

**ASPECTS OF LABOR MIGRATION AND UNEMPLOYMENT  
IN THE ARAB REGION**

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## **I. Reduced Interest in Migration Studies in the Region**

Labor migration studies are currently receiving much less attention by scholars and policy makers than they used to command, particularly in countries of origin. This shift has impoverished information on the phenomenon, which, in turn, renders a thorough analysis difficult.

The phenomenon appears to have lost the luster associated with the peak days of the late seventies and early eighties associated with the first oil boom and the surge of labor migration in the region. Its history of volatility and related hardship must have contributed to a devaluation of the study of labor migration. It also has been overtaken by more consequential phenomena such as increasing unemployment and deepening poverty in the context of unfettered markets brought about by structural adjustment and increasing globalization in the region.

Nevertheless, migration has become internalized as a structural feature of the political economy of many Arab countries. as a result, the loss of information on the phenomenon is unfortunate and needs to be corrected.

The center of attention in migration studies is now shifting to countries of destination outside the Arab region, especially Europe, which are, with some exceptions that intensify the brain drain out of the region<sup>1</sup>, apprehensive of additional migration inflows.

## **II. Labor Migration and Unemployment as in the wider economic context of the Region**

Both labor migration, and unemployment, in the region are outcomes of the breakdown of mechanisms resorted to in the past to absorb labor 'released' from agriculture, the traditional sector of employment, that was not accommodated in the 'modern' sector as was hoped for. Such labor was absorbed in the public sector by design or drawn into the informal sector by default. Both mechanisms have *not* been able to clear the Arab national labor markets at low levels of unemployment and high, and increasing, levels of productivity and real wages. Guaranteed government employment has for all practical purposes been discontinued in compliance with the dictates of structural adjustment and informal employment is showing signs of

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<sup>1</sup> Facilities accorded IT personnel to immigrate to some European countries is one notable example.

overcrowding, exacerbating the inherent ills of informal employment: low productivity and meager earnings. In addition, labor migration in the region seems to have peaked out before the second Gulf war, an event that was to have a profound impact on the Arab regional labor market.

Naturally, members of the labor force who cannot find employment in the domestic economy or abroad join the ranks of the unemployed. The region is now uniquely characterized, among other things, by the highest (open) unemployment rate among regions of the world. At 15%, the unemployment rate of the region is about three times as large as the world average.

The characteristics of open unemployment are more important than its level. As is well known, open unemployment hits youth hardest. In addition, women and the poor suffer higher than average rates of unemployment

In addition, as evidenced by low labor productivity, the most pernicious form of unemployment, i.e. *invisible* underemployment must also be quite high in the region<sup>2</sup>. In fact, low labor productivity poses one of the main challenges for development in the Arab countries. According to World Bank data (1998/99 World Development Report) GNP *per worker* in all Arab countries put together, was less than half the level in two emerging countries of the third world, one in Asia the other in Latin America (South Korea and Argentina.)

For the region as a whole (taking the North Africa and West Asia region as a proxy), output per worker is estimated to have been in decline since the 1980s and industrial labor productivity in the region was estimated in the early 1990s to be roughly the same as in 1970. According to UNIDO (Industry and Development:

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<sup>2</sup> Unemployment (underutilization of available labour) is often treated in a reductionist fashion, mostly restricting it to *open unemployment* (in which job seekers cannot find work at all). This is not the only, or the most important, aspect of the underutilization of available labour in less developed countries (LDCs). Further, standard treatments of labour underutilization in LDCs stress *visible underemployment* (in which an employed person works less than a fixed time).

Careful analysis of employment in such countries, however, reveals that visible *overemployment* (in which an employed person works longer than normal, according to some norm, due to low earnings to start with; a reflection of *invisible* underemployment) coexists with visible *underemployment*. Yet, underemployment, particularly its invisible variety, is the most serious employment problem affecting LDCs.

