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The economics of happiness and anger in North Africa

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Abstract: Economics has rediscovered happiness even though the discipline has always been about human wellbeing. A growing evidence suggests that happier people can be more productive and innovative, which leads to profitability and economic growth. Thus, there are concerted efforts to measure happiness and design policies to enhance it. Happiness metrics rank North African countries among the lowest, and worsening over time. This paper explores key contributing factors to decades of frustration and anger in North Africa, and how these sentiments play themselves out since the Arab revolutions. Though these societies are more than ever polarized along the secular/progressive and Islamist/conservative lines, any government must deliver on economic expectations that are surprisingly similar for both groups. Insights from happiness economics and models of successful countries can serve as guiding principles for reforms that can promote economic and non-economic dimensions of individual and communal wellbeing.

Keywords: economics of happiness, Arab Spring, North Africa, Islamic economics, freedom, governance

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> Throughout history many nations have suffered a physical defeat, but that has never marked the end of a nation. But when a nation has become the victim of a psychological defeat, then that marks the end of a nation.
> Ibn Khaldun, *Al-Muqaddimah*

1 Introduction

The consideration of happiness has gained momentum in recent years among key thinkers of economic management and development. A broad range of evidence shows that people who are emotionally happier, who have more satisfying lives, and who live in happier communities, are more likely to be healthy, productive, and socially connected. Recent research in psychology and economics provide strong evidence that happiness leads to better economic decision making across the gamut from consumption to savings to risk taking. The findings show that when people feel positive about themselves they are better able to absorb information, are more creative and open to innovation, more productive, and more collaborative in the workplace (Oswald et al. 2012; Amabile et al. 2005; George and Zhou 2007; Bockerman and Ilmakunnas 2012; Harter et al. 2010). Bryson and Ilmakunnas (2012) find that these traits lead to greater individual prosperity and profitability. The implication one may draw is that in countries where most people are not happy, there is economic underperformance and loss.

In July 2011, the United Nations (UN) General Assembly proposed 'the happiness of the people' as a new measure to guide development policies. In April the following year, the UN launched the first meeting on happiness and wellbeing, presided over by the Prime Minister of Bhutan. Not long after, the first *World Happiness Report* (Earth Institute 2012) was published, pooling existing multi-disciplinary knowledge. This momentum, along with progress in data standards and collection, has led to the integration of happiness components into the Sustainable Development Goals for 2015–30, the successor to the Millennium Development Goals (MDGs).

This paper explores the evolution of concepts of happiness and the basic principles of the economics of happiness, and then relates these concepts, to the extent possible, to developments and prospects in North Africa.

2 Evolution of happiness concept in Western economic thinking

Economics is primarily concerned with human wellbeing, and happiness is the ultimate aspiration of every human being. But, unlike disciplines such as psychology or sociology that have extensively covered happiness within their theories and practices, economics shied away for centuries from directly tackling happiness or anger. Instead, economists focused on income, consumption, human development, and similar indicators as proxies for measuring happiness and wellbeing. More recently, however, economists have 'returned to happiness' (Bruni and Porta 2005: 1) and have begun to define direct and usable metrics, to collect and analyse cross-country data, and to explore policy interventions that could directly influence not only peoples' wealth but also their happiness levels and fluctuations over time.

Until the early 17th century, much of the thinking about happiness centered on living a pious virtuous life of moderation and training one's body and mind through rigorous self-discipline to avoid excesses. This view, Aristotelian in origin, held that the excesses of one person would impinge on and hurt others. Individual happiness gained by reining in excesses would bring about not only personal happiness but societal harmony. In the 13th century, Thomas Aquinas advanced this concept further by linking happiness on earth, as derived from virtue, to eternal salvation in the afterlife—a philosophy that over time became integrated into Roman Catholic teachings. Thus, the pursuit of happiness in the Western world remained for centuries in the realm of virtue, ethics, and religious observance. Material goods, greed, and worldly ambitions were seen as sources of suffering and damnation.

With the emergence of Protestantism and Calvinism, many of the Catholic Church's teachings came to be challenged, and among them, the approach to happiness. Intellectuals came to consider the Church's definition of happiness as 'artificial and arbitrary constraints on the society rather than as reflections of natural law' (WHR 2013: 87). Around this time, Bernard Manderville's *Fable of the Bees* (first published in 1714) struck a raw nerve in the thinking about personal and societal happiness. Manderville's point was that since morality and piety had failed to take root despite centuries of religious and moral teachings, vice and greed could potentially be carefully channelled through market mechanisms to generate prosperity and wellbeing for all, and thus collectively serve the good of humankind.

