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Robert Schuman Centre  
for Advanced Studies

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*Sustainable Human Development  
in the 21<sup>st</sup> Century in  
the Middle East and North Africa:  
an Evolutionary Perspective*

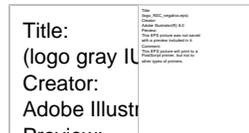
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Lecture by **Ismail A. Sirageldin**

(Professor Emeritus at the Johns Hopkins University, Baltimore)

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# LECTURE

by

**Ismail A. Sirageldin,**

Professor Emeritus at the Johns Hopkins University, Baltimore

## **Sustainable Human Development in the 21<sup>st</sup> Century in the Middle East and North Africa: An Evolutionary Perspective\***

### **Introduction**

Our purpose in this paper is to examine prospects for sustainable human development in the Middle East and North Africa. However, the concept of human development is multidimensional in nature. To understand its prospects requires perspectives that cut across varied disciplines. We chose an evolutionary perspective that views human evolution as a maximization of survival probabilities. The perspective links the accumulation of knowledge with human development. It opens the door for exploration of causes and policy analyses. However, it must be emphasized that translating survival probabilities into human development lacks certainty. A factor that may constrain its predictive content. The question is whether the paradigm provides useful insights in the dynamics of human development in the region. We start by elaborating on the evolutionary perspective. Next we indicate briefly what we mean by human development. A key factor in human development in the MENA region and the rest of the Mediterranean basin is that of population dynamics. We focus on these dynamics as a base to link the various determinants of human development. This is followed by a discussion of the role of regionalism and globalization in human development. Next, the role of government and governance is elucidated. The paper ends with a view of prospects and concluding remarks.

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\* Many of the ideas presented build on those developed in Sirageldin (2000 and 2000a).

## **Evolutionary Perspective**

For many milleniums, great civilizations, cultures and religions, that influenced the destiny of the world, emerged in the Middle East and North Africa (MENA)<sup>1</sup> and the rest of the Mediterranean basin. Present and future prospects of countries of the region are woven by past history, its evolutionary dynamics, its trade routes and conquests and its changing fortunes. Even in the present age of instantaneous communication and the emerging 'Global Village', a full understanding of present status or prospects for sustainable human development in the region must consider the role of history. On the one hand, history in the region has a long memory, an accumulation of residue over many milleniums, that continues to influence present fortunes and exert pressure on future options. On the other hand, history is a process of change, an evolutionary process of social and cultural change. After millions of years of anatomical evolution, symbolism was invented about 15,000 years ago. Once Homo sapiens mastered the symbolic niche, not only did the course of human destiny changed in fundamental ways, but also that of all other living organisms.<sup>2</sup>

Change is fundamental in the evolutionary process. It is both quantitative and qualitative in nature. The latter includes change in beliefs, knowledge, wants, social organizations, and the quality of resource endowments, all essential for elucidating the dynamic nature of human development. These dynamics and their outcomes as discussed elsewhere (Sirageldin 2000), are a function of developments in, and synergies among the three basic spheres of the symbolic cultural evolution: artisanship (science and technology), conscious time binding (social sciences that serve the purpose of clarifying directions), and imaginal thinking (the arts and systems of beliefs that are essential for innovative thought). It is the synergies among these three basic spheres of human evolution that determine the directions and prospects for human development. The greater the passage of time, the greater the change and the greater its complexity. However, as symbolism has been perfected and taking hold on human affairs in the past two centuries, especially in the second half of the 20<sup>th</sup> century, it has been impacting the development of the sphere of science and technology, more so than the other two spheres. The result has been a dramatic acceleration in the speed of scientific and technological advances that exceeded developments in the spheres of the social sciences and the arts, a loop-sided evolutionary process, with potential negative consequences to human development.

There are many perspectives as to the origin, nature, and destination of the Symbolic Cultural Evolution, and its impact on the course of human development. In one paradigm, authorities question that progress defines the historical evolution of life processes (cf. Berlin 1954, Popper 1957, Gould 1994, 1996). In this paradigm, history is not directional. It is not designed to improve or worsen the human lot. It is rather a set of random processes, more of a ‘random walk’ process that gives the illusion of purpose. In that view, present status may be inferred from past events but the future remains unpredictable. Others believe in the directionality of history. Historical events are purposeful and represent a predetermined chain of events that will eventually lead the whole of human society towards a perfect and unified social organism, partly a result of an assumed Hegelian-type evolutionary processes (cf. Teilhard 1969; Wright 2000). There is a Panglossian flavor to this latter view, whatever fortune individuals or a society endures, it is part of a Divine design, designed for the best of all possible worlds. However, this latter paradigm, although it shares its Panglossian flavor, goes beyond the mechanistic equilibrium paradigm of Adam Smith based on Newton central idea of self-adjusting equilibrium of atomistic forces with the balance between pleasure and pain contribute to the motion of the system. There is motion in the Smithian atomistic system, but no apparent evolutionary process leading it towards a perfect “social organism” where it is expected to rest as in the case of the paradigm of directionality of history. Apparently, the system is already optimal in the Smithian paradigm.

