



Socio-economic structure

The process of knowledge acquisition interacts with, and is influenced by, the social and economic structure of a society. Knowledge is first and foremost a social product, yet in knowledge societies it is also a fundamental economic factor. This chapter considers whether Arab socio-economic structures are geared towards encouraging or inhibiting knowledge acquisition as a means of achieving human development.

It is impossible in practice to separate the social and economic structures of a society from other societal dimensions that affect knowledge acquisition, especially the political context, which is all-encompassing. The analysis in this chapter intersects with the discussion of politics and knowledge in the next chapter and may be seen in the light of that discussion as well.

INTRODUCTION

The economic and social infrastructure of a society, on the one hand, and its knowledge system on the other influence each other through a number of linkages.

The first linkage concerns the pattern of production and the level of technology used by the production sector, including the level of skilled labour, entrepreneurship, equipment and systems. Production patterns, workforce characteristics and technology levels are among the most important determinants of social structures, which, in turn, orient the attitudes and attributes of a social culture. It is no exaggeration to say, as Schumpeter did, that the work in which human beings spend most of their waking lives has a profound impact on their intellectual outlook; and that the place people occupy in the production process heavily influences their worldviews and attitudes towards daily affairs. Work, after all, is what

determines the space within which one can act and influence matters and events (Schumpeter, 1957, Part I).

The second linkage runs in the opposite direction. It concerns how social and economic institutions influence the type and level of knowledge and technology that the production sector develops, which in turn shapes patterns of production, growth rates, living standards and the capacity to sustain growth and progress. The most influential institutions in this respect are those that affect how sources of income are divided and how economic surpluses are allocated. Incomes can be generated by salaries, wages and profits resulting from work in productive activities; or they can come from rent produced by properties and unearned wealth. Depending on the source of income, economic surpluses can be allocated either to "futile investment", exemplified by prestigious properties and other assets which have little or no influence on the building of productive capacities and, thus, on economic growth, or to "productive investment" in the creation of assets and enterprises that increase productivity and economic competitiveness. By definition, the latter are the kinds of assets and enterprises that embody innovative ideas and create new productive assets and knowledge-intensive technologies. Such productive investments are those that most strongly impact economic growth and the building of a knowledge society.

Investment in new productive assets is a prime mover of, and incentive for technological progress, because it is through such investment that the sciences and scientific theory are converted into technological applications. This conversion also tests the extent to which scientific discoveries and inventions are economically useful. The reverse is also true: advances in scientific knowledge open up opportunities

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for technological innovation, which attracts investment in the production of new goods and services or enhances productivity and efficiency in the production of existing goods and services.

A third factor is that all production systems are characterised by an inner logic, which determines the direction and nature of their development. The system represented by the hand mill, for instance, leads to an economic and social situation where the use of the steam/mechanical mill is a necessity, which neither the individual nor the community can change. The widespread use of the mechanical mill leads, in turn, to the creation of a new economic and social context, which creates new occupations for new groups with new ideas.

How agents of change function in a society is, however, more difficult and complicated than suggested above. Social formations and structures and the intellectual and psychological patterns and orientations that reflect them, which are formed at a certain stage and which reflect a specific production system, do not melt away and disappear as quickly as that stage of production itself. Some of these structures solidify and remain in existence for generations or centuries beyond the stage at which they were formed. It is notable in this regard that the transfer of a production system developed in one society to a different one does not necessarily lead to the rapid change in the social and cultural context associated with that production system in the importing society.

This is why the superstructure of Arab society (including general culture, values and behavioural patterns) is still influenced by the production patterns and relationships that prevailed in the past (Muhammad Jaber al-Ansari, 1998).

ECONOMIC STRUCTURE

MODES OF PRODUCTION

In knowledge societies, economic activities create demand for knowledge and incentives for its dissemination and production. The economy also represents one of the most important sources of investment in knowledge. If

intensive knowledge is *not* an essential determinant of economic output and its distribution among factors of production, societal demand for knowledge will not exist and it will not be possible to build an effective knowledge *system*. In advanced economies, knowledge accounts for a significant part of the value added to production, and the constant generation of new knowledge drives a process of continuous improvement in knowledge-based products and services, which helps to sustain economic growth.

It is possible to distinguish five main features of the dominant mode of production in Arab countries that affect knowledge acquisition.

Dependence on the extraction of raw materials in "rentier" economies

First is the overwhelming dependence on the extraction of raw materials, chiefly oil, in what are often referred to as "rentier" economies: The GCC countries and Libya, Iraq and Algeria are almost completely dependent on oil. Other Arab countries (Egypt, Syria, Sudan and Yemen) depend on crude oil as a primary, though not exclusive, source of gross economic product. In other Arab countries, oil dependence is reflected in aid and workers' remittances from oil-producing countries. In some cases, the *rentier* nature accrues from aid from industrialised countries.

In *rentier* modes of production, economic returns do not necessarily accrue from hard work and high productivity, particularly in political systems that constrain freedoms and do not encourage people to be industrious. Rather, the economy turns on the exploitation of raw materials and the use of foreign expertise in the absence of local knowledge capabilities. This, indeed, has been the historical pattern in many Arab countries.

Rentier economies rely heavily on foreign expertise as this approach provides quick and easy economic returns. By contrast, creating indigenous knowledge requires considerable commitment, effort, time and financial resources. Yet in the long run, such a hands-off approach eventually weakens the demand for localised knowledge, retards the development of local production and postpones the effective utilisation of knowledge in economic ac-

tivities.

The first consequence of the *rentier* system is that large and easy rents encourage a mindset oriented towards spending and acquisition. Such a mindset is seldom interested in risk-taking or in addressing the difficulties associated with stimulating or managing investment and production in societies whose organisational and economic structures are still fragile and inefficient.

The extraction of raw materials in Arab countries began in the colonial period, and was undertaken by foreign companies with exports to the industrialised West in mind. This pattern of production was associated with reliance on foreign expertise. With a few major exceptions in the oil industry and in water desalination, particularly in Saudi Arabia and Kuwait, almost all Arab countries entrusted most knowledge-intensive aspects of the extraction of oil and other natural wealth – and indeed of other economic activities as well – to foreign corporations, generally on a full contracting, or turn-key basis.

