Arab Transitions Paradigm: Integrating Governance and Growth

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Introduction: From Awakening to Transition

For many political scientists and theorists, the wave of revolutions in the Middle East and North Africa Region which started in Tunisia in 2011 and then expanded to Egypt, Libya and Yemen, shacked Jordan, Bahrain and Morocco and led to prolonged conflicts in Syria, share common characteristics with many other trends of the last quarter of the twentieth century[1] often referred to as the third wave of democracy[i].

[1] The first wave began in the early 19th century with the extension of the right to vote to a large proportion of the male population in the United States, and continued until the 1920s. The second wave began with the triumph of the Allis in World War II, cresting in 1962 and the third wave started since Portugal's Carnation Revolution in 1974 which engender approximately 30 new democracies. To name a few, the replacement of military dictatorship by elected civilian governments across Latin America from 1970s through the late 80s, the decline of the authoritarian rule in parts of East and South Asia in the mid-80s, the collapse of the communist regimes in Eastern Europe at the end of the 1980s, the breakup of the Soviet Union in 1991.

As the pragmatic challenges of the transition phase emerge following the euphoria of an overnight transformation, fundamental re-thinking around the transition paradigm away from dictatorial rule toward more liberal, and often more democratic, governance is brought to the forefront.

Would the fundamental assumptions[ii] underlying the third wave paradigm still hold for the Arab transitions? Could we still consider any Arab country moving away from dictatorial rule as a country in transition toward democracy? Is the Arab democratization process unfolding in a pre-defined set of sequence of stages from the opening to a breakthrough followed by a consolidation? Are the elections in Arab transitional countries of determinative importance? Are the underlying conditions in these transitional economies of any importance to the outcome of the transition process?

While the outcome of these transitions is still uncertain, the paper that I will present today aims to shed light on the importance of governance reforms and their inter-relationship with economic growth for successful Arab transitions from revolution to evolution. Following a review of the theoretical background and empirical evidence on good governance, I will highlight the main governance deficiencies of the MENA countries in the pre-revolution era. In the third section, I will touch upon the distinct pattern of integration of governance and growth through country-specific illustrations and attempt to draw lessons for the Arab transitional countries.

Theoretical background and Empirical Evidence on Governance

Definition

Governance, simply put, is about the way by which power is exercised. Apart from the universal acceptance of its importance as a critical factor for economic development, differences in governance's theoretical definition prevail as its formulation greatly depend on ideological concepts. As such, an important empirical and theoretical controversy has taken place between *liberal* economists on one hand and *statist and heterodox institutional* economists on the other.[iii]

In support of the prevalent good governance argument, Liberal economists identified the importance of governance capacities that are necessary for ensuring the efficiency of markets. The assumption is that if states can ensure *efficient markets*, in particular by enforcing property rights, a rule of law, reducing corruption and committing not to expropriate, private investors will drive economic development. This approach is one that implicitly stresses the priority of developing *market-enhancing governance*, and is currently the dominant view supported by international development and financial agencies. As such, in the market-enhancing view, the governance capabilities that are critical include:

(1) The state's capability to maintain stable *property rights*, since contested or unclear property rights raise the transaction costs of buyers and sellers and prevent potential market transactions and investments taking place. For property rights to be stable, the state, in particular, has to constrain itself from expropriating the fruits of private investment. As such, another critical governance condition in this analysis is the credibility of government in assuring investors of low expropriation risk.

(2) Efficient markets also require governance capabilities to ensure efficient and low-cost contracting and dispute resolution. In turn, this requires a good legal system or *rule of law*.

(3) Efficient markets require *low corruption* as corruption increases transaction costs as well as allowing the disruption of contracts and property rights. Corruption as a form of rent-seeking can also result in the creation and maintenance of damaging rents.

(4) Finally, efficient markets require that the state will deliver public goods that the private sector cannot provide, and theory says that this requires an *accountable and transparent government* to convert a collective willingness to pay into efficient delivery of public goods and services.

In theory, these governance capabilities, should together, ensure the efficiency of markets which in turn will ensure the maximization of investments and the attraction of advanced technologies to the developing country, thereby maximizing growth and development.

Heterodox approaches to governance have argued that markets are inherently inefficient in developing countries. Even with the best political will, structural characteristics of the economy ensure that market efficiency will remain low till a substantial degree of development is achieved. Given the structural limitations of markets, this theory stresses on the importance of *states' growth-enhancing governance capabilities.* These can directly accelerate growth through assisting the allocation of assets and resources to higher productivity and higher growth sectors using both market and non-market mechanisms. They can also accelerate productivity growth by assisting the absorption and learning of new technologies.

Despite these divergences, market-enhancing and growth-enhancing capabilities are not viewed necessarily as mutually-exclusive. The distinction between them is important, particularly if an exclusive focus on market-enhancing governance diminishes the capacity of states to accelerate development. Reduction of corruption, the achievement of stable property rights and of an effective rule of law requires significant expenditures of public resources which are available in sufficiently affluent economies. Requiring the achievement of these goals *before* economic development takes off faces a serious problem of sequencing.[iv]

Objectives

From the viewpoint of the United Nations Development Program (UNDP), Governance is "the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences". Participation, the Rule of Law, Transparency, Responsiveness, Consensus Orientation, Equity, Effectiveness and Efficiency,

Accountability and Strategic Vision have been, therefore, acknowledged as the core characteristics of good governance[v].

