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Egypt, Oil and Democracy

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Revolutions are, by their very nature, difficult to predict. The unrest that gripped Eastern Europe and the Soviet Union from 1989 to 1992, and led to the fall of Communist governments there, was anticipated by few policymakers and political scientists in advance.

If a similar transition is now underway in Egypt, as well as in other parts of North Africa and the Middle East, it too will come as a surprise to most in the international community. Tunisia, for instance, where President Zine el-Abidine Ben Ali was overthrown in mid-January, had ranked just 118th out of 177 countries according to Foreign Policy magazine's Failed States Index, a measure of the likelihood of regime change. Egypt's ranking, 49th, was considerably higher — and a few experts can be said to have seen some of last week's events coming — but some of the brightest minds in the business were predicting Egypt's government would remain intact, even after the ouster of Mr. Ben Ali in Tunisia.

One thing that links Egypt and Tunisia, however — and which forms part of the background against which attempts at revolution might have been more likely in those countries — is that as compared to most of the region, they do not have much oil.

There is a large body of literature in political science connecting oil wealth and democratization. Although the conclusions are not universally accepted and there are some exceptions — Norway, for instance, is one of the most petroleum-rich countries in the world, and also one of the most democratic — the consensus view is toward what Thomas L. Friedman refers to as The First Law of Petropolitics: oil and democracy do not mix.

Below is a table of statistics on the 16 countries that are traditionally thought of as making up the Middle East and the six that make up North Africa (Egypt is in both groups), along with the United States. For each country, I have listed its oil export revenues (as estimated by the C.I.A. World Factbook) divided by the country's gross domestic product, as well as by its population. (The calculation assumes an average price of $80 per barrel, which is about the average in recent years.) I have also listed a country's level of democratization as measured by the Democracy Index published by The Economist magazine.

Egypt does have some oil: it produces about 600,000 barrels a day, with a retail value of about $18 billion annually. Still, because of Egypt's large population, this would translate to only about $220 per capita. And most of Egypt's oil stays in its domestic market: it exports only 89,000 barrels a day, which would produce $2.6 billion a year at a price of $80 per barrel, or just $32 per person. This is much less than the aggregate figure for the Middle East, which is $1,605 per person.

Egypt also ranks 18th in natural gas production, which may have some similar effects. But — as with its petroleum — most of it is retained for the domestic market; its exports produce only about $20 annually per capita at prevailing prices.

Whichever measure is chosen, Egypt belongs with the Middle Eastern countries that have relatively few fossil fuel resources, rather than those that have them in abundance. Tunisia's oil exports are slightly higher, but still well below the regional average.

It's the resource-poor countries, however, that are more likely to be at least partially democratic. The Economist ranks Cyprus and Israel, which have little to no oil, as being democracies (albeit what it calls "flawed democracies"). Likewise, it classifies Lebanon and Turkey, which also have little oil, as "hybrid states" leaning toward being democracies.

By contrast, The Economist rates all of the oil-rich countries in the region as being authoritarian, with the partial exception of Iraq which — after the United States' intervention there — was assigned a score of 4.00, placing it just at the brink between authoritarian and partially democratic.

Many of the studies that have identified this effect have concluded that it is not necessarily confined to the Middle East — some evidence also been cited in Africa, for instance, as well as the countries of the former Soviet Union. And many have also concluded that the effects are not merely incidental but, also, causal: when new oil discoveries are made, they tend to retard democratization and enhance authoritarianism (a recent example of this is Equatorial Guinea, which discovered significant amounts of oil in the late 1990s).

Michael Ross, a political science professor at U.C.L.A. who is among the foremost proponents of the hypothesis, has concluded that democratic transitions are 50 percent more likely in oil-poor states than in oil-rich ones. That fact alone is certainly not sufficient to explain why Tunisia has undergone regime change, or why Egypt may be on the brink of it — but it does suggest that the underlying probabilities were greater in those countries than for some of their regional neighbors.

What gets quite complicated are the relationships between oil wealth and the health of a country's economy more generally, which requires one to sort through several theories that are not obviously complementary. On the one hand, wealthier countries tend to be more democratic. On the other, it is not clear that the discovery of natural resources actually produces more wealth (one well-known theory, the so-called resource curse, holds to the contrary).

But, also, Dr. Ross has hypothesized that the mechanism by which authoritarian regimes perpetuate themselves in oil-rich states is through what he calls the "rentier effect": popular dissent is quelled through low taxes and lavish government spending. Countries like Qatar and the United Arab Emirates — authoritarian and oil-rich regimes where most citizens nevertheless enjoy a high standard of living — are generally thought to be more stable than others that provide fewer services for their citizens.

Complicating matters further is that it is one thing for a regime to be toppled, and another for it to actually be replaced with a functional (or even semifunctional) democracy. It may be that poorer nations are more likely to experience political upheaval, but that wealthier ones — particularly if the wealth comes from sources other than oil riches — are more likely to successfully transition into being democracies.

How oil wealth is distributed — it usually goes to the few rather than the many, but to different degrees in different countries — is yet another factor. But regimes like the one in Qatar, which earns the equivalent of $26,000 per citizen per year from its oil exports, at least have some good choices to make.

That is not true for Egypt, which would not make enough from oil to materially improve its standard of living no matter how the revenues were distributed. Nor is it true for some of the other countries in the region that are experiencing political tension. Yemen, for instance — although its oil exports constitute a relatively large share of its G.D.P. because its economy is so underdeveloped otherwise — earns only about $350 per capita per year from its oil exports. Syria, whose authoritarian regime is said to be nervous about the developments in Egypt, makes about $200 per head, as does Sudan, which is about to split in two. And Jordan has no oil exports at all. If the theory holds, then governments like these — and not oil-rich ones like Libya, Algeria, or the states of the Arabian Peninsula — are more likely to be the next to fall.