “How would you place your views on a scale of ten: Incomes should be made more equal vs. we need larger income differences as incentives for individual effort”. A high value indicates a preference for more equality. The data reveal that the region is on the “right” end of the scale relative to the RoW – with a preference for equality at about 9 per cent below the average of the RoW – but with large variation within the region. The Arab region is indeed quite diverse on this dimension, with Egypt, Morocco and Iraq on the “left” and the GCC countries, Jordan, Libya, Algeria on the “right”.

Does this relative dislike for equality mean that individuals in the region do not favor policies that redistribute income? To measure the preference for redistribution, the WVS question: “Government should take more responsibility to ensure that everyone is provided for vs. People should take more responsibility to provide for themselves” is used, where a higher value indicates more preference for redistribution. Regional averages in table 15 reveal that the Arab region tends to be on the “left” compared to the RoW when it comes to redistribution, by about 10 per cent.¹⁹ This contrasts with the region’s views on inequality. It is as if the desire for redistribution is made on political grounds and is not closely connected to a preference for equality which may be made based on ethical grounds. However, here too, there is a great heterogeneity across the Arab region. Egypt, Yemen and Iraq are on the left on both values, and Qatar is on the right on both values (figure 30). Kuwait, Jordan, Libya, and

Algeria, are on the right on the preference for equality, but on the left when it comes to opinions about income redistribution, probably a reflection of a rentier mentality in those States. Morocco’s moderate opinions on social justice, given its harder stance on inequality, is more difficult to understand.

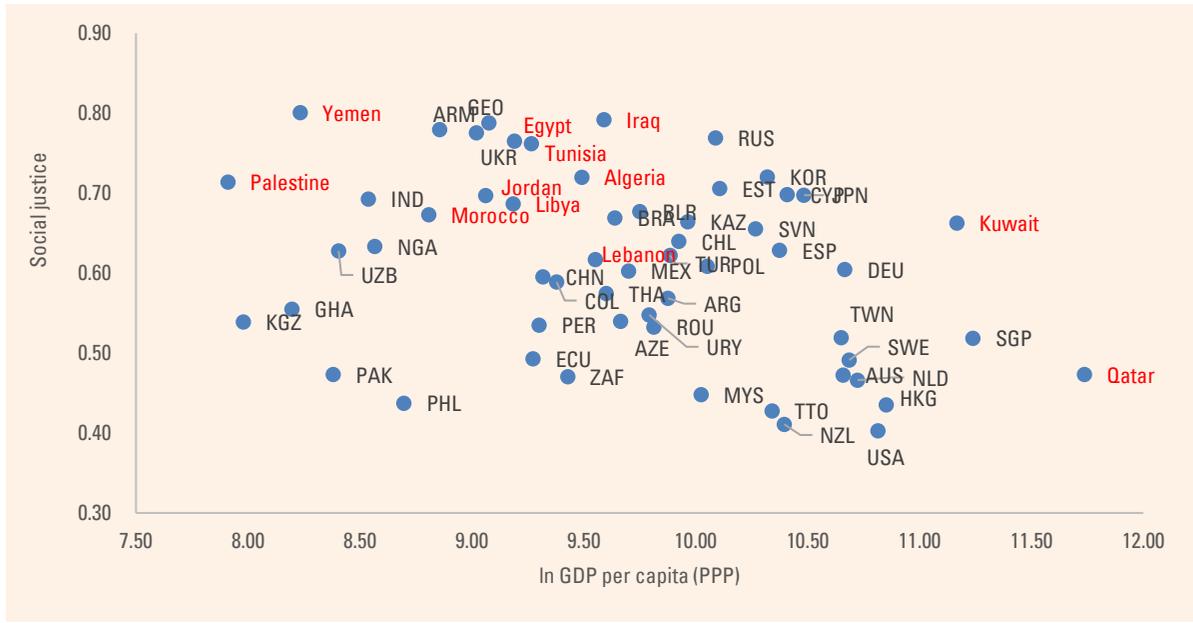
In terms of the social distribution of these values, the splits in the Arab region are again quite different from those observed in the RoW (table 15). In the RoW, the divide is largely along generational lines, with the old having a much larger preference for equality and redistribution. This intergenerational split may represent economic interests given the higher participation of the youth in the labour markets. In the Arab region however, the divide is along class lines, and it is the uneducated – old and young – that have the greater preference for equality, and the youth, whether educated or not, the highest demand for redistribution. There are some distinct groups, such as the uneducated, which are very much in favor of redistribution in Kuwait, and the educated, who are especially against redistribution in Morocco (figure 31). One can hypothesize that the low preference for equality and redistribution among educated Arab citizens reflects the unequal distribution of education in the region and their logical rejection of being taxed for the purpose of redistribution to the uneducated part of the population. On the other hand, the dislike of the old for redistribution may be related to the fear of the type of socialism they experienced in their youth. The position of the educated youth is most surprising – they do not value equality per se, probably on account of their high level of self-expression, yet they do support income redistribution. This may be related to a sense that they are being treated unfairly by the system, in favor of an older, educated elite insider group.

Figure 29. Preference for equality



Source: World Values Survey, wave 6 (2010-2014).

Figure 30. Social justice



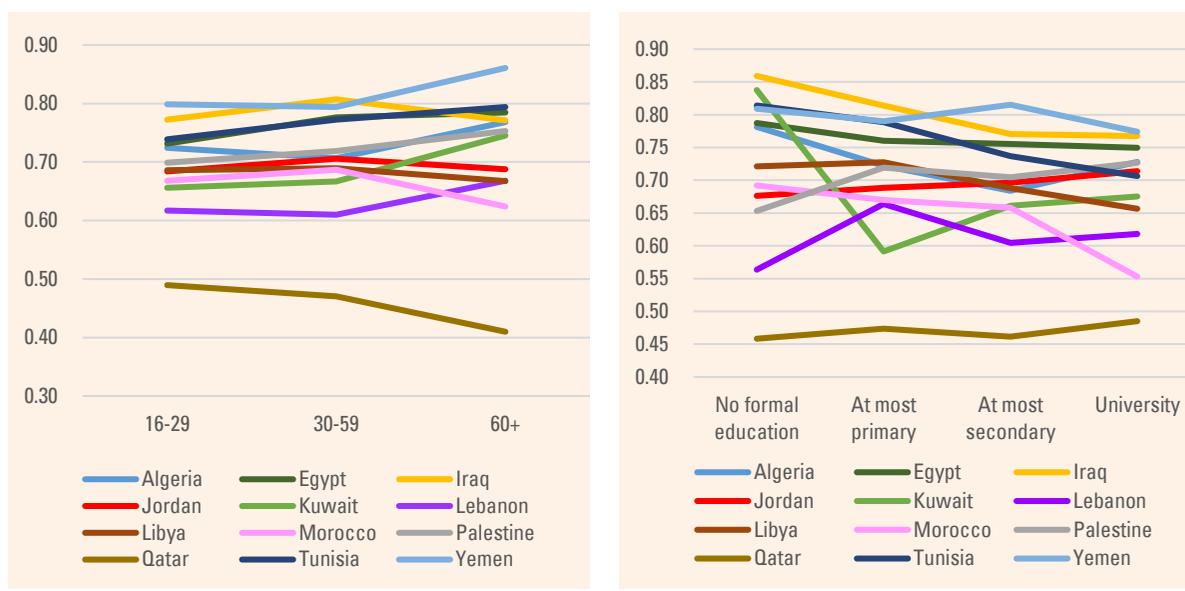
Source: World Values Survey, wave 6 (2010-2014).

Table 15. Preference for equality and social justice

	Arab FE	Age	Arab*age	High income class	+Additional Arab high income class effect	Education	Arab*educ	Constant
Preference for equality	-9.2%***	0.116***	-0.109***	-0.041***	0.075***	-0.027***	-0.082***	0.516***
Social justice	10.0%***	0.102***	-0.055*	-0.042***	0.003	0.016*	-0.034*	0.563***

Source: World Values Survey, wave 6 (2010-2014).

Note: see table 10.

Figure 31. Social justice over age and education groups

Source: World Values Survey, wave 6 (2010-2014).

To what extent can the evolution of attitudes towards inequality and redistribution be “explained” in relation to the evolution of autonomy in the region?

In the European experience described in the work of Inglehart and Welzel, increased autonomy is correlated less with concerns about inequality and more with concerns about fairness. It also favors more personal autonomy over State-led income redistribution (Inglehart

and Welzel, 2010). Table 12 suggests that while values of self-expression and control over life are both negatively correlated with a preference for an active State on the social justice front, self-expression is less negatively associated with a dislike for equality and more in sync with an attachment to social solidarity, as the personal attachment is with society at large. This can explain why Morocco, Tunisia and Algeria are more moderate in their view about

redistribution than Kuwait and Qatar. The desire for redistribution is likely to be neutralized in cases where the trust in the State is very low, as in the case of Lebanon, Tunisia, Yemen and Libya. On the other hand, the correlation between life control and concerns for social equality is negative and large, possibly reflecting a view of the world in which redistribution should occur within the household, as opposed to by the State. This also means that countries such as Morocco, Egypt and Iraq, where a large share of the population does not feel they exercise control over their lives, would also be largely supportive of redistribution.