World Bank's governance definition has evolved over the years from "the manner in which power is exercised in the management of a country's economic and social resources for development" [vi] to the "the manner in which public officials and institutions acquire and exercise the authority to shape public policy and provide public goods and services"[vii]. While the first concept of governance is concerned directly with the management of the development process, involving both the public and the private sectors; the second concept has, to an explicit degree, more emphasis on the role of democratic accountability of governments and their officials to their citizens. As such, emphasizing the fact that a governance system has both a supply side (the capabilities and organizational arrangements embodied in its players) and a demand side (the accountability arrangements that link the players to one another).[viii]

It is worth noting, that by linking good governance to sustainable human development rather than economic development, the UN endorsed the concept of *democratic governance*. This recognizes that political and civil freedoms and participation have basic values as developmental ends in themselves and not just means for achieving socio-economic progress. Democratic governance is built on the concept of human development in its full sense of the term, which is about expanding capabilities that people have to be free and able to lead lives that they would choose to.[ix] The central message of the first Human Development report of 1990 was that while growth in national production (GDP) is necessary to meet all essential human objectives, what is important is to study how this growth translates - or fails to translate - into human development in various societies.

The relationship between Governance, Economic Growth and Development

Quite a few empirical studies have explored the fundamental question of causality between Governance and Economic Growth. Do observed correlations between governance and growth reflect causality from governance to growth or the other way

around? Or do they reflect the effect of a multitude of potential other variables that are not included in the regression and that drive both growth and governance?[x]

Empirical evidence that the quality of governance has a robust effect on long-run growth was presented in quite few studies[2]. The fact that richer countries are better able to afford the costs associated with providing a competent government bureaucracy, sound rule of law, and environment in which corruption is not condoned suggests that there is also positive feedback from incomes to governance as well. There is supportive evidence of the existence of mutual causality between good governance and growth, suggesting a "multiple institutional equilibria". Good institutions promote growth, which then leads to the adoption of good institutions. Causality runs in both directions[3]. However, Kaufmann's finding of "Growth without Governance" evidence that the feedback from per capita incomes to governance is, if anything, negative.[xi] This finding point to the fact that when a country becomes wealthier, it does not automatically imply that it has better governance. Accordingly, virtuous circles between better governance improving income leading to further governance improvement are not instinctive.

Governance deficiencies in the MENA countries in the pre-revolution era

Measurement

Measuring Governance has been crucial for monitoring governance performance widely by policy-makers, analysts, journalists, risk-rating agencies, multilateral and bilateral donor aid agencies.

Measuring Governance is difficult because of the wide gap between formal arrangements referred to as the *de jure* notion and the realities on the ground referred to as the *de facto*

[2] Contemporary early contributions include Barro (1997), Knack and Keefer (1997a, b), Mauro (1995), Svensson (1998). More supportive evidence is provided in Chong and Calderon (2000), Hall and Jones (1999), and in a working paper Kaufmann and al. (1999a). There are several channels through which this relationship can be manifested. Knack and Keefer (1997b) and Mauro (1995), for example, find that poorly protected property rights affect physical investment. King and Levine (1993), Demirguc-Kunt and Maksimovic (1998), among others, present similar evidence with regard to investment in financial assets.

[3] Chong and Calderon (2000)

one. Due to the unobservable nature of the true level of governance in a country, any observed measure will be only an imperfect proxy.

Researchers at the World Bank developed a methodology to monitor aggregate governance indicators (WGIs) for 200 countries exclusively based on 31 perception-based governance data sources for each of the six dimensions of Good Governance [xii], covering the three following aspects:

- The *political dimension* refers to the process by which governments are selected, monitored and replaced and is measured through indicators for (1) Voice and Democratic Accountability and (2) Political stability and absence of major violence. Voice and Accountability (VA) captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. Political Stability and Absence of Violence/Terrorism (PS) captures perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism.

- The *economic dimension* refers to the capacity of the government to effectively formulate and implement sound policies and is measured through indicators for (1) Government Effectiveness and (2) Regulatory Quality. Government Effectiveness (GE) captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Regulatory Quality (RQ) captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

- The *institutional dimension* refers to the respect of citizens and the state for the institutions that govern economic and social interactions among them and is measured through the (1) Rule of Law and (2) the Control of Corruption and Capture. The Rule of Law (RL) captures perceptions of the extent to which agents have confidence in, and abide by, the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. The Control of Corruption (CC) captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Governance Performance Analysis