In the perspective of the present paper, we feel that the nature of the symbolic cultural evolution is better viewed in the context of a constrained maximization process of survival probabilities, where the needs for survival are not static. The needs for survival change with the accumulation of knowledge and the associated changes in aspirations. It is the role of knowledge in the symbolic cultural evolution that represents the core of this paradigm. An amusing experience by the late Kenneth Boulding that related knowledge to evolution gives clarity to the present discussion. Boulding recalled the experience as follows (Boulding 1981, 33, quoted in McFarland (1991, 76):

“My Oxford philosophy tutor, who had the curious habit of crawling under the table while giving his tutorials, commented in a high British voice coming from underneath the table on a paper I had given on evolution, “It is all very well to talk about evolution Mr. Boulding, but what evolves, what evolves, what evolves?” After forty years I have at least a glimmering of the answer. What evolves is something very much like knowledge”.

The symbolic cultural evolution depends on the accumulation and transmission of knowledge across generations rather than on changes in biological or genetic traits. Human destiny according to Boulding is influenced by human development. The latter is the child of knowledge. The late Kenneth Boulding was also my tutor. He repeated his experience with his philosophy tutor in the Seminar that he was giving on advances in microeconomic theory that I attended in the early 1960s at the University of Michigan, Ann Arbor. Being innocent and rash at the time, I asked him whether economic theory has evolved since his encounter with his philosophy tutor. The reason I asked, I elaborated, was the lack of adequate microeconomic foundation and the presence of unrealistic assumptions about human behavior in a major economic index of human progress, the measure of gross domestic product (GDP). He immediately asked me to elaborate.

My concern was that these measures that, aside from the absence, in its calculation, of accounting for depreciated environment or the value of non-market production, assume that humans are indifferent to the value of leisure. Two societies with the same level of per capita real GDP are treated as if they enjoy the same level of welfare, although one may be devoting twice as much time in production activities, other things being equal. An assumption that I thought contradictory to economic postulates as well as to human nature? Boulding suggested that I pursue my doctoral research on the topic. I did, with Boulding being a member of the Committee.<sup>3</sup> Few years later, an illustrious colleague discussed with Boulding his future plans. Boulding asked what he would like to do in economics. Brian Arthur responded very immodestly, “I want to bring economics into the twentieth century”. Boulding looked at him and said, “don’t you think you should bring it into the eighteenth century first?” (Quoted in Waldrop 1992: 328). Analysis and predictions based on unrealistic or outdated premises about human nature in the social sciences, especially in economics were a source of puzzlement and unease to me, Milton Friedman ‘positivism’ notwithstanding.

What I discovered was that knowledge is at the heart of the human evolution in its symbolic cultural phase. Boulding insight indicates that it is knowledge that is evolving, humans are the agents in the evolutionary process. The emerging global environment, an outcome of the perfection of symbolism in human affairs, demands knowledge for its survival and continuity. It is no wonder that societies that do not see the role of knowledge in human development as an obvious survival necessity, especially in the present technophysio phase of the symbolic cultural evolution, and act accordingly, lag behind.<sup>4</sup>

Another important force in human development is culture. The basic universes of culture are faith, science and the arts. It sets boundaries on what is admissible in individual behavior and group interactions that reflect the interests of established social groups and classes, and provide for sociopolitical stability. However, with its built-in inertia, it may reduce the adaptive capacities of institutions and the society at large. Culture, however, should not be confused with the symbolic cultural evolution. The symbolic cultural evolution is a dynamic process that continually attempts to maximize the survival probabilities of humankind using the fundamental domains of artisanship, conscious time binding, and imaginal thinking. Culture, in contrast, is a transient concept defined in space and time. It is the outcome of the complex and dynamic processes of the cultural evolution that, although uniform in general form, have produced different patterns of cultures depending on the constraints of artisan development and environmental endowment.

In its relentless march, the symbolic cultural evolution leaves behind traces of past cultures and civilizations on the landscape of history, or as museum collections. The preservations of the remnants of previous cultures as historic monuments or museum artifacts should not be confused with the preservation of culture. To paraphrase Godel, quoted earlier: ‘Culture’ in its use, is not static, but constantly ‘evolving’. It may not be preserved by policy (Sirageldin 2000, 15-16).

This is an important distinction since the role of culture in development is an emerging issue especially in the present global environment (cf. Serageldin and Martin-Brown 1999). For example, structural adjustment programs and trade and finance liberalization have been viewed as part of a project to Westernize the world. According to Hammouda (2000, 4):

“The West’s universalist claims led it to destroy traditional communities and grassroots solidarity. By its development of trade relationships, the West had imposed its model of social organization and political modernity, which was based on the individual becoming independent from the community and on the introduction of specific forms of political and economic rationalization. From this point of view, the crisis of the Washington consensus was only a further sign of how impossible it was to transpose the standards of Western culture and civilization onto other worlds, and should induce the North to reconsider its universalist positions and to adopt more relativistic attitudes, which were more in keeping with the principle of the right to be different”.

The right to be different should be an important global principle. It is embedded in the UNESCO definition of culture as: “the whole complex of *distinctive* spiritual, material, intellectual and emotional features that characterize a society” (quoted in Iglesias 1999, 21, emphasis added). However, the right to plurality of cultures is different from attempts to produce or to preserve cultures.<sup>5</sup> Attempts towards the former have proven costly to human development, while attempts towards the latter reduce the adaptive capacity of societies and their socioeconomic dynamism. The example of the Chinese Cultural Revolution is a case in point. A more pointed case, is the claim that Marx prediction of class conflict failed because he underestimated the adaptive capacity of capitalistic institutions to internalize and institutionalize a culture of conflict resolution in labor-capital relations, e.g., the right to organized labor unions and collective bargaining (Dahrendorf 1959, 64-67).