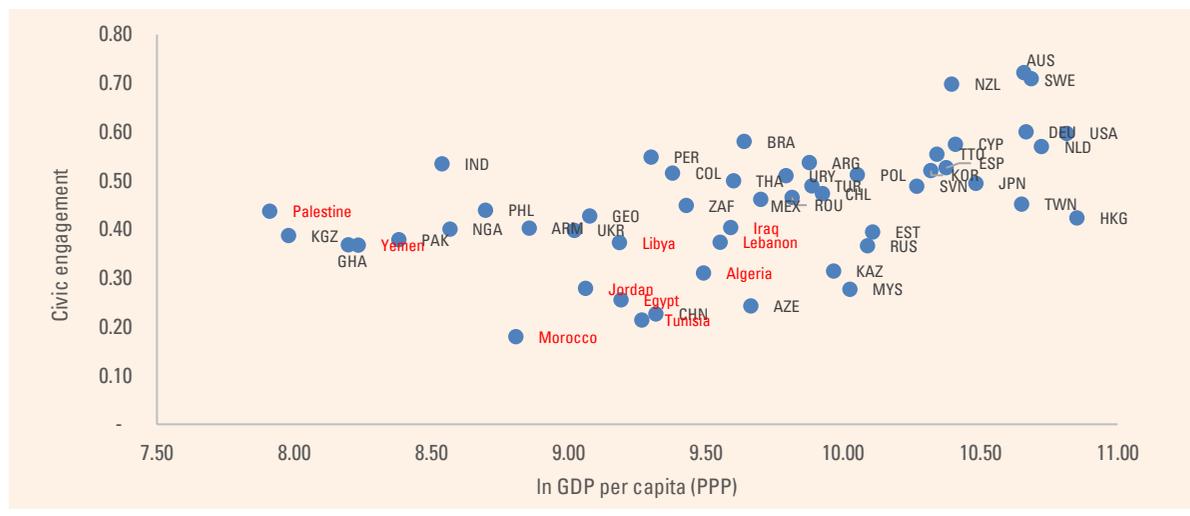
4. Civic Engagement and democratic values

Civic engagement in politics rose in the region in the lead-up to the Arab uprisings, and the youth took a prominent role. The combination of low levels of control over life with higher self-expression and lower obedience to authority constituted an explosive mix in fueling

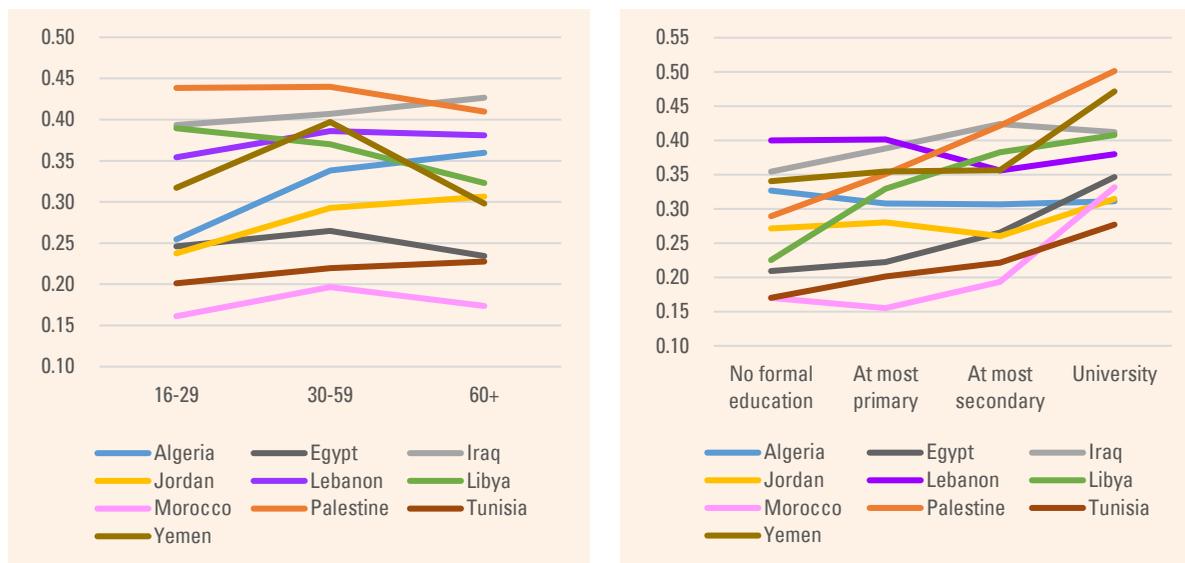
the increased youth protests that ultimately led to the uprisings of 2011. Various opinion polls have shown that youth in the region engaged in demonstrations disproportionately more than others in their countries and this was also associated with a rise in their demands for a more democratic order.

An Index of civic engagement was constructed based on respondents' participation in demonstrations, boycotts or petitions. Civic activity is typically highest in more democratic countries and countries with greater media penetration. Figure 32 depicts the intensity of civic engagement in an international comparison around 2013, following the Arab uprisings. The region stood at about 11 per cent below the global average in its level of civic activism (table 16). Civic engagement was highest in Lebanon, Iraq, Libya, Palestine, Algeria and Yemen and lowest in Egypt, Jordan, Morocco and Tunisia. This largely reflects patterns of political engagement after the Arab uprisings.

Figure 32. Civic engagement



Source: World Values Survey, wave 6 (2010-2014).

Figure 33. Civic engagement over age and education groups

Source: World Values Survey, wave 6 (2010-2014).

Table 16. Democratic attitudes and values

	Arab FE	Age	Arab* age	High income	+Additional Arab high income effect	Education	Arab*educ	Constant
Confidence in institutions	-10%***	0.045***	0.013	0.054***	0.094***	0	-0.02	0.481***
Support for democracy	1.2%***	0.048***	-0.066***	-0.067***	0.066***	0.050***	-0.036***	0.756***
Civic engagement	-11.3%***	0.032***	0.031	0.002	0.080***	0.017**	0.073***	0.400***

Source: World Values Survey, wave 6 (2010-2014).

Note: see table 10.

There are significant age and education effects on civic activity in nearly all the Arab countries. The civic engagement index reflects overall political activism, including voting behavior. By such a measure, political activism is highest among the educated and older members of society, in both the Arab

region and the RoW. Looking at country experiences, age effects are large in Yemen, while the education effect is very marked in Morocco. The impact of age on the intensity of civic engagement is weak in Egypt (Diwan, 2016; Beissinger and others, 2012). Young and old tend to have similar values in Egypt more than

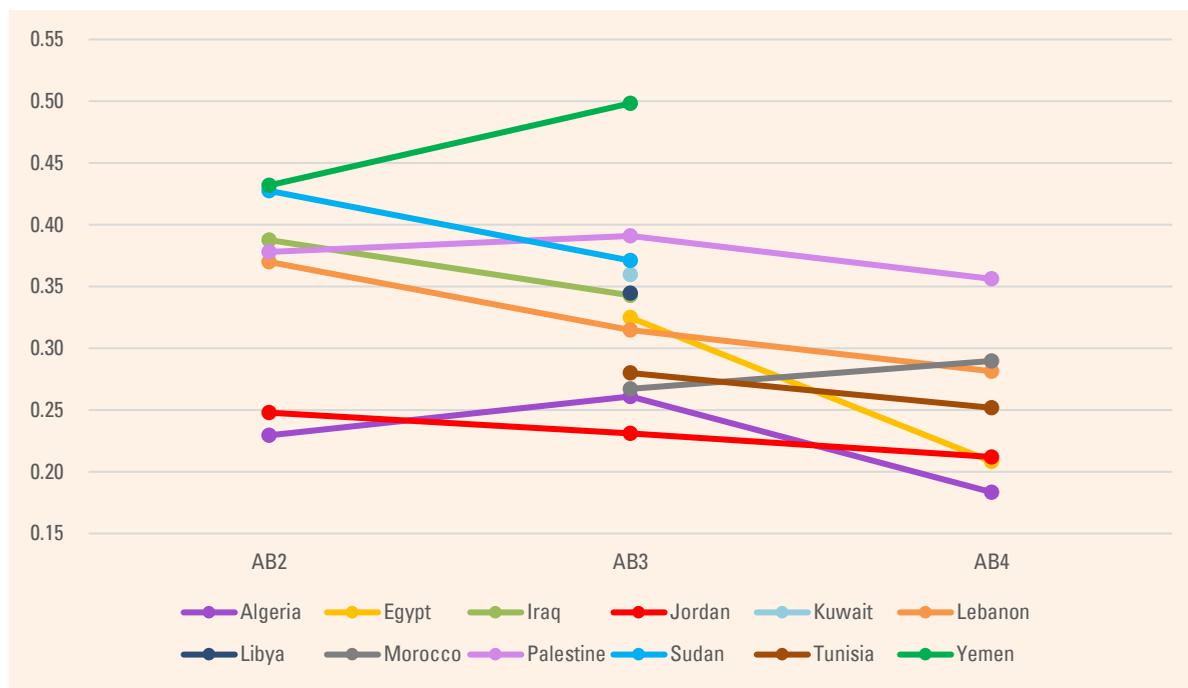
in the rest of the region, possibly reflecting the strength of family values. It is an interesting question as to why demonstrations and protests tend to attract the more educated. In a recent paper, Desai, Olofsgard and Yousef (2016) argue that as a mechanism to signal their preferences, demonstrating is a credible signal among the more educated because their opportunity cost of time is high. On the other hand, when poorer and less educated youth tend to express their grievances, they do so in more violent ways. The data from the region seems to be consistent with this hypothesis.

