CHAPTER - II

THE PROBLEM AND CONCEPTUAL FRAMEWORK

In this chapter the general meaning of development has been discussed. The nature of development in the Third World followed by development in the Arab World have also been reviewed. The obstacles in the development of the Third World countries, particularly in the Middle East, have also been examined. In the end, political economy approach has been discussed.

1. DEVELOPMENT

The notion of development is often used interchangeably with several other terms such as 'progress', 'advancement', 'modernization' and sometimes 'industrialization.' The use of these terms perhaps indicates that the countries which have reached the highest degree of development are those that are progressive, advanced, modernized and industrialized.¹

According to western economic thought\(^2\) which originally set the indicators of development in an economic context, the term development means the transformation of a national economy from a static into a dynamic state through an increase in the national economic capacity in order to achieve a substantial annual increase in the gross national product accompanied by changes in the means and structure of production and in the level of employment. Dependence on the industrial and vocational sectors is increased, while traditional activities are decreased. This implies the change of the economic structure into an industrial economy.\(^3\) Therefore, an annual increase in the gross national product and a high per capita income are taken as the essential indicators of development.


A. Economic Development

Viewed narrowly and measured by limited indicators such as gross national product and per capita income development often implies economic development. In this sense economic development has dictated the rules to planners and decision-makers in the developing countries. Industrialization has occupied a major portion of the concept of development, and the aspirations of the developing countries have been to follow the examples of the industrially advanced ones.  

However, the concept of economic development itself has gone through radical and fundamental changes in the last four decades and has shifted to wider, socio-economically significant perspectives.

Even though the economic indicators are more often used for measuring economic development, they are not always valid. For example, gross national product and per capita income may indicate the general standard of living, yet they do not accurately signify the individual standard. In most of the Oil-producing countries of the Arabian Peninsula the

4. ibid, p.1.

per capita income is comparatively very high, yet these countries could not be categorized as developed ones. Thus, a higher per capita income is not a real indicator of development or growth especially when the income is the result of oil revenues alone and not of an increase in the productive economic base and activities. Likewise a high rate of growth does not always indicate development unless it is continuous and dependent on indigenous advanced productive capacity.

B. Political Development

From a political point of view, development may mean political stability. Political development could be assessed in terms of the stabilization and consolidation of participatory political institutions. Where such development takes place, the political authority is responsive to the people; and conversely people have faith in the political authority and, indeed, have opportunities to participate in the political process.

Significantly, political development cannot be isolated from other forms of development. Although to a limited extent the political sphere may be autonomous from the rest of society but sustained political development would only take place within the context of a multidimensional process of social change.  

C. Social Development

It has been emphasized that besides economic problems we also have social problems. Thus the social indicators should also be taken into consideration along with the economic indicators of development. For this reason it has been suggested that development should not be measured in terms of growth only but it should also be assessed in terms of

'social change' along with growth. The element of change brings along with it the process of structural differentiation, integration as also social disturbances in the institutional set-ups for a new social order.

Development in the social perspective has been described as an overall process of transforming man and societies leading to a social order in which every human being can achieve moral and material well-being. Social Development may also be conceived in terms of progressive social integration. In other words, social homogenisation is integral to development. No society can develop, if it is fragmented into different warring groups or sectoral cleavages; if there is social discrimination against minority groups, where one section of society has privileges.


but another has social disabilities.¹¹

Today, there is an increasing trend toward the adoption of a comprehensive view of development which encompasses the economic, political, social and cultural elements interacting with each other. Development is not confined to economic development alone; nor is economic development confined to industrialisation. In its broadest meaning, development includes economic, social, political and other cultural aspects.¹² It is an integrated process concerned with all societal activities aimed at achieving human welfare. It is the creation, liberation and orientation of human potentials toward constructive work. It is the discovery, improvement and maximum utilisation of all resources in order to create a continually productive capacity.¹³


Although comprehensive development is a widely understood concept, the definition of development is not fixed. Development can be seen as not just the improvement of living conditions, but also a constant target and an ability to change, grow and advance.¹⁴ It is a relative issue constantly changing. Therefore, its objective is social change according to what society needs to achieve and what can be achieved. Since what is needed and what is possible vary according to contextual conditions, so do the objectives and requirements of development. Because of its inter-relatedness, it is difficult to demarcate development occurring in one context without repercussions in others.