The consequences of this abdication are severe. Foreign experts are costly, their knowledge is seldom transferred and absorbed locally and at times their approaches may conflict with national interests. Worse, over-reliance on foreign expertise in high-skill areas reduces the demand for locally produced knowledge and prevents the growth of skilled Arab knowledge enterprises.

Commodity-based production and franchising

Most production in Arab countries is based on traditional primary commodities in agriculture and other sectors and does not call for advanced skills or technology. Another area of relative concentration is the manufacture of consumer goods under franchising or licensing arrangements with foreign firms. Meanwhile, the share in manufacturing of capital goods with high knowledge content remains small. This industrial pattern limits the local demand for knowledge and perpetuates reliance on knowledge imports under licensing arrangements. It could be said, in fact, that commodity-based production and franchising stimulate knowledge development abroad and stifle it at home. As a result, knowledge sys-

tems in Arab countries remain dysfunctional and Arab economic activities remain knowledge-poor.

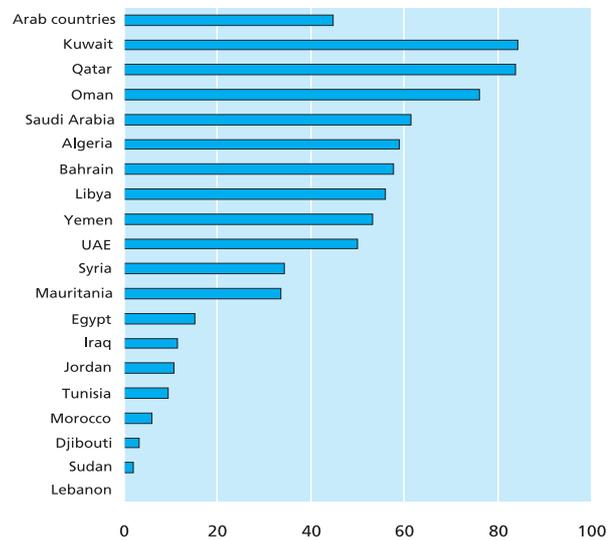
Features of this production mode are apparent in the Arab commodity manufacturing structure, dominated by extraction industries (Figure 7.1).

The same production mode is evident in the structure of Arab exports, compared with other regions of the world. (Figure 7.2).

The same Figure shows that the Middle East and North Africa region, as classified by the World Bank, occupies the lowest levels among world regions, even compared to the

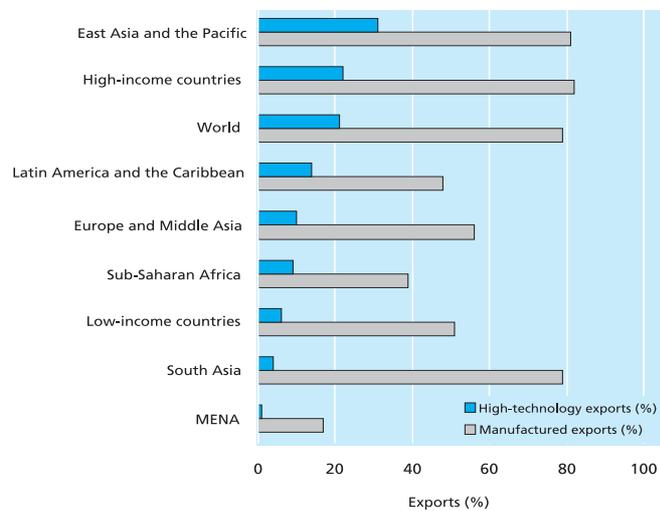
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Figure 7.1
Share of extractive industries in commodity production



Source: League of Arab States, 2002 (in Arabic).

Figure 7.2
Export structure, selected regions



Source: World Bank 2002.

Many Arab micro- and small enterprises cling to traditional modes of production that are low in knowledge content.

least developed countries, in both the percentage of manufactured exports and the share of high technology exports as an indicator of knowledge intensity in economic output.

Prevalence of low-skill micro-enterprises and informal sector production activities

Many Arab micro- and small enterprises cling to traditional modes of production that are low in knowledge content in the modern sense, and which do not contribute to the generation of new knowledge. In Egypt, for example, the 1996 census showed that practically all such enterprises (98%) employed two or fewer individuals, while the percentage of enterprises employing more than 100 workers was less than 0.1% (Nader Fergany, 1998). In Jordan, the percentage of enterprises employing less than 50 workers was 94% (The World Bank, 2002).

It is important to stress that the absence of knowledge-based production in these enterprises is not related to their size or to the type of economic activity in which they engage. It is rather a consequence of the weakness of the knowledge system itself and of low knowledge utilisation in the surrounding economy. Conventional economic activity, *per se*, is not an obstacle to knowledge acquisition and utilisation. The missing factor is an effective societal system for knowledge acquisition. In fact, there are examples in the region where intensive knowledge production has taken place in conventional economic sectors, such as agriculture, and where such production has not only increased value added but also contributed significantly to the knowledge acquisition system in society at large. Elsewhere in the world, some of the most intensive forms of knowledge utilisation and production are carried out in highly innovative micro- and small enterprises (for instance, Silicon Valley in the United States and its fast-growing equivalent in Bangalore, India).

Scarcity of medium-sized and large companies based in the Arab region

Unlike the case of south-east Asia, where Japanese and global multinational corporations established integrated bases for industrial production in those countries capable of exporting to world markets, the investments

of multinational corporations in Arab countries were limited to secondary activities with little effect on the creation of national skills or the adoption of technology. Such foreign investment was characterised by a vertical relationship between Western industrial centres and individual Arab countries, and was encouraged by very weak horizontal relationships between the Arab countries themselves. This so-called hub-and-spoke pattern reflects in part the failure of economic cooperation and integration efforts in the Arab region.