Overall Governance

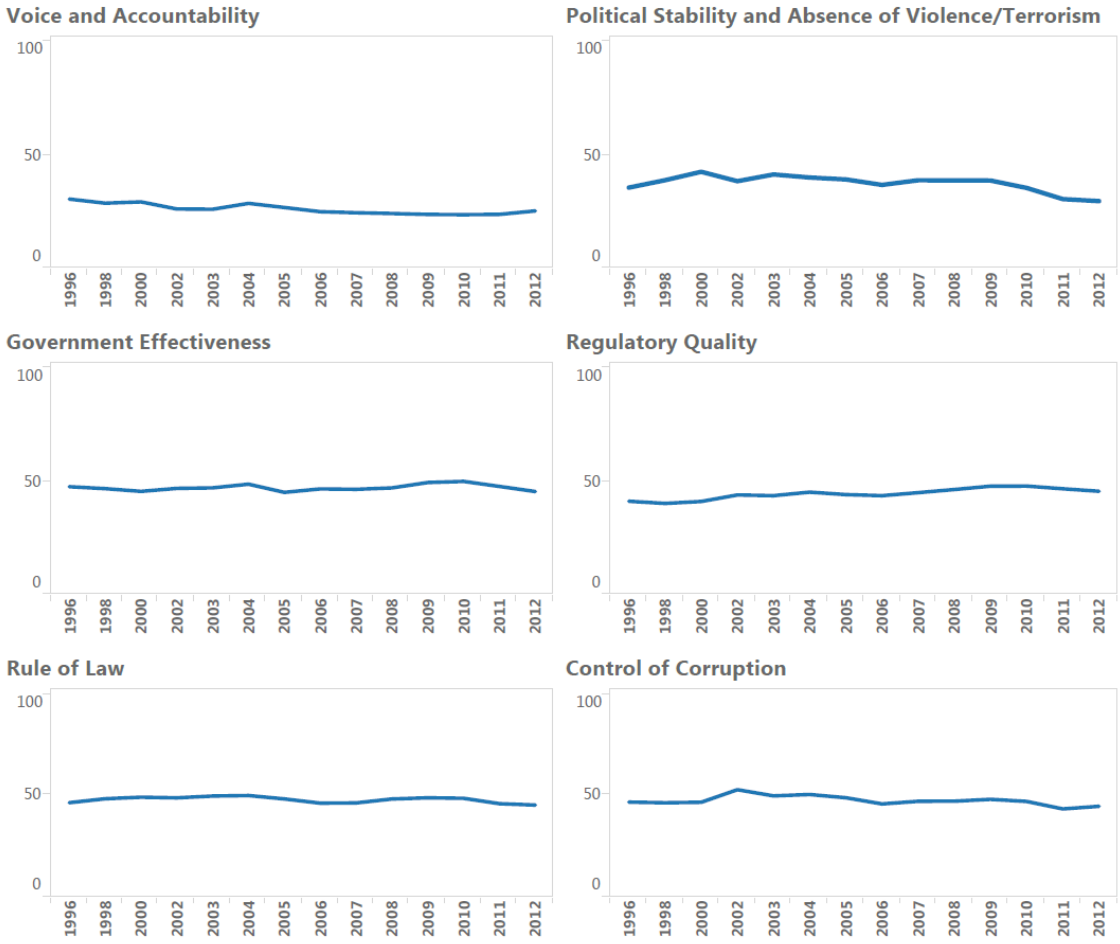
The analysis of this set of indicators for the MENA region[4] shows that, on average, overall governance in the region is low at around the 40th percentile worldwide and that there were no good governance performers' countries in the region.

As indicated in figure 2, in the pre-revolution era at end of 2009, Government Effectiveness for the region was on average at the 50th percentile, followed by the Rule of Law at the 49th, followed by the Control of Corruption at the 48th, and then by the Political Stability and Absence of violence/terrorism at the 30th and at last, Voice and Accountability were at the 23.5th percentile. A year into the Arab Transitions, at the end of 2012, overall governance performance deteriorated. Only Voice and Accountability improved slightly to attain the 25th percentile. But they cannot compensate for the hit of the political stability and absence of violence due to the uprisings which decreases to rank at the 29th percentile, for the regress of government effectiveness ranking at the 45th percentile, the backslide of the rule of law ranking at the 45th percentile, the regulatory

[4] According to the World Bank classification , the MENA region regroups Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, Tunisia, Turkey, United Arab Emirates, West Bank and Gaza, Yemen Republic.

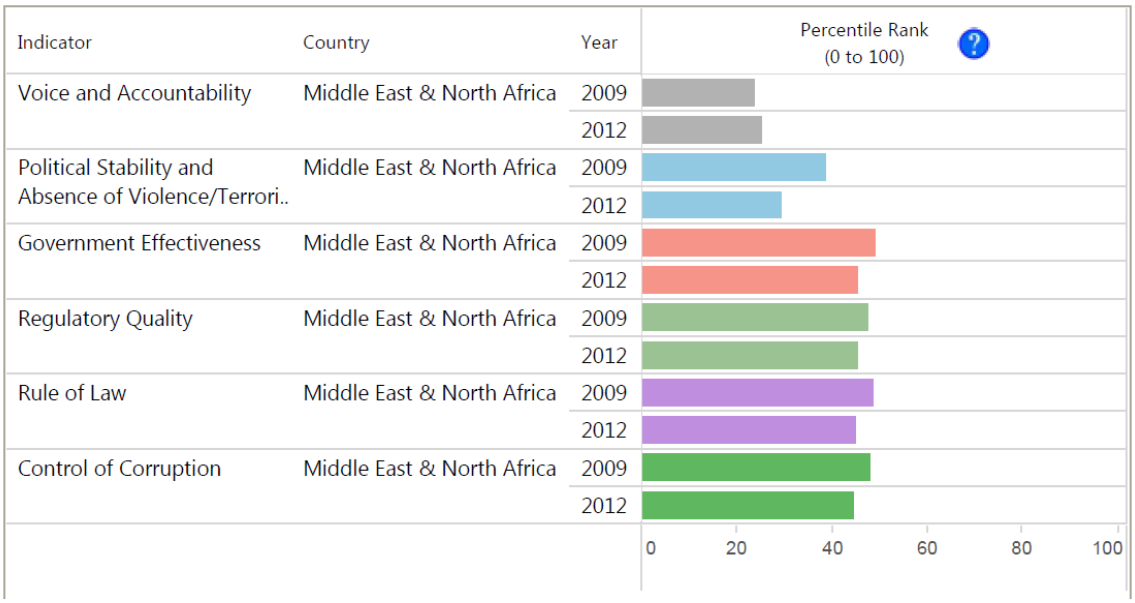
quality ranking at the 45.5th percentile and the control of corruption ranking at the 44.5th percentile.