Some 60 years later, Adam Smith expanded the same idea in his *Wealth of Nations* (first published in 1776), reasoning that through self-organizing markets, individual self-serving commercial ambitions could achieve welfare rather than misery for oneself and others. 'It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest', Smith wrote (cited in Earth Institute 2012: 89).

Next came Jeremy Bentham's concept of utility theory, explained as 'property in any object, [that] produces benefit, advantage, pleasure, good, or happiness or prevents the happening of pain, evil, or unhappiness to the party whose interest is considered' (Bentham first published in 1789). Bentham's concept elevated the possession of material goods as not only tolerable but desirable, because they would bring feelings of satisfaction and happiness (Earth Institute 2012: 89). With this, an important step was taken to define happiness in terms of consumerism.

Was consumerism making people happier? Were they better off? In 1843, Eugene Buvet, a French intellectual, published *The Misery of the Working Classes in England and France*, which argued that market mechanisms had produced immense wealth for some—the capitalists—but depressing misery for many—the working class. German philosopher Friedrich Hegel, too, was concerned that important institutions, such as the family and other social networks that had served human development and happiness and supported ethical upbringing, were falling victim to the consumerism and production that were the engines of the industrial revolution. To counter the weight of the market, Hegel proposed a strong role for the state in defining and defending the interests of, and providing for the needs of, society (Mirakhor and Askari 2009: 5).

Marx and Engels too saw a greater role for the state in securing wellbeing for all and reining in the unbounded selfishness and greed that had turned people into factors of production to generate 'surplus value' and profits for capitalists. The fulfillment of the human being was to be seen as an end in itself; capitalism, they argued, was creating a new form of bondage and slavery in which individuals had little control over their own time, labour, and destiny. This caused 'alienation of workers, solitude, and a life of emptiness, which would result not only in physical or economic misery, but also spiritual poverty' (cited in Mirakhor and Askari 2009).

In the 1870s, a new group of economists, the marginalists (Stanley Jevons in England; Carl Menger in Austria; and Leon Walras in Switzerland) began to dominate economic thinking. They proposed that the unit of account for the market was not a unit of output, but the marginal satisfaction that one additional unit would deliver to its consumer. The consumer would derive a different level of satisfaction from consuming the first unit than from consuming the Nth unit. Because the level of satisfaction not only depended on prior levels of consumption but also differed from one person to the next, goods could be distributed to people who derived more satisfaction from them than the people who already had enough, and thereby generate greater social wellbeing and happiness for all. Vilfredo Pareto, a prominent marginalist at the turn of the 20th century, advanced the concept further by suggesting that this process could be repeated, given the multitude of individual preferences, and that the wellbeing of all could be increased to a point where no one would be better off without someone else being worse off.

These ideas shaped welfare economics (Mirakhor and Askari 2009). The period between the two world wars demonstrated that markets could malfunction profoundly and cause widespread misery. To spur economic wellbeing, welfare economists argued that governments had to play a bigger role in cleaning up the damage and reining in unrestrained greed, and had the duty and capability to ensure public wellbeing and to generate growth and employment. A range of public oversight institutions was founded, such as the United States (US) Securities and Exchange Commission, to calibrate the benefits and the costs of markets.

The post-Second World War period broadened the public sector interventionist agenda within economic theory, and the establishment of the Bretton Woods organizations embodied an increased concern with the plight of newly de-colonized and less industrial countries. Economists such as Arthur Lewis believed that the effective way out of underdevelopment was rapid industrialization. Walt Rostow, similarly, saw development as a process that would begin with the break-up of traditional societies and culminate in societies that embraced mass consumption (Mirakhor and Askari 2009). To fast-track countries through the stages of development, governments were encouraged to adapt institutions, models, and values that prevailed in Western industrial countries. Westernization and consumerism became synonymous with development, prosperity, welfare, and wellbeing.

But as the post-war economic boom wore thin, it opened the way to an extensive re-evaluation of values underlying Western consumerist models. The counterculture of the 1960s, which was largely a protest against the Vietnam War and Western consumerism, mobilized considerable introspection into prevailing norms and behaviours. The economists' approach to wellbeing came to face serious challenges from both within and outside the profession.