Lack of competition

Healthy competition still eludes Arab economies where entrenched monopolies dominate several sectors. Uncompetitive firms do not seek out knowledge but instead concentrate on maintaining their traditional commercial footholds. In addition, a lack of transparency and accountability has created a certain overlap between political and business elites. This further reduces the competitive pressure to enhance the use of knowledge in economic activities in Arab countries, since profits are mostly derived from access to power rather than through economic efficiency and performance.

Lack of competition marginalises the role of productivity, and consequently the need for knowledge in economic activity. In the recent past, in many Arab countries, the public sector loomed large in the economy with macro policies relating to employment, pricing and management that reduced the efficiency of both public and private economic activity. When some Arab countries moved towards free market economies, the legal frameworks and institutions necessary to prevent monopolies and protect competition were seldom in place, with the result that private monopolies sometimes replaced public ones.

At the same time, limited inter-Arab cooperation has led to the narrowing of markets and to inward-looking economies vulnerable to monopolies. Vigorous inter-country economic cooperation, which could create incentives for innovation and excellence and a demand for knowledge to support production capacity, has not taken off in the region.

The lack of foreign competition in general, coupled with import substitution policies, has

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also narrowed markets. Yet it is worth noting that in a few cases openness, through international trade – in the heartlands of *rentier* economies such as Dubai, Bahrain and Kuwait – has helped to stimulate the growth of economic capacities capable of competing beyond national borders.

GROWTH, PRODUCTIVITY AND DISTRIBUTION

Economic growth

When societal conditions favour knowledge acquisition, a virtuous cycle develops between levels of economic output and rates of growth and productivity on the one side, and knowledge acquisition on the other. High output and fast growth rates allow resources to be invested in knowledge acquisition. At the same time, intensive investment in knowledge acquisition leads to the production of new knowledge, which then accelerates economic growth. Conversely, weak output and slow growth lead to under-investment in the knowledge system and in its application in society. Ultimately, whether a society allocates resources to knowledge acquisition in the amounts needed to bridge the knowledge gap (Chapter 1, Figure 1.1) depends crucially on its decision-makers. Currently, in Arab countries, both economic growth and production are stumbling, as demonstrated by World Bank figures on the Middle East and North Africa region.

Despite the popular perception that Arab countries are rich¹, the volume of economic product in the region is rather small. Overall GDP at the end of the 20th century (US \$604 billion) was little more than that of a single European country such as Spain (US \$559 billion) and much less than that of another European country, Italy (US \$1,074 billion) (UNDP 2002).

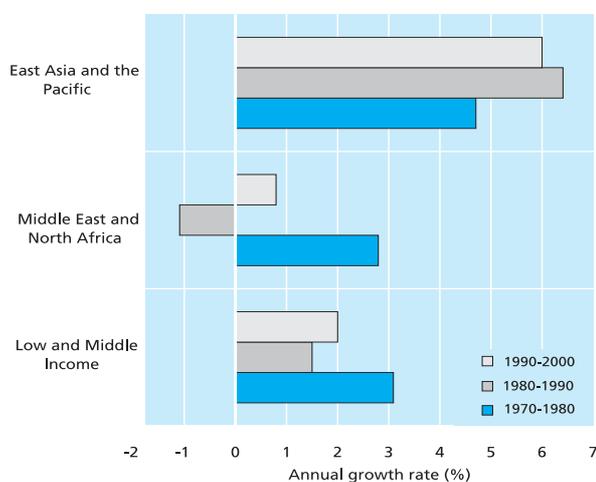
Compared to the relatively high rates of economic growth during the oil boom of the 1970s, growth in combined Arab gross domestic product in the last quarter of the 20th cen-

tury was extremely modest. (See Figure 7.3.)

The figure indicates that the growth rate in gross domestic product in the Middle East and North Africa region was modest during the last two decades of the past century, falling to less than half its levels in the 1970s (during the first oil boom). Indeed, in the 1980s it was negative. Moreover, the gross product growth rate in the region in the 1970s was well below that achieved in the East Asia and Pacific region; and less than that of low- and middle-income countries worldwide.

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Figure 7.3
Annual growth rate of gross domestic product (GDP) per capita (%)
Middle East and North Africa and other selected regions, 1970-2000



Source: World Bank, 1993, 2000 and 2002.

Productivity in Arab countries

Declining productivity is one of the major challenges facing Arab countries. According to World Bank data (World Bank, 1998)², rates of productivity (the average production of one worker) in Arab countries were negative to a large and increasing extent in oil-producing countries during the 1980s and '90s (see Figure 7.4). The gross national product per worker³ in all Arab countries is less than half that in two advanced developing countries: South Korea in Asia and Argentina in Latin America. (See Figure 7.5).

Dividing Arab countries into three groups

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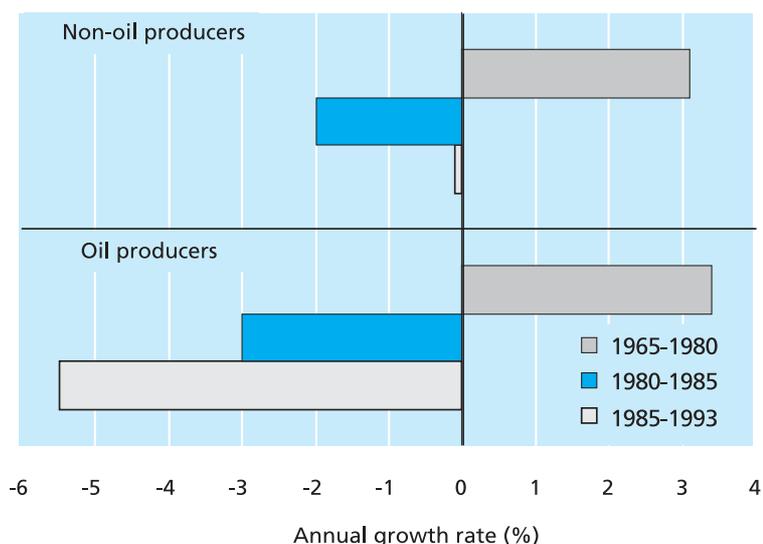
¹This illusion has been accentuated by the concentration of Arab wealth in a limited number of lightly populated Arab oil-producing countries, and the adoption of those countries as representative of all Arab states.