By invisible underemployment is meant a condition in which an employed person functions at low productivity, underutilizes her/his capabilities, or earns less than is sufficient to satisfy basic needs, according to some norm. The first aspect underpins low productivity at the level of the economy as a whole. The second results from poor articulation between the education and employment systems and reflects waste of resources. The last aspect of invisible underemployment defines one sense of poverty. The concept is complex and its measurement problematic but its importance cannot be overstated.

Global Report. 1992/93), Arab industrial labor productivity per worker, as a percentage of the North American level in constant 1985 dollars, declined from 32% in 1970 to 25% in 1980 and 19% in 1990. It is estimated that in 1970, the Arab states were close to European and Japanese levels of labor productivity. It is interesting to note that the decline took place after the oil boom, which started in 1974, after an investment of \$2,000 billion in GFCF by 1992 and after a massive expansion in educational systems at all levels (Zahlan, 1994, 107-108)

On top of economic stagnation, coupled with employment-light investment and growth profiles, since the mid-1980s, the inefficiency of national labor markets, compounded by the absence of effective social safety nets, is a major factor leading to widespread, and rising (open) unemployment, and, in consequence, extensive, and rising, poverty in Arab countries.

These markets are, to start with, severely-segmented. However, market inefficiency extends to lack of efficient employment exchanges, and is compounded by defective institutional structures.

The causes of low labor productivity, however, go far beyond characteristics of labor markets to the inefficiency of education and training systems and dysfunctional societal incentives systems.

Against the backdrop of widespread unemployment and poverty, the prospect of emigration to one of the rich oil-producing Arab countries remains a valued escape hatch out of economic hardship in the Arab countries of origin, especially for those who would not entertain emigration to an European country due to barriers of language and culture. The rise of illegal Arab migration to Europe, however, attests to these barriers crumbling in the face of mounting economic hardship confronting Arabs, in particular youth, in their homelands.

However, this 'push' factor has to negotiate a contracting regional labor market and reduced attractiveness of employment and living conditions in countries of destination especially in the GCC.

### **III. Impact of The Gulf Crisis on the Arab Migration System**

The chain of events that started with Iraq's invasion of Kuwait in August 1990 was to have grave consequences for Arab labor migration, some immediate and others of

long-term nature. This is the most consequential example of the volatility of Arab labor migration and its (negative) impact on the welfare of migrant workers.

The most immediate consequence of the Gulf crisis was the dislocation of large numbers of migrants from their countries of residence.

In the wake of the crisis, it was estimated that more than 700,000 Egyptians returned from Iraq, Jordan and Kuwait. Over 800,000 Yemenis were essentially expelled from Saudi Arabia and other Gulf countries. The government of Jordan estimated that approximately 200,000 nationals and Jordanian passport holders returned from the Gulf. An additional 150,000 Palestinians are estimated to have left Kuwait and other Gulf emirates during the events. Significant numbers of Iraqi and Sudanese migrants also were forced to quit employment and residence in GCC countries.

All in all, about two million Arab expatriate workers, and their dependents, were estimated to have been removed from their residence in Kuwait, other GCC countries, Iraq and Jordan during the crisis and either returned to their countries of origin or repatriated to third countries.

The uprooting of the Palestinians from the Gulf, especially from Kuwait, was a humanitarian calamity, particularly for the second generation that was born and raised there, tales of personal tragedies abound. While it is true that they did not enjoy permanent residence, this is in itself a major shortcoming of migration to GCC countries. The length of service and residence of most Palestinians in the Gulf would have qualified them for permanent residence, if not citizenship, in any immigration country<sup>3</sup>.