Civic engagement during the 2011 uprisings largely took the form of

willingness to participate in demonstrations.

Comparing waves in the Arab Barometer shows that demonstrating rose between wave 2 and wave 3 in several countries, and fell by wave 4 in all countries (figure 34). Civic action might have also been prompted by the low level of trust in government expressed by Arab countries' citizens (with gap of 10 per cent relative to the rest of the world – see table 16). The change over 4 waves shows a steep mobilization around 2011, which while it subsided afterwards, stays nevertheless at a relatively high level in most countries. The sharp drops post-uprisings occur in Egypt, Algeria and Palestine, but not in Tunisia (figure 34).

Figure 34. Civic engagement (Arab Barometer)



Source: Arab Barometer, waves 2, 3 and 4.

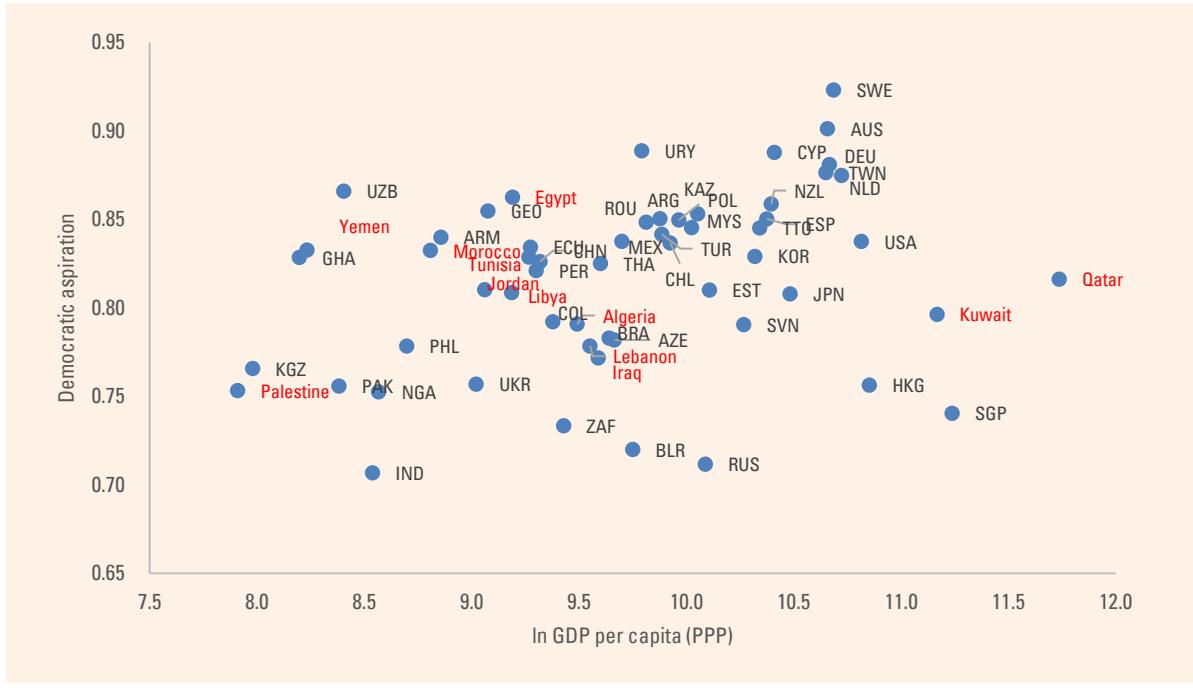
But outside demonstrations, civic and political participation of youth in the Arab region is weak. This is supported by a range of evidence (UNDP, 2016). One of the main reasons behind this state of affairs is the conservative schooling systems do not actively encourage civic participation. Supporting youth involvement in school or community affairs during their schooling years, when their political identity is being formed, is one of the best ways to foster politically involved adults in the future (Yates and Youniss, 1998). While youth have been active in demonstrations, this was not translated into an increased willingness to use the ballot box in the elections following the uprisings. On this score, every single country in the region is far below the global average, in all age groups, with a gap of about 20 per cent in voting practices (UNDP, 2016). This is most likely associated with the prevailing institutional and structural constraints that obstruct positive engagement in the public sphere. While freedom of association tends to be formally granted in constitutions and country-specific laws, this right has been suppressed in practice. The fight against terrorism has provided many States with a pretext to further restrict freedoms. In some Arab countries, laws that organize the establishment of political associations and parties do not even exist, rendering their formation de facto illegal. In GCC countries, political parties are not covered by association laws. In other countries, approvals are needed to form associations, allowing for the discretionary banning or shutting down of associations and NGOs. In the absence of meaningful opposition parties and true political competition, a lack of independent judiciary and legislature, and little room for independent civil society organizations, unconventional action can become more prevalent, ranging from

activism on social media (which can be constructive in mobilizing the youth) to joining extremist groups (which can be disastrous).

The uprisings were driven by the scourge of corruption and social injustice, but was a desire for greater democracy also at play? The aspiration for a democratic order can be measured by a WVS question that asks respondents to rate their level of aspiration for a democratic order. The survey reveals that Arabs had about the same aspirations relative to the RoW (table 16).²⁰ The average however covers a wide spread of opinions in the region. Democratic aspirations are relatively high in Egypt, Morocco, Tunisia and even Yemen and very low in Lebanon, Iraq, Palestine, Algeria, Kuwait and Qatar (figure 35).

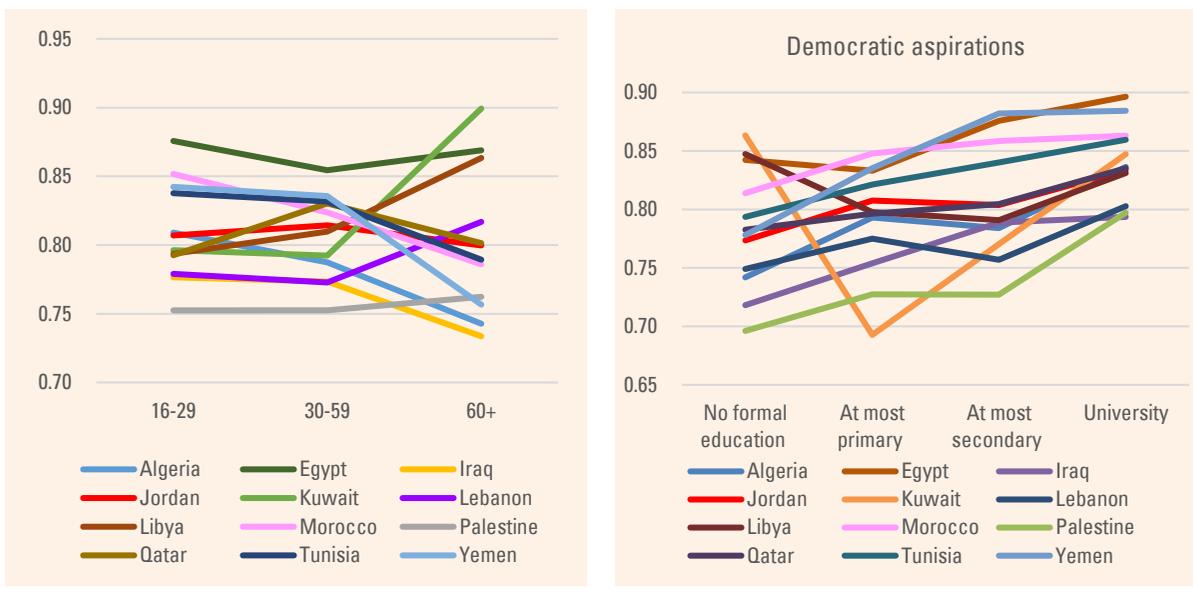
Unlike the experience in the RoW, where the more educated individuals, and by extension older people, tend to have the greatest preference for democracy, it is the youth that are the champions of democracy in the Arab region (table 16). In addition, the positive effects of education in increasing the preference for democracy are much less potent in the region compared to global experience, another example of education being less socially emancipating than in the RoW. Here too, there are regional variations. Democratic aspirations are lower among the youth than among the old in Kuwait, Libya, Lebanon and Palestine, no doubt reflecting the countries' negative experiences with political competition. On the other hand, the youth tend to be more positive on democratic aspirations than older people in Iraq, Algeria, Yemen and Morocco. When focusing on education, democratic aspirations rise most with education in Egypt, Yemen, Morocco, Tunisia and Iraq.