²From tables 1, 3 and 1a in the source, with the work force in Bahrain, Djibouti, Iraq, Kuwait, Libya, Qatar, Somalia and the Sudan estimated as a percentage of the population (from the Arab Joint Economic Report, 1998), and on the assumption that the production per worker in Libya, Iraq, Djibouti and Somalia was \$5000, \$3000, \$100, and \$700 respectively.

³As a preliminary indicator of productivity dictated by the more up-to-date data from one major source, and where the estimate of the labour force in developing countries is reduced to exclude women and children, particularly in informal economic activity, the estimate of productivity in this manner is expected to be higher than actual productivity.

Figure 7.4

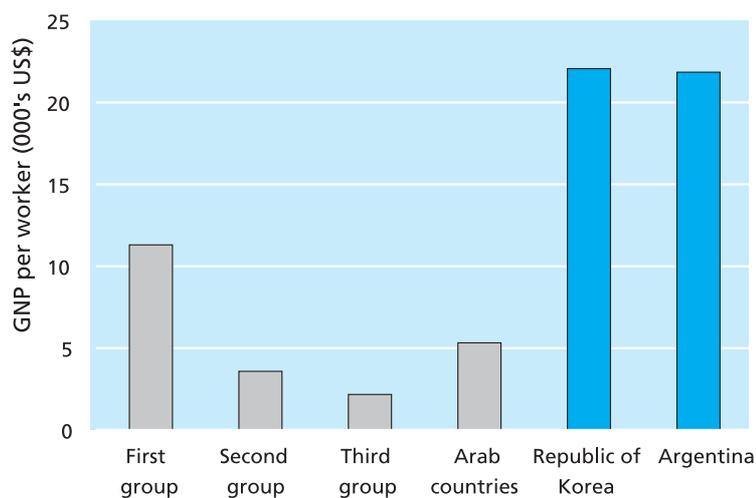
Annual growth rate of GDP per worker (%)
Middle East and North Africa Region, 1965-1993



Source: (based on World Bank, 1995).

Figure 7.5

Gross national product (per worker) in Arab countries compared to South Korea and Argentina, 1997



Source: Calculated from World Bank data, 1998.

Excluding oil rents from the picture would reduce apparent levels of productivity in Arab economies.

according to the contribution of oil to their GNP, with each group representing about one-third of the Arab labour force, yields clearer indicators of the low productivity of these countries.

Productivity in the nine richest Arab countries in terms of oil resources – the first group – barely exceeds half the productivity of a worker in two comparator countries. The productivity indicator in the medium oil-rich

countries (Tunisia, Syria and Egypt) is about one-sixth that of the comparator countries, while in the oil-poor countries (Jordan, Sudan, Somalia, Morocco, Yemen, Djibouti, Lebanon and Mauritania) it is less than one-tenth.

This means that excluding oil rents from the picture would reduce apparent levels of productivity in Arab economies much more than a simple overall comparison indicates.

More important than the *level* of productivity is the *change* in productivity over time. Based on the data in the World Development Report for 1998/99, it is possible to compare the GDP indicator⁴ per worker in ten Arab countries with that of some faster growing countries⁵ over a relatively long period of time (1980-1997).

This comparison shows that productivity increased annually by 15% in China, 8% in Korea and 6% in India. By contrast, the growth rate of productivity in the best performing Arab country did not exceed 4% (respectively, according to value: it was 3-4% in Oman and Egypt, 2-3% in Tunisia, Mauritania and Morocco, 1-2% in Jordan and Algeria and less than 1% in the United Arab Emirates and Saudi Arabia).

Revitalising economic growth in the Arab region is a necessary condition for initiating a knowledge renaissance. Yet growth alone is not sufficient. A national consensus is required among public, private and civil society decision makers on the overriding importance of building the knowledge society. This consensus would amount to a new social contract reflected in all Arab spending and investment decisions.

Income distribution

In any society, the distribution of income and wealth – and hence power – has an impact on economic growth and on the allocation of resources for knowledge acquisition. Though global experience shows that some economies were able to achieve economic growth under conditions where wealth was accumulated by a few, this occurred in an economic environment that was relatively closed. Globalisation and its open economies make growth in situations of economic polarisation more difficult.

⁴which reflects productivity better than GNP.

⁵The indicator used here is the total of productivity rates in the two periods, calculated from the data provided in tables 3 and 11 in the source, which give the growth rates of the labour force and the GDP in both periods (1980-1990 and 1990-1997).

The volume of Arab capital invested in industrialised countries and not at home demonstrates this. Wide economic divides result in instability, low productivity, extensive unemployment and further deterioration in the distribution of income, wealth and power. Grossly unequal distributions of income, wealth and power adversely impact opportunities for knowledge acquisition by undercutting sustainable economic growth.

In turn, the skewed distribution of income, wealth and power undermines human development by fettering human capabilities and thwarting popular participation, itself one of the main elements of human welfare. These circumstances deny the poor opportunities to enlarge their capabilities or to influence decisions affecting their lives and thus lift themselves out of poverty. Under these conditions, a society cannot accumulate high-quality human capital, one of the most important requirements for a dynamic knowledge system.

Unfortunately, the data base on the extent and features of poverty and income distribution in Arab countries is extremely weak. There is almost no data at all on the distribution of wealth, and information on income distribution and the extent and characteristics of poverty is minimal, which diminishes the clarity of the picture of poverty and income distribution in the region.