It is to be noted that the massive return from the Gulf entailed great losses for the migrants and their communities of origin. Under normal conditions, returning migrants bring to their countries of origin, accumulated savings and personal belongings that soften their reentry and often open the door to better economic prospects at home. This was not possible during the crisis. The loss of accommodated benefits was not

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<sup>3</sup> The sudden, massive, and sometimes brutal, removal of the Palestinians from the Gulf cannot be justified, even by the claim of collaboration with the Iraqi invasion. If a minority of Palestinians collaborated with the Iraqi occupation, another minority fought in the ranks of the Kuwaiti resistance and some gave their lives fighting the invaders.

A most vulnerable group of Palestinians caught in this quagmire consists of near stateless individuals who carry travel documents, mostly Egyptian, that do not even give them the right to enter the countries that issued these documents.

The deportation of opponents of the ruling regime in Iraq is to be classified in the same category.

only an economic disaster to the migrants who suffered it; the psychological deprivation must have been horrendous<sup>4</sup>.

In the case of countries like Egypt, Jordan and Yemen, massive return, under the crisis conditions mentioned, has exacerbated the already-severe recession; increased foreign exchange bottlenecks and added to the pool of open unemployment. The loss of a significant part of the stream of remittances means continuation of these difficulties.

It is probably too early to assess the long-term impact of the Gulf crisis. However, one conclusion is possible: the Gulf labor market has been basically transformed, in terms of both size (reduced) and composition (increasing bias against Arab migrants and Specific Arab nationalities) for a long time to come, with far reaching consequences for all countries involved.

Iraq and Jordan<sup>5</sup> were effectively removed from the map of receiving countries of the Gulf labor market for a number of years. The two countries suffered dire economic conditions stemming from the devastation brought about by war and the ensuing blockade in the first and the loss of regional export markets, remittances, and sources of aid in the latter. This represented an especially severe blow to the poor strata of Egyptian migrant workers. The two host countries together hosted close to an estimated one million Egyptian workers prior to the invasion. In the mid-1990s the most plausible estimates placed the number of Egyptians in Iraq in the neighborhood of 100,000 only. At present, a quarter of a million in both countries is probably a gross over-estimate. Many of those in Iraq have established interests there and some have very little to go back to in Egypt in spite of hardships relating to living in Iraq: difficulty of communications, lack of transfer of remittances and even, until the mid-1990s, the absence of an Egyptian interests section in Baghdad to tend to consular and personal needs of Egyptian nationals.

The fragility of the social formations of the GCC countries, particularly the small emirates, was brought to the fore, and even intensified by the crisis. The population/labor force mosaics have been accentuated along the lines of sides taken

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<sup>4</sup> While it is true that former employees of the government of Kuwait were compensated, the compensation did not necessarily cover all damages incurred and most of those who were employed by the private sector were less fortunate.

<sup>5</sup> Though not an oil-rich country demand for expatriate labour in Jordan is in many important respects derived from demand for expatriate labour in the GCC and economic conditions in Iraq.

during the crisis against a backdrop of infatuation with the West in general and the US in particular.

The resulting social rift was not limited to the traditional expatriate/non-expatriate divide<sup>6</sup>. Kuwait, having been the eye of the storm that swept the region, also took the lead in reshaping its expatriate labor policy under the weight of two preoccupations: security and a more 'favorable' population and labor force composition.

The near liquidation of the 400,000-strong Palestinian community prior to the invasion to about 50,000 only in the mid-1990s is the clearest example of this new policy aiming at reducing the total population to about half the pre-invasion size, excluding Palestinians and nationals of countries that did not join the coalition against the Iraqi invasion and ensuring the temporariness of expatriate labor even further. The character of the reconstruction effort in Kuwait militated in this direction: sluggish recovery, dominance of Western firms, and capital intensive technology.

This course of action has proven harmful to Kuwait in light of the fundamental role expatriates, especially the long-standing Palestinian community, played in the socio-economic and cultural life of the emirate and distinguished it among the GCC states. More significantly, this policy has proven recessionary on one hand and has not increased demand on Arab labor in Kuwait on the other. To the contrary, the tendency seems to have been to reinforce the previous relative preference for non-Arab labor. For example, one year after the liberation of Kuwait, the number of Egyptian workers there had not even reached the pre-invasion level, to the chagrin of Egyptian officials who were expecting a 'reward' for the country's role in liberating Kuwait.