It is a main thesis of the present paper, that a major threat to human development in the Twenty-first Century is the adherence of Homo sapiens to outdated cultures. Although Homo sapiens, have entered the age of the symbolic cultural evolution, thousands of years ago and perfected its symbolism, they continue to adhere to the pre-symbolic culture of conflict that may have been fit for the age of anatomical evolution of hundreds of millions of years past. The culture of conflict, hostility and antagonism seems to prevail in the conduct of modern Homo sapiens. Armed with accelerated scientific advances, a culture of hostility and not cooperation could present serious threats to sustainable human development. The search for common values in societies with pluralistic cultures continues to be a hotly debated question in philosophy and the social sciences (Damon 1999).

### **On the Meaning of Human Development**

A general goal for human development is to enhance the quality of human life. However, the concept “quality of human life” is multidimensional and interdisciplinary. It is determined by a set of many interrelated factors that cut across many disciplines with varied perspectives and paradigms. These include the prevailing culture; health status; economic performance; political and social conditions; the building of human capacity and capabilities; and institutional development, among others. For example, in an environment characterized by enhanced quality of human life, it is expected that people will be able to lead long, healthy, and productive lives. They are also expected to have access to knowledge and educational opportunities; and be treated by all with respect, in a socially equitable and dignified manner. In the sphere of political economy, they are

expected to have the opportunity to participate in governance decisions that affect their lives and the community in which they live; and have the potential to earn sufficient income to supply themselves with adequate shelter and other material and esthetic needs. Meanwhile, people are expected to maintain a sustainable environment and equitable social contracts across generations.

However, as we discussed elsewhere these factors are not independent in their effects, and do not necessarily act in harmony (Sirageldin 2000, 1-3). Scientific advances have contributed positively to human welfare and development. They also produced costly direct and indirect negative externalities. However, positive externalities of human activities are usually qualified as *net* gains in measures of human development, but not their negative externalities. It is a complex task to measure human development and achievement in the absence of a well-defined system of social ranking. But ranking of social priorities should no be left to technicians:

“It is for science to indicate the consequences and provide remedial and preventive measures. It is for a democratic system of social choice that includes a philosophy of human development to define its scope, assess progress and make allocative decisions” (*ibid*, 30).

Indices of human development (HDIs) are not necessarily optimal and their elements and weights are not constant over time, they should be assessed periodically. At best, HDIs are quantifiable approximations of a subjective and qualitative concept, the quality of life. Simple and narrower definition of Human development, as for example, equating it with human capital could have a constraining influence on the wider concept of education, knowledge acquisition, and creative thinking (cf. El-Imam 1996 and references cited).<sup>6</sup>

## **Population Dynamics and Development in the Region<sup>7</sup>**

There are three reasons why we focus on the role of population dynamics in human development. The first is that population change is an integral part of the process of the symbolic cultural evolution. The second is that demographic change: population growth, spatial distribution, and age structure play a pivotal role in development. They shape the destiny of development prospects through their consequences, while being shaped by development processes and outcomes. The third is that population dynamics on the local level produce externalities that radiate to the regional and global levels.

## *The Demographic Transition*

At the close of the twentieth century, countries of the MENA region: the Arab countries, Iran and Turkey, have been experiencing major socioeconomic and political changes with demographic change playing a fundamental role. After decades of declining mortality and high fertility, almost all the Arab countries, Iran and Turkey are entering the final phase of the demographic transition. Fertility started a secular decline in the region. The fact that current levels of fertility remain high in some of these countries is a reflection of disparities in public health status and of the initial high level of fertility and later timing of change. However, there is a significant process of convergence that is taking place among the late comers. For example, Libya, the Sudan, or Syria has been experiencing a record pace of fertility decline, with Total Fertility Rates (TFR) declining by 2.0 and 2.5 children per woman in less than a decade, between the late 1980s and the early 1990s (Rashad and Khadr 2000).

Fertility decline is mainly a result of four proximate factors: nuptiality (age at marriage and marriage rates), contraception behavior, pregnancy termination, and breast feeding behavior, given natural fecundity; the latter is determined mainly by genetic factors and health status. In many countries of the region, especially the Arab countries, fertility decline has been closely associated more with delayed marriage rather than a decline in marital fertility. The experience of the Abu Dhabi Emirate of the United Arab Emirates for example, similar to that of many countries in the region is illustrative. The age at marriage played a major role in the present phase of fertility decline in that Emirate. Between 1975 and 1985, according to Census data, the proportion of nationals in Abu Dhabi who never married increased from about 19 percent to 32 percent of the adult population, a significant 65 percent increase, and the trend has been continuing in the late 1990s. Delayed marriage among young men and women is partly a result of increased years of female education and their labor force participation. Higher age at marriage is also part of the process of cultural change associated with increased modernity, urbanization, and openness to global information and cultures (Sirageldin 2000a). But changes in nuptiality patterns without associated socioeconomic and institutional changes that enhance women employment could have negative consequences to the status of women. It may also lead to intergenerational transmission of poverty. The region is experiencing a social revolution with uncertain welfare implications. How fertility declines is an important social question that requires careful assessment. A related question is whether the present decline in fertility is sustainable in the region? These are

important questions. A brief review of present knowledge about causes of fertility change may provide clues to the question.

