

## Essay

# Why not Estonia? Bureaucratic drag in the Arab world

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“When bureaucracy’s dead weight frustrates the hopes of citizens for change and reform, upheaval cannot be far off.”

In the Arab world, bureaucracy is the ultimate paradox. Once it played a vital role in building and sustaining independent Arab states but now it may be the elephant in the room, impeding growth and necessary change.

Since the 1950s, public service has been the fundamental force in nation-building in the Arab world. When the “Arab spring” began, public service was the last line of defence against chaos. Bureaucracy stood firm as the guardian of the temple while many branches of government fell. Public service continued to provide vital services even when some regarded it with suspicion as the embodiment of the counter-revolutionary deep state.

Even in the most anarchic days of the uprisings in Egypt and Tunisia, the bureaucracy continued to meet public demand not just for water and electricity but also to provide reassurance that there were still people in charge.

In many Arab countries where the economy has failed to provide necessary opportunities, public service has become the employer of last resort. In so doing, it worsens the budget deficit in cash-strapped economies.

The public sector cannot make up for the mismatch between educational systems and the job market. The failure to take this into consideration played a key role in the “Arab spring” revolts.

The World Bank said public service in the developing world employs at least half the salaried workers in the formal sector. Arab countries are no exception. However, many parts of the Arab world have unmatched records in terms of youth unemployment, informal economic activity, obstacles to entrepreneurship and the prevalence of corrupt practices.

Such deficiencies reflect the sorry state of the Arab world, which is behind many countries that started off with fewer riches and less promise.

Consider the tiny country of Estonia, where Skype was created. In Estonia, virtually all government services are online and children are taught computer programming from kindergarten. The government estimates the added value of online services to gross domestic product at 2%.

For many in the Arab world, there is the temptation to pin today’s woes on colonialist legacies or post-independence imperialist encroachment. In reality, most Arab countries have had a better start as independent nations than Estonia. It only became independent from the Soviet Union in 1991. Before independence, Estonians had to wait 10 years, on average, just to get a telephone landline.

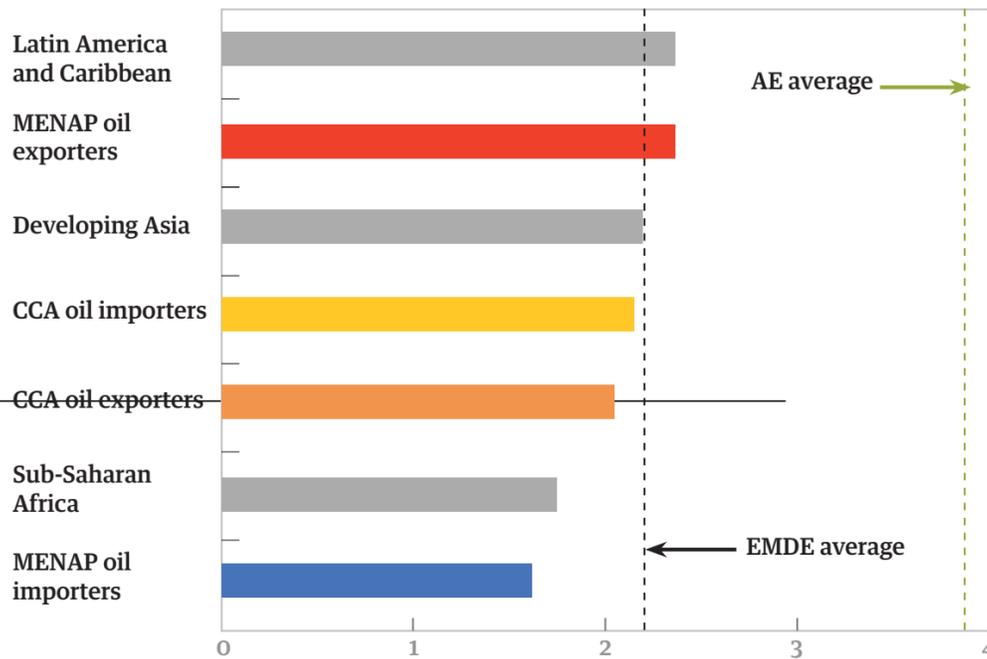
Neoliberal theory has traditionally perceived public service as an impediment to economic freedom.

“Red tape can strangle business expansion, entrepreneurship and job creation,” pointed out the “Economic Freedom of the Arab World” report published in November by the Fraser Institute.

Bureaucracy only reflects a larger problem – the resistance to constructive change and freedom of initiative.

Instead of promoting healthy business environments, bureaucracies have had to focus on managing entitlements, be they of civil servants or of other sec-

## Government Effectiveness, 2015 (Index, from lowest 0 to highest 5)



Source: World Bank, World Governance Indicators.

Note: Government Effectiveness captures perceptions of the quality of public services, the quality of the civil service, and the degree of its independence from political pressures, the quality of policy formulation and implementation and the credibility of the government’s commitment to such policies. AE = advanced economies; CCA = Caucasus and Central Asia; EMDE = emerging market and developing economies; MENAP = Middle East and North Africa, Afghanistan, and Pakistan.

tions of society.

It is not easy to trim entitlements, especially for poor segments of society. Touching entitlements also runs against the entrenched interests of bureaucrats and politicians’ preference for stability at any cost.

