

# Reversing the Tragedy of Weak Arab Development

by [Patrick Clawson \(/experts/patrick-clawson\)](/experts/patrick-clawson)

Jan 8, 2004

## ABOUT THE AUTHORS



[Patrick Clawson \(/experts/patrick-clawson\)](/experts/patrick-clawson)

Patrick Clawson is Morningstar senior fellow and director of research at the Washington Institute for Near East Policy.



## Articles & Testimony

**F**riends of the Arabs can but mourn the transformation of the Middle East from an advanced and powerful region arguably ahead of Europe to a backward state. It is sobering to realize that as recently as the 1930s, there was no Arab development deficit. At that time, Alexandria was more or less as prosperous as many cities on the northern side of the Mediterranean, such as Athens or Naples. And the parliamentary constitutional monarchies in Egypt and Iraq, for all their problems, were more democratic than many European regimes--obviously more so than Italy or Germany.

One indication of how badly Arab states have run their economic policies is that despite years of rhetoric about pan-Arab solidarity, the Arab world has little intra-regional economic interaction, even though the Arab League sponsored the first among many treaties to facilitate inter-Arab trade in 1953. A study initiated by the Egyptian Center for Economic Studies--Galal and Hoekman, *Arab Economic Integration* (Washington: Brookings Institution Press, 2002)--shows that this failure results primarily from the concern of politicians about which nations would benefit most from greater economic integration and from inward-looking economic policies that discourage trade. One of the researchers, Denise Konan, estimates that gains to Egypt and Tunisia from Arab economic integration would be at least ten percent of national income.

Political reform is essential not only for expanding inter-Arab trade but for Arab development in general. Consider the Palestinians, who have many valuable assets: a well-educated labor force, entrepreneurs used to competing with artificial state aid, and large markets right next door in Israel. Despite the largest flow of economic aid per person in the world--six times more aid per person than Europe received under the Marshall Plan--the Palestinian economy has shrunk since the Palestinian Authority was created. The reason is that aid cannot provide what the Palestinians need most, which is peace and better governance. The biggest single barrier to Palestinian growth is the violence, which forces Israel to impose closures and curfews that have so dramatically hurt the Palestinian economy and well-being. The Palestinian economy could grow rapidly if Palestine had a non-Marshall Plan: more peace and better governance, without aid money that props up failing leaders and reduces the urgency for needed political actions like ending the violence.

Both in Palestine and throughout the Arab world, a gradual democratization that reinforces existing regimes rather than replacing them would fit both US and Arab interests, balancing progress towards democracy with the need to

preserve stability. For instance, faced with many socio-economic problems that can feed discontent, the Saudi regime would do well to provide a more accountable and transparent government and to provide ways to express disagreement within the framework of the political process; the alternative would be a false tranquility while radical forces gain strength in the shadows. While many in the Arab world may reject creating western-style democracy, there is likely to be widespread agreement with the limited agenda laid out in President Bush's 2002 State of the Union speech, namely, "the rule of law; limits on the power of the state; respect for women; private property; free speech; equal justice; and religious tolerance."

Faced with the failure to develop economically or politically, Arab regimes and intellectuals have sought scapegoats, continuing the long, lamentable tradition of blaming outsiders rather than looking long and hard at what in Arab societies accounts for the inability to achieve social objectives. The most frequent scapegoats have been Israel and the United States. In fact, the Arab-Israel conflict impacts the economy of only five of the 22 Arab League members, namely, Israel's immediate neighbors. And the conflict's impact on the Egyptian economy was not all bad: most of the \$50 billion in US aid to Egypt since the Camp David treaty was motivated by the desire to cement the peace. So, tragic as it has been, the Arab-Israel conflict has not been a major direct cause of the Arab deficit dilemma. Instead, the impact of the Arab-Israel conflict on Arab development has been through the scapegoat phenomenon: the conflict provided incompetent Arab regimes with a convenient way to rally national support against an external enemy, diverting attention away from the regime's failings.

The best hopes for Arab development would be if Arab regimes and peoples let the Arab-Israel conflict fade into proper perspective, as but one among many of the Middle East's continuing conflicts--and by no means the one most deadly to Arabs. (Now that Saddam Hussein's war against the Iraqi people is ended, the claimant for the conflict most deadly to Arabs is either the hopefully-soon-ended Sudan civil wars or the strife in Algeria.) The most encouraging aspect of the two much-noted Arab Development reports is the focus they put on the shortcomings internal to the Arab world; these, not external actors, are the main issues facing Arab development.

Patrick Clawson is deputy director of the Washington Institute for Near East Policy. He was previously a senior economist for four years each at the International Monetary Fund, the World Bank, and the US National Defense University.



[Bitterlemons-international.org](http://Bitterlemons-international.org)

---

## RECOMMENDED

---



BRIEF ANALYSIS

### [Bennett's Bahrain Visit Further Invigorates Israel-Gulf Diplomacy](#)

Feb 14, 2022

◆  
Simon Henderson

(/policy-analysis/bennetts-bahrain-visit-further-invigorates-israel-gulf-diplomacy)



BRIEF ANALYSIS

## Libya's Renewed Legitimacy Crisis

Feb 14, 2022

◆  
Ben Fishman

(/policy-analysis/libyas-renewed-legitimacy-crisis)



BRIEF ANALYSIS

## The UAE Formally Ceases to be a Tax-Free Haven

Feb 14, 2022

◆  
Sana Quadri,  
Hamdullah Baycar

(/policy-analysis/uae-formally-ceases-be-tax-free-haven)

### TOPICS

Arab & Islamic Politics (/policy-analysis/arab-islamic-politics)

Energy & Economics (/policy-analysis/energy-economics)

Gulf & Energy Policy (/policy-analysis/gulf-energy-policy)