



WILL THE ARAB SPRING  
FREE THE "ORPHANS OF  
GLOBALIZATION"?

By Prof. Dr. Jean-Pierre Lehmann

The period from the late 19th to the late 20th century was humiliating for most of the non-Western world. The only exception was Japan. India, China, Indonesia, Indochina and the rest of Southeast Asia, in addition to Latin America, Africa, and the Middle East, were all subjected to various degrees of Western political, economic, and cultural imperialism.

Though no “globalization humiliation index” has ever been compiled — and the experiences of men and women in all these regions were humiliating — arguably the Arabs have suffered the greatest humiliation. This arose in part simply because of proximity. The Arabs are the neighbors and cousins of the Europeans within the greater Mediterranean civilization. During much of history, the Arabs were the more advanced, the more knowledgeable, the more successful, and the richer of the two.

This rapport changed radically in the 19th century. Not only did Europeans prove to be much stronger economically and militarily, but there was also a prevailing view that the European scientific mind would leave the “primitive” Arabs far behind. In 1883 and 1884 there was a famous debate between the theologian and scientist Jamal al-Din al-Afghani and the French orientalist and philosopher Ernest Renan. Renan’s main thesis was that the conditions in which Islam had evolved and the nature of Arab society rendered it incompatible with the spirit of modern science. Europe would thrive, the Arabs would decline. Al-Afghani, who sought to join Islam and science, refuted Renan and expressed a vision of an Arab renaissance.

The renaissance never happened. In the first half of the 20th century, following the collapse of the Ottoman Empire, the entire region of Middle East North Africa (MENA) came under Western imperial tutelage. Adding yet another significant humiliation, the West imposed upon the region the state of Israel in 1948. In the ensuing decades, repressive Western imperialism was replaced by indigenously derived repressive totalitarianism. The Arabs have not been free for centuries and certainly not in the last 50 years. The Arab states may have gained independence, but the Arab people did not gain liberty.

For much of the 20th century, the condition of the Arab region did not differ much from what was then referred to as the “Third World.” With the exception of India, virtually all the countries of the Third World were ruled by despots, and virtu-

ally all the countries of the Third World were poor, backward, and corrupt. This was generally held, axiomatically, as the natural existential state of Third World countries.

The first minor tremors of transformation occurred in the 1970s with the emergence of what were referred to as the Asian NIEs (newly industrialized economies): Hong Kong, Korea, Singapore, and Taiwan. They represented the first — and still quite rare — cases of economies graduating from third to first world.

After the rise of the “Four Dragons” (as they were also called), things began happening quickly. In 1978, two years after the death of Mao Zedong, the Chinese leadership under Deng Xiaoping undertook arguably the most radical program of economic reform a country has ever seen: Having rejected globalization for over a century and a half, the Chinese embraced globalization in the late 1970s and have done so in the ensuing decades. In 1989 the Berlin Wall collapsed and the Soviet empire imploded two years later. At the start of the 1990s India, Pakistan, Bangladesh, Indonesia, South Africa, Brazil, Mexico, Argentina, Chile, among many other erstwhile Third World countries, embarked on globalization-oriented reforms, thereby boosting trade, inward foreign investments, transfers of technology, and the acquisition of global knowledge.

The results have been amazing in many respects. The dynamic emerging economies have witnessed very high growth, which in turn has led to massive reductions of poverty. The share of global GDP of the three major emerging economies — China, India, and Brazil — has doubled during the period of 2000 to 2010. Turkey, following a profound financial crisis in 2001, has bounced back and achieved impressive growth rates. It no longer sees economic benefits in joining the debt-ridden, sclerotic European Union. Brazil, by combining economic growth with social development policies, has seen a reduction in inequality and a significant increase in literacy. China has supplanted both the United States and the EU as Brazil’s biggest trading partner.

There is a mood of optimistic buoyancy in much of the developing world. Until the Jasmine Revolutions in Tunisia and Egypt, this optimistic buoyancy was nowhere at all to be found in the Arab world. Now it is quite to the contrary!