Development is an intricate, integrated process taking place within a matrix of complex and constantly interacting relations among the political, economic, social and other constituents of society. The significance of these constituents, their interaction in the development process, is determined by the prevailing social conditions and by the level of development reached. For example, economic factor may play a decisive role at a certain juncture in a certain

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¹⁴. G. Grant, Development Administration (Madison: The University of Wisconsin Press, 1979), p.6
country, while political factor may become crucial at a later phase in the same country. 15

2. NATURE OF DEVELOPMENT IN THE THIRD WORLD

The development strategies so far followed by most Third World countries have not been fruitful. The problems of developing countries are not only confined to low level of their per capita income. Developing countries too, are known to have poverty, much higher level of unemployment; the facilities of health, nutrition and education too are not very satisfactory. As far as the growth of per capita income is concerned, it has never been the only objective of development policy. More attention has been paid to other objectives which in some cases did not prove supportive in accelerating the growth of per capita income. Unemployment is a serious problem in developing countries, and it is particularly severe where there is also a population explosion.16

Distribution of income in the Third World Countries has been inegalitarian. Their is evidence to show that the

15. Sadiq, n. 6
majority of vast population in the Third World has remained unaffected by the process of growth and development. The growth that has taken place has largely benefited a thin population. Poverty in the rural as well as urban areas is still widespread. Moreover, the degree of income inequality within the developing countries has also increased.

The relation between low-income and food intake is a two-way process. Low income is a cause of malnutrition. Malnutrition in turn is a cause of low income by impairing working capacity and thereby the productivity. Malnutrition among children in the developing countries is especially a serious matter since it blocks the growth and mental development and contributes another element to the vicious circle of poverty. Lack of proper food supply and nutrition, combined with poor health facilities leads to low life-expectancy and a high incidence of infant and child mortality.

Literacy and education are important factors in the development process. While there has been a major improvement in the literacy rate in most developing countries over the last couple of decades because of increasing population this rate has been surpassed by that of illiteracy. Barring few very poor countries, most
children now have access to some form of primary education, but the drop-out rate even from primary schools in many countries is quite high. Higher education is still a privilege of few in the Third World. 17

It has been observed that the concept of social development is more comprehensive than economic development. One reason for this is that the former aims at the achievement of certain wider social objectives and ideals. The picture of social development which has taken place in the developing countries is not as much encouraging as is desirable. The developing societies are still facing the spectre of poverty on a mass level and poverty is not the only problem; it has several interrelated problems. The elite of these countries, who are the trend setters and examples for the lower strata of society, initiate and adopt the international styles of high living. Hence, despite their poverty, these societies also latently cherish consumerism and promote it wherever it is possible. This distorted perspective leads to biased priorities in development planning. Individual consumption for the few often takes precedence over investment in social services

17. ibid, p.43
for the many. For example, production of luxury cars, owned and operated individually, subsequently leads to giving low priority to the production of buses for mass transport. Highly prestigious hospitals have come up and only a few rich and privileged people can afford them. New ways are found to distinguish status differences. In this way, a false world of conspicuous consumption prospers, dazzling the masses in the process.\textsuperscript{18}

On the political front in many Third World countries, a small elite section takes major decisions in regard to the present and the future while the majority has little or no say. The institutional structure of society grants them limited freedom in chalking out strategies for their futures. Many Third World countries are under authoritarian and repressive regimes; some have only namesake democracies.\textsuperscript{19}

The development process, throughout the world, has not given due importance to the preservation of environment. This has had side effects. History is witness that some


19. ibid, p. 63.}
civilizations have been wiped out because of their reckless exploitation of the environment. A mistaken concept has developed in most Third World countries that because of their low level of industrialization, they do not face any significant environmental problem. Time has proved that this is not true. Environmental problems are taking a grave shape in the developing countries today.

Development-action that alters the environment so that it caters more effectively for human needs — is essential if the world is to be free from poverty and squalor, but then such development must be based on resources that regenerate naturally and can meet our needs indefinitely. Destruction of tomorrow's foundations in order to satisfy today's needs is a self-evident folly.

Several developing countries hired international expertise for policy-making but many of their ideas could not take root in the new cultural soil. It is said that their services are part of a package deal and they are under constraints to safeguard the terms and conditions of the aid.

20. ibid, p. 63.
giving countries. On the contrary, native planners pretty often neglecting the challenges of their social reality, tried to follow the models borrowed from developed countries.

