

# INCOME DISTRIBUTION AND ECONOMIC DEVELOPMENT IN THE ARAB WORLD

1950 - 1970<sup>(\*)</sup>

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Underdeveloped countries have shown no weaker inclination to import academic fashions from the West than to import its goods. Just as the subject of income distribution went out of fashion in Western academic circles some twenty years ago, so it also lost its attraction to Arab economists. Concentration came instead to be on the problems of raising per-capita income of the country as a whole.

This is indeed regrettable for if the advanced countries have on the whole succeeded in eliminating, or at least in greatly reducing, the worst forms of personal and regional inequality this has by no means been achieved by any Arab country.

Arab statistics on income distribution are, significantly, among the most deficient and when they do exist are among the most difficult to obtain. Available estimates, however rough, indicate a degree of inequality of personal distribution of income comparable to that prevailing in other underdeveloped countries such as India, Ceylon or Mexico but considerably higher than those prevailing in Western Europe and the U.S.A.

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(\*) Only nine Arab Countries are covered by this study : Libya, Egypt and Sudan in Africa, and Syria, Lebanon, Jordan, Iraq, Kuwait and Saudi Arabia in Asia.

**TABLE (1)**  
**Percentages of National Income Received by the 5% of Total Population with Highest Income, in the Late 1950's**

Country	%	Country	%
Lebanon	34	Syria more than	33 (b)
Iraq	34	Libya	16
Egypt	more than 34(a)	Sudan	17
U.S.A. (1950)	20.4	India (1950)	33
Britain (1951-2)	20.9	Ceylon (1952-53)	31
W. Germany (1950)	23.6	Mexico (1957)	37
Denmark (1957)	20.1		
Netherlands (1950)	24.6		

(a) Percentage of the total income of urban population according to the top 5% of urban population

(b) Percentage of total national income according to the top 5% of urban population only

Sources: Lebanon, Iraq, Libya and Sudan: Adelman & Morris, An Anatomy of Income Distribution in Developing Countries, Development Digest, Oct. 1971 p. 27; Egypt: Elad, H., L'Egypte Nouvelle, Les Editions de Minuit, Paris, 1951, p. 41; Syria: Hillan, J., Culture of Development in Syria et dans les Pays Betards, Editions Anthropos, Paris, 1969, p. 228.

Other countries: Gunnar, G., The Distribution of Income in Underdeveloped Countries, in Myrdal, J. & F. Albin, eds., The Distribution of National Income, Macmillan, N.Y., 1958, p. 310.

One excuse given for the neglect of the problem of income-distribution in underdeveloped countries is of course their poverty.<sup>1</sup> In the words of T. Morgan:

Where nearly all people are very poor the sentiment for reducing a wide range of above-average but still moderate income-groups to plainly less than adequate consumption can hardly be strong.<sup>2</sup>

(1) Another reason is what Myrdal calls "scientific ignorance" or the art of avoiding a subject that must inevitably lead to a discussion of political power and corruption (The Challenge of World Poverty, Pelican, London, 1971, p. 118 & 227).

(2) Distribution of Income in Developed and Underdeveloped Countries, Economic Journal, 1956, p. 161.

This is obviously inapplicable to Kuwait for whom growth rather than distribution should be considered a marginal problem. Its significance may also be doubtful for Libya or Lebanon where per capita income is considerably higher than in most other underdeveloped countries. But even for other Arab countries where per capita income is much lower the argument seems to gain in strength only in so far as the standard of comparison is the income levels of advanced countries. The fact that a perfectly equal distribution of Iraq's national income, for example, would not give each person more than about one seventeenth of U.S. per capita income may not give a sufficient cause for excitement over equality. If the aim, however, is to eradicate the worst forms of «absolute» poverty and to meet the much simpler demands of the poorest sections of the population, a great deal seems to be possible through redistribution. It would emerge, for example, that if the average income of the richest 5% of the population of Iraq is reduced to half its 1960 level, the other half being transferred to the poorest 20%, the average income of the latter would be multiplied more than nine times.