## What about the Arabs?

The Lebanese journalist Saad Mehio succinctly and incisively described the Arab condition at the dawn of the new global era: “After the Cold War ended in 1989, and while the rest of the world was gearing up to join the march of globalisation, the Middle East looked like a bombed out city. More political oppression, more intellectual and cultural stagnation, more economic and social despair — and an ideological void that only the fundamentalists were able or were permitted to fill, under the demagogic banner of protecting identity and character.”

Another Lebanese author, Fouad Ajami, who coined the term “the orphans of globalization,” commented: “[T]here is a danger worse than subjugation in this new era of capitalism — irrelevance!” Apart from oil, the Middle East was of no particular interest and had nothing special to offer.

When the global financial crisis broke out in 2008, it was recognized that global governance had to extend from the closed establishment club of former major powers, the G8, to embrace new actors, through the creation of the G20. While four new Asian members joined (China, India, Indonesia, and Korea), three Latin American nations (Argentina, Brazil, and Mexico), one African (South Africa), as well as Turkey, from MENA there was only one invitee (Saudi Arabia), and that was for obvious reasons — oil. The leader of the Arab world, Egypt, with its 85 million inhabitants (expected to reach 100 million by 2025) was shunned. Apart from oil, the Arabs were not seen as having anything to contribute to the global discourse or the globalization agenda.

There is certainly nothing in their DNA that condemns Arabs to being perpetually “orphans of globalization.” Indeed, the greatest Arab, the prophet Mohammed, was one of the world’s foremost globalizers. For many centuries, Arab merchants and warriors were the primary agents of globalization across the Eurasian continent. Arab centers of learning — notably in Córdoba in al-Andalus under the Caliphates, especially in its apogee from the 10th to 12th centuries — were among the greatest sources of wisdom and science the world has ever seen.

There are many successful Arab global citizens living abroad, yet the Arab region as such — encompassing the 22 members of the Arab League — has stagnated. If one takes two of the areas in which the Arab world historically excelled and led — commerce and learning — the Arab region lags behind much of the world. Leaving aside oil, the Arab region’s share of world trade is negligible and there are hardly any areas where it is competitive in global markets. As to learning, the fact can be cited that no Arab university has ever appeared in the internationally recognized Shanghai Jiao Tung University rankings of the world’s top 500 universities.

In 2002 the first UNDP Arab Human Development Report was published. It was compiled entirely by Arab intellectuals. It will for sure be seen as a document of considerable historical importance. The question addressed was why the Arab region was lagging. Three main answers in the form of “deficits” were given. The Arab region, the authors of the report concluded, suffers from a freedom deficit, a knowledge deficit, and a woman-empowerment deficit. On the knowledge front, the report noted that investment in R&D in the Arab region corresponded to less than one-seventh of the world average.

An additional deficit that has to be noted is that of regional integration. As the world globalized, many of its regions simultaneously regionalized. This has been especially true of East Asia, including the Association of South East Asian Nations (ASEAN) — comprising Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam — along with the major northeast Asian economies, China, Hong Kong, Taiwan, South Korea, and Japan.

By contrast there is very little movement of any kind — except now for refugees — between the member states of the Arab League. Intraregional trade barriers are high in goods and services, transport connections are cumbersome and limited, citizens of one Arab League country often need visas to travel to another Arab League country, and there are hardly any university student exchanges to speak of. Part of the reason for the regionalization deficit lies in a trust deficit: Arabs willingly admit they do not trust each other, in good part because they do not know each other.

While much of the developing world boomed and underwent profound social, economic, and political transformations, the Arab world stagnated. Its economic, social, and intellectual climate could best be described as amorphous. This was not so much due to the prevailing dictatorships but the nature of the dictatorships. East Asia was — and to some extent still is (e.g., Vietnam and China) — dominated by dictatorships, yet these have been for the most part (North Korea stands out as a flagrant exception) dynamic economic growth- and social development-oriented dictatorships. The main purpose of the Arab dictatorships appears to have been simply to keep the lid on and preserve the elite’s existing privileges.

The main victims of this amorphous state of globalization’s orphanages have been the region’s youth. The Arab region counts the highest proportion of youth — 60 percent of the populations of the Arab League member states are less than 25 years old — along with the highest proportion of youth unemployment. Remittances have been a major source of revenue for many Arab countries. Though due to the low and uncompetitive levels of education that prevail in the region, few expatriate Arab workers — with the notable exception of the Lebanese — can aspire to more than just menial jobs

abroad. While more Chinese, Indians, Brazilians, and Turks can feel proud of their roots and nationalities, for Arab youth the sense of humiliation has persisted.