Keeping obsolete laws and regulations on the books gives bureaucrats a false sense of security but it can destroy society’s chance of progress.

The current situation is also untenable because bloated and autistic bureaucracies sap the morale of the man on the street and destroy trust in government. When bureaucracy’s dead weight frustrates the hopes of citizens for change and reform, upheaval cannot be far off.

In the Arab world, bureaucracy has traditionally inspired bitter spoofs. Tunisians remember comedian Lamine Nahdi in the role of a hapless citizen asked to provide all kinds of implausible documents, including his own death certificate, as a prerequisite for government service.

The problem of red tape, as experienced in many parts of the Arab world, is that it is built on the pessimistic premise that no one is to be trusted. The assumption of dishonesty reigns supreme. Each document supplied is assumed to have been forged until proven authentic. For every

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signed document proof must be provided that the signature is genuine. All too often this means having a civil servant vouch for the authenticity of a signature in exchange for a fee. That surrealistic exercise can consume half a day if not more. The only redeeming quality of this time-consuming practice is that it helps keep public servants employed or at least apparently busy.

In the Arab world, people need patience in spades when supplying documents, signatures and the stamps needed to apply for a passport, to ask for a home or firm to be connected to the national electric grid or to seek an import licence in hard-currency-strapped countries. The hoops through which a person must jump often seem endless. The resulting sense of helplessness only provides encouragement to corruption.

For some odd reason, the presumption of dishonesty seems to be the default mode that determines the civil servant’s attitude to the people he is supposed to serve.

European bureaucracy, which has influenced government service mores in much of the Arab world, seems to be finally undergoing a fundamental transformation. Even in France, where the bureaucratic tradition is deeply rooted, the state has decided to start trusting its own citizens. Newly instituted reforms will consecrate the citizens’ “right to error” in filling out official documents, including tax forms. Another revolution by French standards.

The problem of distrust appears to be more serious in hyper-centralised states with so-called socialist legacies. In these countries, built-in distrust of freedoms, whether economic or personal, is probably rooted in the perception of citizens as eternal minors.

The alternative would be that such systems start believing in the many opportunities that can accrue from the elimination of distrust and unbridled control of individual initiative.

Beside distrust, the other damaging corollary of the bureaucratic practice in most of the Arab world is the eerie disregard for time.

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A few Arab countries have demonstrated tangible progress in reducing bureaucratic delays. The World Bank’s “Doing Business 2018” report shows that in certain Gulf countries, such as the United Arab Emirates or Bahrain, one can increasingly expect to spend as much (or as little) time as in developed countries in the conduct of business. In other, more bureaucracy-burdened Arab countries, change has been slower.

It takes no less than 75 days in Egypt to register property, against 20 days in European countries. It takes 43 days in the West Bank and Gaza to start a business, against ten in Europe. You need 180 days to get an electricity connection in Algeria, compared to 66 days in Latin America. Clinging a construction permit requires 249 days in Lebanon, against 154 in Organisation for Economic Co-operation and Development

high-income countries.

Bureaucrats delivering the necessary permits are not just heartless or lazy. They are themselves shackled by endless regulations and restrictions.

In the final analysis, the days lost humoring civil servants eventually translate into years and decades of lost progress and growth.

The third pillar on which rests the Arab bureaucratic edifice is the unholy marriage between public service and those symbolic totems: paper and stamps.

Those who have lived and worked in the West have outgrown paper and stamps. Parents can buy their children a variety of stamps online. They can order butterfly or flower designs or birds and monkeys. In North Africa, however, as I personally experienced recently, a stamp has a mythical value. Ordering a rubber stamp is serious business. It requires a national identity card and proof of legal standing for the name or title you want on the stamp. Your rubber stamp is like “Open Sesame,” a magical phrase without which no business transaction is considered valid.

Ironically, countries cling to the oddest bureaucratic formalities (even as they add new layers) but the informal economy makes transactions outside the realm of the law increasingly common. Forged official documents (if not the lack of them altogether) help the informal economy grow.

There is a silver lining on the horizon. As internet access improves in the Arab world, online services could offer an alternative to cumbersome procedures.

There is more progress on this front in some Gulf countries than in other parts of the Arab world, perhaps because of better internet access and higher ownership of smartphones but the more populous (and more bureaucratic) Arab countries have yet to raise their game. They must realise it is a whole new world out there.

New technologies have the potential to improve the efficiency of government services. World Bank expert Zahid Hasnain said e-government “can increase state fiscal capacity, reduce leakages in spending and improve transparency.”

It can also curb the whimsies of and interference by public servants, therefore reducing the possibility of corruption.

Lebanese State Minister for Administrative Reform Inaya Ezzeddine told The Arab Weekly: “Digital transformation of the public administration... is one way to track every single penny. You can mitigate the risk of corruption and reduce it.”

Social media can play an important role in dissuading arbitrariness or dereliction of duty on the part of public servants. Photographs of empty desks during the workday can go a long way towards curtailing absenteeism.

New technologies are providing lots of unexpected openings but they cannot remedy the fundamental problems of governance created by bloated and ill-managed administrations. Excessive reliance on the public sector is a manifestation of failed economic policies and the lack of political vision. Only sound leadership can remedy that. Once that happens, public administration can become a catalyst for progress. Then perhaps, there will be many new Estonias in the Arab world.