Debate about 'the paradox of happiness'—having more but feeling less happy—began with a paper by two psychologists, Brickman and Campbell (1971), who demonstrated that improvements that were achieved in the physical conditions of life through accumulation of wealth and income had little influence on a personal and subjective evaluation of wellbeing and happiness. The first effort by economists to explore the wealth-happiness nexus came around the same time thanks to van Praag, whose idea of 'preference drift' meant that 'satisfaction adapts to the material level and therefore the welfare derived from an income increase is appreciated much more ex ante than ex post and tapers off' (van Praag 1971).

The next related study was by Richard Easterlin (1974), who analysed two datasets: Gallup-poll surveys of subjective self-evaluation of happiness and extensive cross-country databases. He advanced what came to be termed the Easterlin Paradox: That at any point in time, in *cross-section* analysis, the correlation between income and happiness existed and was robust (i.e. people in the higher income strata were happier than those in the lower income strata), but that in *cross-country* analysis, the results were inconclusive. That is, people in richer countries were not necessarily, on average, evaluating themselves as happier than people in poorer countries. Easterlin also found that over the 25-year period 1946–70, US per capita income had risen more than 60 per cent but the proportion of the population that considered itself happy or moderately happy had remained about the same.[1] The Easterlin Paradox generated considerable debate and research, with some commentators confirming and others disputing the results. It did, however, highlight that although happiness rises with income, once income passes the threshold at which basic needs are met, happiness rises much more slowly than income (Bruni and Porta 2005: 5).

Erich Fromm, a German philosopher, argued that 'having more often gets in the way of being more' (Fromm 1976), while sociologists wrote that the US society's occupation with excessive competition had led to pervasive loneliness, breakup of social networks, and alienation that afflicted large numbers of people. Clearly, personal happiness and social development had to be defined differently from the mere abundance of goods (Earth Institute 2012: 141).

Prominent among the development economists who questioned the adequacy of consumer-centered development models were Mahbub ul-Haq in the 1970–80s and later Amartya Sen. Both saw that output-centered approaches had serious shortcomings because they did not sufficiently focus on elements that improved the quality of people's lives. Through the annual UNDP *Human Development Reports*, Haq emphasized the provision of 'basic needs' as an important outcome of development. Sen too promoted a departure from the concept of development as simply material growth, urging what Mirakhor and Askari (2009: 180) have called '[a move back to the] foundational ideas of Smith to restore the ethical-moral compass to economics, and a move forward to conceptualize the wellbeing of humans as the end purpose of development.' Sen (1994) reintroduced the notions of equality and equity, conceptualizing these in terms of the capabilities and functioning of human beings and forcing to the forefront of the discussion the question of what life-options are available to people (capabilities) and what people can actually achieve (functioning).

The literature presently available points to the fact that higher income raises happiness when the individual is poor up to the point where basic needs are covered but that once this threshold of income is reached, any increase in income is not significantly correlated with subjective assessments of happiness (Mahadea and Rowat 2008). Bartolini et al. (2013) find that in recent US happiness rankings the gains associated with rising income have been offset by declines due to falling social capital, a similar finding as Easterlin in 1970s, from overdue attention to income and competition. This suggests that non-income dimensions of happiness play an equally important role in self-assessments of happiness. So the next phase of the happiness economics centers on finding what contributes to happiness are itoday's world.

Meanwhile, since the millennium another strand of literature, especially research from the field of organizational behaviour, has been exploring the effects of happiness on a range of individual economic behaviours and decision-making, ranging from consumption to savings to risk-taking. Workplace friendliness, for instance, has come to be seen as an observable factor of firm competitiveness, in quite a departure from Dickensian times. Anything from lighting, colors, floor plans, artwork, to hours of work are all seen to influence workers' moods. Work units in which employees are satisfied and engaged with their work improve productivity and profitability (Oswald et al. 2012; Amabile et al. 2005; George and Zhou 2007; Bockerman and Ilmakunnas 2012; Harter et al. 2010). Absence of positive feelings leads to boredom and reduces involvement with the environment and other people. Such findings counsel greater attention to

1 His analysis also showed that during the tumultuous Vietnam era 1960s, average reported happiness in the US dropped.

mental health issues as an essential element of productivity. Even issues that were formerly seen as entirely in the private domain have emerged as topics that affect a workers' productivity and ultimately the business bottom line.[2]