A. Obstacles in the Third World Development

The majority of the Third World States have weak economic structures characterised by a high proportion of population employed in the primary sector, low agricultural productivity, fragmentary industrialisation, limited application of technology, limited purchasing power, overdependence on a small number of export cash crops which place the economy at risk from fluctuations in world prices and terms of trade, dependence on foreign investment capital and on imports of capital goods such as machinery and extraction of profits by foreign multinational companies. In addition to these, the Third World Countries also have the weakness of work ethic; the low level of economic motivation, the general weakness of propensity to save,


clogged economic mobility, rigidities is market structure, an antiquated and inefficient land reforms.\textsuperscript{24}

In most of the Third World Countries, there is an elite group which is separated by a diminutive and under-represented middle class from a massive and increasingly impoverished and dispossessed proletariat, both urban and rural.\textsuperscript{25} Under such circumstances, political elites frequently exhibit a close relationship with social elites and members of these groups often come from the same families. Moreover, Nepotism, dictatorial rule, corruption, repression, violence, maladministration are inflicted in majority of the Third World Countries.\textsuperscript{26} In many oil-rich Third World Countries, a form of "Bureaucratic-autoritarianism" pertains, in which the state uses the revenues obtained from oil to provide itself with inordinate power. This offers the state a large measure of patronage and control to maintain its own position and that of its

\begin{itemize}
\item \textsuperscript{24} Yusif A. Sayigh, \textit{Elusive Development: from Dependence to Self-Reliance in the Arab Region} (London: Routledge, 1991), p.4-5.
\item \textsuperscript{25} Pacione, n.23, p.282-83.
\end{itemize}
ruling groups.27

In addition to aforesaid hurdles, political participation in most of the Third World Countries is nominal. Besides this, right to uncensored information, freedom of speech and the provision of organising trade unions and political parties too are not available.

Finally, growing socio-economic disparities and imbalances resulted in widening class cleavages, unregulated urbanisation, ethnic differences, social stratification, social hierarchy on the basis of inherited status or sectarian grounds rather than personal achievement, clogged social mobility, etc. are the features of the Third World Countries. These hinder the development of the developing countries.28

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3. DEVELOPMENT IN THE ARAB REGION

It is essential to mention that development cannot take place overnight; rather it is a long and time-taking process. Furthermore, money cannot buy development. In most of the Arab countries one can see the improved quality of the basic amenities of life: food, health services, rising life expectancy, housing, educational and training facilities, roads, means of communication and transport, electricity and piped water, and well-equipped buildings, etc. But development includes many other objectives mentioned in the following paragraph:

Development should not be limited to the satisfaction of basic needs. There are other needs, other goals, and other values. Development includes freedom of expression and impression, the right to give and to receive ideas and stimulus. There is a deep social need to participate in shaping the basis of one's own existence, and to make some contribution to the fashioning of the world's future. Above all, development includes the right to work, by which we mean not simply having a job but finding self-realization in work, the right not to be alienated through production processes that use human beings simply as tools. Due to upsurge in Arab oil production and massive inflow of revenue from oil export during the 1970s, the Arab region has witnessed development but still the region has to go a long way.  

Although many countries have achieved political independence and, in many of these countries the right to independent decision-making has also become possible, yet in most of the Arab countries political participation and freedoms is noticeably limited. This has resulted in curtailment of peoples say in the matter of choice and the pattern of development they want. Moreover, most of the Arab regimes lack solid base of legitimacy.

As far as the economy of the Arab region is concerned, oil has played a pivotal role. Without oil the Arab region would have been one of the poorest regions in the world. Because of oil the region has experienced rapid economic growth. With the help of oil-revenues spectacular progress has been made in the fields of communication, construction of modern housing and other amenities, public utilities, irrigation, light industries and educational and health services.  

Undoubtedly the income from oil has fulfilled the developmental needs of the Arab region to a considerable extent. The fruits of benefit have been shared by non-oil

exporting countries too. A workforce estimated at 3-4 million drawn from various non-oil providing countries have moved to the oil-rich countries to take part in the construction and development activities which the expanded oil revenues have permitted. This workforce is estimated to remit back home, or to save, an estimated $3-4 billion every year - over the years 1976-87.31

However, little efforts have been made to diversify the economy of the Arab world. The growth of productive forces outside the oil sector has been quite modest, and in some cases, it has even declined. The other obstacles in the economic development of the Arab world can be listed as low productivity and high population growth, the weakness of work ethic, the low level of economic motivation, insufficient mobilization of the financial resources available and hence insufficient capital accumulation, rigidities in market structure, low level of technical skill and inefficient land tenure system, etc.32