### The Jasmine Revolutions – Scenarios

It was a humiliated Arab youth – the Tunisian Mohammed Bouazizi from the desolate village of Sidi Bouzid – who, in immolating himself, sparked a revolution that engulfed his country, spread to Egypt, and has gripped the entire Arab world. It is the first revolution to happen in the Arab world for some time, certainly one led by youth, and it is the first in which the spirit of revolution was spread through such social media instruments as Facebook and Twitter.

Though Tunisia was where the revolution was born, the Arab Spring has become more associated with Egypt, no doubt in good part because of the much more extensive press coverage, also because it is a much bigger country – Tunisia’s population is 10 million versus Egypt’s 85 million. Also, the Egyptian dictator, Hosni Mubarak, was a more familiar name than his Tunisian counterpart, Zine el Abidine Ben Ali. Tahrir Square in Cairo, where much of the revolutionary action occurred, has acquired as much fame as Tiananmen Square, albeit for totally different reasons and with diametrically opposed outcomes.

The youthful fervor of the Jasmine Revolutions has spread to the entire region to varying degrees and in varying forms. The outcomes remain uncertain, though it is reasonable to expect that even if the repressive regimes, for example Syria, win a battle, ultimately it will prove pyrrhic. The march of a new 21st century Arab history seems now to be unstoppable. Even the crustier states, notably Saudi Arabia, will ultimately have to adapt to the winds of change. The seething youth may be bought off for a while, but not permanently.

But where will all this lead? The Arab world is undoubtedly on the march, but the destination remains unknown. As things stand in mid-2011 – some four months following the Jasmine Revolution – six possible scenarios emerge: the Poland scenario, the Turkey scenario, the Iran scenario, the Philippines scenario, the Chile scenario, and the Yugoslavia scenario.

*Poland:* The eruption of the Jasmine Revolution was described as the Arab region’s “Gdansk moment,” referring to the strike at the Polish shipyard in 1980 that set in motion the movements that ultimately culminated in the collapse of communism in Europe. The scenario plays out whereby the dictatorship is overthrown and the nation, through twists and turns, eventually becomes a quite prosperous society with a reasonably robust democracy. (Of course, Poland’s prize was EU membership, which is not an option for the Arab states.)

*Turkey:* Turkey has emerged as a successful and dynamic actor in the last decade of the global era; it has undergone profound transformation, and through the Justice and Democracy Party (AKP) has demonstrated the possibility of blending modern democracy with Islam.

*Iran:* This is the scenario most often touted by the established Arab regimes and one harbored by Western political leaders. This was the main reason why they supported the tyrants and only reluctantly backed the revolutions. This is the scenario where the Islamic fundamentalists take over.

*The Philippines:* This is a rarely mentioned scenario, yet it is quite relevant. There are revolutions that give rise to great expectations but turn into human catastrophes – notably the Bolshevik Revolution – while there are others, such as the uprisings in the Central and Eastern European states against the Soviet Union, that lead to enhanced prosperity and democracy. In the case of the Philippines, the dictator Ferdinand Marcos was overthrown in 1986 by a revolution known as “People’s Power.” Yet 25 years later, while the country may be more democratic, it is just as economically and socially stagnant and just as corrupt as the country was under Marcos. As the French saying goes, “plus ça change, plus c’est la même chose” (the more things change, the more they are the same).

*Chile:* The attempt by democratically elected Salvador Allende to transform Chilean society was brutally repressed by General Augusto Pinochet, which led to 16 years (1974 – 1990) of brutal military dictatorship. In the face of probable mayhem for some time and social unrest due to unmet expectations, the army may be tempted, as it often is, to put things in order. Soldiers who do so rarely return to the barracks quickly or peacefully.

*Yugoslavia:* Yugoslavia as a country imploded as its distinct ethnic and religious components sought in some cases hegemony, in others independence. Yugoslavia no longer exists, the breakup has been terribly painful and costly in human terms, and it may not be over yet. The Yugoslav scenario may apply to some of the more ethnically diverse Arab states, as is the case in Iraq and possibly Syria.