3 Status and changes in happiness reporting

The happiness debate was heightened with the development of an index for the first *World Happiness Report* (2012) that ranked average life evaluations at the national level, using data from successive years of the Gallup World Poll. Six key variables were found to explain three-quarters of the international differences in average life evaluations: (a) gross domestic product (GDP) per capita; (b) years of healthy life expectancy; (c) social support; (d) perception of corruption; (e) prevalence of generosity; and (f) freedom to make life choices (Earth Institute 2013: 9).[3] These variables influence the overall rating differently. The more objective circumstances of life (income and health) are strong determinants, as are social support and freedom, but some of the other variables have strong linkages in one direction but not the other. For instance, the perceived existence of corruption will lower the evaluation, but the absence of perceived corruption may not necessarily raise it. And prevalence of generosity has a strong positive impact on the upside, but its absence does not lower the overall rating (Earth Institute 2013: 9).

Applying this index and again using data from the Gallup World Polls, the third *World Happiness Report* (2013) compares 2005–07 and 2010–12 scores across 130 countries. Between the two periods, 19 countries improved their rankings, and 13—including several of the Middle East and North Africa (MENA) countries—worsened theirs. The top ranking (happiest) countries are: Denmark; Norway; Switzerland; the Netherlands; and Sweden. For 2010–12, all five North African countries ranked in the lower half of the distribution: Algeria (73); Libya (78); Morocco (99); Tunisia (104); and Egypt (130).

On a regional basis, the decline in happiness was greatest in the MENA[4] (-11.7 per cent)—a region that even in 2005–07 had shown the lowest levels of happiness. Close to 60 per cent of the people polled in the MENA region reported a decline in happiness. The component of 'freedom to make key life decisions' and the 'extent of social support' had both worsened since 2005–07.

It is equally important to track how happiness is distributed among individuals and groups. Between 2005–07 and 2010–12, the inequality of happiness increased in most world regions, including the MENA, and for 2010–12, the region demonstrated the highest inequality. For the five North African countries the dimensions that largely caused the low rankings were

2 For instance, a study sponsored by Liz Claiborne Inc. on domestic violence, 91 per cent of chief executive officers (CEOs) said that it had a direct impact on the bottom line through several channels: first by increasing absenteeism of employees who were victims of domestic violence, second, increasing health care cost since the victims needed medical treatment, and third, and equally important, the distraction factor on co-workers when victims came to to work that lowered overall productivity. As such, this presumably private matter has considerable negative public economic externalities. http://www.caepv.org/about/releasedetail.php?prID=49 (accessed 20 December 2013.)

3 New Organisation for Economic Co-operation and Development (OECD) guidelines for the measurement of subjective wellbeing will provide in the future the possibility to explain happiness trends at the national and sub-national level (see OECD 2013). But the current poll data provide already interesting findings.

4 Unfortunately, results for the Middle East could not be separated from those of North Africa.

respondents' sense of limited freedom to make life choices, and their sense of a 'poor ethical environment' with 'limited generosity' (Earth Institute 2013: 23).

4 Happiness and human development in the North African context

Why are the North African ratings so low and why are they worsening over time? After all, these countries have not done poorly in delivering basic needs to their citizens. As pointed out by the World Bank (2006):

> The lack of income growth did not constrain human development in the Middle East and North Africa. While per capita incomes stagnated, health and education indicators improved tremendously. For example, between 1985 and 2000, literacy spread from 47 to 69 per cent of the population, child mortality rates plunged from 108 per thousand to 46 per thousand, and average years of schooling rose from 3.2 to 5.4. Indeed, the region did better than its middle-income comparators over this period.[5]

The region has also had a low poverty rate compared with other developing regions, and it was left relatively unscathed by the 2008 financial crisis, which had ripple effects in many developing countries. True, unemployment, and particularly youth and female unemployment, is high. But other countries and regions have also experienced high unemployment, as witnessed in riots and demonstrations across advanced countries.

The demands of the demonstrators in North Africa can be better understood using considerations from identity economics (Akerlof and Kranton 2010), which says that individuals and groups make economic and social decisions about their wellbeing and happiness based on narrative and social norms that are anchored in their sense of belonging. These authors suggest (p. 59) that identification with a group and its norms is perhaps even the dominant factor in economic behaviour and organizational outcomes. The literature on Middle Eastern civil society over the last half century has grappled with the nature of this group identity.