Some researchers estimate that poverty is even more widespread and income distribution is more unequal than indicated by international datasets, due to technical difficulties in poverty assessments as well as data scarcity. In light of different indicators, there is concern that both determinants of welfare are growing worse: it is estimated that poverty is increasing and income distribution is becoming more unequal. Estimates of poverty in Egypt in the 1990s, for instance, vary between 30% and 40%, which means that Egypt alone contributes nearly 10% to the overall poverty rate in the region. And this does not take into account Iraq or Morocco, let alone Sudan, Somalia and Djibouti. Based on country surveys in the 1990s, estimates of poverty vary from 21% in Jordan to 30% in Yemen, 45% in

Djibouti and 85% in the Sudan (UNDP, 1997). Figure 7.6 provides indicators of the extent of poverty in the 1990s, based on a number of criteria. It indicates that poverty in Arab countries is more widespread than is usually reported in international data bases, particularly those compiled by the World Bank and the International Monetary Fund.

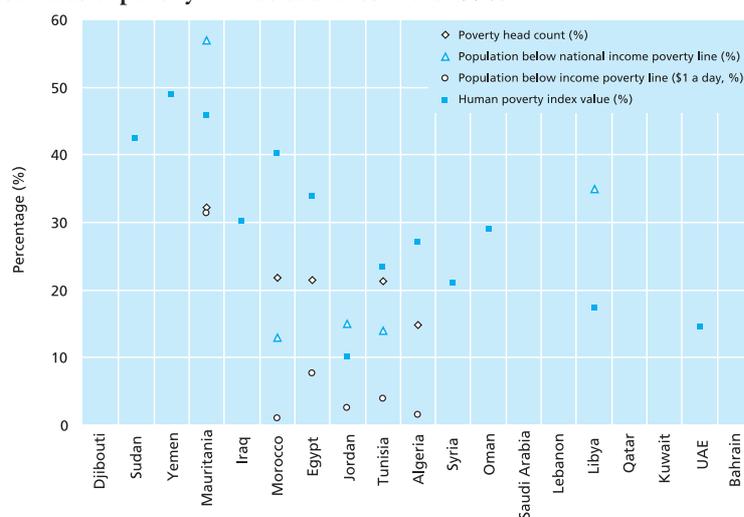
Even when field surveys of income and expenditure (which constitute the basic source for estimates of income distribution) exist, such surveys suffer from defects that diminish their credibility, particularly with regard to the parameters of income distribution, as a result of bias in the collected data.⁶ In Egypt, for instance, relying on the results of income and expenditure surveys in the first part of the 1990s leads to an improvement of the Gini coefficient⁷ – i.e., income distribution becomes more equal. But this does not correspond to the overall economic situation, particularly unemployment and poverty criteria and the observations made of wealth distribution during the same period. The Gini coefficient was estimated in 1997 at about 37% (Datte et al., 1998), compared to 28% in 1995 (World Bank, 2000). This is a huge increase in a short period of time, which indicates an accelerated worsening of income distribution. Labour's share of the value added declined from nearly 40% in 1975 to nearly 25% in 1994 (see Figure

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Figure 7.6

Estimates of poverty in Arab countries in the 1990s



Source: Nader Fergany, 2002.

⁶Like the problem of "cutting the right tail" of income or expenditure distribution, which occurs in societies where surveys do not record the extremely high values of expenditure or income. It prevails in societies or historical eras in which high incomes are derived primarily from activities that are socially unacceptable or legally prohibited. "Cutting the right tail" produces values for the characteristics of income distribution that are more equal than the real values.

⁷A numerical measure related to a graphic device that depicts the degree of income or wealth inequality. (Journal of Economic Education)

The middle class in Arab countries is on the wane, contracting under pressure from rising poverty.

7.7), which indicates a deterioration of GNP distribution in favour of wealth returns.

The question of distribution has, however, a composite effect on knowledge acquisition. In some societies, the accumulation of wealth in select circles that are willing to make philanthropic contributions to support knowledge activities and endow knowledge-producing institutions has had a salutary effect on knowledge acquisition in the society as a whole. In other societies, however, (perhaps closer to the Arab situation) the very wealthy – with a few exceptions – seek only to accumulate wealth quickly through easy profits, particularly from speculation and property holdings, and to indulge in ostentatious consumption. In such societies, the skewed distribution of income and wealth reduces the society's opportunities for advancement in knowledge acquisition.

It is only fair, however, to recognise that before the rise of autocratic regimes, Arab societies were noted for their substantial philanthropic activities, through non-governmental organisations and Islamic endowment funds, particularly in health and education, including higher education. Autocratic regimes, however, with their restrictions on non-governmental organisations and their control of Muslim endowment funds, have long disrupted such effective non-governmental work.

The oil welfare state, on the other hand, spent generously on people and on public services, yet did not promote strong non-governmental movements in support of knowledge acquisition.

Creating a knowledge society requires wealthy Arabs, states, institutions and individuals, to provide substantial and sustained support for the diffusion and production of knowledge. This entails creating a societal environment and developing tax and financial policies that facilitate the establishment and activation of civil society organisations that support knowledge acquisition and respond to the call of national duty.

CLASS STRUCTURE

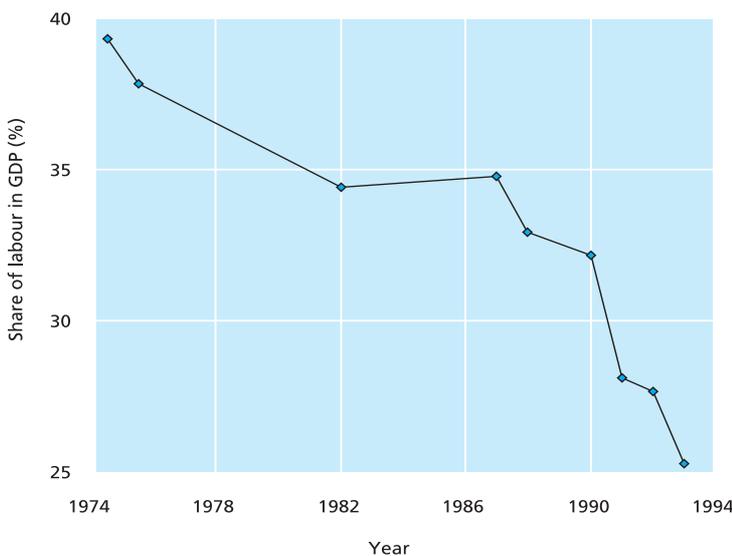
Class structure strongly influences the knowledge system. Wealth can play a positive role in supporting knowledge development and dissemination if a portion is invested in the knowledge system. Another favourable societal condition is the existence of a large educated middle class, able to appreciate and cultivate various forms of knowledge and blessed with the financial security that allows it to participate in sharing knowledge and in producing it (Galal Amin, 2002).

