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Abstract

What is the trend in rentierism in the Middle East and North Africa? Defining a rentier state as one that extracts a significant share of its revenues from rents extracted from international transactions, we examine a range of such transactions that together constitute a third or more of the Middle East/North Africa economies. Outlining a rentierism index that is based on the share of GDP stemming from oil/mineral exports, foreign military and economic aid, worker remittances, and international tourism, we show that rentierism is growing and that 18 of the 22 Middle East/North Africa states depend for over a third of their GDP on these international transactions. Some depend on direct rents stemming from oil/mineral exports and foreign aid, while others rely increasingly on indirect rents from remittances and tourism. This split between direct and indirect rents has implications for the political stability of these states, because it creates states that are more or less able to maintain control in the face of popular resistance and insurgency.

Key words: rentier state, rentierism, international rents, state rents, international dependence

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A large and growing literature links international rentierism, especially the export of oil and natural gas, to the persistence of authoritarian rule (Ross, 2001; Smith, 2004; Herb, 2005; Aslaksen, 2011), state repression and human rights violations (de Soysa, 2007; Lotz, 2008), corrupt and ineffective government (Karl, 1998; Snyder & Bhavanani, 2005; Treisman, 2007), poverty and lagging economic growth (Auty, 1998; Mehlum, Moene & Torvik, 2006), and internal armed conflict (Fearon, 2005; Ross, 2006; de Soysa & Neumayer, 2007). Middle East specialists have long invoked rentierism as a critical reason for the authoritarianism, poor government performance, lagging economic development, severe social disparities, and periodic outbursts of political insurgency and repression that characterize the region (Pratt, 2006; Schwarz, 2008; Elbadawi & Makdisi, 2011). Some, however, point to the effects of globalization and other dynamics that are making the region more pluralistic and open despite persisting rentierism (Foley, 2010; Gray, 2010) while still others discuss the “new rentierism” (Richter & Steiner, 2008) that is changing the economies and perhaps the politics of these rentier states.

This paper examines trends in international rentierism in the Middle East and North Africa over the past four decades. We focus on the 22 territories conventionally referred to as the Middle East/North Africa (MENA) region. To capture these trends, we advance a rentierism index based on summing a set of international transactions that create international rents. This allows us to compare the classic or “old” oil/mineral export-based system with “newer” forms of rentierism centered on foreign aid, worker remittances and international tourism. In this discussion, we distinguish between direct and indirect forms of rent, arguing that the former provides elites with stronger control over revenues and their allocation, which should affect the structure of these regimes and their ability to control popular resistance and insurgency associated with the recent “Arab spring.” We begin first with a brief discussion of rentier states.

Rents and rentier states

Economic rents are conventionally defined as an economic surplus higher than the minimum that the receiver would have accepted given alternative opportunities (Buchanan, 1980). Such rents typically originate from natural and organizational advantages (including centralized property structures) that give recipients an advantage in controlling revenues. As such, rents do not have to be reinvested into