The Political Architecture

Introduction

Chapter Five looks at another pivotal area that explains the current and critical deterioration in the state of freedom in Arab countries, namely in the political structure of governance. The crisis of the current political structure is manifested most clearly in the generally authoritarian nature of the executive, often reduced to the person of the head of state, and in the role played by the security forces of the state. It is also reflected in the severe restriction of freedom, particularly freedom of expression and association in civil and political societies. The chapter considers the features of corruption drawn from the Freedom Survey and highlights the state of Arab corporate governance. It concludes with an evaluation of the relative situation in the Arab region in comparison to other world regions, with respect to a number of governance indicators derived from the World Bank's database on this subject.

THE CRISIS OF GOVERNANCE IN ARAB COUNTRIES

There is near consensus in the Arab world today concerning the serious flaws in the state of Arab affairs; it is a rare consensus among rulers and ruled in which class distinctions disappear and regional, sectarian and even ethnic differences fade. There is also consensus, as demonstrated by the agreement at the May 2004 Arab summit meeting in Tunis which focused on political reform, that the heart of the failing lies in the political sphere, specifically the architecture of the Arab State, and that reform must begin there. Agreement, however, stops here, as differences emerge, particularly over where the malaise starts and which is the most appropriate prescription for cure.

This consensus is the result of living together with the widespread crisis which overshadows the Arab world and points to a collective failure among Arab states to address major issues, such as the Palestinian question, Arab cooperation, foreign interference, and human development. It also points to the failure to provide citizens with a decent life, whether in terms of the basic requisites of daily life, or human rights or both, which has created an atmosphere of oppression, suffering and instability. This sentiment intensified with the occurrence of major disasters such as the invasion of Kuwait in 1990 and the consequent foreign intervention and Arab disintegration. More recently, the foreign invasion of Iraq and the escalating conflict in Palestine have similarly affected Arab public opinion, particularly since, as a result of the information revolution, the Arab citizen lives these tragedies by the moment and feels tormented by helplessness.

The information revolution and globalization, accompanied by the fall of ideologies and rise of awareness and education in the Arab world, also intensified the crisis of legitimacy of Arab regimes, whether they were based on tradition (religious/tribal), revolution (national/liberationist) or patriarchy. This in turn deepened feelings of crisis and created a vicious circle of frustration, grass-roots disenchantment and a general lack of confidence in governments, which in turn saw the need for further repression and the consolidation of barriers between them and the people.

CHARACTERISTICS OF AUTHORITARIAN GOVERNANCE

The modern-day Arab state monopolizes the public space, insisting on controlling all things, from personal religious belief to international

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relations, and allowing little leeway for initiatives from outside its space or without its blessing. At first glance, it may seem difficult to talk about the common features of governance in the Arab world owing to the wide diversity of its regimes, ranging from absolute monarchies to revolutionary republics and radical Islamic states. Closer scrutiny, however, reveals an interesting affinity in the architecture and methods of Arab systems of governance and brings out features of an interwoven regional architecture comprising an Arab "integral whole" in which the systems are mutually reinforcing. It is therefore possible to speak of an "Arab model" of governance with specific traits common to most systems and in turn based on an Arab regional system that constitutes its political infrastructure.

THE "BLACK-HOLE" STATE

The general features of this Arab model, which some have named the "authoritarian state" (Khaldoun Hassan al-Naqib, in Arabic, 1996) and which has been described at length in a number of studies (Ghassan Salameh, in Arabic, 1995; Ghassan Salameh et al, in Arabic, 1989, 28-40, 89; Hopkins and Ibrahim, 1997, 24; Roger Owen, 1992), are captured in the recent comments of an Arab journalist and activist. The latter describes governance in his country as a system in which there are no free and transparent parliamentary elections, resulting in a "monochrome" parliament. Under that particular system, press freedom is also restricted, as is political and human rights activity, the judiciary is used to make an example of opponents and the constitution establishes a regime that is "unlimited by time and not subject to the control of parliament or the judiciary." In such a regime, even the ruling party becomes a mere piece of administrative apparatus run by "civil servants with neither enterprise nor efficiency" (Rashid Khashana, in Arabic, 2003).

We can call this the model of the "black-hole State", likening it to the astronomical phenomenon of extinguished stars which gather into a ball and are converted into giant magnetic fields from which even light cannot escape. The modern Arab state, in the political

sense, runs close to this model, the executive apparatus resembling a "black hole" which converts its surrounding social environment into a setting in which nothing moves and from which nothing escapes. Like the astronomical black hole, this apparatus in turn forms into a tight ball around which the space is so constricted as to paralyze all movement.

This increasing centralization of the executive is guaranteed in the constitutional texts of certain states, which enshrine the right of the king, the president or the emir (or the Revolutionary Command Council) to legislate and vest wide powers in the head of state. The latter becomes the supreme leader of the executive, the council of ministers, the armed forces, the judiciary and public services, for it is he who appoints and has the power to dismiss ministers, members of the judiciary, senior officials and officers, and it is he who convenes and has the authority to dissolve parliament (where one exists). The laws also prescribe the central control of local authorities, since the ruler appoints governors and prefects, who are responsible to him and not to citizens (Ayoubi, 1995, 322-323).

The centralization of the executive also shows in bureaucratic expansion, greater state interference in the economy and higher government spending of national resources, particularly on security and military organs. This trend is evident, both in radical states with planned economies and in conservative states which, from the outset, declared their adherence to the market economy (Khaldoun Hassan al-Naqib, in Arabic, 1996, 181-207; Ayoubi, 1995, Chapter 9).

Many governments are nevertheless not content with these wide constitutional and administrative powers. They thus turn to emergency laws, which, in some countries, have remained in force for over 40 years. When other countries, which have been governed without a constitution since their establishment, decided to enact basic laws, they not only laid down the absolute powers enjoyed by the ruler in the absence of the rule of law but also vested him with powers previously unavailable to him, such as the power to choose and remove his successor. The ruler did not uniquely enjoy such powers before.

EXTRA-JUDICIAL CONTROLS

In addition to the absolute central powers in the hands of the executive (and, in practice, in the hands of the president, king or ruler), which are not subject to normal legal restraints, there are, for instance, additional mechanisms that increase the centralization of power in the executive. For example, the so-called ruling parties (where they exist) are, in reality, simply institutions attached to the executive, since party officials (or electoral candidates) are designated by the president, who is also regarded as the party leader (Ibrahim, in Arabic, 1996, 194-195). In practice, this means that parliament is a bureaucratic adjunct of the executive that does not represent the people whose mistrust in it continues to grow. The World Values Survey shows that confidence in the legislative assembly (theoretically elected) is less than 50% when averaged over four Arab countries (figure 5-2).

Furthermore, the executive uses the ordinary and exceptional judiciary to eliminate and tame opponents, rivals and even supporters who step out of line. This is linked with what is known as "unspoken corruption" or corruption which is hushed up (Ayoubi, 1996, 321), where close supporters are allowed to exploit their positions for unlawful gain, while "enforcement of the law" against them remains a weapon to ensure that their total loyalty will continue.

The key support buttressing the power of the executive is the intelligence apparatus; each Arab state has multiple intelligence agencies that differ from their counterparts in democratic countries insofar as they enjoy powers over and above their authority to gather intelligence information. Nor are they responsible to the legislature or to public opinion. The intelligence services are regarded as the essence of the ruling apparatus in almost all Arab states. They are directly under the control of the president or king and possess powers greater than those of any other organ. The security apparatus has enormous resources and intervenes in all the powers of the executive, particularly in regard to appointment decisions and the legal regulation of associations, to the point where the modern-day Arab state is frequently dubbed "the intelligence state" (cf. Ayoubi,

1995, 449; Khaldoun Hassan al-Naqib, in Arabic, 1996, 185).

Arab states vary in their embodiment of these general traits, particularly in the margin of freedom permitted without being regarded as a threat. However, what they have in common is that power is concentrated at the tip of the executive pyramid and that the margin of freedom permitted (which can swiftly be reduced as required) has no effect on the state's firm and absolute grip on power. The margins of freedom are relatively wide in countries like Jordan and Morocco, where there is greater freedom to form political parties and freedom of political participation than in the other Arab states. Three Arab republics, namely Lebanon, the Sudan and Yemen, are in a special position in that the central state finds it difficult to impose unilateral centralization owing to its religious and ethnic diversity and the strength of the solidarity and loyalty that characterise such groups. As a result, a margin of freedom exists by default.