Social Development in the Arab World is also related to oil. Revenues earned in the region contributed in building institutions, expand educational opportunities, provide social services and health care and introduce social and economic changes.³³ Change has also affected the tribal societies of the Arab world, in their social spheres as well as in other quarters. But, still these societies are plagued with several disadvantages and drawbacks; for example, social stratification based on ascription rather than achievement, favouritism and partiality, ethnic problems, neopatriarchy, and clogged social mobility, etc.³⁴


³⁴. Hisham Sharabi characterized the societies of Arab countries as Neopatriarchy. He stated that patriarchal structure of Arab society, far from being truly modernized, have only been strengthened and maintained in deformed, 'modernized' forms. Neopatriarchy is neither modern nor traditional. See Hisham Sharabi, Neopatriarchy: A Theory of Distorted change in Arab Society, (New York: Oxford University Press, 1988).

Ethnicity: Several Ethnic groups are launching a quest for self-assertion in many Arab countries. For instance, the civil war in Lebanon have been continuing since 1975 due to class and ethnic divisions. Ethnic problems also exist in Iraq (Kurds, Sunni, Shi'a), Syria (Sunni, Alawi) and also in Sudan, Algeria, Morocco, Egypt. See Ibrahim, Saad-Eddin, n.32, p. 172. See also Edmund Burke III ed., Struggle and Survival in the Modern Middle East (London: IB Tauris & co., 1993).
The gist of the matter is that even after being a part of the Third World, the Arab region specifically has had greater opportunities of making fast progress and development. Obviously oil has played a major role in this development. Nevertheless the overall development has not taken the shape which one would have desired; it has, at times, been marred by some internal problems like social stratification, ethnic problems, favouritism, neopatriarchy etc.

4. A REVIEW OF DEVELOPMENT THEORIES

There are a number of theories of development. In the present study these will be reviewed in connection with their relevance to the Third World. The discussion shall be based around three broad paradigms of development; modernisation, dependency and neo-Marxism.

A. Modernization Theory

Modernization is the process of social change whereby less developed societies acquire the characteristics common to more developed societies. Western writers describing modernization have projected it as a process which is mostly
associated and identified with structural, economic and technological changes and with changes pertaining to certain attitudes (for example to time, rationality, etc.). This process, they opine, is basically ladden with values which themselves do not lay emphasis on humanistic considerations and notion of social justice. Hence, the term involves no normative orientation, except the overall one that modernization is desirable.\textsuperscript{35} Important theoretical works on modernization include those of Bernstein, Dore, Hagen, Lerner, Apter, Eisenstadt.\textsuperscript{36}

Modernization has become a common term for describing the process of industrialization, urbanization, bureaucratization and rationalism which are seen as correlated and interdependent processes, emanating from the more general process of structural differentiation.


Moreover, in contrast to models related only with change, modernization models are concerned with problems of development and growth and culminate in the direction of change with the emphasis being on those processes which result in transitions from the simple to complex, and from traditional to the modern.37

In the context of the the Third World countries the modernization theory assumes that the less developed countries can more or less follow the same path of development which has been followed by the industrially advanced countries. Simultaneously, it was also believed that aid in the form of technology, capital and expertise from the developed countries to the developing ones would expediate the process in the developing countries.

Modernisation theory also relies on the evolutionary concept of "social differentiation" which, in a sense, is a definition of social change. According to this model, through successive processes of social differentiation and

integration, the society increases its adaptive capacity and consequently evolves towards higher and developed stages.\textsuperscript{38}

\textbf{A.1 Criticism of Modernization theory:} Numerous criticisms of the various aspects of modernisation theory have been made by a number of scholars. Some of them are listed below.

Firstly, modernization theory was seen by its protagonists as an evolutionary, transitional process which moved with unilinearity, hence transforming societies from traditionalism to modernity in stages. In other words this process is a lengthy one. Secondly, it failed to explain adequately the social backwardness of certain peripheral societies despite the application of modernization policies and reforms. Thirdly, it was criticized as a whitewash which obscured the brutal facts of western exploitation of the erstwhile colonial societies. Hence, the real cause of the Third World underdevelopment was present, not in the backward mentality of peasants, but in the unequal exchange

that exists within the global pattern of production and trade.\textsuperscript{39}

Fourthly the, ethnic conflict which is more significant than class conflict in case of the Third World countries finds no place in the theory of modernization\textsuperscript{40}.