Figure 1. Worldwide Governance Indicators for the MENA Region: A time series view between 1996 and 2012



Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and Analytical Issues. The Worldwide Governance Indicators are available at: www.govindicators.org.

Figure 2. Worldwide Governance Indicators for the MENA Region: A comparison between 2009 and 2012



Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and Analytical Issues. The Worldwide Governance Indicators are available at: www.govindicators.org.

In 2009, Qatar, United Arab Emirates and Oman constituted the relative performers by averaging in the 67th percentile worldwide. The semi-performers group averaging at the 54th percentile worldwide comprises four countries, Turkey, Jordan, Bahrain and Kuwait. The non-performers group comprises seven countries, namely, Tunisia, Morocco, Saudi Arabia, Egypt, Djibouti, West Bank and Gaza and Lebanon rated on average around 39th percentile. The failing group comprises Algeria, Syria, Libya, Iran, Iraq and Yemen rating on average around the 18th percentile worldwide (Table 1).

Table 1. MENA Governance Performance Grouping

Per Overall Governance – As of 2009

Group	Country/Territory	P-Rank 2009						
		Political		Economic		Institutional		Overall Governance*
		VA	PS	GE	RQ	RL	CC	
Failing Performers	Iraq	16	2	9	17	1	3	**8**
	Yemen, Rep	12	2	12	28	14	16	**14**
	Iran, Islamic Rep.	7	9	36	3	18	22	**16**
	Libya	3	75	13	12	21	8	**22**
	Syrian Arab Rep.	6	28	34	18	38	13	**23**
	Algeria	17	13	36	13	26	34	**23**
Non-performers	Lebanon	35	8	39	53	30	22	**31**
	West Bank and Gaza	21	3	27	47	45	45	**31**
	Djibouti	14	64	20	30	32	50	**35**
	Egypt, Arab Rep.	15	26	47	47	54	41	**38**
	Saudi Arabia	4	28	52	57	59	59	**43**
	Morocco	28	31	50	52	50	48	**43**
	Tunisia	10	47	66	53	61	56	**49**
Semi - Performers	Turkey	45	16	64	61	58	60	**51**
	Jordan	27	32	63	61	62	65	**52**
	Bahrain	27	40	69	74	66	66	**57**
	Kuwait	34	55	62	56	67	71	**57**
Relative Perfor mers	Oman	18	74	66	69	69	67	**61**
	United Arab Emirates	26	81	81	66	63	80	**66**
	Qatar	23	91	80	73	82	92	**74**

** Overall Governance is computed as the mean of the six governance dimensions.*

Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010) and authors' calculation, The Worldwide Governance Indicators: Methodology and Analytical Issues. The Worldwide Governance Indicators are available at: www.govindicators.org.

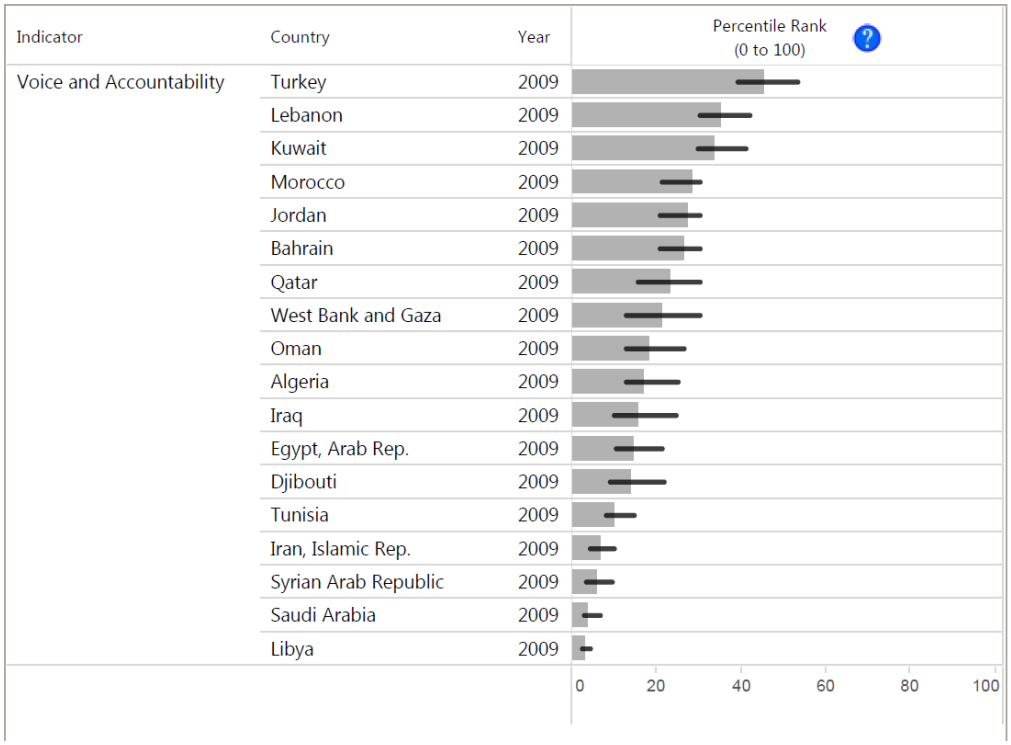
Political Governance

With regard to the political system, most countries are characterized by a highly captured governance mode, defined as the "undue and illicit influence of the elite in shaping the laws, policies and regulations of the state associated with declining voice and democratic accountability, accompanied by a perceived decline in well-being". This deterioration in democratic governance (Figure 1) is noticeable in almost all the countries of the region.