For some states, the situation looks promising: Algeria, for example, has moved towards greater political openness and national reconciliation, with competitive elections having recently taken place, to the satisfaction of broad sectors of the populace, despite some flaws. In the Sudan too, there has been a step forward following the conclusion of a Framework Agreement in May 2004 between the Government of Sudan and the Sudan People's Liberation Movement/Army (SPLM/A). Nevertheless, the overall picture in the Arab world indicates a similarity in the architecture of regimes, which "indeed makes it possible to speak about a single unified, integrated Arab system for tyranny and control" (Burhan Ghalioun, in Arabic, 2001). These are systems based on maximizing the focus of power at the top of the executive, so that the license of a certain margin of freedom is part of the strategy of consolidating power rather than reducing it.
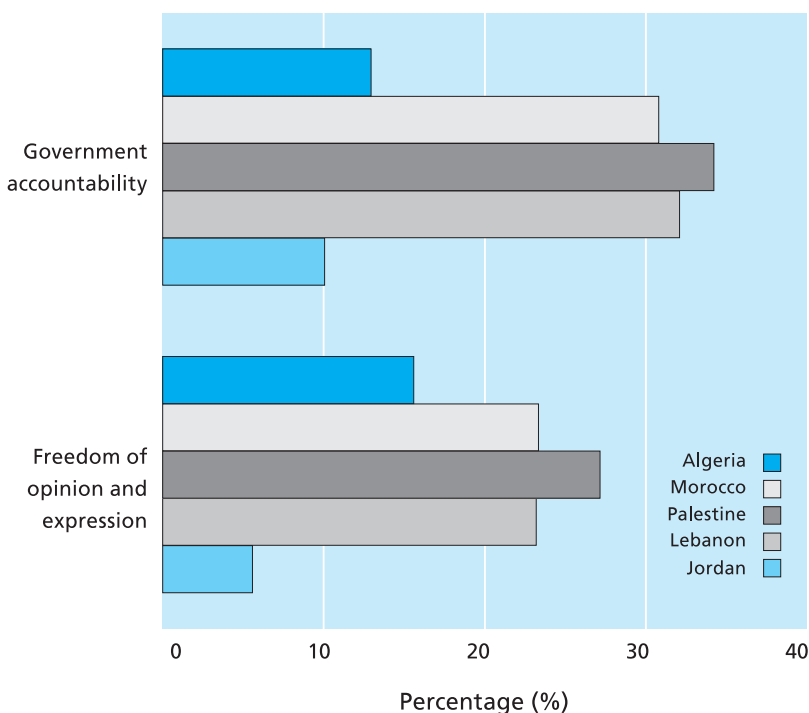
It is therefore not surprising that around a quarter of the respondents to the Freedom Survey, Annex 1, said there was a lack of freedom of opinion and expression in their countries, with a higher ratio saying there was no way to hold the government accountable (figure 5-1).

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Figure 5-1

Perceived absence of government accountability and lack of freedom of opinion and expression, five Arab countries, Freedom Survey, 2003

"The real flaw causing the delay of democracy in the region is not cultural, but lies in the convergence of political, social and cultural structures that have suppressed or eliminated organized social and political forces."

factor insofar as some of them have adopted an anti-democratic discourse, creating deep cleavages among forces opposed to the despotic State and giving regimes additional excuses to disrupt democratic transformation (Ghalioun, 2001; Al-Afendi et al, 2002).

No doubt, these factors have all contributed, in varying degrees, to shaping the current political environment in Arab countries yet they do not sufficiently explain the concentration of power at the top of the authoritarian pyramid. For example, there is evidence that it is the central state that reinforces tribal and clan formations, rather than the other way around (Ibrahim, in Arabic, 1996, 294-296).

Political factors may ultimately be more important. It may be argued that "the real flaw causing the delay of democracy in the region is not cultural, but lies in the convergence of political, social and cultural structures that have suppressed or eliminated organized social and political forces capable of turning the crisis of authoritarian and totalitarian regimes to their advantage. The elimination of such forces has led to the of loss any real forward momentum" (Ghalioun, in Arabic, 2001).

We can conclude that at the root of the problem lies the political architecture and the "strategic marginalization" by the state of all institutions and social forces, including state institutions, together with the all-pervading reality of state appropriation. In other words, while preventing most social forces from having any effective influence over it, the state intervenes in all matters and permits no independent social initiative to threaten its monopoly of power. Because the state controls the economy and intimidates those who might otherwise use their economic clout against it, the ruler is not obliged to bargain with the bourgeoisie or others in order to sustain his rule, particularly since the bourgeoisie is usually a dependent client of the state (Hopkins and Ibrahim, 1997, 382-384). As regards the élites, the state proffers the choice between being loyal and hence richly rewarded and being a dissenter and hence suppressed. In such circumstances the position of the majority is easily understood.

In the same context, the results of certain international studies (World Values Survey, 2004) indicated a strong preference in the Arab countries covered for democratic governance, and against authoritarian rule. They also stated a preference for a government of experts, and objected to rule by the army.

TRACING THE FLAW

Analysts look for common structural factors to explain why, politically speaking, the Arab states have contracted while the rest of the world has moved towards democratic openness. Some point at the cultural heritage, particularly its religious dimension, arguing that Islam and democracy do not go together (Chapter 2). Others see the problem as the tribal and patriarchal nature of Arab society (Sharabi, 1990), or the absence of a tradition of social contracts recognizing freedom, individualism and civil society (Gilner, 1994; Ayoubi, 1995: 398). Still others fault the economic structure of Arab societies, specifically their rentier basis, which characterizes most Arab countries (Chapter 6). Islamic movements are sometimes cited as a major emerging

THE CRISIS OF LEGITIMACY

The current situation of Arab governance, with its associated weakness in terms of effective representation of societal forces means that Arab states are facing a chronic crisis of legitimacy, often relying on inducement and intimidation in dealing with their citizens.

When the Arab states were newly independent, their regimes depended on traditional forms of legitimacy (religious-tribal), or won legitimacy through fighting for independence or building the State. But traditional regimes were soon challenged by a revolutionary élite espousing Arab nationalist or leftwing ideologies, and regimes bolstering their legitimacy by mobilizing the people around calls for unity, liberation, justice and development. These also relied on their leaders' charismatic popular appeal. Several regimes developed the concept of "the eternal mission" (unity, liberation, modernization, Islamization, development, socialist transformation, etc.) to justify a legitimacy built on the custodianship of the people and not its representation (Waterbury, 1995, 81).

The successive setbacks encountered by the new so-called revolutionary regimes (defeats by Israel, the failure of development projects, unity and modernization, the failure in combating corruption) played to the interest of traditional regimes boosting their legitimacy centred on religion and Islamic traditions. However, these regimes, which acquired and strengthened their regional influence on the back of the oil boom and the subsequent economic successes, today find themselves challenged by new representatives of the Islamic movement and the fresh ambitions of rising generations, who are no longer persuaded of their developmental achievements (cf. Ibrahim, in Arabic, 1996, 330-332; Luciani, in Arabic, 1995).

Most Arab states have now turned away from the populist course that characterized the revolutionary regimes of the past; instead, they have chosen to promote the ruler's person who, more often than not, lacks charisma, unlike some of the leaders of the revolutionary-populist era. To a certain extent, most regimes also avoid demagoguery, unless they are caught in an 'impasse', as was the former Iraqi regime

after the war with Iran. In addressing the mass of people, they concentrate on the legitimacy of their achievements (or promises thereof) in specific areas such as the economy, peace, prosperity, stability, or safeguarding values and traditions. Sometimes the mere preservation of the state entity in the face of external threats is considered an achievement sufficient to confer legitimacy. Perhaps paradoxically, some regimes have recently resorted to the discourse of democratic legitimacy and the language of civil society and human rights. According to one Arab thinker, democratic discourse has become a new "salvation myth" (Tarabishi, in Arabic, 1999, 71) though the deeds do not yet match the words.

Most regimes, nowadays, bolster their legitimacy by adopting a simplified and efficient formula to justify their continuation in power. They style themselves as the lesser of two evils, or the last line of defence against fundamentalist tyranny or, even more dramatically, against chaos and the collapse of the state. This formula is what Ibrahim and his colleagues have dubbed "the legitimacy of blackmail" (Ibrahim, in Arabic, 1996, 324-325). To a certain extent, it can be considered an implicit admission of the bankruptcy of the claims of positive legitimacy on which official propaganda still insists, with growing despair. Sometimes this political blackmail is pitched in idealistic terms as in claims that modernization stands up to fundamentalism or terrorism, or that a strong state counters a passive course of drift and resignation. The predominant approach can be described as pragmatic, characterized by its flexibility in selecting bases of legitimacy that fit the moment. Many a regime has converted from socialism to capitalism, or from secularism to Islamic discourse and vice-versa, whenever such a move seemed likely to protect its survival. Some regimes, such as the "reformist" monarchies, may rely on mixed alliances, based on their traditional influence (in alliance with the rural and traditional forces of society) on the one hand, and on an almost radical modernization programme developed through close ties with the new élite, the local bourgeoisie and some global forces, on the other.

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eroded by the growing realization that the absence of any effective alternative in itself is one of the outcomes of the policies of regimes that block all avenues for political and civil activity, and so prevent any other alternatives from materializing. Even so, the survival of "the black-hole State" depends essentially on control and propaganda; on marginalizing the elites through scare-and-promise tactics; on striking bargains with dominant global or regional powers; and on mutually supportive regional blocs to reinforce one another against emerging forces.

BOX 5-1

Muhammad Al-Charfi: Arab democracy - form without substance

Since the beginning of the Arab renaissance, élites have demanded an end to the system of absolute rule and its replacement with the rule of law and institutions that respect the individual and collective freedoms of citizens, uphold the separation of powers and use elected structures as their basis. These demands were so enthusiastically supported by the popular masses that rulers had no choice but to display a response to such aspirations. In so doing, however, they laid down conditions on the pretext of following a policy of achieving social and political development in gradual stages. In practice, these conditions produced results that clearly conflicted with the official message and of which examples abound.

• Arab countries are run largely on the basis of the republican system or the system of the constitutional monarchy.