Figure 35. Support for democracy



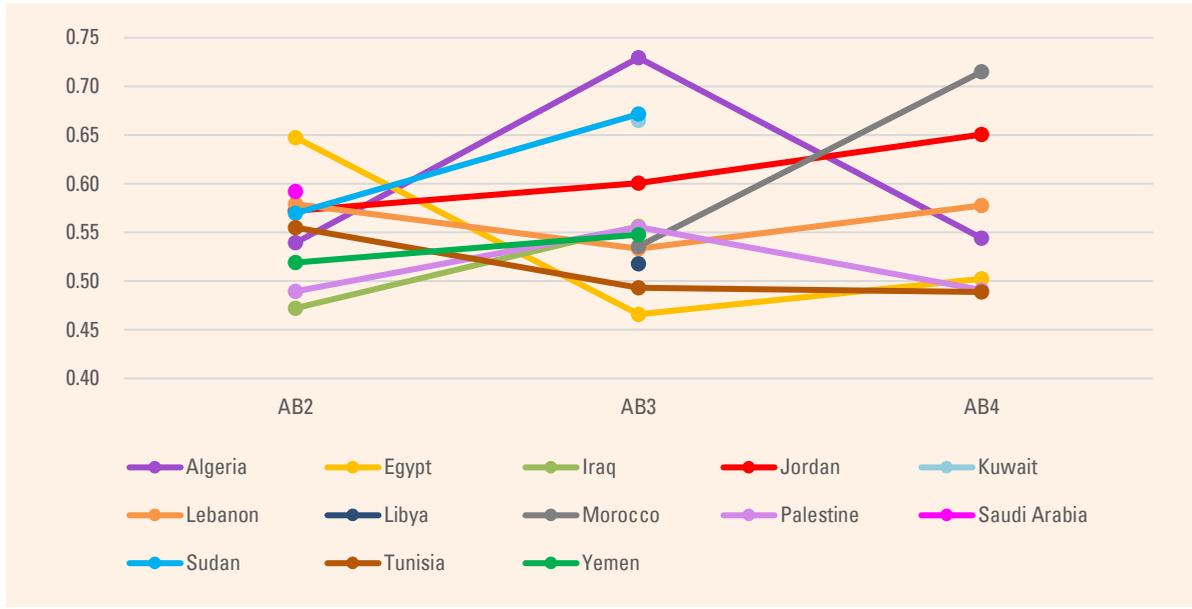
Source: World Values Survey, wave 6 (2010-2014).

Figure 36. Support for democracy over age and education groups



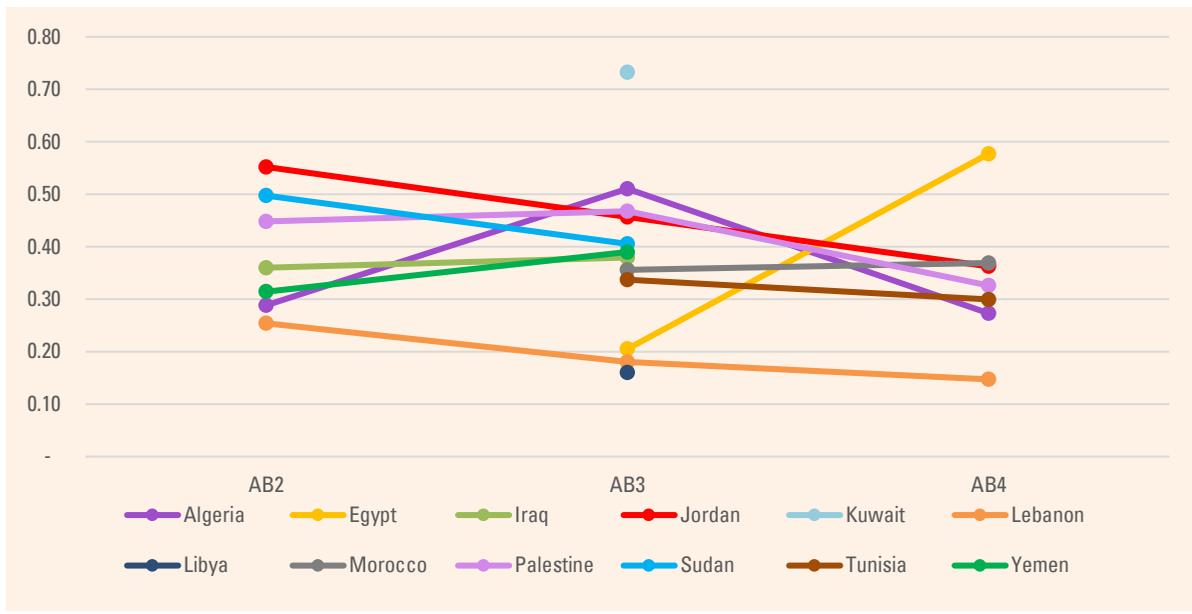
Source: World Values Survey, wave 6 (2010-2014).

Figure 37. Support for democracy (Arab Barometer)



Source: Arab Barometer, waves 2, 3 and 4.

Figure 38. Trust in government (Arab Barometer)



Source: Arab Barometer, waves 2, 3 and 4.

The support for democracy has been affected by ongoing political processes.

Overall, the preference for democracy has fallen in many of the countries after the uprisings. The Arab Barometer uses the question, “Is democracy suitable for your country?” to track its evolution through time (figure 37). The data captures both the rise of the preference for democracy after the start of the uprisings (from wave 2 to wave 3), and its decline afterwards in some countries, and especially where the security situation became more chaotic (mostly in Egypt and Tunisia in wave 2, but also in Algeria and Palestine in wave 3). By wave 4, a stabilization and even a comeback is witnessed in Morocco. Except for Egypt, these movements took place in parallel with a continuous decline in individuals’ trust in their governments (figure 38).

A closer examination of the data reveal important compositional effects in many countries, with the preference for democracy falling among the more educated and richer parts of society, but rising among poorer citizens after the uprisings (Al-Ississ and Diwan, 2016). It is likely that poorer segments of society, which in the past preferred to stay away from politics, became empowered by the effect of the popular revolts of 2011 and will remain politically active in the future. On the other hand, there was a noticeable push-back among the more educated individuals that were the main champion of change in the lead up to the Arab uprisings of 2011.²¹ While the focus of attention has been on identity politics, an examination of opinions reveals that by 2013, the level of social polarization around class issues had risen in the region, especially in Egypt, Morocco, Tunisia and Yemen (Al-Ississ and Diwan, 2016). An open question thus is whether the ebbing support for democracy among the richer and the more

educated will end up being a temporary phenomenon, or whether it will be a longer-term phenomenon that will be increasingly associated in the future with a class struggle between poor citizens wanting democracy and redistribution and an educated elite that opposes democracy in order to avoid income redistribution.

To what extent can the developments in autonomy help in understanding changes happening on political values? In theory, more autonomous individuals are more supportive of democratic values, and active politically (Inglehart and Welzel, 2010). In the Arab region, the correlation of these values with self-expression and control over life, which is depicted in table 12, shows that self-expression does not contribute much on this front, while life control does. This is an interesting contrast with the correlations with values of equality and tolerance reviewed above, where self-expression led to more gains than life control. This contrast must be understood in light of power relations in the region, where the empowered individuals associate with politics and with the State (and thus also with the autocratic bargain), while more socially emancipated individuals tend to be in opposition to politics as practiced. These relations can help explain the relatively low levels of civic action, especially among the youth, in countries with rising levels of self-expression such as Morocco, Tunisia and Algeria.

E. Conclusions

The picture of the region that emerges from this chapter is informative of the winds of change that are blowing, or in some places, not. While opinions tend to be

highly idiosyncratic, regression analysis asks whether there are some systematic ways in which variations in opinions are structured along specific individual characteristics such as age, education level, gender, income and country characteristics such as level of development. There are five key cross-cutting findings that emerge, which will be illustrated in the concentric domains of values of the self and family, polity and society.

First, Arab youth experience less control over their future than youth in other parts of the world. Moreover, they also experience less autonomy and control than their elders, which stands in sharp contrast to the experience in the rest of the world where the young generation tends to feel more liberated and more hopeful about the future than their parents.

Second, the region has made progress towards some progressive values in recent years – in particular, support for gender equality has increased and civic involvement has risen. These values are positively correlated with values of self-expression, which has been rising fast among the youth of the region in the last decade, under the influence of a greater level of connectivity with the outside world, and negatively correlated with respect for authority, which has been falling among the youth.