But even if the economist was ready to admit that the immediate effects of redistribution on welfare may not be insignificant he may still fear that it may have negative effects on growth. This fear is largely the result of reading the last-century experience of the now-developed countries where inequality seems to have been favourable or at least not a serious obstacle to their rapid growth. But contemporary conditions in the Arab world are so different that a case at least equally strong can be made for the favourable effects of greater equality on economic development.

Compared with the puritanical upper-income groups of the last century in the West and the strong drive for rapid capital accumulation shown by the Soviet state in this century, the Arab upper-classes as well as the new elites show much lower propensities to save and invest in socially productive channels. It is through this small section of the population, but particularly through the new bureaucratic elites, that the international demonstration effect makes for a high propensity to consume

for the country as a whole. These new elites are likely to appear to the lower-income groups as more imitable than their predecessors whose social distinction rested on more than mere wealth. They also seem more inclined to display their newly acquired wealth than both the superceded landlords, who tended to enjoy it in the privacy of walled-in palaces, or the rich of the developed countries who keep most of their wealth in the form of stocks and bonds.

In countries where so much depends on the government official taking the right decision with regard to public investment and on the readiness of even the poorest sections of the population to accept restraints on consumption, economic development must suffer from a system of distribution in which the wrong decision can sometimes be more highly rewarded, in which the lower strata of the government bureaucracy are discouraged by comparing the high salaries at the top with their own poor pay and with their governments' socialist slogans, and where petty bribes are accepted as a desperate measure for a redistribution of income which the government has failed to enforce.

The favourable effects of inflation in so far as it redistributes income in favour of a class characterized by a high propensity to save and invest are largely lost when home industries are insufficiently protected, as is the case of the oil countries and Lebanon, and when the beneficiaries of inflation are mainly the traders and speculators. The Classical economists' argument that a more equal distribution would merely lead to faster population growth thus wiping out whatever benefit the poor may have reaped, is much less relevant to underdeveloped countries of today where population growth is much less the result of increasing income than of modern medicine. On the other hand a wider market brought about by greater equality was probably less vital to Europe in its early stages of growth than it is to underdeveloped countries today with their per-capita income being lower than that of the presently developed countries before their initial phases of industrialization<sup>(1)</sup> and with all the too-familiar problems facing their exports.

(1) See Kuznets, *Economic Growth and Income Inequality*, American Economic Review, 1963, p. 23.

Inequality of opportunities in education also seem more detrimental to growth in present-day underdeveloped countries than at earlier times when industries were able to make more use of traditional craft skills and whom entrepreneurs as well as labourers drew more upon traditional skills and inventiveness and relied more on education through the family or personal apprenticeship than upon formal education.<sup>(1)</sup>

Some Western economists have expressed their dissatisfaction with a criterion of social welfare from which income distribution is excluded and which regards any increase in aggregate output as desirable so long as the gainers could, but not necessarily would, compensate the losers.<sup>(2)</sup> But if it is fanciful to suppose that some redistributive mechanism operates in a developed country by means of which the poor is compensated for being made poorer during the process of growth, it is much more fanciful to make such an assumption where the «spread effects» of growth are much more limited, where income taxes are much less effective and where social benefits are heavily concentrated in a few cities.<sup>(3)</sup> In fact there are strong reasons to believe that at least in some of the nine Arab countries personal as well as regional income inequalities have increased with the rise in per capita income over the last two decades.

(1) On this point see Fullin, L.: *Equality, Merit, and Democracy in the New States*, in Geertz, C. (ed.): *Old Societies and New States*, The Free Press of Glencoe, London, 1962, p. 191.

(2) See for example, Little, I.: *A Critique of Welfare Economics*, Oxford, 1960, pp. 92-3.