There is more agreement on the causes of mortality decline than on the determinants of fertility. Medical technology and public health measures that made it possible for the development of effective measures of disease control and prevention, combined with effective social organization and better nutritional status are largely credited for the health revolution that took place in the second half of the twentieth century. They made household decisions to invest in the health of their children more informed, effective, and economical. The decline in infant and child mortality that, given the prevailing young age structures has been remarkable in almost all countries of the region, although a large variance in health status continues to persist (UNDP 1999). Differentials in health status and mortality seem to be associated more with socioeconomic status, parental education, and lack of public health infrastructures or access to such facilities (cf. Goujon 2000).

The case of fertility determinants is less clear. On the one extreme, there are those who believe that the birth rate is mainly determined by the processes of the symbolic cultural evolution. Throughout the history of humanity, “the long-run birth rate was kept as low as possible consistent with survival-as low, that is, as death rate. Why? The answer seems to be that the hominids were exploring a unique evolutionary niche by relying on culture, learning, and social organization as their mode of adaptation” (Davis 1986, 49-50; see also Carr-Saunders 1922, for an early statement). Davis and Saunders paradigm implies the presence of a macro-micro feedback system that provides signals for disequilibria that promote learning and effective actions on both the micro and macro levels of societies. It must be noted that these disequilibria do not only include the environmental notion of ‘carrying capacity’, but also the negative effect of improved infant and child survival on desired fertility, the latter are influenced by advances in scientific knowledge.

The general framework, outlined by Kingsley Davis allowed for varied disciplinary interpretations of the determinants of fertility. Sociologists and anthropologists highlighted the role of culture, values and norms in fertility behavior while economists emphasized the role of markets, relative prices and the allocation of household resources over the life cycle (Khan 1979). Others emphasized the role of new contraception technology and its diffusion, in the second half of the twentieth century, through national and international population programs, combined with the role of mass education, mass media, and effective communication, as major causes of the fertility transition in the developing

countries. These developments reduced the market cost of effective fertility control as well as changed the value system that influences reproductive behavior, and accordingly reduced the perceived social cost of fertility control while increasing the age at marriage (cf. Bhushan and Sirageldin 1996). The latter is mainly a result of increased female education and women's labor force participation. In all these paradigms, new knowledge contributed the major influence in the demographic and health transitions, regardless of where that knowledge originated. Most of these forces are operative in the region, although their origin has been exogenous to the region. The region has been a user of innovative medical technology rather than producer. However, the process seems to be firmly endogenized, fertility has started a sustained decline in the region.

For all practical purpose, the region has entered the final phase of the demographic transition. This phase of the demographic transition, associated with delayed but accelerated fertility decline has the potential for positive developmental consequences through its effects on the age structure, labor force participation, and geographic and occupational mobility. This development potential is labeled in the literature as the demographic window of opportunity. The policy focus in the countries of the region should be on how to capitalize on the development potentials of the window of opportunities.

### *On the Demographic Window of Opportunity*

Population growth in the region is expected to decline in the coming decades, mainly a consequence of the decline in fertility that was maintaining high levels for generations. Meanwhile crude death rates are expected to rise as the age structure gets older with the result that population growth declines even faster. An important consequence of the population aging is the change in the natural growth rates of the various age cohorts. The population in the working age is expected to grow at high rates, faster than that of the population as a whole, and especially higher than the growth rates of the younger generations. The cohorts in the working age are expected to maintain these high rates of growth for at least a generation. While the older cohorts will gain significantly in relative size in the coming decades. As the populations reaches their stationary state, their size increase will, depending on the factor of their 'momentum.' However, the gain in size will be in the age cohorts above thirty. In fact, the younger cohorts, less than fifteen will loose in absolute size (Kim, Schoen, and Sarma 1991). These known demographic patterns and changes are certain to materialize in the region. Differences among the countries of the region in their demographic parameters are only a matter of timing and expected cohort sizes at the stationary state, and not differences in the pattern of

change. However, these differences could generate inter-country differentials in labor-capital intensity that may generate pressure for labor and or capital migration.

In this transitional environment of high rates of growth of population in the working age and the relative small size of the elderly population, the burden of economic dependency declines and the potential for saving increases, thus providing for a one-time demographic window of development opportunity. The idea of the window of opportunity is not new. It is similar to the older-fashion and simpler term, labor replacement (cf. Farooq 1975). Labor replacement implied that the turnover in the aggregate supply of labor is faster in this stage of the demographic transition. Accordingly its quality, whether good or bad, could be changed at a fast rate. It is only a potential, and so it was with the Coale and Hoover (1958) framework that started the modeling of these economic-demographic relations more than a generation ago. It all depends on whether the potential for saving, generated by changes in the age structure, has been channeled into productive investment in human capital, the promotion of its demand, and the presence of appropriate social reform.

The window of opportunity could be as negative as it could be positive. As Samir Radwan succinctly observed (Radwan 1998, 3): “The decline of fertility in the region cannot be separated from the low equilibrium trap (it is not for example a response to significant improvement in education)”. Furthermore “The relative abundance of the labor component of this opportunity has been with us for sometime but has been squandered through limited human capital accumulation and unemployment (including underemployment)”. The concern of Radwan requires more elaboration.

One thing is certain in the region. The supply of labor will more than double in the region in the next twenty-five years. It will continue to grow at high rates for more decades, For example, in 1995, the population in the working age in the Arab world was estimated at about 150 million. Its rate of growth was higher than that of any other region in the world. By the year 2030, it was expected to more than double reaching 330 million and almost doubles again when reaching the stationary stage (World Bank 1995). This built-in growth presents a double-edged challenge for the countries of the region: how to produce, in the face of high rates of growth, a quality of human resources that is internationally competitive and that could also be engaged productively in the global labor market? The answer depends on developments in the quantitative and qualitative dimensions of future workers in the region.