Third, in spite of this progress, the region remains “conservative” compared to countries of similar levels of development, in many dimensions such as gender equality, commitment to democratic values and social and religious tolerance. The emancipative effects of education are lower in the Arab region than elsewhere, reflecting its conservative content. On several core values, self-expression and agency do not translate into

gains in emancipation commensurate with the experience in the rest of the world, reflecting low levels of autonomy and control over life experienced by citizens, and especially the youth.

Fourth, there are important regional and global commonalities in spite of large variations among the countries of the region. Without denying the importance of country effects, it appears that in many of the dimensions studied, changes are correlated at the regional level, suggesting that there are also a lot of commonalities in the region, as demonstrated most dramatically by the swift regional contagion of the ideas of rebellion in 2011. The late twentieth century has produced an unexpected convergence in the region – driven not by top-down policies, but rather the movement of people, the expansion of regional media, and the consolidation of a region-wide cultural zone. Several social, economic and political phenomena have occurred everywhere, such as the decline in fertility rates, high youth unemployment, the rise in cronyism and corruption and a similar rise in piety and in patriarchal values. In parallel, there has also been a convergence of the region’s cultural space with global culture.

Fifth, there are indications that the political experience has affected opinions as they have changed markedly after the 2011 uprisings in both positive and negative ways. One can discern two dimensions of change: one liberating, which is especially noticeable in the areas of gender equality and obedience and that seems to remain seven years after the uprisings of 2011; and one reactionary, which seems to be in reaction to the fear of chaos and fast pace of change, such as a fall of support for democracy and a rise in support for strong or autocratic

rule, but seems to be waning a few years after the uprisings. Values have also become more divided along class lines – a neutralization of the “modernist” tendencies among educated and richer people was paired with a rise in grievances among poorer individuals – suggesting that conflicts over income distribution could grow larger in the future, including among the youth. So far however, the political polarization around identity issues has distracted attention from the essential political, social, and economic challenges confronting the region.

The empirical investigation also revealed a region divided by generational and gender splits. Overall, there is a lack of change relative to what is observable in other countries around the world, on some core issues such as the low value places on social and religious tolerance, or the low return of education in terms of emancipative values. The analysis has also uncovered a large gender divide, especially on issues of patriarchy, which has grown after the 2011 uprisings. Indeed, the effects of the uprisings of 2011 are likely to impact the region for a long time and to shape the future paths of Arab countries.

In sum, while movement towards a less patriarchal system has taken place, forces of conservatism, such as piety, remain strong in Arab societies, even when some “liberal” values such as self-expression and less respect for authority are on the rise at the same time. Forces of change are not sweeping all countries and some, such as Jordan, Yemen, the Syrian Arab Republic, Qatar, Palestine and Egypt, remain socially conservative in spite of gains in income and education. The tension between changes in some dimensions, such as reduced respect for authority, and a persistence of traditional values

in others, such as attachment to family values, creates situations of multiple identities where individuals behave differently in the different spheres in which they participate, which generates psychologically wounds at the individual level, but also possibly, leads to identity change over time (Burke and Stets, 2009).

In the region as a whole, youth emancipative values will not necessarily be the main driver of change in the near future, especially where violence has become the main political instrument. They nevertheless remain the necessary actor in any possible progress in the future on the essential challenge of confronting the governance, economic, and State crises that are buffeting the region. It will be important to support the forces of emancipation because they are the key to better governance, more productive economies and more resilient societies needed in the region. Increased involvement by this quiet majority and enlightened thinking are the best defense against the radical undercurrents that have been filling the vacuums that followed the earthquakes created by the collapse of the autocratic order.

Policies to support the forces of positive change need to include efforts to encourage early involvement in civic associations and community activism. Opening new avenues for personal involvement, not just at the national level, but more importantly at the micro- and meso-institutional levels (meaning in schools, the community, labour unions), is a tool to develop identities that value civic engagement. As importantly, it offers the only avenue to build the institutional structures and associative networks that can start dealing with the challenging crises involving the countries of the

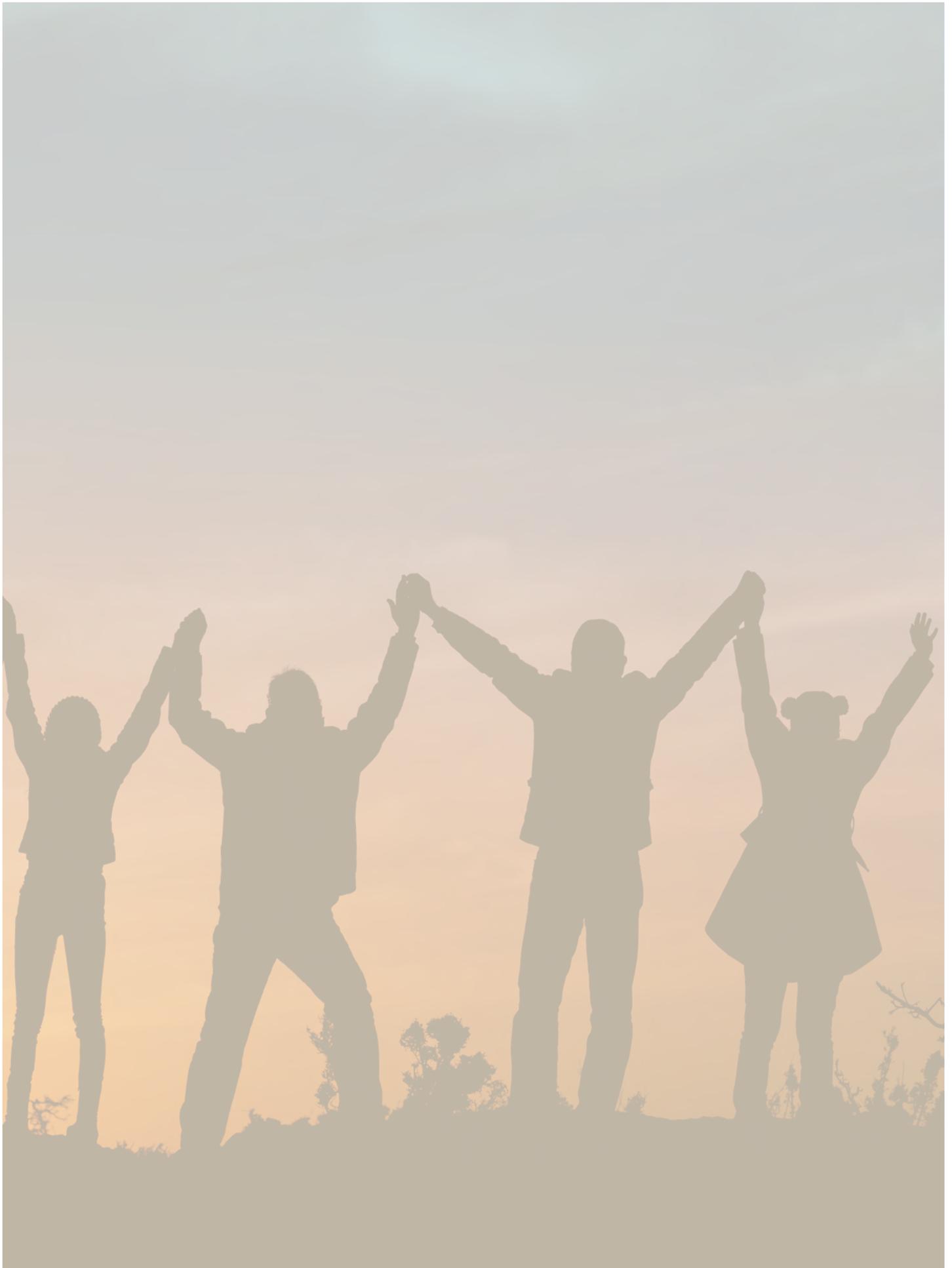
region. Equally, the low voting record of the youth and women suggests that there is a stark lack of role models that inspire them to play a more constructive role in politics.

Reforming education, opening up the media to new societal forces and the organization of religious affairs should be central in the attempt to encourage values of agency, creativity, innovation and problem-solving. Emancipation needs to include a reversal of the pressures towards extreme religiosity by offering alternative avenues for the affirmation of the self, including

rational and analytical thinking, and more emphasis on knowledge and socially mindful culture. As part of these efforts, there is a need to stop supporting patriarchal bias in public policies, institutions and laws – and instead, institute more progressive family laws. More than ever, space needs to be created in the public sphere for pluralistic ideas, with fundamental civic rights as the basic common denominator to unite people. Whether policy can grapple with such challenges will be, in the end, largely determined by the ongoing political struggles, and whether their outcomes will bring more room for inclusive governance.

4. Policy Recommendations





4. Policy Recommendation

How inequality and personal autonomy are likely to affect the broad political settlement in Arab countries over time was the main consideration of this report.