Fifthly, Andre Gunder Frank who is supposed to happen one of the most harsh critics of the so called 'Sociology of development; based on the modernization theory seemed it "empirically invalid, when confronted with reality, theoretically inadequate in terms of its own classical social scientific standards, and policy wise ineffective for perusing its supposed intentions of promoting development of the under developed countries".\textsuperscript{41}

\begin{enumerate}
\item Samir Amin, \textit{Accumulating on a world Scale} (London, 1974) See Bryan S. Turner, \textit{capitalism and class in the Middle East} (New Jersey : Humanities Press, 1984), p. 3 see also Yusif Sayigh, n.24, p.46-47.
\end{enumerate}
Eminent Arab Economist, Yusif Sayigh opines that modernization paradigm is open to one basic criticism. This is:

Even when they show awareness of the conflict between the old and the new, or the traditional and the modern, or of the cultural, social and psychological costs of modernization, they fail to suggest what safeguards can be established in order for modernization to have built-in concern the masses and protection for the poor and the weak (be they individuals, groups, or nation-states) versus the rich and the strong.42

These above mentioned criticism alongwith several others had paved the way for the establishment of the theory of dependency.

B. Dependency Theory

If modernisation theories were the Western theorists answer to the plight of the underdeveloped countries, dependency theory was the product of the application of Marxist theories of imperialism. The original version of 'dependency and underdeveloped' theory as outlined by first Paul Baran43


and next more popularly by Andre Gunder Frank, concentrated on locating the causes of backwardness of Third World Countries.

Underdevelopment - it was claimed, is not due to some 'original state of affairs', as modernisation theory had viewed it, but is the result of the same world historical process in which the now developed capitalist countries became developed. Thus, from the very beginning, the dependency approach has been a world-system approach, explicitly rejecting the concept of the unified state as actor and the notion of the global system as a collection of nation - states.

Baran was the first to make the point that, 'development and underdevelopment' is a two way street: the advanced capitalist countries had become developed by expropriating economic surplus from those overseas countries with which they first traded and which they later colonised, while the overseas countries became underdeveloped by aiding

44. Frank, n.41.

the ascendancy of the west. 46

Andre Gunder Frank postulated three 'laws' of motion of the process of development and underdevelopment and coined the twin concept 'metropolis-satellite' to characterise the native of imperialist economic relations. 47 Frank said, the ties of dominance and dependency, run in chain like fashion throughout the global capitalist system, with metro-politan states appropriating the surplus from the satellites, their towns removing the surplus from their hinterland, their landlords from their peasants, their merchants from shopkeepers, and finally the shopkeepers from their customers. 48

B.1 Criticism of Dependency Theory: This theory holds colonisation and peripheralisation responsible for the under-development of the developing countries, but Yusif Sayigh has noted that some countries of the Arab world, although did not experience direct foreign domination are, less developed than others in the region, which had witnessed colonial penetration.

46. Baran, n.43.
47. Frank, n.41, Introduction.
48. See Frank, n.41.
In the Arab region, for instance, by the end of the Second World War the only two countries that had not come under direct foreign domination or experienced notable economic and cultural penetration were Saudi Arabia and North Yemen. Yet these two countries were distinctly far less developed than the rest in the region, notably less than the Maghreb countries (Morocco, Algeria and Tunisia), and the Mashreq countries in general, but Egypt and Lebanon in particular. This judgment is true whether it is related to levels of education and sophistication, the development of journalism and literature, the establishment of physical infrastructure, manufacturing industry or technological capability. 49

Frank had also invited several criticism. For example Leys stated that Frank theory is a mechanical, economistic deterministic explanation of dependency and underdevelopment. 50

The dependency theory has also been criticised for ignoring internal factors which are responsible for the situation of underdevelopment is the Third World Countries.

49. Sayigh, n.24, p.80-81.

The major setback to the development process in the Third World Context are ethnic/racial and other conflicts among primordial collectivities. Neither the modernisation theory nor the dependency theory dealt with these problems. Modernisation theories have blamed mainly the culture and traditions of Third World countries as hindrances in the process of modernisation. Dependency theory too did not deal with the internal factors responsible for the underdevelopment of Third World Countries. However, neo-Marxism gave due consideration to these issues which have been neglected by the protagonists of modernisation and dependency theories.

C. Neo-Marxism

Neo-Marxism differs from traditional Marxism in several aspects such as inevitability of the dictatorship of the proletariat, disappearance of middle classes and the withering away of the state.