To explore this group identity, we need to review how Islam, as a dominant influence on norms in the region, considers economic development, personal, and societal progress, and thus shapes the mindset of North Africans. The uprisings of 2010–11 began with a call for 'dignity', a revolutionary watchword the world had not previously encountered. Yet, the concept of human dignity, *karamah*, is one of the four main concepts supporting the foundational justification for rule-based systems of Islam.[6]

What are the characteristics of this Islamic weltanschauung? 'The sharp dichotomy in Christianity between the sacred and the profane—"Render unto Caesar the things which are Caesar's, and unto God the things that are God's"—does not hold in Islam, where the concepts of the individual and collective are seamlessly intertwined' (Allawi 2009: 10). Islamic development is three-dimensional, incorporating societal development, physical-material

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5 'Sustaining gains in poverty reduction and human development in MENA—interview with Farrukh Iqbal'. http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/0,,contentMDK:20895567~pagePK:146736~piPK:146830~theSitePK:256299,00.html

6 The four fundamental concepts of Islam are: Wilayahh (love for God); karamah (human dignity); meethaq (equality of humans before God in their testimony to God); and khalifa (empowerment of humans by the creator) (Mirakhor and Askari 2009: 57–8).

development, and self-development. 'Central to development is the progress humans make in developing the self. Without this, appropriate progress in the other two dimensions is not possible' (Mirakhor and Askari 2009: 181). As such, notions of the individual and the community are intertwined, as are the notions of religion and state.

The enhancement of human dignity, happiness, and wellbeing has long occupied philosophers and thinkers in North Africa and in the wider Muslim world. Discussion about individual and communal wellbeing and happiness, and how to balance and advance these interests, as well as the role of markets, rulers (governments), and other institutions has been extensive over centuries. The writings of the 14th century Tunisian scholar Ibn Khaldun, a pioneer historiographer, economist, and sociologist, provide an example. Based on observations of tribal (Berber) and urban societies, Ibn Khaldun observed that societies would rise to power, and advance wellbeing and prosperity, when they forged strong communal bonds that fostered the goals of the group, and not just the individual, and maintained strong compliance with set rules. Powers declined when individualism took the place of communal wellbeing. He observed that tribes became conquerors by force of their common vision and cohesion, and that when they subsequently urbanized the bonds gradually weakened and subsequently fell apart when individualism trumped group interests. He saw an important role for a just ruler to ensure adherence to the common mission. Rule-based systems and compliance were central to Ibn Khaldun and other Muslim thinkers.

Islam does not consider scarcity to be a binding constraint at the level of humanity, only at the level of the individual. That is, while individuals may face limitations, God has provided for all, and compliance with rules by everyone can assure that everyone receives their 'equitable' share. Non-compliance with God-given rules, even by the few, creates distortions and shortages that result in unfairness. In Islam, it is important also to distinguish between 'equity' and 'equality'. While in Western contexts these concepts are used almost interchangeably, in Islam, the principle of equity can be applied to justify inequality. For instance, women's unequal rights is in fact explained away in terms of equity since in Islam women are not expected to bear an identical responsibility as men vis-à-vis supporting the family, even if in reality they may still do so.

Muslim liturgy is quite extensive on the workings of markets and the role of government in bringing about material and spiritual happiness for the *umma*—the community of believers. Functioning markets play a central role in the Islamic economic system to a large part because the Prophet Mohammad (PBUH)[7] and his wife Khadija were themselves traders and well understood the importance of honesty in transactions. Prices in the market are metaphorically set by God (similar to Adam Smith's 'invisible hand' of several centuries later) and represent a contract between God and the faithful that must not be reneged on. Merchants must set their prices inside the market and in public view (an early attempt to thwart noncompetitive behaviour or insider trading). Islam upholds the sanctity of contracts and respect for private property. Trade and cross-national alliances are encouraged, thus the concept of comparative advantage is recognized, and hence, Islam is supportive of globalization. Islam itself spread geographically further through trade rather than through military conquests. The yearly pilgrimage to Mecca was an opportunity for exchange of goods and ideas—a kind of annual meeting of the believers. Economic justice and charity play a strong role; the wealth that has been generated must be purified through the payment of religious taxes that are then redistributed to the needy (Mirakhor and Askari 2009). Adherence to such rules, internalizing the rules prescribed, and being conscious of the presence of the creator (what we would call today the regulator), was

7 Peace Be Upon Him.

thought to guide people in conducting their economic and social affairs (Mirakhor and Askari 2009).