Quantitative dimensions include the size and growth of the labor force and the quantity and quality of its education and its health status. We already mentioned the growth of the population in the working age. It has one of the fastest growth rates in the world and set for decades to come. There have been significant advances in years of schooling and in health status during the past three decades. Average years of education, especially that of females has increased greatly, although there are significant variations by regions and socioeconomic classes. However, almost all studies of educational achievement indicate that the region lags behind in the quality dimension of education, especially in math and the sciences, and especially at the basic level of education. Even countries that are leaders in the region in their education effort such as Jordan, or with high per pupil expenditure such as Kuwait are lagging behind as indicated by international standardized educational achievement tests (cf. Fergany 1996, Sirageldin and Al-Khaled 1996). The danger of the presence of low educational achievement scores, especially at the basic level, in the demographic context of the region are well known and requires no additional elaboration. They reduce the potential advantages of the demographic window of opportunity. We focus on the second qualitative dimension of human development in the region.

The second dimension is more qualitative and conjectural. They have to do with motivation and morals. Achievement motivation, vision of opportunities, sense of discipline, work ethic commitment, and self-esteem that are transmitted from generation to the next, are some of the elements that define a motivated and progressive society. These qualities have been highly strained in the region as a result of decades of various types of socialism as well as the distribution pattern of oil revenue that provided both free education and social benefits combined with guaranteed public employment and generous pensions in the oil economies. For example, the large majority of the citizen labor force in the oil economies in the region is employed in the public sector, protected from market competition. The sheltered pattern was not confined to citizens of the oil countries. A large segment of labor in the region from non-oil economies was similarly employed in the oil economies. A generation of human resources in the region developed a culture of dependency. At present, with the opening of global competition and the decline of the real price of oil, a major motivational adjustment is taking place. The causes, nature, and direction of this adjustment should be understood and shaped by fiscal and social policies (cf. Askari, H., M. Bazzari and W. Tyler, 1998 and Al-Ebraheem and Sirageldin for the case of GCC countries). Motivation and the moral environment is an important dimension of human development. However, its development requires more than formal education.

Studies of moral development indicate that moral identity—the key source of moral commitment throughout life—is fostered by multiple social influences that guide a child in the same general direction (Damon 1999, 78). These findings support the view that transparency and accountability in governance and isonomy in the rule of Law are prerequisites for the spread of moral conduct.<sup>8</sup> While parents and schools provide moral guidance for most children in the formative years by stressing imaginal and independent thinking, transparency in governance, isonomy in the rule of Law, and other democratic practice and institutions provide the needed support and enforcement beyond the formative years. Motivations and morals are not independent of the type of government and governance and, especially their synergies with the globalization processes. These are critical issues in the region that require careful and forward looking perspectives since, as we mentioned earlier, established institutions probably reflect the interest of powerful establishments, while evolving cultures tend to change slowly.

A final note on the demographic window of opportunity has to do with population aging. The populations of the MENA region have started their aging process. That process combined with urbanization and the adoption of modern lifestyles tend to erode traditional social contracts and patterns of intergeneration transfers. Many countries of the region have established social security programs that have unrealistic benefits and underestimates of the growth of the elderly needs and future revenue. For example, in the case of Turkey, the public pension program is expected to face severe financial crisis, a result of its design. If the program maintains the current structure of coverage and benefits, the deficit is expected to accelerate causing a budget crisis, as the aging of the population reaches its peak early in the 21<sup>st</sup> century (Sayan and Kenc 1998). Other programs in the region have similar structural problems. The oil economies of the GCC countries have instituted generous Social Security programs (SS) but its finance is based mainly on oil revenue, a non-renewable resource. These programs cannot be sustained without the development of renewable income (cf. Al-Rahmany and Sirageldin 2000). The crises of old age support could be more acute if efforts to improve the quality and productivity of the labor force do not succeed as expected. It is essential to remember that intergeneration transfers are fundamentally based on the level of current output. Socioeconomic policy and programs to support the elderly should focus, given the needs of the elderly population, on the growth of output relative to their growth.

## **Regionalism and Globalization**

The demographic window of opportunity may not open based on ‘supply’ considerations alone. The presence of a strong and growing demand for labor is a prerequisite. In the last four decades of the 20<sup>th</sup> century, the region experienced high rates of economic growth. During the period 1960-85, the region outperformed all other regions except East Asian, in income growth, low levels of poverty, and the equality of income distribution (World Bank 1995, 2-3). However, the situation changed significantly in the 1980s and early 1990s. Pessimistic views about growth prospects in the region emerged based on the weak growth performance of the 1980s. In that decade, according to Riordan (1998, 16-17):

“Growth in the Middle East and North Africa averaged 0.4 percent a year and real per capita gross domestic product (GDP) fell by 2.7 percent per year — the largest such decline in any developing region outside the transitional economies. Among the major oil exporters per capita GDP fell by more than 2 percent a year, while GDP for the more diversified exporters rose by about 3.5 percent a year. Real per capita export earnings for the region dropped by more than 4 percent a year between 1980 and 1993, however, and the import purchasing power of per capita revenue fell by more than 7 percent a year”.