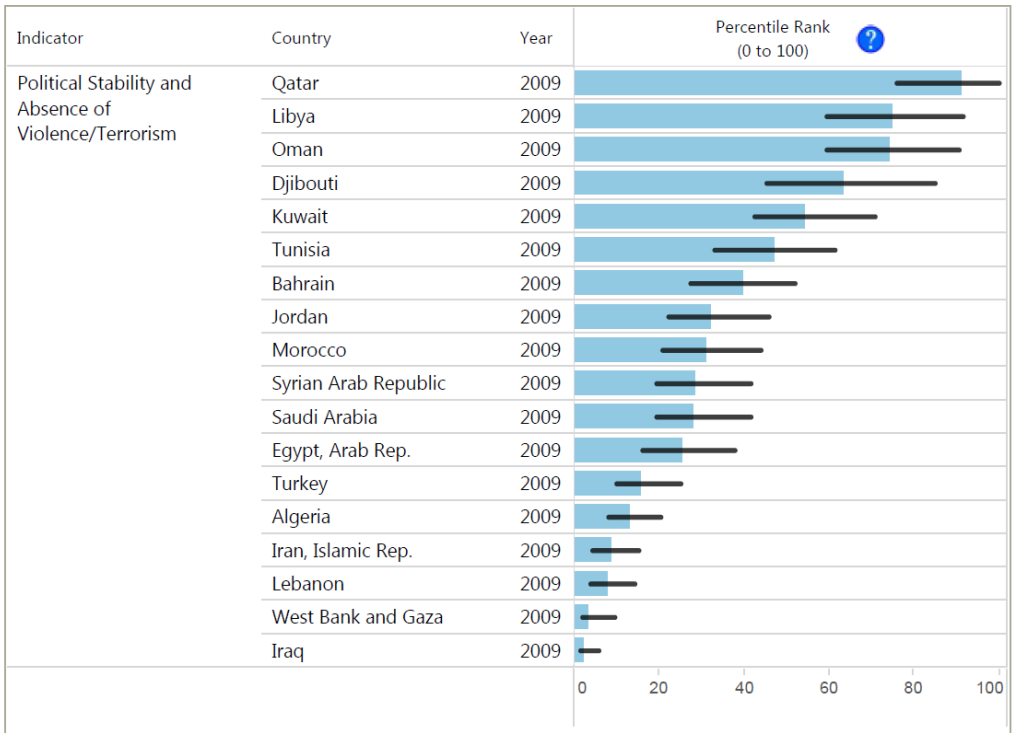
Political Governance on average is the lowest compared to Economic and Institutional Governance (Figure 1). As of 2009, the score stood at the 28th percentile with a semi-performers group of two countries[5] followed by a non-performers group of 11 countries[6] and a failing group of seven countries[7]. Libya is the single country to rate higher on this indicator compared with the overall governance pattern whereby Oman, Kuwait, Bahrain Turkey and Jordan are rating lower and Saudi Arabia much lower. It is worth noting that the cross-country differences of the political stability indicator are not significant as the 90% confidence intervals often overlap (Figure 3).

Figure 3. Worldwide Political Governance for MENA Countries

Per dimension – As of 2009



[5] Qatar and UAE averaging at 55th percentile.
[6] Oman, Kuwait, Libya, Djibouti, Bahrain, Turkey, Morocco, Jordan, Tunisia, Lebanon and Egypt averaging at the 33rd percentile.
[7] Syria, Saudi Arabia, Algeria, West Bank and Gaza, Iraq, Iran and Yemen averaging at the 12th percentile.



Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and Analytical Issues. The Worldwide Governance Indicators are available at: www.govindicators.org.