• In the constitutional monarchy, however, the monarch retains such wide-ranging powers that he effectively has the final say on major issues and the full freedom to choose ministers and those who oversee the administration.

• Hitherto, the republican systems have all consisted of officially declared presidencies for life or automatic re-election on the strength of improbable percentages that are frequently as high as 99 %. Worse still, in some cases the presidency is now hereditary, meaning that the republic is devoid of any substance.

• The Arab state works on the principle of the separation of powers in that the state president retains the executive power, the parliament exercises the legislative power and the courts exercise the judicial power. The actual state of affairs, however, differs radically from this model.

• The party of the president holds all the seats in parliament or at least controls the parliament by a wide majority. The president himself or one of his delegates appoints candidates from his party to elect the members of parliament in what is usually a sham, given the bias of the administration, the excesses of the police and the falsification of the election results. It is thus clear that the state president can adopt such laws as he pleases. The true legislative authority therefore rests with him.

• In the days of absolute rule, the state president would place his signature to a new law on the day on which he decreed its adoption. The only change has been to introduce a procedural stage in which the president is required to propose the bill to parliament and wait a few days until it has been discussed and ratified.

• As regards the judiciary, despite its independence as prescribed in the constitution, it hands down only those judgements which meet with the approval of the state president; given that he is the person responsible for the independence of the judiciary, he has the upper hand in the appointment, promotion and, where necessary, disciplining of judges. A judge may take the heroic route and pass sentence following his conscience, regardless of what the Government expects of him. In so doing, however, he jeopardizes his future, notwithstanding that he is a citizen like any other and is entitled not to forget about his own livelihood and fate as well as that of his family. A judge is guaranteed genuine independence when he is able to pass fair sentence without the need for heroics.

• The change which has taken place is that, previously, an absolute ruler would order the punishment of one of his subjects and his order would be immediately enforced, without further procedure; now, the order is similarly enforceable - in other words, instantly – by way of a trial that follows specific procedures, including a preliminary judgement against which an appeal may then be lodged and also including open sessions during which the public prosecution and defence are heard. A judgement satisfactory to the Government then follows. Each party performs the assigned role and the outcome is known in advance, just as when an audience reads the novel before seeing the play. Legislative and presidential elections follow the same script.

Freedom of the press and publication is guaranteed, as provided for by the constitution or law. Although censorship is outlawed, publishers must provide pre-distribution copies of any newspaper or book so that the administration is informed of its content and can apply to the court for an order of seizure if it finds that a work violates public order or offends decency. In essence, this is the democratic system at work. The administration, however, refrains from giving the required receipt for copies provided whenever it is unhappy with a text to be published. Freedom of the press and publication therefore lacks any substance.

• The right to demonstrate and organize public meetings is subject to administrative practices of the same nature, as is the right to establish political parties and civil and humanitarian associations. The guarantee of such rights by constitutions and laws is therefore merely ink on paper.

• A citizen no longer has any guaranteed right unless s/he wishes to cheer the ruler, voice gratitude for his accomplishments and extol his qualities and wisdom.

Over time, as such practices recurred, the mask has slipped and no longer is anyone deceived; citizens and foreign observers alike are aware that the current form of democracy is nothing more than a cumbersome and tedious piece of theatre.

There are statesmen who contend that they resort to such practices in order to stem the tide of religious fanaticism. The fact is that the popular masses never applauded such fanaticism; if a move back to fundamentalism shows signs of emerging, it is more the result of disillusionment after a deceiving experiment in modernism and with a formal democracy without substance.

REPRESSION AND POLITICAL IMPOVERISHMENT

WEAKENING OF POLITICAL PARTIES

The current crisis came about with the collapse of the Arab liberal experiment. This was an ideological, political reformist movement that emerged towards the end of the 19th and in the early 20th century, which led to the appearance of populist parties and independence movements, and parliamentary systems in such countries as Syria, Iraq, Egypt, Morocco and the Sudan. But these movements encountered difficulties: internal tensions within society, an unsettled regional climate, and internal/external challenges, in addition to foreign intervention (Youssef al-Shuweiri, in Arabic, 2003, 87-114).

As a result, Arab "political society" suffered a major setback, reflected in the fragmentation of popular liberal parties, and the failure of governments to rise to the new challenges of development, modernization and independence. The political arena was invaded by ideologies and parties that deprecated democracy either believing that Arab societies were backward and did not know what was for their own good, or that they were not sufficiently Islamic or revolutionary. With time, however, radical governments became "conservative" governments and revolutionary parties became ruling or dominant parties. The ban on free party activity was nevertheless maintained on the pretext that societies had become too Islamic or too radical.

The Arab political scene today is quite varied. Some states categorically prohibit any political organization. Other states allow conditional political pluralism and, as a rule, ban the strongest and most important opposition party, while favouring the party of the ruling authority. States which allow party activity nonetheless try to trip up the opposition parties, by depriving them of resources and media exposure, controlling nomination and election procedures, using the judiciary, the army and security services to curtail their activities, hounding their leaders and activists while tampering with election polls.

Some States have witnessed a massive rise in the number of political parties (27 in Algeria, 26 in Morocco, 31 in Jordan and 22 in Yemen). Some see this as a reflection of the divisions among political and cultural élites, or of the ruling regime's manœuvres to divide the opposition, rather than a sign of democratic vitality. Fragmented as they are, these parties are incapable of rallying popular support to achieve the objectives for which they were created. Indeed, this proliferation has engendered an aversion to political activity among citizens, a fact evident in their obvious reluctance to take part in the electoral process. On the other side, Governments deliberately freeze and ban parties that rally popular support: in Egypt 7 out of 17 licensed parties have been frozen, in Mauritania 6 out of 17 and in Tunisia 3 out of 11.

In addition to official repression, opposition parties suffer from internal problems that are no less serious. Despite theoretical references to democracy in their charters, their practice shows that the influential political élite holds sway in most of these parties, resulting in immovable leaderships who, with rare exceptions, only leave their posts when they die, casting doubt on their claims to modernity and democracy. To a great extent, official policy contributes to the situation, since the laws authorizing parties turn them into monopolies, or "franchises", given to certain persons in particular, while those who disagree with the 'leader' are not allowed to form another party. Yet if a 'leader' crosses the line, the judiciary is used so as to transfer the party authorization to another person more inclined to respect the rules of the game.

Beyond all that, there is the acute "sectarian split" in the political community between the Islamic parties on the one hand and the liberal and nationalist secular parties on the other (not to mention other sectarian divisions along doctrinal, ethnic, tribal and regional lines). As a result of this sectarian fragmentation some parties and political forces have preferred to co-operate with undemocratic governments rather than work with their rivals to lay the groundwork for a democratic rule open to all.

Such constriction, in addition to hobbling

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The closure of the political sphere has convinced activists and scholars to turn to civil society organizations.

opposition, has led to the marginalization of some parties and hastened their demise. Restrictions on opposition parties have made it impossible for them to accede to power and form governments through elections. Citizens, perceiving such parties to be ineffectual, choose either not to support them or to work through clandestine political activities. Constraints on political space have led some activists and scholars to rely on civil society organizations, especially trade unions and professional organizations, on the grounds that they are better equipped than Arab political parties to lead Arab society towards development and democracy (Saadeddin Ibrahim, in Arabic, 1991, 18).

According to the World Values Survey, political parties rated the lowest among societal institutions enjoying people's confidence in all five countries covered (figure 5-2).

THE MARGINALIZATION OF CIVIL SOCIETY

The closure of the political sphere has convinced activists and scholars to turn to civil society organizations, especially trade unions and professional associations, as actors more capable of leading Arab society towards development and democracy than Arab political parties (Ibrahim, 1991, 18).

There is consensus around a definition of civil society as "a realm of life institutionally separated from the territorial state institutions", one that "describes and envisages a complex and dynamic ensemble of legally protected non-governmental institutions that tend to be non-violent, self-organizing [and] self-reflexive" (Keane, 1998, 6).

Many hopes were pinned on civil society and its role in helping "to endow republican regimes with the true meaning of republicanism by liberating them from their autocratic content, their oligarchic form and their absolute monarchic streaks, thus rendering them genuinely republican regimes." It was also hoped that civil society would help "to transform absolute monarchies into constitutional monarchies, liberate princedoms from their closed family contexts by exposing them to social and economic dynamism and free military republican regimes from dictatorial militarism." (Belqazir, 2001, 144-145).