Other countries of the GCC have been following the example of Kuwait, perhaps not as drastically.

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<sup>6</sup> A new split has evolved among nationals of Kuwait: between those who left and those who stayed during the Iraqi occupation.

But the resulting social fissure does not stop at that. In Kuwait, non-expatriates consisted of a mixture of two 'grades' of nationals and those without nationality. The last category has earned a place in history by introducing a new word in English: 'bidoun', literally meaning 'without', to describe this singular relationship with a state by which a person without a declared nationality qualified to serve in the army and security forces and derive some benefits of nationality, without becoming a national. These benefits tempted persons in the past to renounce their original nationalities and present themselves as 'bidouns.' Nevertheless, many of the hundreds of thousands classified as bidouns were lifetime residents of the emirate and are strictly stateless. From a position of relative prominence in Kuwait, the bidouns have been reduced to a form of 'Diaspora' facing severe security tests to pass in order to have some place in Kuwaiti society, not to be compared to their previous status.

Latest estimates of population size and composition in Kuwait indicate that the policy has failed miserably on both targets of size and proportion of expatriates, both exceeded pre-invasion level. It has only succeeded in reducing the share of Arabs in the expatriate community.

It is unfortunate that the policy response in the area of labor migration and residence has meant reinforcing the worst in the modalities of pre-crisis migration in host countries, i.e. increasing reliance on non-Arab labor on one hand, and cementing the temporary character and isolation of expatriate labor leading to undermining loyalty and productivity, on the other hand.

As a result of the preceding developments, Arab-sending countries, including those who joined the Anti-Iraqi coalition, have faced the prospect of reduced demand on their labor in the Gulf market.

To take Egypt as a case in point, the capacity of Kuwait to absorb expatriate labor has not grown drastically, and even if it does, it cannot ultimately absorb hundreds of thousands more of Egyptian migrants. In addition, Egyptians cannot replace Yemenis in Saudi Arabia to any large extent. Yemenis used to play a unique role in Saudi Arabia, that has cultural and political underpinnings, mainly as petty traders and servicemen of long standing, that Egyptians cannot easily replicate. Further, if one of the rifts that resulted from the crisis is to be mended soon, it will probably be the Saudi-Yemeni.

Even a surge of reconstruction effort in Iraq in the future will probably not entail a significant rise in demand for Egyptian labor for two reasons. One is that large construction projects in Iraq have normally been carried out by foreign firms using capital-intensive technology and non-Arab labor. The second is the resentment that is likely to surround a large Egyptian presence in Iraq in light of the legacy of years of hostility between the two governments after the invasion of Kuwait. Luckily, this is changing gradually. In fact, recent moves to encourage trade between the two countries might provide a spur to labor movement in the future.

The most recent attempts of Libyan rapprochement with the two neighboring Arab countries, particularly Egypt, have raised expectations that a new era of emigration to Libya is about to start. The poor Tunisians and Egyptians who followed this prospect were terribly disappointed. It is doubtful that the Libyan economy can accommodate significant numbers of expatriate labor in the near future.



Furthermore, talk of the availability of markets for Egyptian labor in Africa is essentially baseless.

Finally, emigration to Europe has been facing mounting difficulty; no doubt much stronger now and even tinged with hostility with the current European animosity towards Arabs and Moslems.

This situation promises to further intensify the hardship facing Arab countries of origin due to diminishing of prospects for labor export taking place in an environment of deepening economic stagnation and mounting unemployment, that seem to have worsened in some cases as a result of structural adjustment programs. Egypt being a prime example in spite of the very generous treatment it received from the international financial community in reward for its political role in the region, a role that seems to be waning and is likely to suffer a fatal blow if the American war against 'terrorism' targets Arab countries.