Gains, through the mid-1990s did not raise real per capita incomes to their pre-1980s levels. This was partly a result of catching up with weak past performance, and partly the presence of structural constraints. For example, an assessment by ESCWA (1996, 99) put the blame for the persistence of weak past performance and lack of strong potential in the region, on the presence of a set of interdependent factors, some internal mainly structural, and some external:

“[Countries in the region] has weak manufacturing structures, high illiteracy rates, limited industrial skills, poor saving ratios, low level of manufacturing exports, inadequate R&D, high indebtedness, small companies with limited international experience, limited regional cooperation and trade, heavy dependence on government, inefficient bureaucracies, limited private sector participation, and above all hostile international economic environment”.

The verdict for the oil economies in the region was equally pessimistic (Askari, Bazzari, and Tyler 1998, 225):

“Future prospects for these (GCC] countries will be bleak unless appropriate policies are put in place before oil resources are exhausted. Institutions and policies that enhance the business climate should be embraced and distorting economic policies should be eliminated. Government spending should be cut and indiscriminate subsidies should be reduced and abandoned”.

According to these diagnoses, mentioned above, the lack of development is deeply rooted in weak socioeconomic structures and institutions of the countries of the region. Recommendations, at the time seem, on the one hand to call on government intervention to introduce strong structural reform, while reducing its presence in the economy on the other hand. It reflects the evolution of developmental thought of the time, a quest for a universal technical society in which cherished societal values, including democracy and equity are reduced to the state of market commodities, whose utility is in the promotion of economic growth. For example, in a recent analysis, Barro (1997: 59) was concerned that too much democracy reduces growth, a result of the rise of organized labor. He followed the same theme of subjecting democracy and freedom to the calculus of economic analysis (Barro 2000: 26) in a recent discussion of the cost of controlling drug traffic in Colombia, Latin America. He advocated the legalization of drugs in the receiving countries, mainly the USA, while thought that Columbia “would probably be better off with a figure like Peruvian President Alberto Fujimori who would be willing, temporarily, to suspend rights and democratic practice to defeat the guerillas and reimpose law and order”. One may wonder why not apply the same ‘dictatorial’ prescription to control the demand for drugs in the USA? Barro’s recommendation, aside from its unsubstantiated assumptions about dictatorial behavior, would certainly result in increasing the power and size of government, a trend that is contradictory to the new growth paradigms advocated by the “Washington Consensus” (Barro 1977). The trend of commodifying values in economic analysis is not new. It is an outcome of the symbolic cultural evolutionary processes that, in its technophysio phase, put more emphasis on techniques and methods in the social sciences, and less on their basic role, i.e., clarifying social ends and direction (Sirageldin 2000: 13).

The recommendations by Askari, Bazzari, and Tyler quoted above for the case of oil economies seem to underestimate the rigidity of the social context generated by the unique resource endowment of these countries. It is hard to imagine that ‘government spending should be cut and indiscriminate subsidies should be reduced and abandoned’ in economies where the bulk of human sustenance is provided by oil revenue, channeled through the public system. As Al-Ebraheem and Sirageldin (2000) indicated: what is required is a long-term strategy in which the government plays a key role that is significantly different from its present role. It is a difficult role since the system values need to be changed for both the governed and the government. Oil economies may be viewed in the context of the “wealth effects” of the stock market that influenced consumer behavior in the USA in the 1990s. It was estimated that an increase in the value of the stock market has been inducing significant consumer purchases. Consumers’

spending and borrowing is based on expectations about rising asset values and not on earned income. There is a concern about system instability and the potential of its collapse, if a major disconnect between the financial economy and the real one occurs (Kuttner 2000, 28). The case of oil is more serious since it is a non-renewable resource.

It is hard to imagine that the integration of the region in the global economy will automatically change its structural characteristics and adjust its imbalances. Globalization is not designed as a structural adjustment mechanism. If anything, it increases workers' insecurity and reduces governments' ability to deal with its negative sociopolitical externalities. With instantaneous finance capital mobility, globalization enlarges the size of the labor market. It sharpens its competitive nature, not necessarily for the benefit of workers, at least in the short term. As Rodrick (1997) observed:

“Employers can move abroad, but employees cannot. There is no substantive difference between [American] workers being driven from their jobs by their fellow *domestic* workers who agree to work 12-hour days, earn less than the minimum wage, or be fired if they join a union—all which are illegal under U.S. law—and their being similarly disadvantaged by *foreign workers doing the same*”.

Although may sound contradictory, the logic of globalization is centered around individualism. Labor unions are viewed as imperfection in the global market, the same is true for regionalism. Initially, regional trade agreements and the multilateral trading system (globalization) have been generally been complementary. However, the increase in regional integration arrangements could raise challenges to the efficacy of the multilateral trading system to the extent it influences third party's interest (Safadi 1997, 38).

Another important factor on the twilight of supply and demand considerations is population and labor migration. Migration is an integral part of the symbolic cultural evolution processes. It is a cause and consequence of these processes. Humans seek new knowledge, attempt to extend their reach and improve their socioeconomic status and welfare, with mobility and movement as a main mechanism. In this respect, voluntary human migration is viewed as investment in human capital and as a mechanism that provides for increased macro efficiency and welfare. The past pattern of high rates of temporary labor migration within and outside the region with significant socioeconomic consequences, e.g., remittances and changed consumption behavior has faded out greatly in the 1990s. This has been mainly a result of reduced oil prices, internal conflict in the region, and the emergence of the European Union. On the other hand, the emerging processes of

'Globalization' reduce the need for labor movement to the extent that the mobility of capital is enhanced. It must be emphasized, however, that current knowledge about linkages between globalization or regionalization and migration is not well established. In a recent critical review of the evidence, Assous (2000, 66) concludes:

“Even if regional integration does lead to a decrease in migration flows, it may not necessarily be for the reasons established by standard trade theory. Other factors could include: i) a reduction in the demand for foreign labor; ii) the existence of significant cultural barriers to assimilation which discourage many potential migrants; and iii) a stable political situation and effective economic management in sending countries which, even if the economy has not yet generated much employment, could instill confidence in its citizens by offering them the hope of a rapid improvement in their living standards”.