The status of Arab civil society

As detailed in Part 1, civil society organizations (CSOs) have intensified their change and reform initiatives despite the many obstacles they face, These include, on the one hand, state constraints on civic activities and, on the other, the dependence of many CSOs on political parties that use them as fronts through which to expand their political influence at the popular level - which limits their initiative and independence of action. As a result they lose their capacity for initiative and self-moti-

Figure 5-2
Extent of confidence in political institutions, five Arab countries
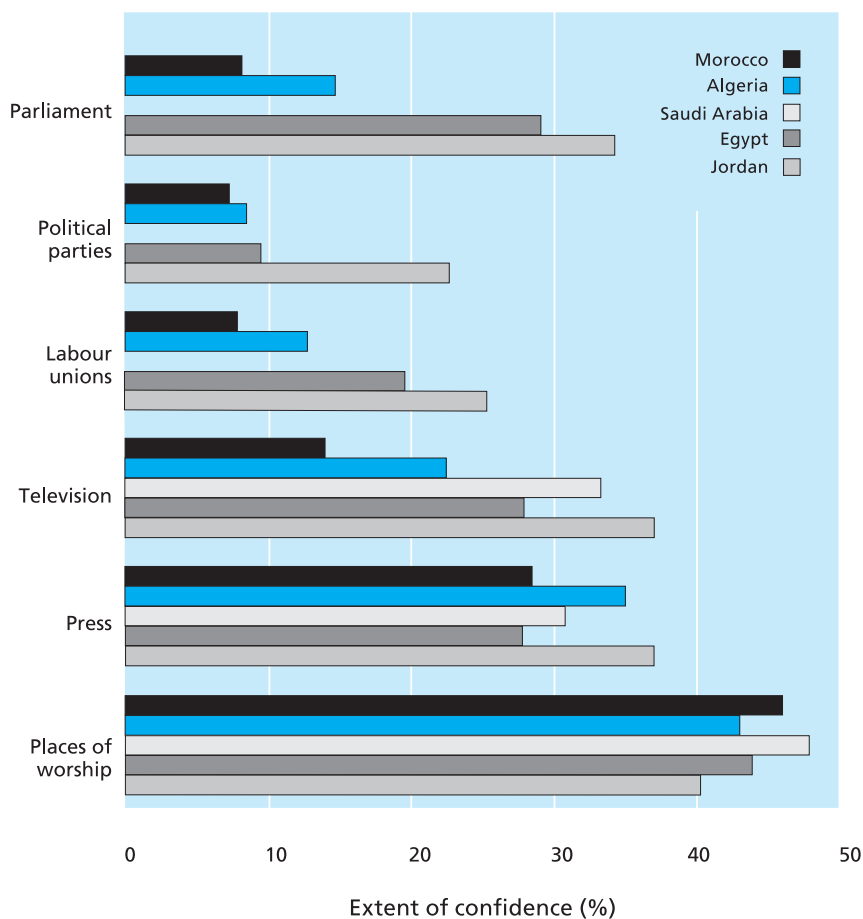
Percentage of missing observations
Egypt 3.03%, Jordan 11.80%, Saudi Arabia 5.75%, Algeria 8.53%, Morocco 17.57%.
Note:
- No results were available for the questions concerning the extent of confidence in labour unions, the political parties and the parliament in Saudi Arabia.
Source: World Values Survey, Annex 1

vation, which robs them of their most distinctive feature, independence and non-political action. Civil society organizations lose their core function when they become mere fronts for political parties; they lose their usefulness if they become part of the government apparatus. To give but one example, some civil, trade union or human rights associations controlled by the Islamists do not devote as much effort to defending non-Islamist victims of oppression. Conversely, organizations controlled by secularists do not recognize organizations of an Islamic nature as part of civil society and agree with the repressive state on the need to ban them and contain their activists.

In addition, civil society faces the same problems as the political community vis-à-vis those authorities who seek to control civil organizations, directly or indirectly, by using a dual strategy of containment and repression. On the one hand, such authorities interfere with the establishment, financing and focus of the organizations; some even speak the language of civil society as a strategy to attack their rivals, particularly if they belong to the Islamic opposition; they then resort to establishing semi-official organizations to undertake functions that stay in line with, and defend the authorities' positions. On the other hand, the authorities constrain the work of these organizations, denying them the right to legal existence and financing, in addition to pursuing and repressing those who are actively involved in them.

Consequently, civil society organizations have not been significant actors in resolving the existing political crisis, as they, too, have been caught up in its vortex. Although there are tens of thousands of civil society organizations in Arab states (the estimated number in 2003 was more than 130,000), their impact remains very limited. They tend to be concentrated in certain countries (18,000 in Egypt, 25,000 in Algeria, 7,000 in Tunisia). Some states limit the presence of civil society organizations to almost insignificant levels; there are no more than one hundred non-governmental organizations in Kuwait and almost the same number in the Emirates. There is more scope for civil activity in countries such as Bahrain (400 associations), Jordan (1,500), and Lebanon (4,600).

The solidarity and democratic potential of civil society thus depend on active consensus among all its actors, starting with agreement on a non-exclusionist definition of their membership and beneficiaries, away from ineffectual definitions that link the concept to a Western, liberal definition and ending with a minimum agreement among all parties to respect one another's freedoms.

THE STATE OF CORPORATE GOVERNANCE IN THE ARAB WORLD

Some governments in the Arab region have shown gross disregard for Article 17 of the UDHR which clearly states that: (1) Everyone has the right to own property alone as well as in association with others; (2) No one shall be arbitrarily deprived of his property. In addition, the body of laws adopted by governments of the region has not effectively defined titles to property. These historic limitations and the lack of enforcement of individual property rights protection have significantly stalled the development of the region by restricting the efficient interchange of titles between the public and private sector and among individuals.

TRANSPARENCY

Lack of transparency in Arab markets is severely hindering economic prospects. Not only are transparency and disclosure keys to the efficient operation of the market, enabling traders and economic agents to make informed decisions, but they are also important in terms of attracting foreign investment. Closed, opaque systems do not instil confidence in the economic and investment environment and this reduces the attractiveness of doing business in such markets.

Yet some positive steps aimed at improving transparency and disclosure have been taken in many Arab countries. For instance, the scope of information and data disclosed has widened and disclosure has become mandatory. Moreover, most Arab markets have signed agreements with world class companies specialized in automated instant reporting on trading, including Reuters and Bloomberg.

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Lack of transparency in Arab markets is severely hindering economic prospects.

However, the quality of disclosure remains sub-standard because the information provided is incomplete and/or not timely. One of the consequences of insufficient disclosure and lack of transparency is inadequate risk assessment, since it follows that if the financial information available is incomplete, the financial analysis based on that information will be inaccurate and ineffective.

ACCOUNTABILITY

The accountability of private sector enterprises in the Arab region is constrained. Arab securities markets for instance used to be either regulated by a committee constituted from the board of the exchange or not regulated at all. So for the most part, the exchanges controlled both the regulatory functions and the operational functions. However, in the 80's Arab markets experienced transformations in their governance, and reforms took the form of separation of regulatory functions from the exchanges and establishing governmental authorities or securities commissions to regulate and monitor the markets.

Among factors that hinder enforcement of rules and regulations are overlapping regulatory functions among authorities that monitor listed companies (for example in Egypt and Jordan), which hinders their effectiveness. Also, where transgressions are discovered, the high costs of seeking legal recourse and lengthy court procedures place major barriers before shareholders. Add to that the lack of skilled judges knowledgeable about financial market issues, and there are evidently some real problems in the enforcement of laws relating to securities markets and companies.

INCLUSIVENESS

Most of the rules and regulations in the Arab world that preserve shareholder rights are stated clearly in the laws and by-laws of securities markets and companies' laws. However, as is the case in many world markets, there is a gap between laws and regulations and the effectiveness of enforcement and implementation. The size of this gap varies across the region. The rules and regulations in Arab markets have clearly identified shareholders' rights, yet there is a gap between the letter of the law and practice. Morocco, Egypt, Jordan and Lebanon's Company and Securities Laws have provisions that specifically address the issue of minority shareholder protection. Within these economies, it is the job of the security market's regulating agencies to enforce these laws.

Much of the recent corporate governance debate has focused on the "principal-agent" problem between shareholders (principals) and managers (agents) owing to the separation of ownership and management in companies with widely dispersed "public" ownership of shares. It is argued that the purpose of corporate governance is to protect the interests of shareholders, because the interests of other investors can be protected through contractual relations with the company.

What prevails in Arab economies is the corporation with concentrated ownership i.e. dominant shareholders who directly control managers. Hence, the key conflict of interest tends to arise not between managers and shareholders, but between controlling shareholders on one hand and minority shareholders and other investors, on the other. This conflict of interest is referred to as the expropriation problem, because of the tendency for dominant owner-managers to take advantage of their effective control over corporate resources to expropriate/divert resources from their corporation in ways that deprive minority shareholders and other investors.

Unfortunately governance systems within the Arab region are mostly insider systems characterized by concentrated ownership by interested parties. Controlling shareholders' interests may conflict with those of minority shareholders, such as when controlling shareholders abuse the firm's resources for personal gain. The dilution of major shareholders' voting rights has been recommended to the extent that it provides room for other stakeholders' rights. Complete separation of ownership and control may not be realistic given the prevalence of family firms and because that might hinder the business environment.

Furthermore, the lack of a strong shareholder culture and ignorance as to the rights of

investors has meant that shareholders' participation in corporate decision-making has been rather limited. Encouraging proxy voting by approving the concept of registered and beneficial ownership (as in Jordan and Egypt) could promote further participation. However, technological differences between markets have meant that this is not a viable means for voting in all markets – electronic voting is either not practiced or not permitted.

Corporate governance and Arab stock markets

Particular focus needs to be paid to corporate governance within stock markets given the crucial role the latter play in mobilizing resources and attracting foreign direct investment in Arab countries. The Arab region compares very poorly with other regions in terms of its ability to attract capital flows, which goes some way towards explaining its weak growth performance.