The end result of all this is expected to be a further reduction in the share, and bargaining power, of countries of origin in the tightening, and increasingly buyers-market, of employment in the oil-rich states of the Gulf.

#### **IV. Impact of Labor Migration on Countries of Origin**

The basic position of individuals and governments in countries of origin has been to claim a share of the oil-revenues in order to ameliorate economic difficulties at home. However, the migration experience is not devoid of hardship. In addition to the expected hardship of severance from home and kin<sup>7</sup>, expatriates in Arab countries of destination are subjected to a complex system of discrimination<sup>8</sup>, stratified by nationality and social position. The effects of this discrimination are not restricted to negative implications on migrants' welfare but extend to curtailing their feelings of loyalty to their adopted countries and diminishing productivity, of both expatriates and nationals, in countries of employment. Arab nationals are not spared.

Volatility of Arab relations contributes another tier of hardship. Arab crises have inflicted a heavy toll on the welfare of Arab migrants; in the last section the impact of

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<sup>7</sup> Immigration to countries of employment in the region has been overwhelmingly of the unaccompanied-worker type.

<sup>8</sup> Indeed Arab countries of destination are infamous in international circles concerned with protecting rights of migrant workers. The treatment of women in the domestic service sector in some host countries is a most notorious example.

the prime example of the second Gulf war was briefly outlined. Many other Arab crises have wreaked havoc on migrant-workers' welfare.

Nevertheless, many Arab countries facing economic difficulties got immersed in the migration stream towards oil-rich countries in the region to varying degrees. Egypt, Yemen and Jordan (including Palestinians) were the prominent cases, the first in terms of absolute numbers and the other two by virtue of large proportions of the labor force. Jordanians and Palestinians were in the main skilled workers and professionals, Yemenis were mostly unskilled and semi-skilled, and Egyptian migrants spanned the entire spectrum of skill and occupation from manual laborers to advisors to rulers.

Labor migration quickly became a significant feature of the socio-economic structure of countries of origin and resulted in consequences whose extent depended on the magnitude of the phenomenon on one hand, and the political economy context in which it took place, on the other<sup>9</sup>.

On the individual level, many migrants succeeded in securing a level of financial accumulation that helped ease their economic difficulties but did not contribute to a significant process of innovation, capital accommodation and economic growth on the societal level.

Governments, on the other hand, became dependent on remittances as an easy source of hard currency. Workers remittances grew to represent significant amounts relative to other macro-economic quantities: GDP, foreign exchange earnings, and the import bill.

However, in addition to the instability of remittances, the policy and institutional framework of Arab countries of origin did not help enable reaping the potential benefits of remittances at the macro level<sup>10</sup> but rather helped reinforce negative economic repercussions such as inflation, speculation in hard currency, and exaggerated dependence on imports.

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<sup>9</sup> A methodological defect of many migration studies has been to take migration out of the socio-economic context in which it took place, especially in identifying impacts. In many countries of origin migration was blamed for engendering conspicuous consumption patterns disregarding the influence of perhaps more powerful phenomena such as, in Egypt, the open-door policy and the unashamed pattern of consumption advocated by the head of the state at the time and flagrantly adopted by the newly-rich social groups.

<sup>10</sup> A vivid contrast is often drawn with regard to the policy and institutional framework of countries such as (south) Korea, the Philippines and Thailand where remittances are considered to have been effectively mobilized for saving and (productive) investment purposes.

Further, the dependence on remittances, coupled with the fragility of sending economies and selective weakness of governments of sending countries, in the increasingly buyers dominated regional labor market, engendered an opportunistic stand on the part of these governments that at times even compromised the interests of their nationals working abroad.

In short, it can be said that individual migrants behaved in an economically rational manner in response to condition of economic hardship in their countries of origin. By comparison, the governments that were responsible for economic crises in countries of origin to start with, continued to function in ways that established a rift between individual benefit and collective welfare.