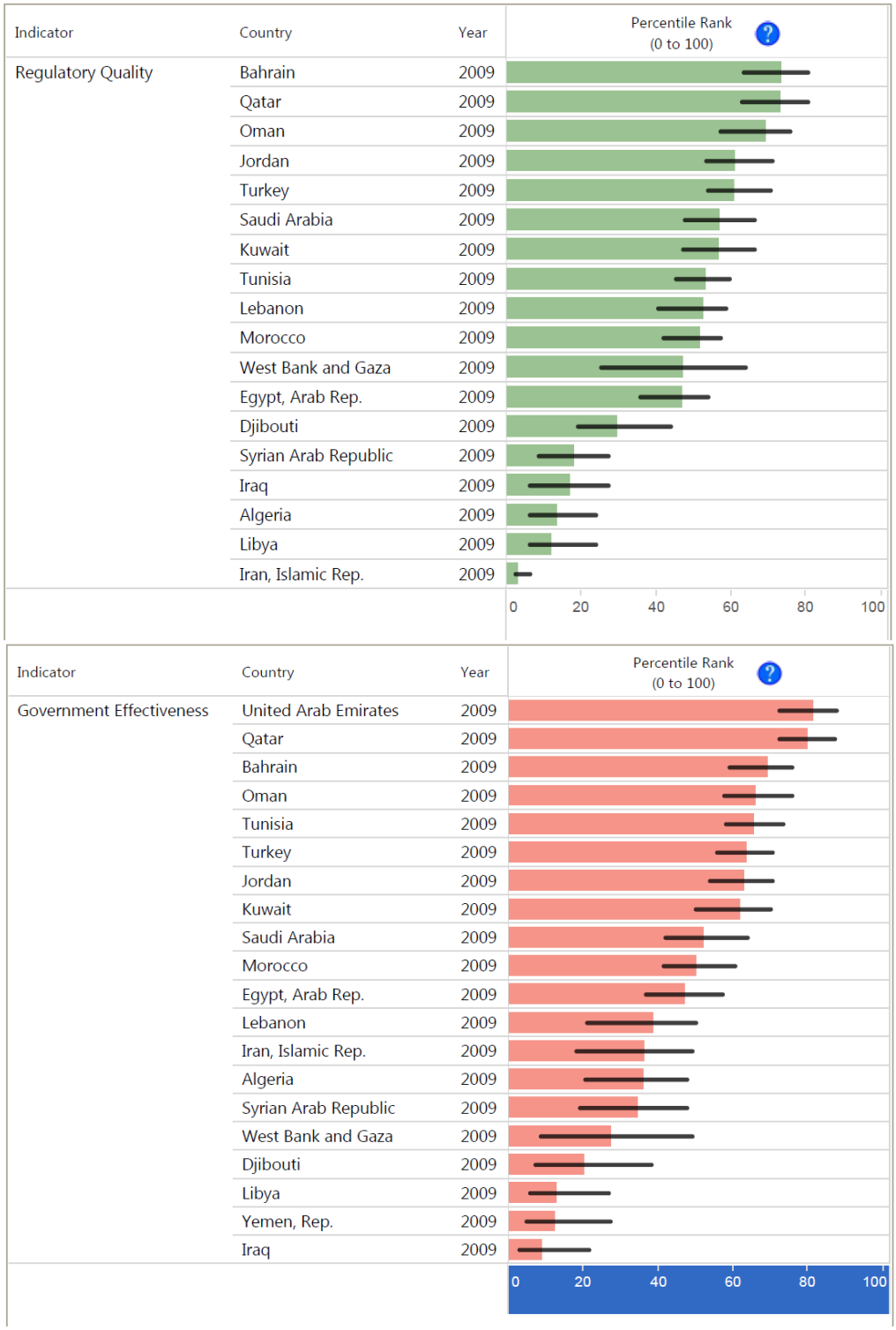
Economic Governance

On the economic governance front, the region exhibited a variance in the measurement of the government effectiveness which encompasses the quality of the public sector bureaucracy in formulating and implementing policies and delivering services and the quality of regulatory regimes. Although, on average, the region was marked by a modest improvement in government effectiveness from 2005 till 2009 (Figure 1), but this masks improvements in several countries and deterioration in others. As of the end of 2009, the relative performers group constituted of four countries[8], the semi-performers group constituted of six countries[9], the non-performers group constituted of six countries[10] and the failing group comprised four countries[11]. Bahrain, Tunisia, Morocco, Saudi Arabia, Syria and Algeria rated higher on the economic governance compared to overall governance.

[8] Oman, Bahrain, UAE and Qatar averaged at the 72nd percentile.
[9] Turkey, Jordan, Tunisia, Kuwait, Saudi Arabia and Morocco averaged at the 58th percentile.
[10] Egypt, Lebanon, West Bank and Gaza, Syria, Djibouti and Algeria averaged at the 34th percentile.
[11] Yemen, Iran, Iraq and Libya averaged at the 18th percentile.

Figure 4. Worldwide Economic Governance for MENA Countries

Per dimension – As of 2009



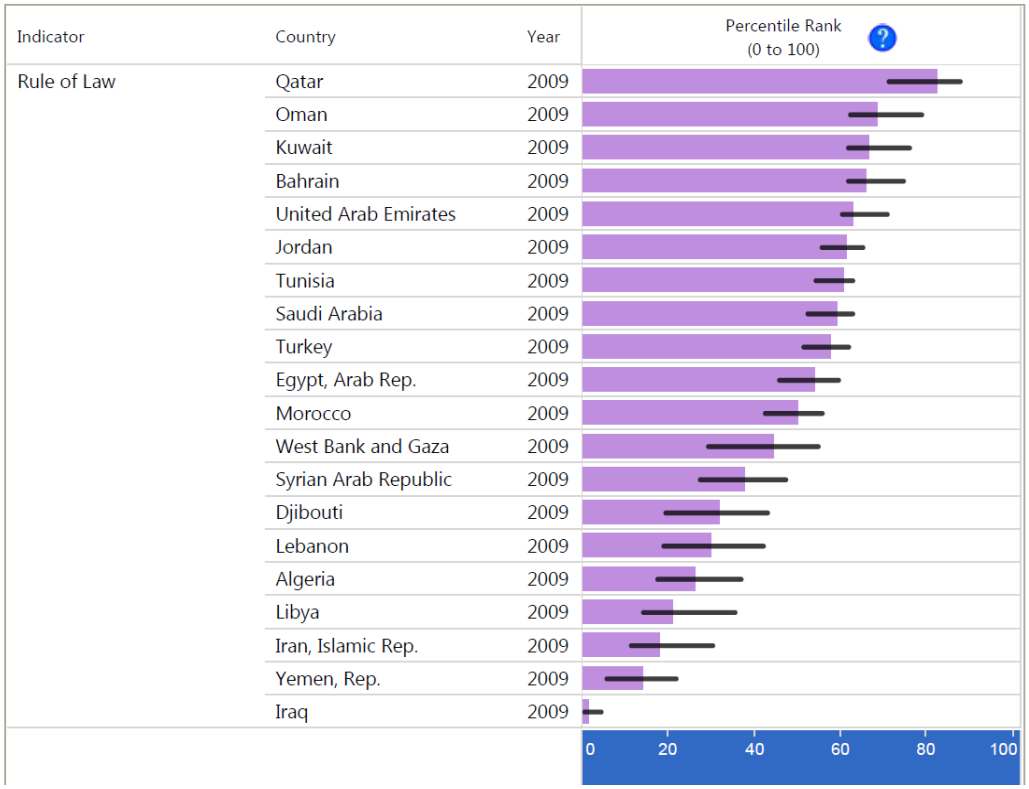
Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and Analytical Issues. The Worldwide Governance Indicators are available at: www.govindicators.org.