Neo-Marxism propounds the thesis that, in a given social formation at a given time, there is one dominant mode

of production which produces complex effects of conservation and dissolution on other modes of production. The same case applies at the international level too. Since the days of the Industrial Revolution, the capitalist mode of production had occupied a dominant role in the West while imperialism and international trade have facilitated its growth in the developing countries. Depending on the nature, agents and the degree of penetration of the capitalist mode of production in the Third World countries, the pre-capitalist mode of production varyingly resists the former, which leads to various forms of class and ethnic conflicts. The state not only intervenes in these conflicts but also gets transformed in the process. The major problem of development in the Third World Countries lies in understanding the contradictory effects of the articulation of the modes of production, class dynamics and attaining them with the economic growth and distributive justice. 52

In the peripheral capitalist societies the state plays much more significant role than its counterpart in

capitalist societies. Moreover, neo-Marxism also focusses on internal factors which are a setback to the development process in the Third World Countries, such as racial/ethnic conflicts. 53

C.1 Criticism of Neo-Marxism: The neo-Marxists reference to class relations was a serious point of disappointment, particularly when they accused labour in centre countries of taking part in the process of exploitation. In other words, capital and labour in the centre exploited capital and labour in the periphery, although labour was in its turn subjected to exploitation by capital within the centre as within the periphery. 54

Sayigh, also expresses his doubts whether the Third World Countries can achieve development based upon the neo-Marxist thesis.

An argument can be made for precedence to be accorded in the context of underdevelopment to the


54. Sayigh, n.24, p.69.
promotion of productive capability, rather than to distributive justice and the speedy narrowing of the income gap between socio-economic classes. This is not to deny the causal link between the level of wages and social services of the lower-income state and economic performance, but the translation of the causality into wage and income policies can be so exaggerated as to make these policies counterproductive.55

In the preceding pages, the three theories of development viz. the modernisation, the dependency and the neo-Marxism have been reviewed. Precisely, the protagonists of modernization theories viewed that developing countries can not progress without the help from developed countries. Whereas, the dependency theory holds colonisation responsible for the present situation in the Third World Countries; the neo-Marxism reflected various problems of Third World such as ethnic and violence.

D. Political Economy Approach

The present work would be based on political economy approach. This approach emphasizes, "the inter-meshing of the so-called 'political', 'economic' and social factors of change in an ongoing historical process. The dynamics of

55. ibid, p. 81-82
such change emerge from the continuing interplay of economic forces and related social classes; and those dynamics are reflected and furthered through institutional innovation and change." In a nutshell, political economy could be defined as, "exploration of linkages between the economic system of a country and its politics." Emerging political considerations shape the economic policies of any country.

Against this backdrop Hopkins notes that:

Those who sponsor development programs are interested not only in the potential economic benefits, but also in the political consequences. The outcome is thus to create a different kind of society, or perhaps to reinforce imaginatively an existing one, in which their own role and position will be enhanced.


Let us assume that the structure of political economy can best be shown as the product of the interaction between the following three variables:

1. Economic growth;
2. State structure and policy; and
3. Social class.

Economic growth means simply the increase over time in total output in the economy. Because this concept is related to the welfare of the populace, generally per capita growth is also implied. It is worthy to note here that in a state it is most likely that a particular group's wealth and power may increase quite faster than other's and also some sectors may grow relatively faster than the others. These characteristics of unbalanced growth are called Structural Transformation. State Structures and Policy mean the organization of the monopoly of coercive means within society; the interventions into the economy that such a monopoly makes possible; and the institutions through which interventions is carried out. This intervention may be carried out by state itself. Social class represents groups of people who share a certain set of property rights. Class defines, primarily, the
ownership relations. The role of three main aspects of the political economy may be summarized as follows.

The process of economic growth and structural transformation creates unintended results for which state must be ready to respond. Significantly, the state policy affects the rate and form of economic growth whereas classes mould state policy. It is noteworthy that throughout the Third World, including the Middle East, the states not only shape but even create social classes. At the same time, the process of economic and structural transformation also shape classes and finally, classes affect the rate and form of economic growth.

Most Middle East societies, because of their colonial heritage, their relative backwardness, the role of multinationals in the control of world trade and the strength of international competition, have opted for some form of state management, usually state


59. ibid, 9-10.
capitalism with an Arab Socialist ideology. Except Lebanon, the majority of Middle East societies especially Turkey, Iraq, Syria, Egypt, Algeria and Tunisia have begun the process of industrialization under state intervention without a phase of competitive capitalism. This is a typical development strategy.


61. Turner, ibid, p. 62.