However, globalization increases labor mobility for the highly skilled and motivated segments of the labor force. This pattern introduces a development challenge in the region, especially with the presence of a large and growing unskilled segment of the labor force, with low educational levels and quality.

The Challenge on the demand side may not be resolved by simply opening the economies of the region to global competition, or relying on external markets to absorb labor surplus, and hoping that both labor efficiency and institutional quality will improve. Although some countries, have showed signs of economic transformation in recent years, Egypt and Turkey are considered part of the 'emerging markets. For example Egypt's GDP and industrial production grew at 6.0 and 9.7 percent respectively in 1999, although had a sizable trade deficit of \$12.5 billion (The Economist, March 11-17, 2000, 116). There are necessary social and economic internal reforms that have yet to be undertaken in most countries of the region. These include the development of human resources, equality of opportunities, transparency in governance, strong local demand, and sustainable environment.

## **Government and Governance<sup>9</sup>**

The previous discussion indicates that human development is affected in various ways by government: its role and the efficiency of its institutions. We do not plan to discuss efficiency in government since a) it is obviously a desirable commodity, and b) a vast literature on the subject exists. Rather, we focus on the role of Isonomy and democracy in human development, especially in the context of the

global environment. Historically, periods of massive industrial consolidation and dramatic technological innovations have always been followed by periods of political and social reforms. One eventually creates the need for the other, as the economic change produce social conditions that come into conflict with democratic ideals (Judis 2000, 252).

For millenniums, the struggle for freedom has been a struggle between the power of government with arbitrary authority and the Rule of the Law, an evolutionary process from a “government of will” to a “government of law”, (Hayek 1955, 11). A “government of law”, “Equality before the Law”, or “Rule of Law” are all terms that refer to the ancient Greek concept of “Isonomy” that identifies a society of human freedom as opposed to an arbitrary government of tyrants. In ancient Athens, where Isonomy was first established, Athenians were given not so much control of public policy, as the certainty of being governed legally in accordance with known rules (*ibid*”).

Initially, the ideal of Isonomy was used and practiced as a justification for the ideal of democracy, peoples’ control over public policy. It was feared that democracy without the Rule of Law would eventually erode the ideal of isonomy from its true substance, and in turn, democracy. Democracy was viewed as the child of isonomy, not the other way round. In this view, the Law should be obeyed so people could be *free* from arbitrary rules set for some and not for others. However, although the Rule of Law provided for individual freedom and for creating and maintaining ‘trust’ in the laws, it erected boundaries and set limits on the freedom of both government and subjects. This is the case in order to “limit the power and moderate the dominion of every part and member of society” (Locke 1690, section 222). However, although the ideal of isonomy gave ample power to governments to deal with a wide range of actions to enhance human development, from safeguarding values and promoting equality to enhancing individual freedom, it has been on the decline for centuries, in all countries of the world. This has been the case although it has been established that the absence of isonomy erodes trust between governments and the governed, and accordingly reduces true democratic participation and practice, evidently a result of the power of interest groups. Meanwhile, a decline in democratic participation leads to the erosion of institutions of conflict resolution, mentioned earlier, that evolved during the industrial revolution to reduce class conflict within and outside industry (Dahrendorf 1959, 65-66).

There has been a concern that globalization limits the authority of government and accordingly democracy. Reinicke presents the process as follows:

“Global corporate networks challenge a state’s internal sovereignty by altering the relationship between the private and public sectors. By inducing corporations to fuse national markets, globalization creates an economic geography that subsumes multiple geography. A government no longer has a monopoly of the legitimate power over the territory within which corporations operate, as the rising incidence of regulatory and arbitrage attests. By no means does this imply private sector actors are always deliberately undermining internal sovereignty. Rather they follow a different organizational logic than states, whose legitimacy derives from their ability to maintain boundaries. Markets, however, do not depend on the presence of boundaries. *While globalization integrates markets, it fragments politics*”. (Emphasis added, *ibid*, 130).

Reinicke’s concern is well placed but these consequences should be evaluated as to their effect on governments of states as well as on the evolving global government. For the former, the impact on sustainable human development could be negative not only in authoritarian governments but equally in democratic ones especially those lacking in the ideal of isonomy. For the latter, the adoption of the ideal of isonomy and the development of a global political citizenship, seems to be of great urgency. In 1930 Ivor Jennings made the classic statement, that the “rule of law is either common to all nations or does not exist (quoted in Hayek 1955, 54). The statement is equally valid in today’s globalization environment. The world is moving closely towards a global market place with strict rules governing the flow of goods, services and finance. However, the development of political rules to govern interstate relations is sorely lacking. What is available is evidently lacking in the ideal of isonomy, the true spirit of global democracy.