In the second half of the 1980s, a combination of economic recession and net return of migrants, in response to economic slowdown in countries of destination, as well as forced return due to the end of the Iraq-Iran war in the case of Egypt, contributed to the growth of organic unemployment in countries of origin.

## **V. A policy Package to Ensure Full Employment**

There are three basic axes to a full employment and poverty eradication policy package, which have to be adopted in an integrated fashion, and implemented by the Arab states:

### **a) Monitoring of Employment and Poverty**

An efficient system for monitoring employment, unemployment and poverty is badly needed. This system should allow for monitoring of basic parameters as well as less frequent in-depth analyses of the character and dynamics of employment and poverty. To serve this purpose, much input should be integrated to constitute a significantly better, regularly updated, database on human development (on the dimensions of capabilities, utilisation and outputs) in Arab countries.

### **b) Effective Safety Nets**

The social-safety-nets in place in Arab countries are evidently lacking in coverage and effectiveness. Two requirements for effective safety nets are clear: safety-net schemes should provide for income transfers sufficient to guarantee a minimum of decent human existence to all in need and be indexed to inflation. These systems should provide, in particular, for adequate unemployment compensation.

### c) Poor-Enabling, Employment-Creating, Development

Working towards full employment<sup>11</sup> has to be anchored in a pro-poor process of development that generates labour-intensive growth providing for productive and gainful employment opportunities for all individuals available for work.

However, the poor need to be equipped for such employment opportunities through pro-poor human capital accumulation by means of education, training and health care. More importantly they need, in addition, to be enabled to help create such employment opportunities through the creation and management of SMEs. Crucial to the support of this strategy is ensuring easier access to, and firmer command of, more conventional forms of capital: physical assets and finance. In addition, SMEs are fragile economic entities that demand a great deal of additional support to guard against failure.

The crux of the process of poor-enabling development, however, is institutional reform of major proportions that radically raises the share of the poor in the power structure of society. Institutional reform is the path to maximising the societal capital of the poor. As such, it is institutional reform, rather than economic growth *per se*, that constitutes the heart of poor-enabling development. Without it, growth is likely to be slow. More importantly, growth is doomed, in the context of unregulated markets, to grossly favour the rich and penalise the poor.

Governance is the critical link in the persistence and reproduction of unemployment and poverty. The poor are, by definition, powerless. As indicated before, they lack all forms of conventional capital, physical, financial and human. But, above all, they have no voice in the affairs of society.

Laws and administrative procedures need to be reformed to guarantee the rights of citizenship and consistency with basic human rights, particularly the rights of free expression and organisation, for all citizens. Rule of law should be instituted under a positively independent judiciary.

For the poor to have their voices heard and their interests recognised, government needs to be made truly representative and effectively accountable to the people.

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<sup>11</sup> Full employment is here taken to mean good jobs for all those available for work. Jobs that are productive, in which the individual utilises skills and fulfils potential for growth in conditions that are consonant with human dignity and through which enough is earned to avoid poverty and degradation.

Genuine local government, not just decentralisation, ensures more effective participation of people, especially the poor, in the difficult war on unemployment. Clearly, citizenship and political rights would remain grossly lacking if they are not, in practice and not just in the letter of the law, fully inclusive of women.

In addition, institutional reform needs to extend to the pan-Arab dimension.

## **V. Towards an Effective Pan-Arab Labor Market**

In spite of the hardship inherent in migration, a spontaneous processes of labor integration has arisen in the Arab region in recognition of fundamental complementarity at the country-level. There are two basis for this complementarity: population size differentials and differentials in human capital accumulation. Prior to the oil-wealth era, more advanced Arab countries used to provide technical assistance to the then-poor Arab countries, including some in the GCC, especially in the fields of education and health care. This spontaneous movement was to take on an added impetus by the newfound oil-wealth in Arab countries of destination and worsening economic conditions in Arab countries of origin. The push-pull relationship was calibrated for a major rush of nationals of presently poor Arab countries to the newly rich ones.