From the historical overview, it is apparent that the division between insiders and outsiders, or dualism, is a critical obstacle that must be overcome to improve equality of opportunity in Arab countries. The challenge will be to implement reforms that reduce the deep formal/informal schism and increase access to services, education and the labour market. Without these elements in place, it will be impossible for the region to embark a better path of development economically, socially and politically.

Coalition building, finding new “growth pacts” that enlarge the economic pie for everyone, will have to play a more central role in shaping future development. The role of voice and social trust will be critical to allow social interest groups find productive ways to organize and negotiate better and cooperative outcomes. Social groups will need to be able to represent their own interests, reach agreements and make commitments that are adhered to over time. Autonomy and self-expression will be key elements to make this happen. Increased autonomy can put people in a better position to set their preferences and foster cooperation among groups in search of win-win reforms that can break the middle-income trap. The most promising route for gradual and constructive change in the region

will probably come from the rise of new social forces.

A troubling finding of the report is that, while not yet visible in consumption and income data, there are signs that unequal access to quality services in the Arab region is rising and this will result in widening income inequalities over time. This is a dangerous trend as rising inequality makes it much harder to build broad coalitions between the middle class and the poor in support of the pro-growth agenda needed in a well-functioning social system, be it in the education sphere or on the industrial-technological arena. Increased inequality of access to services and good jobs is certain to increase the level of frustration among the youth, the poor and middle-class households.

Education, and the access to good jobs and social mobility it provides, has always been perceived as an essential part of a modernizing social contract in the Arab region. Education can be an instrumental tool for both social change and upward mobility. It helps shape consciousness and awareness that leads to the evolution of values and cultural patterns, eventually prompting political change and the transformation of societies. Education is also a human right, enshrined in international instruments such as the International Convention on Economic, Social and Cultural Rights. According to human rights law, every individual is entitled to “available, accessible, acceptable and adaptable education”.

That said, schools in the region need to broaden their scope to teach a wider variety of skills based on students' abilities and interests – as well as the demands of the labour market. In most countries, education is focused on the academic track rather than the cultivation of vocational interests and abilities. The stigma associated with vocational and technical training unfairly marks these students on these tracks and places them at a disadvantage socially and in the labour market. Given the natural distribution of abilities and interests, a wider set of skills taught in schools would mirror the distribution of human capital and increase opportunities for success in the labour market.

Labour markets in the Arab region have long suffered from information and structural problems that amplify inequality. Rigidity in hiring and firing discourages employers from giving young graduates from different family and education backgrounds a chance. Reforms that increase the quality and diversity of schools as well as broaden employers' understanding of potential employee skills would enhance the life chances of students from different social and economic backgrounds and make schools and labour markets instruments for greater equality rather than mechanisms for deepening divides.

The analysis of opinion surveys in Arab countries revealed that self-expression (or positive autonomy) has been rising in the region, a reflection of increasing income, education, urbanization and significantly, connections to social media and to the rest of the world. The rise of personal autonomy can greatly contribute to a more cohesive and inclusive society in several ways. The rise of positive autonomy can improve social inclusion by encouraging gender equality and promoting

social tolerance to differences, whether cultural or religious.

But so far, this increased support for autonomy has been divorced from a sense of control over one's life (also known as negative autonomy). This has divided society between young dreamers, with aspirations for change but no power over events, and older controllers, who have the ability to influence events, but no desire to do so.

The report also found that the rising divide between positive and negative autonomy, which has seen a decline in respect for authority in a context of rising inequalities, seems to have created a worrisome counter-current of intolerance. While there has been some slow and positive progress on gender equality in most countries, there are troubling signs of rising intolerance to social and religious differences. This creates new responsibilities for the State and civil society to promote values related to respect for minority rights – in particular social and religious tolerance. However, the low level of trust in the State in many countries is likely to make government policies to address these issues difficult.

Various policy initiatives need to be considered to counter this threat and take advantage of new areas of promise. There will no doubt be important political constraints on the type of policies recommended here. While many countries in the region have entered critical junctures where ambitious governance reforms can be considered, in others, local-level, bottom-up reforms may be more realistic. In less permissible environments, the momentum for change can be created strengthening specific groups of citizens – for example poor urban dwellers – who can make a difference over time. In this case,

support would need to go through civil society groups, rather than through the State.

Based on the findings, the SDR2 recommends four types of reforms that may reduce inequality of access to common services such as education, opportunities and the labour market and improve social cohesion through the adoption or enhancement of related values. Three scenarios depending on the levels of ambition and change (maximum, medium and minimum levels) are envisaged for each.

- To improve public services:
 - Maximum: ambitious State reform to improve the governance of health, education and safety nets;
 - Medium: redirect consumption subsidies to the poorest in the form of individual transfers, so that households are better able to purchase the services that the State is unable to offer;
 - Minimum: improve horizontal accountability mechanisms, for example through school parent associations in the education sector, to improve quality from the ground up.
- To provide access to good jobs:
 - Maximum: take measures to dynamize the private sector and foster small and medium enterprises (SMEs), competition and dynamic financial sectors;
 - Medium: take measures to reduce the divide between formal and informal markets, by reducing bureaucratic barriers and applying standards appropriately;
 - Minimum: public-private advocacy campaign to reduce *wasta* and open up good jobs in both government and the

formal private sector, ensuring fair competition.

- To align personal autonomy with a sense of control over one's life:
 - Maximum: foster inclusive economic growth to reduce unemployment for youth and women and encourage the creation of quality jobs in the economy;
 - Medium: foster programmes such as SME development and microcredit, to empower youth and women so they become economically more active and innovative;
 - Minimum: foster retraining in skills that match labour market demand, such as foreign languages, information and communications technology, etc.
- To affect values in ways to promote social change and cohesion:
 - Maximum: reform the education system so that it becomes a main vehicle to instill values of gender equality and tolerance;
 - Medium: foster civil society programmes that promote social cohesion and increase autonomy;
 - Minimum: provide parents with the tools that can help them to promote values of tolerance, gender equality and increase autonomy among their children.

The analysis has also revealed that there are great variations between countries. The two tables below summarize the areas of higher priority for reforms, which correspond to the main "weak spots" of each particular country of the region. These priorities suggest how to tailor country specific programs that address the most challenging constraints it faces.

Table 17. Policy priorities in the areas of inequality and of access to services and jobs

	Income inequality	Quality education	Access to quality education	Access to good jobs	other
Algeria		H	M	H	
Iraq	H	H	H	H	
Jordan	H		H	M	
Kuwait	M	M	H	M	
Lebanon	H	M	H	M	
Libya					
Morocco	H	H	H	M	
Qatar			H		
Tunisia	H		H	H	
Egypt	M	H	H	H	
Yemen	H	H	H	H	

Source: High, medium and low policy priority based on author calculations and analysis of WVS database included in chapter 3.

Table 18. Policy priorities in the different countries

	Self-expression	Commitment To democracy	Civic action	Trust government	Lack of patriarchy	Religious tolerance	Social tolerance	Social trust
Algeria	M		H	M	M	H	M	H
Palestine		H		M		H	H	H
Iraq	H	H		H	H		H	
Jordan	M		H	M	H	M	L	
Kuwait	H	H			H	M	n/a	
Lebanon		H	H	H			H	
Libya	M		M	H	H	H	H	M
Morocco			H	M		H		M
Qatar	H	H			H	H	H	
Tunisia			H	H	M	M	M	H
Egypt			H	M	H			
Yemen	M			H	M	H	M	M

Source: High, medium and low policy priority based on author calculations and analysis of WVS database included in chapter 3.

Annex I

World Values Survey²²

Definition of variables

Autonomy

Negative autonomy (control over life): v55. Free choice and control over life, or what you do has no real effect on life?

*Positive autonomy (self-expression):*²³ Not mentioning of “obedience” and mentioning of “independence” and “determination, perseverance” in response to the question “Here is a list of qualities that children can be encouraged to learn at home. Which, if any, do you consider to be especially important?”

Lack of respect for authority: Do you think it would be a good thing, a bad thing, or you don't mind: Greater respect for authority.

Equality

Preference for equality: How would you place your views on this scale? “Incomes should be made more equal” vs. “We need larger income differences as incentives for individual effort”.

Social justice: “Government should take more responsibility to ensure that everyone is

provided for” vs. “People should take more responsibility to provide for themselves”.

Society

Gender equality: Average of three variables: (i) When jobs are scarce, men should have more right to a job than women; (ii) On the whole men make better political leaders than women do; (iii) A university education is more important for a boy than for a girl.

Religious tolerance: Average of two questions: (i) All religions should be taught in our public schools; (ii) People who belong to different religions are probably just as moral as those who belong to mine.

Social tolerance: On this list are various groups of people. Could you please mention any that you would not like to have as neighbors? People of a different race; Immigrants/Foreign workers; Unmarried couples living together; People who speak a different language.

Democracy and civic action

Support for democracy: How important is it for you to live in a country that is governed democratically?

Civic engagement: Average of 4 variables: Have you ever: (i) Signed a petition; (ii) Joined in boycotts; (iii) Attended peaceful demonstrations; (iv) voted.