There are several reasons for the sluggish performance of stock markets in the Arab world. For one thing, the supply of equities is limited because public enterprises continue to dominate a broad range of economic activities (although privatization efforts have improved in the region over the last decade). Moreover, poor corporate governance standards (such as inadequate accounting standards, insufficient transparency and a poor regulatory environment) have discouraged capital movement to the Arab countries and have resulted in a lack of inclusiveness in the regional market. In addition, the family-owned structures of most firms constrain the demand and supply of equities.

Some countries in the region have taken several steps to increase their markets' depth and liquidity, as well as to limit transaction costs and technical risks. Specific measures have also been adopted which target the stock markets in particular.

THE VICIOUS CIRCLE OF REPRESSION AND CORRUPTION

Government measures to curtail the development of political and civil society by applying a battery of laws (some dating back to the beginning of the last century), in turn require

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BOX 5-2

Capital market legal reforms

With the increased realization that higher standards of development may be achieved through efficient financial markets, many Arab countries have passed new legislative reforms:
- In Jordan, laws and regulations governing the securities markets and joint stock companies' activities have undergone a series of improvements and amendments since their issuance in 1997.
- In 2000, the United Arab Emirates issued a Federal Securities Law regulating the securities markets for the first time since the 1970's.
- In 2003, by Royal Decree a law in Saudi Arabia was passed that, by separating regulatory activities from operational activities, resulted in major changes in the architecture of the market.

- The Egyptian and Kuwaiti securities markets have been regulated for over a decade. In Kuwait, an Amiri decree had been issued in 1983 to regulate the Kuwaiti securities market as a response to the collapse of the unofficial Kuwaiti market, Suq Al-Manakh, in 1982.
- In mid-2002 Oman was the first in the region to issue the "Code of Corporate Governance of Muscat Securities Market listed companies".
- By end-2002, supervisory and executive roles were separated in the following seven Arab capital markets: Jordan, Egypt, Oman, Tunisia, Morocco, the United Arab Emirates and Algeria. The two roles remained combined in the hands of the capital market itself in the rest of the Arab countries.

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complex bureaucratic structures to perform the tasks of prohibition and curtailment.

In addition to the police and the Ministries of Interior and Justice (and paradoxically some new government structures created especially to monitor non-governmental activity), the security apparatus spearheads the control strategy of some contemporary Arab states.

With control as an end in itself and the law as its tool, the prevailing trend is to turn legislation into support for the trusted arm of the executive apparatus, i.e. the security branches. With the authority of the law weakened, security and enforcement agencies are free to disregard or manipulate the most stringent laws, as happens when emergency laws are used to set aside all other law, or to fabricate criminal charges against members of the opposition and civil society activists. In this environment political prisoners may be rearrested on the day they are due for release, sometimes even before leaving prison, while others can be re-arrested on trumped-up charges such as refusal to comply with arbitrary orders like reporting daily to a police station.

Manipulation of the law also opens the way for economic corruption, the natural result of political corruption. Those who falsify election results and tamper with the law acquire tempting tools for forgery and their own personal gain.

With the authority of the law weakened, security and enforcement agencies are free to disregard or manipulate even the most stringent laws.

International scales for a "common perception of corruption" in business are available from surveys carried out by Transparency International, whose 2003 survey included 133 countries of the world, 18 of them Arab (figure 5-3).

The Arab countries span a wide range in terms of the 'spread of corruption' with no Arab country exhibiting a total absence of corruption (grade 10 on the score).

International criteria, however, may not fully account for the specific nature of the Arab situation. The politico-legal structure of some Arab states makes it difficult to differentiate between corruption in its conventional form (abuse of public office for personal gain), and an inherent failing (rigged rules) in the system itself. For example, in some states both law and custom decree that the land and its natural resources belong to the ruler, and fail to distinguish at this level between the private and public life of the ruler, while the private property of the ordinary citizen becomes a grant from the ruler. In such a situation, it is difficult to talk of corruption in governance, for whatever the ruler does, he is disposing of his own property. Some regimes set up

economic institutions attached to their military or security apparatus, to finance their activities. Here again matters become confused; it becomes difficult to draw the line between the exercise of an official function (since individual corruption may be but a reflection of the corruption of the whole situation) and what can be described as personal corruption. In addition, there are ways to manipulate laws that, in many Arab countries, do not allow senior officials to carry out private business while they occupy an official post. Many officials circumvent the law by allowing members of their families to set up companies and enterprises that often benefit from the official's position and relations.

There does appear to be a real need to re-examine the question of corruption and its relationship to the political set-up. Corruption exists, the governments themselves admit as much, by periodically launching their anti-corruption campaigns.

Aspects of corruption are also clearly visible to citizens, particularly those in the business sector who complain that the people in power monopolize the main areas of the economy, either directly or as "partners" of successful businessmen. Moreover, persons in power and their close circle receive huge commissions for contracts concluded between the state and international or local companies, including armament contracts (Ayoubi, 1995, 227-243; Ibrahim, in Arabic, 1996, 283-286).

It is, nevertheless, necessary to differentiate between corruption as part of a systematic state policy and corruption as indicative of the failure of the state; a distinction should also be drawn between different levels of corruption. Corruption may not be widely spread among the lower ranks in oil states where employees are well paid. Yet even in these countries many such practices (such as obtaining commissions for government deals) are frequently carried out with the knowledge and blessing of the highest échelons of power.

This type of corruption may be termed "structural corruption", since personal abuse of public office and misuse of public finances are considered normal according to prevailing custom, or even necessary for the regime to endure. It is distinct from conventional corruption where the perpetrator acts behind the

Figure 5-3
Corruption Perception Index, World and Arab Countries, 2003
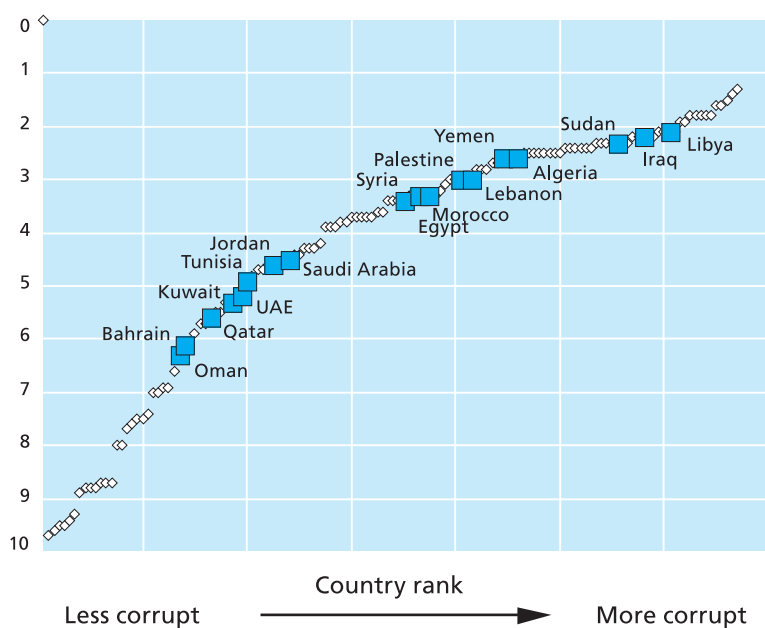
Source: Transparency International, 2003

back of officialdom, in fear of the law.

If ending corruption entails, among other measures, deep economic reform, active laws and mechanisms of accountability, and transparent governance, "structural corruption" can be overcome only by radical reform of the political architecture. "Structural corruption" is one of the biggest obstacles to reform since it is systematically used to sabotage political and civil activity through its containment of the élites and by creating classes with vested interests in the status quo who are ready to defend it at all costs.

CONTOURS OF CORRUPTION IN ARAB COUNTRIES

The Freedom Survey, Annex 1, incorporates detailed measures of corruption in five Arab countries, which were used in carrying out a field survey on the subject. Some of the results are given below.

The perceived spread of corruption (the ratio of participants in the survey who believe that corruption is pervasive) exceeded 90% in the five participating Arab countries. It is not expected to be less widespread in those countries that were not part of the survey.

Respondents believed that corruption is more pervasive in politics. Corruption is considered prevalent in the economy and social relations. Neither parliaments nor the judiciary escaped the perception of corruption (Figure 5-4).

In general politicians, businessmen and high-ranking officials head the list in the spread of corruption in the surveyed countries. The comparative rank of each country varies. In some countries, respondents complained more about corruption at the lower levels of the civil service (Figure 5-5).