Institutional Governance

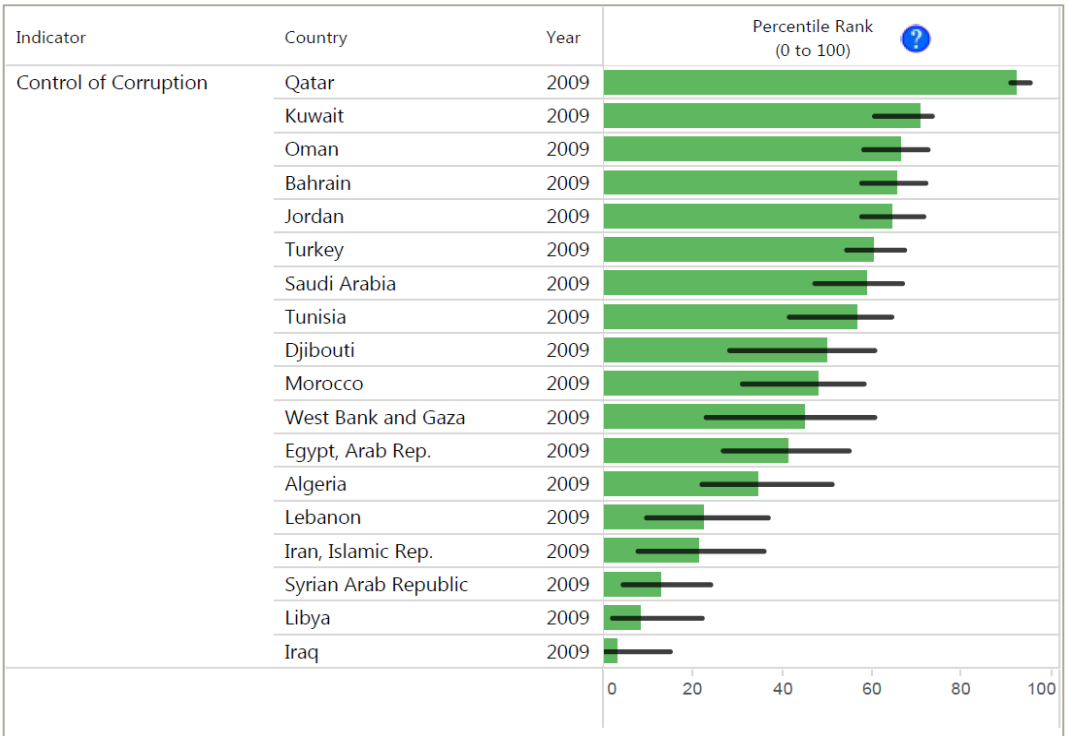
On the institutional governance front, the rule of law and control of corruption exhibit somewhat lower regional variation. In general, most countries ranged in the mediocre-to-poor range. As of the end of 2009, the relative performers group constituted of five countries, the semi-performers group comprised four countries[12], the non-performers group comprised seven countries[13] and the failing group comprised four countries[14]. Kuwait, Bahrain, Tunisia, Algeria and Syria rated higher on the institutional governance than on the overall governance. Qatar's top ranking with high precision and no overlap on the control of corruption compared to the remaining countries is quite distinctive (Figure 5).

Figure 5. Worldwide Institutional Governance for MENA Countries

Per dimension – As of 2009



[12] Jordan, Turkey, Saudi Arabia and Tunisia averaged at the 60th percentile.
[13] Morocco, Egypt, West Bank and Gaza, Djibouti, Algeria, Lebanon and Syria averaged at the 38th percentile.
[14] Iran, Yemen, Libya and Iraq averaged at the 13th percentile.



Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and Analytical Issues. The Worldwide Governance Indicators are available at: www.govindicators.org.

These findings are much in line with a study released by ESCWA in 2011 which looked at composite governance indicators[15] in fourteen countries in the Middle East[16] and compared them with indicators from other countries with similar income levels in other regions of the world[xiii]. The result of the study pointed out that the Arab region not only underperformed in comparison to regions with similar income levels, but also the governance indicators in the Arab region had been stagnant for years. When looking closer at different elements of governance, the main areas of underperformance were mainly formal democratic institutions and civil liberties indicators. Economic policies indicators were also somewhat poorer in the region than among other developing

[15] The composite index of governance regrouped (i) Formal political institutions; (ii) Political exclusion and repression; (iii) The rule of law; (iv) Corruption;(v) Bureaucratic quality; (vi) Military in politics; (vii) Economic policies was created based on the following sets of indicators including: the Scalar Index of Polities (SIP), Civil Liberties (Freedom House), Corruption (Transparency International and International Country Risk Guide (ICRG), Military Influence in Politics (ICRG), Bureaucratic Quality (ICRG), the Country Policy and Institutional Assessment (CPIA) score (World Bank) and the World Governance Indicators (WGI) (World Bank).