Confidence in institutions. Average of three questions: "I am going to name a number of organizations. For each one, could you tell me how much confidence you have in them: The government; Parliament; The civil service".

Independent variables

Age: the scope of this variable is restricted to 16-99.

Education: a 1-9 scale where 1 stands for people who no education, and 9 for people with a university degree.

Male: takes a value of 1 for male and 0 for female.

Lngdpc: Logarithmic value of GDP per capita (PPP, constant 2011 international \$), for the year in which the survey was done (World Bank World Development Indicators).

Income: uses self-declared social class, where "upper middle class" and "lower middle class" are coded middle class, "working class" and "lower class" as low-income class, and upper class as high-income class. The middle is used as the default category.

Coverage: The data from the WVS, wave 6, taken around 2013, covers 12 Arab countries (in red below) and 48 other countries, and includes responses by about 90,000 citizens from around the world.

List of countries: Algeria, Argentina, Armenia, Australia, Azerbaijan, Belarus, Brazil, Chile, China (+Taiwan), Colombia, Cyprus, Ecuador, Egypt, Estonia, Georgia, Germany, Ghana, Hong Kong, India, Iraq, Jordan, Japan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Libya, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Pakistan, State of Palestine, Peru, Philippines, Poland, Qatar, Republic of Korea, Romania, Russia, Rwanda, Singapore, Slovenia, South Africa, Spain, Sweden, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukraine, United States of America, Uruguay, Uzbekistan, Yemen, Zimbabwe.

Statistical model

Model 1: Value = f (constant, age, income, education, gender, GDP/capita, Arab countries dummy)

Table AI.1 Regressions with a fixed Arab effect

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Self-expression	Control over life	(lack of) Respect for authority	Support for democracy	Civic engagement	Preference for equality	Social justice	Confidence in institutions	Gender equality	Religious tolerance	Social tolerance
Age	0.005	-0.041***	-0.013**	0.079***	0.165***	0.084***	0.047***	0.018***	-0.022***	-0.011**	-0.025***
Education	0.087***	0.041***	0.058***	0.065***	0.109***	-0.058***	-0.020***	-0.020***	0.107***	-0.007**	0.075***
Male	0.011***	0.019***	0.010***	0.001	0.039***	-0.010***	-0.013***	-0.003	-0.097***	-0.012***	-0.014***
High-income class	0.011	0.022***	-0.009	-0.055***	0.012*	-0.028***	-0.043***	0.068***	-0.044***	0.025***	-0.075***
Low-income class	-0.026***	-0.038***	-0.001	-0.016***	-0.029***	0.031***	0.036***	-0.032***	-0.001	0.009***	0.026***
Ln GDPcapita	0.031***	0.010***	0.034***	0.010***	0.026***	0.007***	-0.035***	-0.020***	0.059***	-0.009***	0.034***
Arab country	-0.115***	-0.021***	-0.126***	0.012***	-0.113***	-0.092***	0.100***	-0.100***	-0.190***	-0.126***	-0.183***
_cons	0.477***	0.674***	0.242***	0.749***	0.343***	0.534***	0.587***	0.493***	0.569***	0.585***	0.760***
N	85 982	84 847	82 685	84 218	70 816	83 605	84 177	78 790	80 689	71 894	83 350
R2	0.05	0.018	0.036	0.017	0.114	0.023	0.033	0.026	0.176	0.038	0.079

Source: World Values Survey, wave 6 (2010-2014).

Notes: * p<0.1; ** p<0.05; *** p<0.01.

Model 2: Value = f (constant, age, education, income, gender, Arab countries dummy, age*Arab, education*Arab, gender*Arab, income*Arab, age*education*Arab, GDPcapita)

Table AI.2 Regressions with Arab specific slope effects

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Self-expression	Control over life	(lack of) Respect for authority	Support for democracy	Civic engagement	Preference for equality	Social justice	Confidence in institutions	Gender equality	Religious tolerance	Social tolerance
Arab Country	-0.084***	-0.073***	-0.088***	0.048***	-0.165***	-0.040***	0.127***	-0.093***	-0.130***	-0.158***	-0.142***
Age	-0.008	-0.011	-0.016	0.048***	0.032***	0.116***	0.102***	0.045***	-0.029**	-0.044***	-0.034***
Education	0.096***	0.056***	0.079***	0.050***	0.017**	-0.027***	0.016*	0	0.111***	-0.036***	0.089***
Male	0.012***	0.012***	0.013***	0.003*	0.031***	-0.010***	-0.014***	-0.002	-0.089***	-0.011***	-0.014***
High-income class	0.013	0.007	-0.018**	-0.067***	0.002	-0.041***	-0.042***	0.054***	-0.053***	0.029***	-0.080***
Low-income class	-0.033***	-0.033***	-0.008***	-0.018***	-0.028***	0.024***	0.036***	-0.031***	-0.003	0.012***	0.025***
Ln GDPcapita	0.032***	0.009***	0.034***	0.010***	0.027***	0.006***	-0.036***	-0.020***	0.059***	-0.009***	0.034***
Age*Education	0.03	-0.082***	0.014	0.067***	0.241***	-0.035*	-0.083***	-0.052***	0.025	0.045**	0.018
Age*ARB	-0.018	0.065***	0.014	-0.066***	0.031	-0.109***	-0.055*	0.013	-0.062***	0.052**	0.017
Education*ARB	-0.065***	0.014	-0.065***	-0.036***	0.073***	-0.082***	-0.034*	-0.02	-0.059***	0.056***	-0.080***
Male*ARB	-0.005	0.038***	-0.012*	-0.015***	0.050***	0.006	0.013**	-0.005	-0.042***	-0.013***	-0.001
High-income*ARB	-0.003	0.072***	0.058***	0.066***	0.080***	0.075***	0.003	0.094***	0.049***	-0.029*	0.037*
Low-income*Arab	0.046***	-0.034***	0.047***	0.017***	-0.009*	0.050***	0.006	-0.008	0.015***	-0.021***	0.011*
Age*Education*ARB	-0.04	0.149***	-0.153***	0.012	-0.128***	-0.009	-0.026	0.025	0.021	0.025	-0.065
Constant	0.473***	0.672***	0.229***	0.756***	0.400***	0.516***	0.563***	0.481***	0.561***	0.602***	0.752***
N	85982	84847	82685	84218	70816	83605	84177	78790	80689	71894	83350
R2	0.052	0.022	0.038	0.019	0.119	0.025	0.033	0.027	0.178	0.04	0.08

Source: World Values Survey, wave 6 (2010-2014).

Notes: * p<0.1; ** p<0.05; *** p<0.01.

Model 3: Value = f (constant, age, education, income, gender, dummies for individual Arab countries, GDP capita)

Table A1.3 Regressions with individual Arab country fixed effects

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Self-expression	Control over life	(lack of) Respect for authority	Support for democracy	Civic engagement	Preference for equality	Social justice policy	Confidence in institutions	Gender equality	Religious tolerance	Social tolerance
Age	-0.006	-0.037***	-0.024***	0.077**	0.160***	0.081***	0.047***	0.025***	-0.034**	-0.014***	-0.019***
Education	0.093***	0.036***	0.055***	0.071***	0.097***	-0.052***	-0.016***	-0.022***	0.106***	-0.006*	0.091***
Male	0.013***	0.018***	0.010***	0.002	0.039***	-0.007***	-0.013**	-0.004**	-0.097***	-0.010***	-0.014**
High-income class	0.023***	0.016***	0	-0.051***	0.010*	-0.026***	-0.041***	0.057***	-0.032***	0.024***	-0.074***
Low-income class	-0.029***	-0.036***	-0.004	-0.017***	-0.029***	0.028***	0.035***	-0.033***	-0.004*	0.007***	0.021***
Ln GDPcapita	0.042***	0.004***	0.046***	0.013***	0.030***	0.010***	-0.033***	-0.027***	0.073***	-0.011***	0.034***
Algeria	-0.111***	-0.050***	0.042***	0.002	-0.123***	-0.177***	0.129***	-0.082***	-0.181***	-0.251***	-0.122***
Palestine	-0.074***	-0.026***	0.011	-0.029***	0.030***	-0.061***	0.062***	-0.111***	-0.076***	-0.213***	-0.226***
Iraq	-0.215***	-0.066***	-0.119***	-0.019***	-0.045***	-0.012	0.197***	-0.123***	-0.183***	-0.067***	-0.207***
Jordan	-0.113***	0.021***	-0.168***	0.019***	-0.160***	-0.213***	0.081***	-0.062***	-0.195***	-0.109***	-0.155***
Kuwait	-0.238***	0.073***	-0.197***	-0.039***		-0.128***	0.149***	0.127***	-0.334***	-0.153***	
Lebanon	-0.047***	-0.024***	-0.034***	-0.028***	-0.092***	-0.073***	0.027***	-0.119***	-0.067***	0.032***	-0.185***
Libya	-0.163***	0.004	-0.150***	0.008	-0.082***	-0.148***	0.086***	-0.141***	-0.192***	-0.193***	-0.366***
Morocco	0.005	-0.074***	-0.058***	0.061***	-0.202***	0.001	0.028***	-0.041***	-0.030***	-0.208***	0.006
Qatar	-0.292***	0.063***	-0.375***	-0.024***		-0.181***	-0.030***		-0.410***	-0.155***	-0.199***
Tunisia	-0.01	-0.049***	-0.114***	0.043***	-0.220***	-0.086***	0.154***	-0.233***	-0.144***	-0.092***	-0.062***
Egypt	0.012	-0.078***	-0.161***	0.079***	-0.168***	0.097***	0.146***	-0.114***	-0.250***	0.046***	
Yemen	-0.129***	-0.058***	-0.117***	0.074***	-0.015	-0.129***	0.148***	-0.237***	-0.149***	-0.272***	-0.145***
Constant	0.477***	0.676***	0.248***	0.746***	0.351***	0.532***	0.585***	0.493***	0.574**	0.584***	0.751***
N	85982	84847	82685	84218	70816	83605	84177	78790	80689	71894	83350
R2	0.064	0.024	0.048	0.022	0.128	0.035	0.039	0.042	0.194	0.065	0.096