PETTY CORRUPTION

Petty corruption refers to situations where Arab citizens have to rely on personal contacts (wasta) or pay a bribe to obtain services that are legitimate and to which they are entitled, or to avert a punishment by the authorities. The majority of respondents said that they were aware of a bribe paid or favours rendered

Figure 5-4

Areas in which corruption is perceived to be widespread, five Arab countries, Freedom Survey, 2003
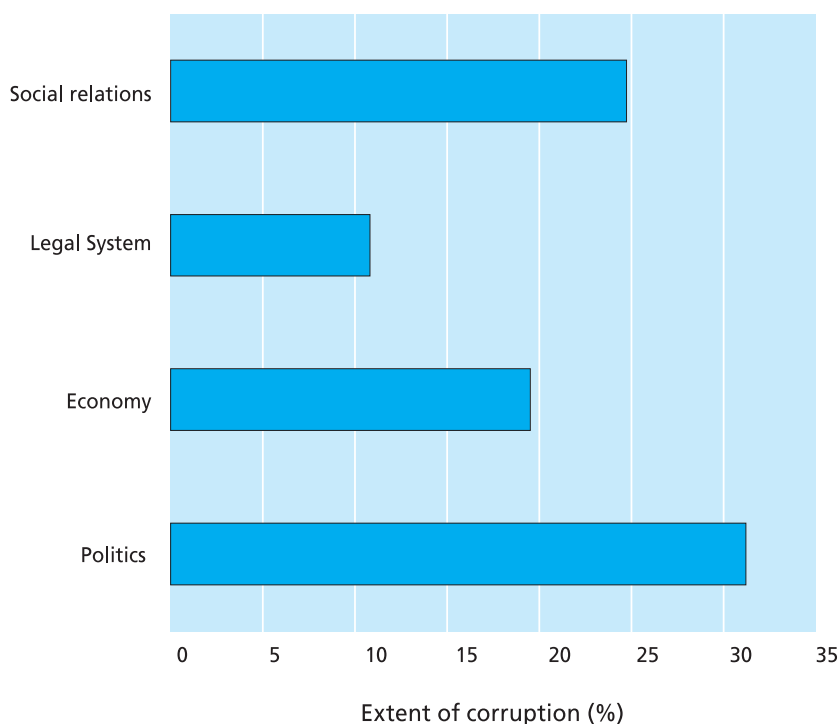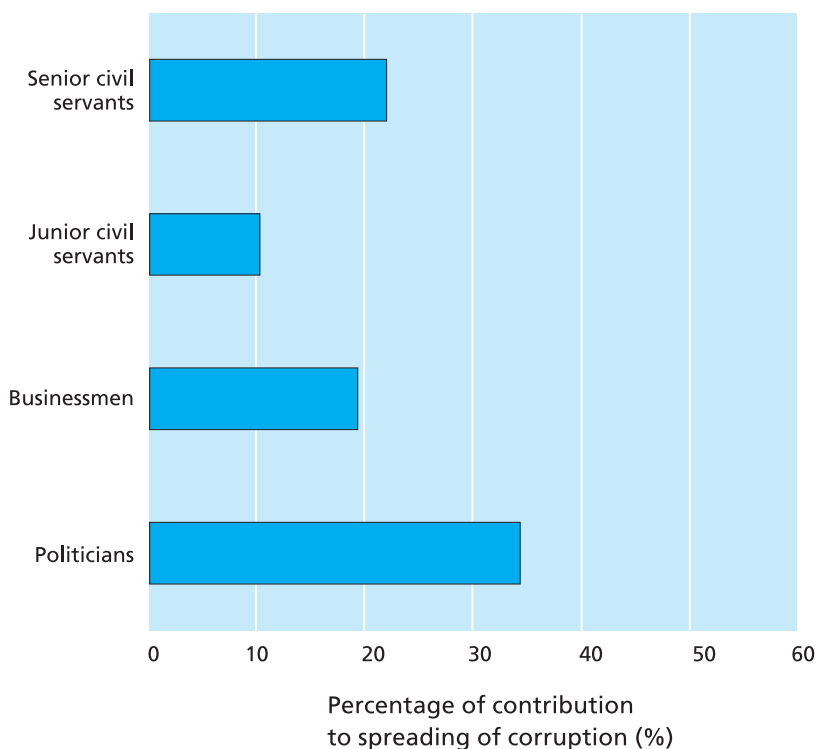

Extent of corruption (%)

Figure 5-5

Extent to which different societal groups are believed to be involved in the spread of corruption, five Arab countries, Freedom Survey, 2003

Percentage of contribution
to spreading of corruption (%)

through personal contacts during the year preceding the survey. Of the two, wasta is the more widespread occurrence (Figure 5-6).

Respondents thought that the most important reason for resorting to wasta and bribery was to obtain a service. This underscores that often it is not possible to obtain a satisfactory service in these countries without such practices. In a few cases, wasta and bribery were used to escape a punishment (Figure 5-7).

Respondents thought that it was less useful to take their cases up in the media or with the authorities in order to obtain a service or avert punishment and that the two most effective resorts remained paying a bribe or wasta (Figure 5-8).

## THE ARAB COUNTRIES IN THE GLOBAL CONTEXT OF GOVERNANCE, 2002

The World Bank publishes an international database on indicators of governance and corruption[1] (Kaufmann, Kraay and Mastruzzi, 2003). In this section, we utilize this database to indicate the position of the Arab region relative to other country groupings, on five major groups of indicators:

- *Voice and accountability*: a cluster of indicators measuring various aspects of civil and political rights and the political process;
- *Political stability and absence of violence*: the indicators cover the likelihood of the government being destabilized or overthrown via unconstitutional or violent means, including terrorism;
- *Government effectiveness*: this describes the quality of services provided by the public sector; efficiency of the civil service and the extent to which it is independent and free of political pressure; and the credibility of government policies;
- *Rule of Law*: this measures the extent to which legal provisions enjoy confidence and are adhered to, particularly as regards the extent to which crime is widespread; efficiency of the judiciary, and the fulfilment of contractual obligations;
- *Control of Corruption*: this indicator measures the extent to which corruption is perceived to be widespread, bearing in mind that this is "an abuse of public power for private benefit."

The majority of respondents said that they were aware of a bribe paid or favours rendered during the year preceding the survey.

Figure 5-6

Knowledge of acts of bribery or "favouritism" (wasta*) during the 12 months preceding the survey, five Arab countries, Freedom Survey, 2003
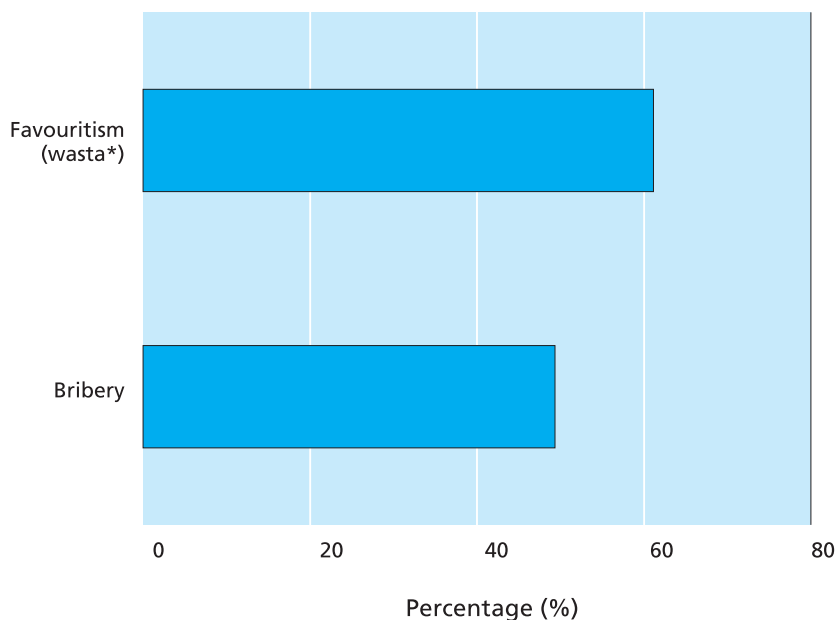
* Use of personal influence or connections.

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[1] Based on a few hundred variables measuring perceptions of governance derived from 25 sources provided by 18 different organizations.

Figure 5-7

Reason for paying a bribe or using wasta during the 12 months preceding the survey, five Arab countries, Freedom Survey, 2003
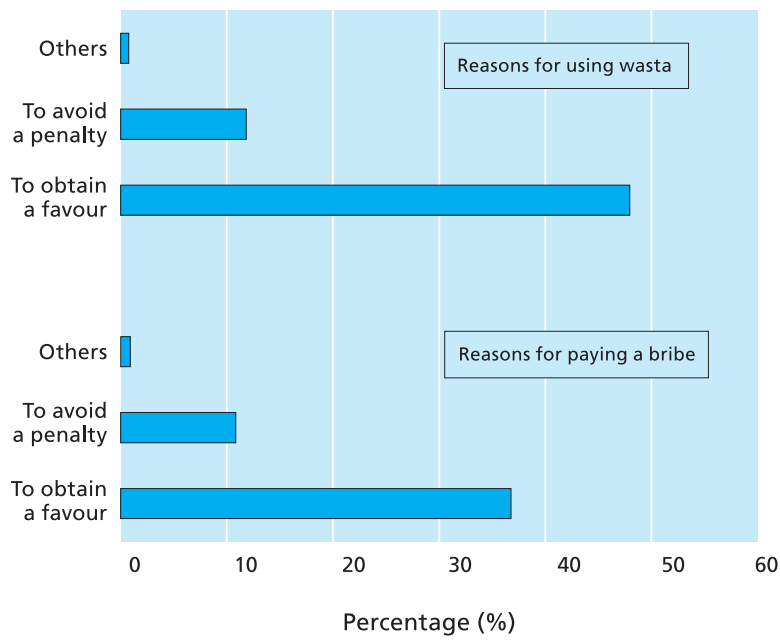