Arab labor markets have, however, fallen short of attaining maximum benefits for both countries of origin and destination and their nationals. Attempts to organize the pan-Arab labor market have fizzled out into ineffective declarations of intent that have been impeded in reality by perceived narrow national interests, particularly of countries of employment, acting the mind set of buyers in a buyers-market.

In addition, the fundamental feature of the Arab labor market is turbulence. First for being, at least to some extent, at the mercy of the vagaries of the international oil market and attendant conditions in countries of employment. Second, as indicated above, labor movement in the Arab region has been captive to the ups and downs of Arab politics, sometimes with devastating consequences to the welfare of embroiled migrants. The repercussions of the second Gulf war, delineated briefly above, is but the most prominent example. similar instances are many.

Technically, the inefficiency of national Arab labor markets is intensified at the pan-Arab level. Rigid segmentation is reinforced by absence of freedom of movement, an essential requirement of an efficient regional labor market, and the buyers-market

character. The inefficiency of the institutional structure at the pan-Arab level is perhaps even worse than at the national level. It is no wonder that the pan-Arab labor market has not been clearing at a low level of unemployment and high levels of productivity and human welfare for Arabs at large.

The failure of past attempts, however, should not deter a fresh attempt to build a new institutional architecture for an efficient Arab labor market or breathe new life into present (ineffective) institutions. The following *model* institutional architecture, meant to facilitate the emergence of an efficient pan-Arab labor market, needs to be approached.

- *Arab employment agency*: to design, follow-up implementation of and develop pan-Arab legal instruments and procedures on employment throughout Arab countries, particularly those ensuring freedom of movement between Arab countries and safeguarding the rights of migrant workers.
- *Arab training institute/fund*: the need for vigorous training and re-training activities as remedial measures for the low level of human-capital accumulation in Arab countries to date, as well as the inadequacy of education/training systems is patently obvious. The proposed institution is meant to plan, follow up and evaluate a pan-Arab training program. It could at times implement training activities either of a pilot nature at the pan-Arab level, or in the least developed Arab countries. The institution would be financed from public as well as private sector (employers) contributions from all Arab countries.
- *Arab productivity institute*: Arab labor productivity is low and probably declining. However, steadily raising productivity is an essential requirement to solidify economic growth and ensure a high level of human welfare in the region. The proposed institute would undertake measurement of productivity and analysis of productivity determinants and would make proposals for productivity enhancement

In essence, these are *functions* rather than *organizations*.

It is also essential that these institutions are built, or present ones reformed, through an effective partnership between states, private sector and civil society agents in Arab countries.

However, the ultimate guarantee of an efficient Arab labor market is the creation of an *Arab Economic Citizenship Area* in which freedom of movement, and citizenship rights, are assured to Arab nationals<sup>12</sup> in all Arab countries, perhaps along the lines of the European Union.

In view of the disappointing Arab reality, the idea of an *Arab Economic Citizenship Area* might seem visionary or even unrealistic. However, as mentioned earlier, that present Arab institutions are weak and ineffective should not deter us from building better ones along directions that promise to be more effective. Moreover, consecrating (bad) reality and shunning new ideas have never been roads to progress. Indeed these are recipes for perpetuating the status quo that is generally agreed to be unacceptable.

Finally, new ideas that could lead to progress need time to take root and working for their realization is also a long- term process.

Thus, *it is never too early for a good idea.*

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Zahlan, A. B. 1994. "Labor Productivity and Competition," *Al-Mustaqbal al-Arabi*, Beirut, no 2, pp 98-112.

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<sup>12</sup> Emphasis has been heretofore placed on freedom of movement, and guarantees of rights, for capital and *not* to labor.