Source: World Values Survey, wave 6 (2010-2014).

Annex II

Arab Barometer²⁴

Definition of variables:

Disrespect for authority: To what extent do you agree or disagree with the following statement: Citizens must support the government's decisions even if they disagree with them? (Where "strongly disagree" is coded as 1).

Lack of patriarchy: Average of three variables. For each of the statements listed below, please indicate whether you agree strongly, agree, disagree, or disagree strongly with it:
 (1) A married woman can work outside the home if she wishes to; (2) In general, men are better at political leadership than women; (3) University education for males is more important than university education for females. (Where "strongly agree" is coded as 1 for (1) and "strongly disagree" is coded as 1 for (2) and (3)).

Civic Engagement: average of two variables. During the past three years, did you: (1) Attend

a meeting to discuss a subject or sign a petition; (2) Participate in a protest, march or sit-in. (Where "yes" is coded as 1).

Support for democracy: To what extent do you think democracy is appropriate for your country? (Where "completely appropriate" is coded as 1).

Trust in government: Average of two variables. I'm going to name a number of institutions. For each one, please tell me how much trust you have in them: (1) Government (Council of Ministers); (2) The elected council of representatives (the parliament). (Where 'a great deal of trust' is coded as 1).

Equal treatment: To what extent do you feel you are being treated equally by the government in comparison with other citizens in your country? (Where 'To a great extent' is coded as 1).
 Educated male youths: refers to those aged 18 to 29 with a university degree.

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Endnotes

Chapter 1

1. See www.equalityhumanrights.com/about-us/our-work/key-projects/equality-measurement-framework.
2. The low-level equilibrium trap is a concept in economics developed by Richard R. Nelson in which at low levels of per capita income people are too poor to save and invest much and this low level of investment results in low rate of growth in national income. As per capita income rises above a certain minimum level at which there is zero saving, a rising proportion of income will be saved and invested and this will lead to higher rate of growth in income.
3. Diwan, Keefer and Schiffbauer (2014) state that: "... Privileges of politically connected firms is a drag on growth and employment. It is associated with less competition and less firm entry. [...] employment growth declines after politically connected firms enter into initially unconnected sectors".
4. According to Financial Times Lexicon, a "Chaebol is a family-run conglomerate in South Korea. Such groups have been at the heart of its rapid industrial development over many years, and tower over almost every area of business: from stockbroking to theme parks; from supermarkets to heavy weapons". Available at <http://lexicon.ft.com/Term?term=chaebol>.

Chapter 2

5. The only timeframe for which data are available.
6. In Jordan, the reversal (for all percentiles) during 2010-2013, just before the oil price collapse of 2014, seems unrelated to oil incomes and may be a reverberation of the uprisings and consequent economic shocks elsewhere in the region.
7. In the Gini Index, 0 corresponds to perfect income equality (everyone has the same income) and 1 corresponds to perfect income inequality (one person has all the income, while everyone else has zero income).

Chapter 3

8. It should be noted that the notion of national autonomy, the possibility for a country to act independently of external constraints and influences and a root cause of underdevelopment (Amin, 1974), is a very different concept, which is not the focus of this study.
9. It should be noted that the rest of the world group (RoW) in the wave 6 of the WVS, which is used here, includes 50 countries around the world, including rich and middle-income countries, but it does not include low-income countries.
10. See annex I for description of data sets.
11. See annex II for description of data sets.
12. Opinion surveys are affected by a variety of biases such as underrepresentation of rich households, marginal groups and urban representatives.
13. The Arab Barometer survey data was collected during 2006-09 for wave 1, 2010-11 for wave 2, 2012-14 for wave 3, and in 2016 for wave 4.
14. The study also considers whether of youth and education interact, and as a result, the educated youth hold more "emancipated" values in the Arab region that what can be explained by simple linear models.
15. The slope is .065, meaning that the index of control (which goes from 0=lowest, to 1=highest), goes down by this amount when age goes from lowest (at 0) to highest (at 1).

16. The Freedom House rating measures the extent to which a country's laws and regulations favor individual freedoms. It is based on measures of the quality of the electoral process, the extent of political pluralism, the existence of participation rights and quality of the functioning of government.
17. These are: no corruption in the judiciary; right to information, complaint mechanisms; equal treatment and absence of discrimination; freedom of opinion and expression is effectively guaranteed; freedom of belief and religion is effectively guaranteed; freedom from arbitrary interference with privacy is effectively guaranteed; civil justice is free of discrimination; criminal system is impartial.
18. This is consistent with recent findings by El-Mallakh, Maurel and Speciale (2015), who show that in towns in Egypt where demonstrations were more prevalent, the rate of female labour force participation rose between the four years before and after the uprisings.
19. Several authors have recently stressed the move to the "left" in Muslim-majority countries (El-Gamal, 2015), and in Egypt and Morocco (Masoud, 2014; UNDP, 2016).
20. Al-Ississ and Diwan, 2016, use a relative measure which asks respondents to rate their preference of a democratic order over a strong rule and find that the region experiences a deficit on this account. This is not contradictory with high unconstrained aspirations.
21. This can be attributable to fear of chaos, the fear of redistributive policies, or the fear of conservative policies that could be implemented by democratically elected governments if they were dominated by the interests of poor.

Annex

22. World Values Survey, wave 6 (2010-2014).
23. According to Political scientists such as Inglehart and Welzel who have analysed the WVS findings since 1981, there are two major dimensions of cross-cultural variation in the world: (1) Traditional values versus secular-rational values; and (2) Survival values versus self-expression values.
Traditional values emphasize the importance of religion, parent-child ties, deference to authority and traditional family values. People who embrace these values also reject divorce, abortion, euthanasia and suicide. These societies have high levels of national pride and a nationalistic outlook.
Secular-rational values have the opposite preferences to the traditional values. These societies place less emphasis on religion, traditional family values and authority. Divorce, abortion, euthanasia and suicide are seen as relatively acceptable.
Survival values place emphasis on economic and physical security. It is linked with a relatively ethnocentric outlook and low levels of trust and tolerance.
Self-expression values give high priority to environmental protection, growing tolerance of foreigners, gender equality, sexual rights, and rising demands for participation in decision-making in economic and political life. For the purpose of this report self-expression was narrowed down to focus on one indicator: "Here is a list of qualities that children can be encouraged to learn at home. Which, if any, do you consider to be especially important?"
24. Arab Barometer, wave 1 (2006-2009), wave 2 (2010-2011), wave 3 (2012-2014), wave 4 (2016-2017).

This report examines how inequality and personal autonomy are likely to impact on the broad “political settlement” in the Arab region over time. Chapter one provides a historical overview of the political economy of the region. Chapter two focuses on equality of opportunity at the macrolevel in relation to access to income, education and employment. Chapter three moves to the microlevel by focusing on personal autonomy. It defines and measures autonomy in the Arab region and compares it to values held in the rest of the world and among different countries and socioeconomic groups. It additionally demonstrates the existence of a perceived autonomy gap in the Arab region, investigates its distribution among countries and groups and analyzes the reasons behind this gap. Finally, the report examines the implications of this gap on attitudes towards various forms of inequality in the region.

The report documents an increase in the inequality of access to quality education and to good jobs in several countries of the region. It also finds that while the aspiration for personal autonomy has risen, this has taken place among young educated individuals with low levels of control over their lives, and who consequently have little power to support social change. As a result, the report highlights that several values that enhance social cohesion – such as the tolerance for social and religious differences – have lagged behind changes happening globally. It concludes by specifying a reform agenda, tailored to the different needs of these countries, which puts an emphasis on reducing the inequality of access to quality services and good jobs and improves the development of emancipative social values, mainly through a modernized education system.