For many centuries these rules functioned well and led to the Golden Age of the region. But the rules also provided for institutions, such as the *waqf* or religious endowment, which were well intended but in practice impeded the accumulation and agglomeration of capital. Kuran (2010) argues that Islamic law, particularly the inheritance laws, led to fragmentation of assets and estates, while *waqfs* took out of circulation vast amounts of contiguous resources, at a time when Europe was finding ways to consolidate capital for establishing large joint stock companies such as the East India Company, thus benefiting from economies of scale, which became the engines of the Western industrial revolution and progress.

In the late 19th and early 20th centuries, motivated by the progress in Europe, the Ottoman Empire, which included also key parts of North Africa, introduced sweeping reforms, the *Tanzimat*, partly modeled after Western examples. Some of these reforms are still in place today. A second wave of reforms, mostly secular in nature, took place around the 1950s following the revolution in Egypt and de-colonization in North Africa. These reforms diluted or transformed the institutions that were based on Islamic principles. Over time, they introduced largely state-centered economic models that would provide employment and social services in return for acceptance of autocratic governments. Initially, these models delivered, but by the mid-1990s, these costly social contracts started to crack. A range of economic reforms, albeit piecemeal, was implemented along the lines of what is commonly knows as the 'Washington Consensus'. These reforms made important contributions to trade, private sector-led growth, infrastructure, etc., but still fell considerably short of generating enough jobs to meet the needs and expectations of fast-growing populations.[8]

After 2000 three factors—conflict, a youth bulge in population structure, and cronyism—contributed to the widespread economic and political frustrations across the Arab world that Samir Kassir (2005) has termed the 'Arab Malaise'. This sentiment can be seen in the low rankings of Arab and North African countries on nearly all cross-national indicators, including the World Happiness Index. Frustration, unhappiness, and anger were also amply voiced in a series of United Nations Development Programme (UNDP) *Arab Human Development Reports*, starting from 2002, written by a wide range of intellectuals from within the region.

5 Conflict

Over the last 25 years, the Middle East has been the stage for major world conflicts involving massive external forces. The sheer scale of the military conflicts in the region cannot be ignored. While the conflicts were not directly on North African soil, they affected perceptions throughout the region. A 2007 opinion poll[9] showed that 25 per cent of Algerians, 55 per cent of Egyptians, and 57 per cent of Moroccans felt that the Palestinian issue affected them as well, because 'Palestinians are Arabs like me'. A similar question about the Iraq war showed even higher levels of frustration (32 per cent for Algeria; 55 per cent in Egypt; and 59 for Morocco) because 'Iraqis are Arabs like me'. Gruesome war scenes were broadcasted 24/7 by Arab channels into every home, which led to outrage and indignation about the way that the region and its people were

8 Chapman and Baker (1992: 149–50): IMF and the World Bank basically required the states to undertake radical restructuring that comprised two crucial elements: the reduction of budgetary deficits and the conversion of current account deficits into surpluses.

9 Zogby Middle East Opinion Poll (2007).

being handled and portrayed. These images played into the hands of Islamic radicals who further fanned the fires of anger and discontent, partly because elements in the West framed the so-called war on terror in religious terms. As noted by Chapman and Baker (1992: 158):

> The Islamic movements of North Africa … stem in part from the profound background to daily life, in part from the growing rejection of Western political prescription by large groups in North Africa. These movements first became significant in Tunisia at the start of the 1970s, but also appeared in Morocco and Algeria since the Iranian Revolution of 1979. Public hostility to US actions during the Kuwait War of 1991 was vehement throughout the Maghreb, and much of the resentment was channelled through Islamic sentiments.

6 Youth bulge

Revolutions everywhere are initiated by disgruntled youth. The current generation of youth in North Africa is larger, more educated and informed, more engaged with the world, with higher fulfillment expectations of life, and yet more frustrated than any generation before it in the history of the region. Like young people everywhere, this generation is involved in defining its complicated identity. A review of the literature from civil society shows that the identity question is the most prevalent among the youth, and that young people are disillusioned with autocratic regimes that in many ways limit how they can explore their identity through art, literature, and political expression (CAWTAR 2006).

Two factors have played a prominent role in this search for identity. The first, as discussed above, is the perception that the wider community of Muslims, and particularly Arabs, is under attack. A natural impulse is to protect it from outside attacks. In the 2007 Arab Public Opinion Poll, the proportion of the population, particularly the youth, that identified itself as Muslim for the first time exceeded the proportion who identified themselves first by their nationalities, even in North Africa (CAWTAR 2006).