[16] Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syrian Arab Republic, United Arab Emirates, and Yemen.

countries. However, corruption, military involvement, and bureaucratic quality were, on average, at par with other developing countries.

It is worth noting that aggregate governance indicators are important but not sufficient when designing transition paths as in-depth in-country governance diagnostics may reveal the differences across types of institutions within a country.

Transition Paradigm: How to integrate governance and growth?

As we came to realize, politicians and economists could no longer work apart. Taking politics more seriously and relegating growth to a second-order priority is no longer possible. The real challenge for a well-designed transition paradigm is to integrate economic, political and social dynamics to drive a virtuous spiral of cumulative change. Given that these different dimensions exert causal influences on one another, this mix of measures needs to be sequenced in terms of setting an objective, a starting point and identifying the transmission channels when designing a transition policy or even when setting a developmental strategy.

In this line of thought, based on five core dimensions of development - economic growth, development of civil society, state-building, liberal democratic political institutions, including both rule of law and electoral democracy - Levy and Fukuyama (2010) [xiv] identified four distinct patterns defined as follow:

1) *State capacity building* provides a platform for accelerated growth via improved public sector performance and enhanced credibility for investors whereby strengthened political institutions and civil society come onto the agenda only over the longer term. It was the dominant model underlying East Asian development and an aspiration of many Latin American countries (including Brazil and Mexico) prior to the 1980s. A few development states have been successful, with Korea and Taiwan as two classic examples.

2) *Transformational governance* has as its entry point the reshaping of a country's political institutions. Accelerated growth could follow, insofar as institutional changes enhance accountability, and reduce the potential for arbitrary discretionary action - and thereby shift expectations in a positive direction. This most successful transition has been the case of post-communist countries that have acceded to the European Union.

3) For *just enough governance*, the initial focus is on growth itself. The aim of this pattern is addressing specific capacity and institutional constraints as and when they become binding - not seeking to anticipate and address in advance all possible institutional constraints. Bangladesh, Kenya and Thailand are examples of countries with confused governance and improving economic performance.

4) *Bottom-up development* engages civil society as an entry point for seeking stronger state capacity, lower corruption, better public services, improvements in political institutions more broadly—and a subsequent unlocking of constraints on growth. Poland and Ukraine, at the time of the orange revolution, fall within this category.

A retrospective review of the developments that have taken place in the Arab countries points that countries in transition are not moving steadily on an assumed sequenced path. The challenges of democratic consolidation are still substantial downside risks. Despite the fact that the future of these transitions remains highly uncertain, one can attempt to draw which broad sequence they have been trying to adopt. Tunisia, Egypt and Yemen have opted for the transformational governance sequence whereby efforts to transform the country's political institutions and establishing democratic mechanisms for selecting the country's leaders have emerged.

In Tunisia, after months of political deadlock, a consensus arrangement between the main political parties induced by major civil society organizations has led to the appointment of a new technocratic government headed by PM Mehdi Jomaa. The new constitution which was signed into law on January 27th of this year by the National Constituent Assembly has cleared the way for new general elections. As for Egypt, post Mubarak

transition has been marked by a whirlwind of reversals and false starts that has locked it into a revolving cycle, if not a downward spiral. Lately, following the military ouster of elected President Mohamed Morsi, political transition roadmap moved ahead as the controversial draft constitution was approved by referendum. The coalition has been committed to a clear electoral roadmap. Military-backed government announced resignation on February 24th in a move expected to pave way for presidential election of Field Marshal Abdelfattah el-Sisi in late May 2014. In Yemen, a GCC agreement laid down a two-year agenda marked by a hand over of presidential powers to Abdrabbuh Mansour Hadi, former deputy of President Saleh, and the formation of a power-sharing transitional government. Despite the delay, the national dialogue conference, which officially started in March 2013 and ended in January 2014, concluded on an endorsement of a new federal political system and an extension of the president's term by one year to oversee the drafting of the constitution and the referendum before national elections. As "solutions document" failed to win support of Southerners and violence increases in the North with ongoing ceasefire negotiations, tensions remain high and the political consensus fragile.

Throughout the past three years, these three countries have been focusing on the transformation of political institutions. The outcomes of these political transformations are crucial to improve credibility and accountability through a stronger rule of law. But in order to attain growth, later on, these countries would need to improve their state capacity. Within this phase, among many initiatives, they will have to address the challenges in the poor performance of the public administration. They will have to strengthen the public sector integrity and the avoidance of many forms of favoritism, misappropriation and abuse of public position. Moreover, they will have to extend support to improve their local governance systems.

Conclusion

Past record of experiences revealed that most countries in transitions have entered what Carothers named a "political gray zone"[xv] which was mainly affected by two main common syndromes: The "feckless pluralism" and the "dominant-power politics". In the

first syndrome, countries in ineffective pluralism are marked by alternation between genuinely different political groupings. While political elites from all major parties are widely perceived as corrupt, self-interested and ineffective, and the public seriously disaffected from politics, economic policy is often poorly conceived and executed. In the second syndrome, countries with a dominant-power politics syndrome, have limited but still real political space with some political contestation by opposition groups. Yet, one political grouping dominates the system in such a way that there appears to be little prospect of alternation of power in the foreseeable future with key problem in the blurring of the line between the state and the ruling party. As such the road to comprehensive governance in the Arab countries seems to be long and complicated. Yet, jumping to the third millennium is not a choice, but a must. Any delay of taking serious strides in that direction would further regress the development of the Arab World.

Thank you.

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