## **Prospects and Concluding Remarks**

The evolutionary approach of the present paper attempts to place the present phase of human development in the MENA region in historical perspective. For many millennia, human reach has been extended through the accelerated processes of the symbolic cultural evolution rather than the slow processes of anatomical evolutionary change. The *modus operandi* of the symbolic cultural evolution, in its present technophysio phase or scientific materialism, is knowledge-based; it helps to maintain and promote scientific and technological developments, their technical application and utilization, and the intergenerational preservation of such knowledge through advances in educational methods, content, and quality. At

present, human destiny is to know, if only because societies with knowledge dominate societies that lack it and that there is, once reached a threshold level, a built-in catalytic growth of learning. The region has not yet reached the threshold level of learning since the evolutionary developments in science and technology are lagging in the region. Without mastering and joining in the development of advances in science and technology, the region will continue to lag behind.

Human brains have identically similar basic structures that, given a random distribution of disabilities, allow for equal *potential* of learning. The DNA of an individual is made up of about equal contributions of all ancestors that extend for hundreds of thousands of generations, of which present parents contribute an insignificant part. Furthermore, advances in communication and information technologies have facilitated and accelerated the speed of the flow of new knowledge and reduced the global cost of its acquisition. In the region, the main constraints on acquiring and developing scientific knowledge are apparently relative cost and benefit, the lack of necessary institutions, and the lack of unified goals on the local and state levels.

In the past, the countries of the region did not seem to have the resources to deal with important social problems. How could a country with limited resources and soaring budget deficit afford the funding of expensive social programs: reduce teacher-student ratios, make college education relevant and affordable, broaden access to health care, improve the quality of urban life, or reduce environmental degradation, all essential programs for sustainable long-term development? However, when countries' economic conditions improve and resources become available, still nothing happens in the region (For parallel to the case of the USA, see Judis 2000). The question is why in MENA?

A main reason is the *political* system that is supposed to be cleansed from corruption in the era of transparency in the new global system but has been increasingly driven by big money and short-term financial gains. It is not evident when, or under what circumstances countries of the region might embark on the kind of reform that would bring the region's ideals to bear on its political system and economy. There is no obvious answer but we may mention some important factors that constrain reform in the region.

1. In general, democracy functions best when workers, consumers, and citizens have acquired countervailing power against the might of business and business leaders. In the global environment, that might is external to the region. International business enjoy an inherent advantage because of its

hold over technology and finance capital, the wealth at its disposal, the influence in local governments, and the relative ease with which it can organize itself.

2. Political reform in the region seems to be self-defeating. The political systems in the region seem to reinforce social and political inequality. In countries where parliamentary systems exist, voters and participants lost confidence in integrity of the system and become cynical and alienated, thus reinforcing the domination of the same pattern. It is important to limit the role of wealth and concentrated economic and political power play in the electoral system. The role of isonomy is fundamental for political reform.
3. Alienation towards the political system seems to extend to professionals and experts who are supposed to be committed to the national interest, stand above class, religion or race, and stand for the national interest. This group is losing the trust of normal citizens because of their apparent loss of civic responsibility.
4. The presence of instability in the region contributes to a culture of uncertainty and discouragement. The early sociological theory of progress; success breeds success seems absent in the region. This is partly a lack of realistic and long term vision of sustainable development: quality education, transparency in government, isonomy, and democratic participation are important foundation. The maxim that moral development should be supported, with consistency, at the various stages of the life course should be taken as seriously as it is taken, for example in Singapore (see reference in Sirageldin 1999).

It is evident that the rules and synergies of the new globalization system are not simple and are growing in complexity. As I stated elsewhere:

“Observing and understanding the evolution and emergence of institutions that govern and shape the direction of the globalization process is a prerequisite for the development of policies for sustainable human development in an environment in which North-South or East-West, or Human-Nature duality is vanishing. The future of human development in the age of the global technophysio evolution, in the 21<sup>st</sup> Century, is full of promises and uncertainties”.

Human development is a wider concept than the “accumulation of human capital”. Humans aspire for bettering the quality of their life. They develop governments and Laws to organize their communities, countries or the global village. Humans

interact with their environment and develop concern with its sustainability. Physical capital has no such concise concerns. Strategies for human development should be designed to equip human beings to deal with their aspirations for bettering the quality of their lives, and to promote their independent and imaginal thinking. However, the accumulation of human capital through better health and up-to-date technical knowledge is a necessary condition for human development in the present technophysio phase of the symbolic cultural evolution.

## Endnotes

<sup>1</sup> In the present paper, MENA includes all the Arab countries, Iran and Turkey.

<sup>2</sup> By the Symbolic Cultural Evolution we simply mean an evolutionary niche that relies on culture, learning, and social organization, enhanced by the invention of symbolism in communication, as the main mode of human adaptation. For more details, see Sirageldin (2000).

<sup>3</sup> See Sirageldin (1969); and Morgan, Sirageldin, and Baerwaldt (1966).

<sup>4</sup> The Technophysio phase of the symbolic cultural evolution, that is taking hold in the 20<sup>th</sup> century, is a “form of human development that is biological but not genetic, rapid, culturally transmitted, and not necessarily stable” (Fogel 1999:2).

<sup>5</sup> For more details see Sirageldin (2000: 15-16)

<sup>6</sup> For historical details and the methodology of the United Nations Human Development Index, see UNDP (United Nations Development Program) 1999.

<sup>7</sup> This part relies heavily on Sirageldin 2000a.

<sup>8</sup> The ideal of “isonomy” refers to the certainty of being governed legally in accordance with known rules (Hayek 1955). It is an essential foundation for democratic practice and raises challenging questions for sustainable human development especially in the context of the emerging globalization environment. We examine briefly some of these issues in the next section.

<sup>9</sup> This part relies heavily on Sirageldin 2000, and Sirageldin and Serageldin 2000.

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