Yet the middle class in Arab countries is on the wane, contracting under pressure from rising poverty and the uneven distribution of income and wealth. This contraction has been aggravated by a gradual decay in knowledge pursuits, particularly in Arabic. The enervating influence of mass media entertainment and mass artistic production, the homogenising impact of global culture, the declining quality of education and the general erosion of societal incentives for knowledge acquisition are all contributing factors.

SOCIETAL INCENTIVES

In their studies of current Arab knowledge systems and intellectual movements, a large and varied group of Arab thinkers across the region has consistently attached great importance to both reason and knowledge. Many of them have sought to justify the adoption of these two values, arguing that classical Arab civilisation exalted reason, experiment, hu-

Figure 7.7
Development of workers' share of GDP (%), Egypt 1974-1993



Source: Nader Fergany, 1977 and 1998.

mankind's development on earth and the wise husbanding of nature in its conceptual value system.

Yet other researchers studying modern Arab culture have inferred that it is beset with irrational tendencies and that it underestimates the value of work, manual crafts and applied sciences. A number of these thinkers have gone on to assert that most of the social, political and economic problems in the contemporary Arab world spring from the misuse of reason and a consequent incapacity to handle the process of creative knowledge production.

Attempting to look objectively at the Arab value system, it becomes apparent that political, social, and economic conditions have played a decisive role in shaping values and societal incentives. After independence, most Arab countries came under political regimes that represented little advance on the autocratic style of the past. Social and individual freedoms were restricted in some areas, and were totally absent in others. One need only note the characteristics of autocracy as sharply delineated by Al-Kawakibi and his successors, and how such autocracies corrupt people's morals and values and inhibit creativity and development (Box 7.2).

Traditional Arab social structures, whether represented in patriarchal societies or in tribes and clans, were not less harmful to modern human values. The values of citizenship, law and normal human rights – in addition to religious rights – all gave way to the mentality of the tribe.

In Arab countries, the distribution of power, which sometimes coincides with the distribution of wealth, has had an effect on the morals of societies and individuals. The pursuit of personal gain, the preference for the private over the public good, social and moral corruption, the absence of honesty and accountability and many other illnesses, are all related in one way or another to a skewed distribution of power and the resulting social disparities. Justice, before all else, has been the victim of this state of affairs.

Compared to the 1960s, Arab communities today are witnessing a deterioration in societal incentives, which has a bearing on creative work and the development of knowl-

BOX 7.1

Patriarchal Society in Arab Countries

In a valuable analysis of Arab society, Hisham Sharabi diagnosed the characteristics of those relationships that hinder and distort progress in Arab countries. He concludes that Arab society is caught up in a vicious circle, where the "patriarchal collective self" reproduces itself in order to perpetuate the patriarchal pattern of authority and social relations.

Arab society is not a traditional society in the true sense of the word, neither is it a modern society. It is, rather, a confusing mixture of both. One of its aspects is manifest in a set of traditional social rela-

tions, values and structures emanating from a patriarchal society allied with ancient tribal, family, religious and sectarian relations. The other aspect reflects a set of modern social relations and structures. The confusion is increased in Arab society because it suffers to a large extent from reliance on foreign political, economic and cultural influences. Sharabi tries to explain Arab patriarchy through its approaches to modernism. He suggests the following comparison between patriarchy and modernism on the basis of six major components:

COMPONENT	Modernism	Patriarchy
KNOWLEDGE	IDEA – MIND	SUPERSTITION – BELIEF
FACT	SCIENTIFIC – REVOLUTIONARY	RELIGIOUS – NARRATIVE
LANGUAGE	ANALYSIS	RHETORIC
GOVERNMENT	DEMOCRATIC – SOCIALIST	NEW PATRIARCHAL AUTHORITY
SOCIAL RELATIONS	HORIZONTAL	VERTICAL
SOCIAL STRUCTURE	CLASS	FAMILY – TRIBE – COMMUNITY

The essence of the new patriarchy in Arab society is the patriarchal family, the importance of which can be grasped by understanding new patriarchal structures and their basic internal relations, particularly those relating to authority, hegemony and dependence, which reflect and are reflected in the structure of social relations.

The father, the ideal new patriarchal personality, constitutes the central instrument of oppression. His power and influence are based on punishment. Oppression in the mind of the family is also associated with widespread irrational attitudes among the general public. This association facilitates the perpetuation of the status quo and leads people to subconsciously oppose change. The scientific mind, which explains phenomena with reference to causes that are subject to testing and proof, has not taken root in the collective personality. Metaphysics and magic continue to dominate the psychological environment of the individual. Therefore, rationality is not the principle that governs individual behaviour or social work in general. Two sectors in the society coexist side by side, one of them is

sorcerous and the other is scientific. Traditional structures coexist with modern structures, and a dependent, primitive economy exists next to a modern, rational economy.

Arab societies are managed by many despots of varying degrees of patriarchy: the head of the household, the elders in the family, tribal chieftains, school principals, council chairmen, heads of state and other father figures. In such societies there can be only small scope to develop initiative and innovation in individuals who are under the control of these petty despots. Hopes that Arab educational systems would overturn the influence of patriarchal upbringing on individuals have been frustrated. On the contrary, the traditional patriarchal culture has penetrated the educational system in most schools, reinforcing students' submission to various forms of authority and stifling individual and creative initiatives. Even in schools unburdened by the weight of traditional society, such as foreign private schools, the encouragement of individual initiative and creativity are the exception rather than the rule.