Another determinant of the youth frustration was that despite young people receiving higher education they had fewer opportunities to fulfill their aspirations. Exposure to a wider world has broadened their horizons and expectations, but they still had to grapple with the grim realities of job and housing markets that dashed hopes for personal independence, freedom of choice, and ultimately marriage, which is seen as an important cultural passage to adulthood. For those who come from provincial cities, from conservative families and are raised with strict religious value systems, the alienation can be even more profound. Singerman (2007) notes that: 'In confronting the big city, they are shocked by the luxury, cosmopolitanism, and materialism that metropolises typically display. University campuses themselves appear to be venues of uncontrolled mixing of the sexes and centers for the propagation of debased Western mores'. While youth unemployment has plagued many countries in the Western world, the combination of joblessness, few if any channels of safe expression of voice and opinions, and perceived creeping Westernization have added to the overall feeling of alienation from one's own culture on the one hand (Richardson and Waterbury 2007) and a desire to reconnect with one's roots on the other.

7 Cronyism

The market-oriented economic reforms implemented across North Africa since the mid-1990s benefited some entrepreneurs at the expense of other private sector players. And, as noted above, while Islam explicitly sanctions a very broad range of profit-making activities and condones wealth, the reforms were seen as having unfair and unpredictable effects. The wider public perceived that rules and regulations were applied inconsistently and arbitrarily, favouring the inner circle of the power structure, and leading to perceptions of widening social inequality. In 2008, the Mo Ibrahim Foundation was pointing to widespread problems in governance in the region:

> The four categories of the African Governance Index that measure safety and the rule of law, rights and participation, sustainable economic opportunity, and human development, showed already in 2007 worrying trends for Egypt, Tunisia, and Libya. Though still enjoying higher scores relative to the rest of Africa because of their steady growth, these are the countries with the most unbalanced ratings.

To the common eye, the new elites appeared to be corrupt and largely secular. Pious businessmen, mostly of the traditional merchant class, came to form—and often funded through their religious taxes—the growing Islamist oppositions, whose members also started to attract many professionals, frustrated intellectuals, and activists, and the urban middle classes, who wanted to be recognized as major active stakeholders in the public lives of their countries but felt sidelined (Richardson and Waterbury 2007).

To add to the frustrations, economic policies were seen as being dictated from abroad to benefit foreign interests and the few regime insiders. When asked which factors were the greatest source of conflict between the West (the US and Europe) and the Arab world, the respondents to the Arab Views Survey identified economic interests as the most important (42 per cent in Algeria; 43 in Egypt; and 45 in Morocco), followed by religious differences (33 per cent in Algeria; 35 in Egypt; and 16 in Morocco).[10]

Economic frustration in most societies tends to fuel religious enthusiasm. Additionally, in North Africa, in locations where the state fell short in providing services, religious charities that were funded with religious taxes or contributions from the Persian Gulf states moved in to fill the gaps, broadening their appeal to wider and wider segments of the population. The spiritual revival was fuelled by Gulf satellite channels that broadcasted round-the-clock sermons across the Arab world, often by self-proclaimed sheikhs with dubious credentials or religious radicals.

8 Economics of happiness in North Africa

Just as the 2008–09 financial crisis has led the Western world to some rethinking of the goals of economics and what matters to peoples' lives, so have the recent revolutions in the Arab world presented an opportunity to reshape the future. Looking ahead, political Islam will continue to play a role but so too will an energized secular class. Though dignity was the slogan that united people to rise up and imagine a bright future, societies in North Africa have never been so divided as they are today on how to define their identity or on what principles the identity should be based, with one group wanting a return to the fundamentals of Islam and the other wanting a separation between Islam and state. Ultimately, the challenge for both sides will be how well they can manage the economy. Designing and finding consensus around economic and, more importantly, social policies seems more difficult today than before.

10 Zogby Middle East Opinion Poll (2007).

Surprisingly, the aspirations of the populations in the North Africa to have fair and clean governments have proven impossible to achieve through the Islamists who have come to power since the revolutions. The 2013 Annual Report by Transparency International found that corruption had worsened in most Arab countries since the Arab Spring. The happiness rankings of the North African countries before the Arab Spring were low, and could be blamed on the conduct of the prevailing governments and the elite. But the performance of the post-revolutionary governments, which were largely Islamist, has driven down the happiness rankings from their already low levels.