Clearly no single scenario will apply to the entire region. Whatever happens in a particular country will also, of course, have its own distinctive characteristics. The scenarios imply directions the nations may take, and not that they will produce replicas. There will be a mixture of scenarios in respect to different nations. While the region was under dictatorship, it had a certain homogeneity. The Jasmine Revolution already has exploded this perspective and no doubt different trends will intensify and accelerate in the weeks, months, and years ahead.



### The globalization of Tahrir Square?

As the Arab Spring “blossomed,” the Chinese government was so worried that there were virtually no reports in the media and the word “jasmine,” among many others, was eradicated from the Internet. There is widespread discontent among youth throughout the world. A growing number of unemployed (or even employed) American youth see dim prospects and believe that their standards of living will be well below those of their parents. In Europe, youth unemployment is generally twice the national average – estimated at as much as 45 percent in Spain. The recent occupation of the Puerta del Sol in Madrid was likened to “Spain’s Tahrir Square.”

While globalization has resulted in quite massive reductions in poverty, it has also resulted in growing inequality. Only three decades since Maoism, China’s Gini coefficient (which measures inequalities in revenue) is comparable to that of the United States. Even emerging middle class and well-educated youth in China see their chances of ever owning their own homes in cities such as Shanghai as being next to nil as real estate prices have soared and the market has been cornered by speculators.

Many countries, notably India, flatter themselves with having a huge advantage through their so-called youth dividends. Invariably this is cited as a great competitive advantage, especially vis-à-vis China, where the population will rapidly age due to the one-child policy adopted in 1978. Having a large youth population can only be an advantage, however, if they are properly educated, employed, and motivated. There can be no hope for a country if its youth has no hope.

Tahrir Square: The spirit of revolution was spread through such social media instruments as Facebook and Twitter.

In neighboring Pakistan, in Afghanistan, and in many other countries in South and Central Asia, the youth bulge is booming, but the prospects are grim. The same applies to sub-Saharan Africa, whose population is expected to double between 2000 and 2050.

The world is at the moment a pretty tawdry place. Burning in the breasts of many – especially the youth – is a very strong sense of injustice and inequity. The gap between the winners and the losers is widening. The perception though is that the winners do not win because of their talent, but because of their connections and because of corruption.

Corruption and the impunity from which the elites are seen to be benefiting is growing like a cancer in society. Growth may be high in many countries, but it is perceived as not being inclusive: The world is increasingly unfair, and more visibly so. It also appears to be in an ethical swamp with no apparent moral compass.

While the Arab region has lagged miserably in the process of globalization in the last two decades, paradoxically it may provide inspiration and guidance to the world in the turning point of a new phase of globalization that the world may be witnessing in the second decade of the 21st century. It seems that there are two routes that lie ahead: One is that of global

uprisings driven by youth, leading to constant turbulence; the other is a more inclusive, equitable, ethical, and sustainable globalization. As Kofi Annan warned: "If we cannot make globalization work for all, in the end it will work for none."

The private sector has a vital role to play. One of the outcomes of early 21st century globalization is that business has emerged as the most powerful social force. This is new and prevails to varying degrees virtually everywhere in the globalized market-driven interconnected world.

Power imposes responsibility. With the globalization of markets, the proliferation of communication and information technologies and social media, and the deep systemic failures of the current state of capitalism that were revealed in the great financial crisis, there are ample reasons for business leaders to assume responsible leadership. In fact, as the Indian entrepreneur and thought leader Ravi Chaudhry has argued in his book, current global conditions require exceptional leadership (*Quest for Exceptional Leadership: From Mirage to Reality*).

The Ten Principles set out by the Global Compact must be deemed as the minimum standards for business behavior. Efforts must be exerted beyond that to create an environment that is geared to maximizing real wealth and welfare. The role of finance must be curbed. To sustain a global market economy, real business leaders must be on top and finance on tap, not the other way around, as is currently the case. There needs to be more vision, and especially business leaders must escape from the myopic short-termism that has caused so much havoc.