Source: Hisham Sharabi, *Neopatriarchy, The Distorted Change in Arab Society*, Oxford University Press, 1988. Chapter 2, pp. 17-18.

edge. Art, thought and knowledge are evaluated by whether they are "sinful or permissible by religion". The criteria for judgment are fidelity or heresy rather than beauty and ugliness, or right and wrong. Moreover, among the impoverished mass of people, the values of

Al Kawakibi (1854-1902): The Inversion of Values Under Despotism

“We became accustomed to regarding abject submission as polite deference; obsequiousness as courtesy; sycophancy as oratory; bombast as substance; the surrender of basic rights as nobility; the acceptance of humiliation as modesty; the acceptance of injustice as obedience; and the pursuit of human entitlements as arrogance. Our inverted system portrayed the pursuit of simple knowledge as presumption; aspirations for the future as impossible dreams; courage as overreaching audacity; inspiration as folly; chivalry as aggression; free expression as impertinence; free thinking as heresy; and patriotism as madness.”

“In your helplessness you accept a miserable life, and you call it contentment; you abdicate responsibility for your daily existence, saying ‘God will provide’ and you believe yours is not to reason why because what befalls you is God’s will. But, in God’s name, this passivity is not the proper status of humankind.”

Source: The Character of Despotism, p.126, p.118.

Arab citizens are increasingly pushed away from effecting changes or taking decisions in the interest of their countries.

Status inherited remains a more powerful value than status acquired.

asceticism and other-worldliness prevail. Deprivation has caused them to transpose the lives they desire, but cannot lead, to the after-life. Yet their non-material values have not prevented the appearance of an ostentatiously luxurious lifestyle among the affluent, drawing on the authority of scripture where it says: "Remember your share in life".

The oil boom also played its role in eroding a number of values and societal incentives that would have been helpful in enhancing creativity and the acquisition and dissemination of knowledge. With the spread of negative values during that period, creative abilities were neglected, and knowledge lost its significance for human development. The social standing of scientists, educated people and intellectuals fell. Education became incapable of providing the poor with the tools and abilities they need for social mobility. Social value was measured by money and fortune, regardless of how those fortunes were gained. Proprietorship and possession replaced knowledge and intellectualism. Perhaps worst of all, the values of independence, freedom and the importance of a critical mind – values by which people can actively exercise choice and lead conscious lives – were also buried. The aftershock of this collapse continues to weaken and undermine Arab societal incentives today. As a result, indifference, political apathy and a sense of futility are becoming dangerously common among broad segments of the populace. Arab citizens are increasingly pushed away from effecting changes or taking decisions in the interest of their countries.

The modern productive person is no

longer the model citizen. Instead, Arab societies now offer choices that people should refuse to make. The question as to who is better: the productive or the religious citizen is one such false antithesis. The question should instead be: can the Arab citizen be both productive and religious? And what will it take to combine those two traits? Such soul-searching is, however, far from the norm. Work has ceased to be a precious value, and many still talk about ‘*rizq*’, or a livelihood, as a blessing from God. Popular proverbs and sayings denote a return to the view that production, incentives and rewards are subject to fate and destiny. Thus, current values are shrinking the boundaries of the human will. Status inherited remains a more powerful value than status acquired.

Fine speeches about ancestral glory are much in evidence. This narrow homage to the past is held in higher esteem than attempts to rebuild institutions or reinvent the social contract. Meanwhile, personal relations and favouritism outweigh merit and efficiency in both the public and private spheres. This suffocating social climate stifles creativity, innovation and the acquisition of knowledge. It weakens the sense of community and incites a destructive form of individualism driven by envy and hostility, rather than by the healthy entrepreneurial spirit found in industrialised countries. It dismantles corporate teamwork and production, and undercuts collegial exchanges of experiences. The rise and prevalence of ideologies in the Arab world in the second half of the 20th century also led to the dominance of dogmatic tendencies and radicalism and to increased repression by authorities. This has given rise to introverted ideologies and ideas of cultural specificity, difference and the rejection of the "other" on both the local and global levels.

Severe restrictions on independent thinkers who could have contributed substantially to Arab creative knowledge cut societies off from legitimate intellectual dissent. At the same time, a form of historical analysis and writing serving the vested interests of some political and social systems is resurfacing. In the meantime, freedom of thought has been restricted and outstanding and free thinkers have been oppressed. This is taking place

amid the contraction of domestic economies and the psycho-political constriction of national development induced by regional crises, the most prominent of which centre on governance, Arab unity and the Palestinian problem. Together, these trends portend a culture of near-despair and rejection.

These value-related issues in Arab society form a vicious circle that stands in the way of cognitive development, open-mindedness and a positive approach to life and knowledge. They militate against human development and an Arab cultural and economic renaissance.

A society that does not value knowledge and innovation highly does not give the knowledge system the required elements or the environment it needs to flourish. Hope is now attached to the emergence of a strong and vibrant middle class, with well-educated members who have distinguished expertise and possess a vision that looks forward to a better and more humane life. The state, civil society, cultural and mass media institutions, enlightened intellectuals and the public at large are all called upon to plant those values that encourage action and innovation in the political, social and economic spheres. Each one of these spheres needs to be the base and instrument of production and innovation in culture and knowledge. Each needs to build a system of values that encourages respect for hard work and productivity and stimulates the capacity to innovate using what is created by the local society or by humanity as a whole.

Promoting an Arab renaissance through democratic values

The acquisition of knowledge is a different matter from the acquisition of material wealth. Quantitative economic advancement is associated with the accumulation of wealth that already exists through the process of capital formation. Such wealth may be concentrated in a few hands, whether in the state or the private sector, depending on the prevailing economic model. Qualitative advancement, however, is associated with the development of a society's knowledge base, with the continuous replenishment of that base through new knowledge and with the free flow of knowledge to all members of society, such that every citizen, regardless of social position, economic

level or age group, has an opportunity to contribute to knowledge development and to benefit from its outcome.