Figure 5-8

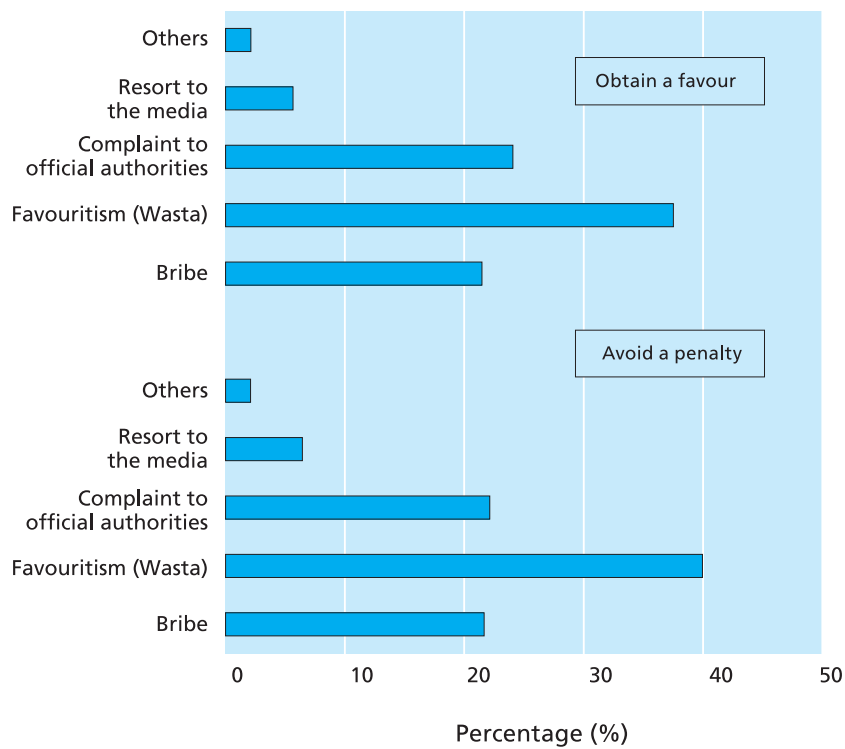**The best way to obtain a favour or to avoid a penalty, five Arab countries, Freedom Survey, 2003**

Figure 5-9

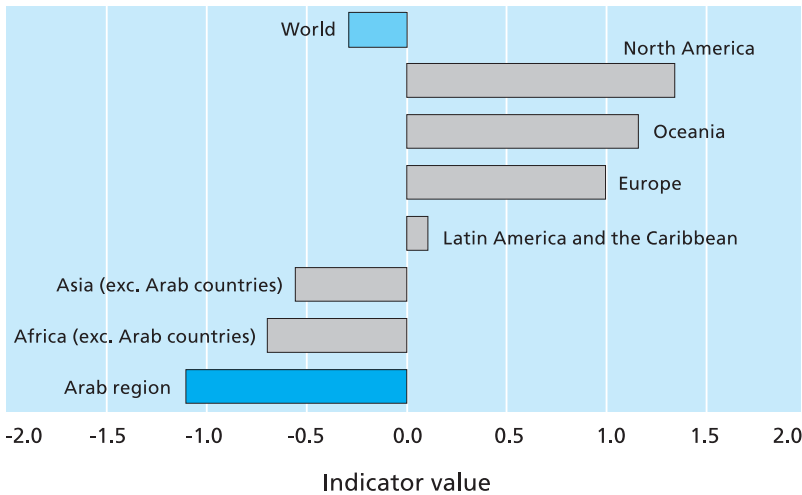**Voice and accountability, the Arab region compared to other world regions, 2002**

Figure 5-10

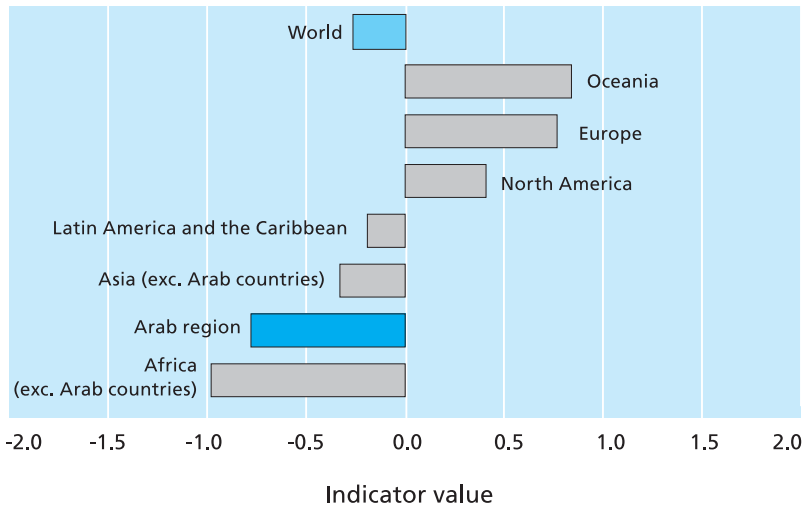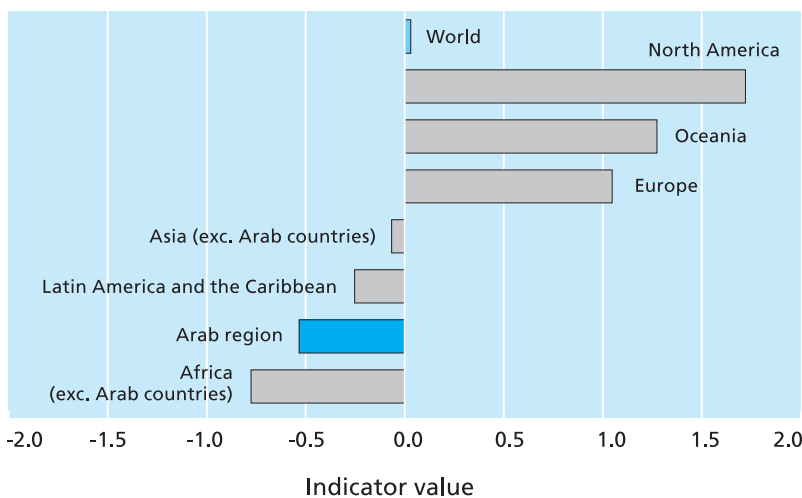**Political stability, the Arab region compared to other world regions, 2002**

Figure 5-11

Government effectiveness, the Arab region compared to other world regions, 2002

Figures 5-9 - 5-13 contain graphical representations of the position of the Arab region with respect to other regions of the world on each of these indicators.

The figures show that the average of Arab countries falls close to the lower end of the indicator value.

In this quantitative perspective then, the features of poor governance in Arab countries and the need for radical reform are once again confirmed.

This section compares the average among Arab countries (which vary from one to another): table a1-8 provides the breakdown on a country by country basis. A study of these results shows that Arab countries rate worst in the cluster of indicators relating to representation and accountability. All Arab countries scored less than 0, as measured by this indicator. Arab countries exhibit a wider range of ratings on the scale where other indicator clusters are concerned.

THE DEBATE ON HOW TO REFORM

In view of the Arab and international consensus on the need to reform the Arab political scene and build good governance, there are essential requirements to be fulfilled. The first challenge is to reduce the centralized role of the executive in favour of other state institutions, civil society and local government in order to expand freedoms and guarantee fundamental human rights. However, this does not seem possible without the co-operation of the executive, which controls the underpinnings of the state. For this reason there is acute disagreement and even polarization among the Arab élites about the right way to reform. The debate revolves around whether to reform from the top-down (from the state), or from the bottom-up (civil society); whether change should spring from inside or through outside assistance and, ultimately, what values such a reform seeks to instil: traditional values, including religious ones, or modern, democratic and secular values along Western lines.

Change from the top or at grass-roots?

Advocates of Arab political reform, backed by international organizations and donor states, tend to opt for gradual reform from the "bottom-up", through civil society activity. This position has several justifications, among them the deep-seated belief that Arab societies are not yet sufficiently mature for democracy and that the Arab political community is not ready to assume the responsibilities of change. In this view, civil society can bridge the gap on the one hand, and pave the way for change on the other, through education and culture-building for democracy. There is also a belief that the regimes may be more inclined to accept civil activity, which poses no direct challenge to their authority, than direct political activity.

By contrast, there are those who believe in the priority of political reform, particularly because civil society cannot exist without a state respectful of a minimum of freedoms; this makes the situation more of a vicious circle. It is their view that direct pressure should be exerted on governments to make them accept reform. Undoubtedly, voluntary reform by regimes that have come to realize that reform is inevitable, either under foreign pressure or owing to a rift in the ruling élite, would, if genuine, be the shortest route to good governance and the least costly; that all remains, nevertheless, in the realm of promises. Regimes apparently want to apply a policy of "escaping forward" and manœuvering, making changes that are mere formalities and do not represent any true reform. Those effected and even those proposed remain limited. Some observers believe that Arab regimes have developed a unique model of "liberalized autocracy", one that the limited powers of civil society cannot gradually change in the absence of an effective political community (Brumberg, 2003, 43).

These two perspectives can be reconciled if we bear in mind that these reforms, however limited their impact, have created space for movement in both the social and political arenas that can be exploited to change and develop the political situation, as we shall see below.