Regardless of how the Islamist and secular groups identify themselves, they have common aspirational principles. The areas where MENA rates particularly low on the World Happiness Index are 'social support', 'freedom to make life choices', 'perceptions of corruption', and 'generosity'. These facets are surprisingly congruent with the broad principles of Islam and objectives of Islamic economics, as was explained earlier in this paper.

Economic reforms are needed to reboot these economies and respond to the anger and frustration that caused the uprising. Though an element of the uprisings was a rejection of Western influence in the internal affairs of their countries, carefully selected Western models have the potential to meet the ultimate expectations of both sides. Rehman and Askari (2010) present an interesting Islamicity Index based on the central tenets and aspirations of Islam. Important elements of the index are the perceived presence or absence of corruption, rule of law, justice, and social inclusion—a surprisingly similar set of aspirations as the happiness index. The authors calculate the index for 208 Muslim and non-Muslim countries and territories. They find that Islamic countries, defined as those that belong to the Organization of Islamic States (OIS), perform quite poorly even though they are presumably Islamic in their stated outlook; life in those countries is seen to be quite removed from the spirit and aspirations of Islamic principles.[11] Out of the 208 countries, Egypt is ranked at 130; Libya 174; Tunisia 72; Algeria 131; and Morocco 120. Instead, the environment in countries, such as New Zealand, Ireland, Denmark, Sweden, and Luxemburg, which obtain high rankings on the index, seems to conform more directly to the spirit and practice of Muslim economic tenets (Rehman and Askari 2010: 17–22).

Interestingly, among the top performers on the Islamicity Index are some of the same countries that rate high on the World Happiness Index rankings. This could suggest that the pursuit of happiness as the secular groups see it, and compliance with the tenets of Islam as the conservatives wish, can be modeled on the choices made by countries—even non-Islamic countries—whose economic and social institutions have succeeded on both fronts.

Finally, freedom remains a critical deficiency in North Africa. In 2003, according to the UNDP *Arab Human Development Report*, the three main shortages in the Arab world were freedom, knowledge, and women's rights. Clearly women's equality and women's rights seemed to be early victims of the Arab revolutions. But so too seems to be the case with freedom. Freedom is not only necessary in the political sense, but also in Amartya Sen's sense of whether individuals have the options that allow them to realize their capabilities. North African countries will need to achieve improvements in freedom not only to raise their overall happiness ratings and their ranking on international indices, but also to shape the future course of their policies. Freedom is central to democracies. And, despite Huntington (1998)'s claim about the clash of civilizations and that Islamic societies cannot be consistent with democratic ideas, World Values Survey data show no cultural fault lines associated with democracy (Inglehart and Norris 2003: 62–70). The

11 Many of these countries also use the Sharia as the basis of their laws, as enshrined in their constitutions.

desire to have an accountable government, freedom, and voice are universal values, even if social norms and traditions may diverge.

9 Conclusion

After circling around the topic of happiness by tackling some of its proxies, economics have rediscovered happiness as a goal for policymaking, not only at the national level, but also internationally. This realization has led to the development of better metrics, better data collection, and analytics that can only improve over time and refine the field further.

The uprisings and revolutions in North Africa that were sparked by decades of frustrations, anger, and indignation, still provide an opportunity to define visions for these societies that are based on their initial unifying demands -- human dignity. Though the countries see themselves more polarized than ever about which direction to take—religious/conservative or secular/progressive—the research on happiness economics, as well as analysis of Islamic economic concepts, reveal that the aspirations of both sides are quite congruent. Islamists on one side and secularists on the other essentially want the same: the rule of law; less corruption; freedom to make life choices; generosity; dignity; and social cohesion. Economic reforms that can serve the interest of both sides may help to broaden the domain around which people with diverse and opposite visions of their society can come together to find common ground. Learning from actual models of countries that have not just been able to grow their GDPs or advance their sciences, but also improve the happiness of their citizens in an effectively and consistently way, may be more practical than debating ideological differences. As Ibn Khaldun (1989)found, a society is defeated from within when its vision, cohesions, and compliance break down, not from outside. The framework and the body of literature emerging from the field of happiness economics provide a promising way to incorporate not only the economic but also the non-economic dimensions of individual and communal wellbeing that were missing before, and around which there is a strong congruence between Western aspirations and those espoused by Islam.

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