Such free flows of knowledge within society require a democratic value system and the elimination of corruption, which diverts knowledge, ideas and information in order to serve the personal interests of a few and hinders their movement for the good of society. Free flows of knowledge also call for the free movement of people who are the vessels of that knowledge. This, in practice, requires respecting the human rights of Arab workers moving from one country of the region to another to enable them to interact positively with all groups in their host societies.

Arab citizens must be accorded the full dignity due to them as human beings. Their initiative, innovation and public participation must be encouraged and rewarded. Their right to different opinions and beliefs has to be recognised. Freedom from discrimination of all kinds must be upheld for all citizens, especially women and children, the groups that suffer the most iniquitous restrictions today. Modern Arab society has not given sufficient attention to women's empowerment. The interpretation of laws and the production of knowledge have not advanced sufficiently to guarantee Arab women their economic, social and cultural rights, consistent with international conventions and without encroachment on Islamic law.

Effective measures must also be taken to eliminate traditions, laws and customs, which entrench narrow traditional loyalties to the tribe and the clan in Arab societies and to replace them with the concept and practice of citizenship, without which there can be no innovation.

In economic life – which is closely associated with political and social philosophy – the value of *justice* must be introduced, because the values of freedom, democracy and equality will not bear fruit without justice. It is justice that makes the values of integrity, accountability and peoples' welfare – which are the basis of a sound ethical community life – possible, viable and effective.

In short, the reform of the Arab knowledge model has to move in lockstep with the reform of Arab social values. The restoration

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of rationality, scientific methods and open-mindedness cannot proceed without the renovation of political, social and economic values and their wide diffusion as creative principles. The new core values that will drive the Arab renaissance are freedom, justice, respect for human dignity and basic human rights, integrity, the pursuit of public welfare, accountability, pluralism and the ethics of dialogue and political alternation.

MIGRATION

Arab countries have witnessed two great outflows of international emigration that have significantly affected local knowledge acquisition. The first was directed to oil-rich Arab countries and took the form of temporary labour migration. Nevertheless, restrictive policies and circumstances in both the countries of destination and origin, and recurrent political upheavals and armed conflicts, often impeded real human exchanges among Arab countries except in some cases where Iraq is concerned. The level of education and skills among these temporary migrants varied from one country of origin or destination to another. Many "oil" migrants, however, ended up working in the education sector and service industries.

The second outflow went to Western countries and was characterised by a higher frequency of settlement in the countries of destination. Within that second flow two currents can be distinguished: the first originated in North Africa and set out for European countries, especially the former colonial powers. It encompassed all levels of education and skill, but was dominated by unskilled labour. The second current is more significant from the knowledge perspective, as it entailed the emigration of highly qualified Arabs to dozens of Western countries. Settlement in the countries of destination dominated that current.

Emigration to other societies endows migrants with new knowledge and experience. Under favourable conditions, those with whom they mix also acquire knowledge. Arab migration to Arab countries, especially when centred on education, has certainly made valuable contributions to knowledge, most of all in the countries of destination. Migration be-

tween Arab countries, despite serious difficulties at times, has also contributed to strengthening Arab ties.

However, in general, institutional arrangements for intra-regional migration and the general policies of both countries of origin and destination did not foster the best possible returns to migrants or to their home and host societies. Most Arab conventions designed to regulate emigration, protect migrants' rights and ensure optimal developmental outcomes remain little more than ink on paper, even though such conventions do not rise to the level of protection embodied in international treaties.

THE BRAIN DRAIN

Arguably, emigration of highly qualified Arabs to the West has been one of the most serious factors undermining knowledge acquisition in Arab countries. It is no exaggeration to characterise this outflow as a haemorrhage. The trend is large-scale and is steadily accelerating. Data to adequately document the extent of the phenomenon is not readily available, but some indications that point to the extent and gravity of the brain drain are given below (Zahlan, background paper for the Report).

It is estimated that by the year 1976, 23% of Arab engineers, 50% of Arab doctors, and 15% of Arab BSc holders had emigrated. Roughly 25% of 300,000 first degree graduates from Arab universities in 1995/96 emigrated. Between 1998 and 2000 more than 15,000 Arab doctors migrated.

Apart from the sheer scale of emigration and its growth over time, looking into the motives of emigrants reveals obstacles to building Arab knowledge societies that are perhaps more serious than the brain drain itself. Surveys of highly qualified Arabs living abroad indicate that their principal reasons for leaving relate to the absence of a positive societal environment and facilities that would allow them to play their role in the knowledge system and in the development of their countries. Ideally this role should be performed under conditions that permit individual fulfilment and a decent standard of living. The denial of livable conditions to a host of highly qualified Arabs drastically undermines any attempt to create

knowledge societies in Arab countries. Their emigration perpetuates weaknesses in both the production of knowledge and the demand for it, since the activities and pursuits of such highly qualified personnel would have significantly increased both supply and demand had they remained in their countries.

Ironically, the Arab brain drain constitutes a form of reverse development aid since receiving countries evidently benefit from Arab investments in training and educating their citizens. More significant, however, is the opportunity cost of high levels of skilled outflows: the lost potential contribution of emigrants to knowledge and development in their countries of origin.

The extent of that loss calls for serious action: firstly to tap the expertise and knowledge

of the Arab *Diaspora* abroad and secondly to provide Arab expatriates with incentives to return to their countries of origin either on temporary assignments or for good. If they do come back, they will do so with a larger stock of knowledge capital than that with which they left. Yet this will not happen unless enabling conditions at home are in place – conditions that are conducive to fulfilment in their personal, professional and public lives and that allow them to contribute to national development. Creating such conditions is not an easy task. It requires a serious project in human development in Arab countries, serious enough to attract emigrants back to participate in the task of creating a knowledge society and to share in the honour of seeing it materialise.

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Contrary to the assessment regarding the state of Arab culture, the analysis in this chapter shows that Arab social and economic structures are obstacles to knowledge acquisition. This requires a longer-term approach than that prescribed in the case of Arab culture, a challenge that has to be taken on if a knowledge society is to emerge in the region.