Figure 5-12

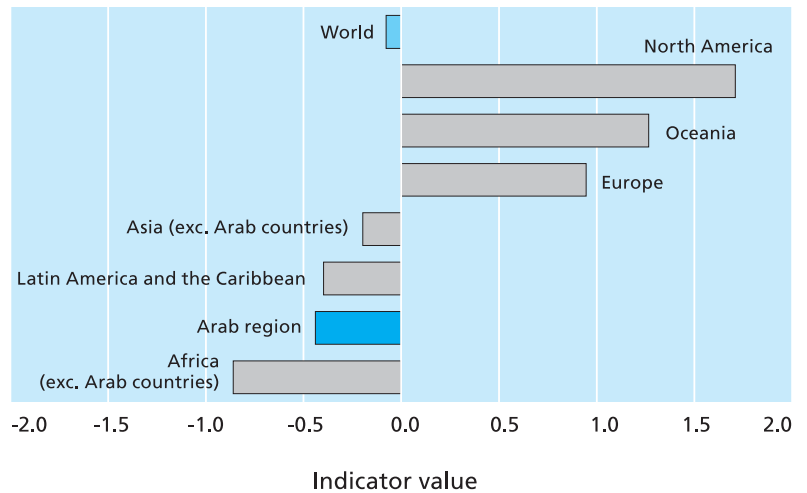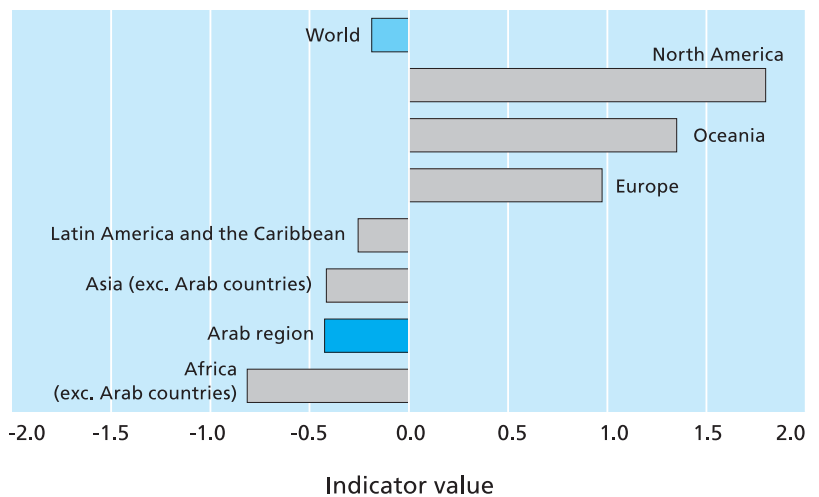**The rule of law, the Arab region compared to other world regions, 2002**

Figure 5-13

Control of corruption, the Arab region compared to other world regions, 2002

External versus internal

The critical Arab political situation has led some to pin their hopes on foreign action. To them this seems, practically speaking, the only available solution to bring about change, either by using the military to bring the regime to an end as in Iraq, or by exerting pressure on the regime while offering compromise solutions as in the Sudan. This situation has led to a heated debate in Arab élite circles about the usefulness of associating external factors with change. Many object on principle, while others

Voluntary reform by regimes…would, if genuine, be the shortest route to good governance and the least costly.

BOX 5-3

Moncef Al-Marzouqi: Giving democracy every chance

The idea of democracy has penetrated minds among the élites, politicians and ever widening groups of society following a slow evolution begun by the few "reconnaissance units" which, at the beginning of the last century, took it upon themselves to start considering democracy as a possible alternative and begin thinking about its adaptation and Arabization. This small band of intellectuals and politicians was fiercely opposed by the autocratic system in intellectual and political battles over contrived problems, such as the priority of economic progress over freedoms, cultural specificity, the suitability or otherwise of democracy for Arabs and the need for a slow transition to democracy so as not to make it indigestible.

The collapse of such ideas, however, does not mean that the Arabs collectively have come close to harvesting this crop or that they can plant it in a wasteland which still requires a lot of preparation. They have taken only their first steps along the road, and few can say where that road is truly heading. Even the "forward reconnaissance units" of political pioneers have difficulty picturing the phases of transition from their former political system to democracy. Will it happen gradually, peacefully or violently, with or against the West? With the Islamists, or on condition of their elimination? To this I would add that few are interested in examining the actual mechanisms of democracy with a critical eye. The common denominator among advocates of democracy is their blind faith in it as the ideal prescription for curing the ills of the political system with a magic wand. Let us not forget that we once believed in "the homeland" and in socialism and unity; in embracing democracy, we are today adopting the same uncritical mental attitude we had then. It is crucial that we should listen carefully to its enemies, since:

He who is content is blind to every flaw
He who is discontent sees nought but failings

If, in the 1930s, the communists had listened to the enemies of communism and understood that discontent is like a magnifier that enlarges any intrinsic flaws, and if they had promptly addressed these flaws, history might have taken a different course.

This passing observation underscores that the corrosive flaws which ate into nationalism, pan-Arabism and socialism were present in the mechanisms, institutions, ideas and values on which they were based and that they simply surfaced when they were able to do so. This is a general rule and we believe democracy to be no exception. We should therefore ask ourselves about the negative aspects of democracy to which we are blind and which may render all our sacrifices in vain, as occurred with many of the aspirations nurtured by socialists, whose socialism betrayed them before the world did.

We should be extremely wary of any democracy that manifests any or all of the following characteristics in which:
- It is unaware that its essential function is to expand economic and social rights;
- It fails to remember that its development and even its survival are dependent on the expansion of citizenship through the genuine participation of each person at her/his own level;
- It focuses narrowly on representation (bearing in mind that the word must also be understood in its theatrical sense), meaning that its mechanisms are built on electoral rites dominated and exploited by hidden aristocracies using private finance, their virtual monopoly of the media which they own, and elected officials with neither power nor strength that ultimately resign in frustration and angrily exit the stage in search of another solution to their problems;
- It puts the reins of power in the hands of campaigners carrying out programmes marketed through publicity methods designed to ensure that politics and politicians have the lowest status among the people, as is often the case in liberal countries.

As advocates of democracy, we therefore demand a three-pronged campaign to break down the defences of the autocratic system; drive the democratic venture forward into people's hearts and minds, and deep into the political arena; and generate serious thinking about alternatives that use the experience of different peoples to advantage, without applying ready-made prescriptions, particularly at the institutional level. The aim of this war is to avoid making rash ideological statements along the lines of "democracy is the solution". Such slogans might one day bring us to grieve over its remains, repeating meaningless phrases such as "democracy is so very attractive and its advocates are so very repellent."

Certain groups hold that the ideal form of foreign intervention to promote democracy would be to stop supporting dictatorial regimes in the Arab world.

justify it as a necessity and others still warn that foreign intervention will become inevitable if those concerned do not hasten to take the initiative from inside (Dorgham, in Arabic, 2003, Ibrahim, in Arabic, 2003, al Zayyat, in Arabic, 2003).

By way of contrast, certain groups hold that the ideal form of foreign intervention to promote democracy would be to stop supporting dictatorial regimes in the Arab world (Sadiqi, 2004, 320).

The Optimum Choice

This brings us to the alternative possibility, that of change stemming from within and led by dynamic social forces with a clear stake in such change. Past experience in Eastern Europe and Latin America (and in some Arab states like the Sudan) point to the importance of a move that can come from civil society organizations, trade unions, voluntary associations and religious movements, a move to end the state's monopoly over political activity; a move to strengthen society's ability to resist the mechanisms of systematic repression used by the State to immobilize social forces.

Methods of repression and state terrorism are for tyrannical regimes "like bank reserves", to quote Waterbury "effective only if the clients do not rush in droves to withdraw their money. If most citizens defy the regime, the latter fails to find enough terror, jails and savage cruelty to meet the requirements of domina-

tion" (Waterbury 1995, 82).

The next step, namely transition to direct political action, requires a consensus among the élites. After all, one of the main reasons why current circumstances do not change is that the regime has succeeded in dividing society's vanguards, even convincing some that it is in their interest to resist democratic change while also encouraging sectarian, tribal and other divisive trends. Such a consensus is of great importance, first because it represents the very essence of the democratic process and what distinguishes it from popularism, which is, basically, the outcome of negotiations among parties to an as-yet-unresolved conflict (Przeworski, 1988; Waterbury, 1995, 91-102). Secondly, because the expected popular uprisings against the state of affairs will, in the absence of such consensus, inevitably turn into civil wars, as in Algeria and Somalia.

Bridging the gap between political forces

If consensus among the political forces is a prerequisite for positive transformation of the political arena, formulas for its achievement are needed. There are, in the Arab world, several splits dividing the political forces into sectarian, racial, regional and tribal groups.

The biggest divide, however, is that separating the Islamists on one side and the secularists, liberals and nationalists, on the other. In fact, this rift has come to replace the traditionalist/radical one which dominated the political arena in past years. To bring about a consensus among all these forces undoubtedly requires creative thinking out of the box. We would add that the matter must go beyond tactical and phased agreements (without underestimating their importance, since democracy is the outcome of a series of successful bargains and agreements). Rather, it must result in intellectual and methodological reconsideration by the parties concerned. Some reviews have already begun and these should be encouraged and built upon. They should include a re-examination by the Islamists of their views on democracy, human rights and the question of citizenship. Other movements should review their exclusionist and dictatorial tendencies, their condemnation of past mistakes and re-

pressive actions. For all, the goal is to develop a new way of thinking, more in keeping with the requirements of democracy and peaceful co-existence with competing movements.

"If most citizens defy the regime, the latter fails to find enough terror, jails and savage cruelty to meet the requirements of domination."