The Arab Spring and the Jasmine Revolution have also been called the Arab Awakening. The Arab world may indeed be waking from the deep slumber that resulted in its exclusion from globalization. The Arab Awakening, however, with the powerful symbol of youth in Tahrir Square, might also serve as an awakening to the broader global community — and especially the elites — that there is an urgent need to make globalization more inclusive to provide hope for the next generations. The alternatives are frightening. Enlightened self-interest calls for a better world. ■



.....  
Dr. Jean-Pierre Lehmann is Professor of International Political Economy, IMD, Lausanne, and Founding Director of The Evian Group.

By Matthias Stausberg

.....  
For a few years after the Global Compact's launch in 2000, the Middle East and North Africa (MENA) remained uncharted territory for the initiative. This changed in 2003, when the first efforts were undertaken to promote the Global Compact in Egypt. A high-level launch took place in Cairo in February 2004, resulting in the participation of more than 50 companies, including many of Egypt's leading corporations. The Egyptian network, which was initially coordinated by the UN Development Programme (UNDP) and later by the Egyptian Corporate Responsibility Center, grew quickly and now includes 62 organizations.

Following the first steps in Egypt, the International Labour Organization, with financial support from the Italian government, began promoting the Global Compact in Tunisia and Morocco, leading to launches in both countries in 2005 and 2006, respectively. Small networks have emerged since then, and now there are 23 participants in Morocco and 31 in Tunisia.

While the Global Compact was making progress in North Africa, outreach in the Gulf States did not take place until 2006, when the Global Compact was introduced to the Emirates Environmental Group (EEG) under the leadership of Habiba Al-Marashi, who has since been appointed to the Global Compact Board. The EEG and the associated Arabia CSR Network quickly emerged as the Global Compact's key allies in the region, leading to the creation of the regional network for companies from the countries in the Gulf Cooperation Council in 2008. Participants in this network now include 61 companies and other organizations from Bahrain, Kuwait, Qatar, Saudi Arabia, the UAE, and, most recently, Oman.

As in many countries, much of the initial effort to promote the Global Compact and its Principles in the MENA region was spearheaded by UNDP country offices. This continues

# THE UN GLOBAL COMPACT IN THE MENA REGION

to be the case in Lebanon, Jordan, and Syria. After Egypt and the Gulf States, Syria now has the region's third-largest network with 46 active participants. In Jordan and Lebanon, the emerging networks include 33 and 9 participants, respectively.

In Israel, Maala — Business for Social Responsibility, the country's leading CSR organization, has supported early outreach efforts and also coordinates the activities of the emerging network. So far, 24 Israeli companies have joined the Global Compact, and the network is well integrated into the Global Compact's regional work. Network representatives also participated in the first regional meeting for MENA networks held in Cairo in April 2010.

Overall, the Global Compact has been making steady progress in the MENA region, often in adverse political and socioeconomic environments. The fact that seven Iraqi companies have joined the initiative since 2009 speaks perhaps to the appeal of the Global Compact as a universal organizing framework.

Challenges remain, of course. In a familiar pattern, small and medium-size enterprises — by far the majority of all businesses in the MENA region — struggle with continuous implementation of the Global Compact Principles, and also with annual reporting. Some networks have been lacking the structure and resources needed to be of tangible, lasting value to their participants. And of course, Global Compact participation has not yet reached the numbers needed to effect real and lasting change on a broad scale.

It remains to be seen what impact the upheavals and reform movements in the Arab world will have on the Global Compact's work in advancing greater corporate sustainability in the region. So far, the signals have been mixed, once again underscoring that the region's countries are all too often and all too easily treated as one monolithic political, social, and cultural space. In Tunisia, the Global Compact's leading propo-

nent and network focal point, Mohamed Ennaceur, has joined the new transitional cabinet as Minister of Social Affairs — a move that could certainly bode well for the advancement of corporate responsibility and the Global Compact in the country.

In Egypt, however, the business community remains cautious, especially since many of its leaders have been subjected to reprisals and prosecution amid allegations of corruption and fraud in connection with the former political leadership. Generally, however, there appears to be a widespread consensus among many Arab businesses that reform will help improve the investment climate, put an end to years, if not decades, of bureaucracy, and help connect the Arab markets and Arab businesses to the global market in ways not imaginable just a few years ago. ■



.....  
Matthias Stausberg is Head of Public Affairs & Media Relations and Spokesperson of the UN Global Compact