(3) Apart from the income tax levied on the oil companies, the main source of revenue for Arab governments are indirect taxes. In many Arab countries no general income tax exists and where it does, its rates are less steep than those of the United States. This last statement is true even of Egypt where income tax rates are much steeper than in any other Arab country. The evasion of taxes levied on commercial and industrial profits as well as on incomes from the professions is generally high especially in Lebanon where, according to informed estimates, the rate of tax evasion runs in the neighbourhood of 80%. Taxes on wages and salaries are however easily ascertained and deducted at source.

Twenty years ago the two main sources of income inequality in the Arab world were the domination of foreign economic interests and inequality of land ownership. A third source of inequality may be added for Lebanon but had no comparable counterpart in other Arab countries, namely the confessional dichotomy of Lebanese society whereby most businessmen and hence most of Lebanon's rich, were, as they still are, Christians.<sup>(1)</sup> Since then Arab countries have succeeded in reducing the strength of these factors but new ones have been working with increasing force towards greater inequality. Of these new factors two only will be discussed: the growth of the government sector and a government bias against agriculture.

#### (a) Land Tenure and Foreign Economic Interests

Outside agriculture and petty trade the Arab economy of 1950 was largely controlled by foreigners. Together with minority groups they controlled finance, manufacturing, foreign trade, a large part of internal trade and often even the public utilities and the professions. In some cases, Libya for example, foreigners even provided most of the skilled labour and monopolized the modern section of agriculture.<sup>(2)</sup>

On the other hand in all except Saudi Arabia, Kuwait and the Sudan, the biggest 2% of all landowners owned or held a proportion of total cultivated land ranging from about one

(1) In a study of entrepreneurs in Lebanon conducted in 1958, out of 207 entrepreneurs chosen mainly on the basis of their innovating quality in their fields 163 were found to be Christians compared with only 34 Muslims, 4 Jews and 3 druses. In industry alone the number of Christians and Muslims were 165 and 21 respectively, in finance 11 and 2, and in services 40 and 7. (E. Y. Sayigh: *Entrepreneurs of Lebanon*, Harvard University Press, Cambridge, Massachusetts, 1962, p. 70. See also Isawi, Charles: *Economic Development and Liberalism in Lebanon*, *Middle East Journal*, Summer 1964, p. 281.

(2) See Isawi, Charles: *The Arab World's Heavy Legacy*, in Thompson and Robinson (eds.), *Modernization of the Arab World*, Oxford, Princeton, 1959, pp. 20-21.

seventh in Egypt to about two thirds in Lebanon.<sup>(1)</sup> In the other three countries, inequality in the ownership of agricultural land constituted a much less serious problem either because the country had virtually no agriculture (Kuwait) or because land was under the collective control of the whole tribe village or the state, or was held by a broad class of small landholders, as in the Sudan and Saudi Arabia.<sup>(2)</sup>

- (1) In Syria 21% of the total number of landowners held about 45% of irrigated and 30% of rainfed land while about 70% of the rural population did not own any land at all. About two thirds of Syria's big landowners were absentee landlords most of whom were not themselves farmers but merchants who invested their profits in agricultural land. However, the appropriator of the lion's share of agricultural income in Syria was not always the landowner, but varied from one agricultural region to another with variations in the relative scarcity of factors of production. In areas where rain is scarce the owner of a pump could get between 45 and 60% of the crop simply in return for the water he provides. Where rain and labour were abundant the landowner could get half the crop for providing the land, while in the Gezira where land was abundant compared with labour, the lion's share went to the owners of tractors (See Garwood, G. : *Land Reform in Syria*, *Middle East Journal*, Winter-Spring, 1963, p. 23; Warriner, D. : *Land Reform and Economic Development in the Middle East* Oxford, 1963, Ch. 3; Berger, M. : *The Arab World Today*, Anchor Books, 1964, p. 167; Farley, *Planning Economic Development in Libya*, Praeger, N.Y., 1971, pp. 137-38 and IBRD : *Economic Development of Syria*, Baltimore, 1968, p. 37.
- (2) In the Sudan, individual landownership is concentrated mainly in the riverain areas and cover about 6 million feddans, i.e., no more than 1% of the total area of the Sudan. The rest is owned by the state, about 40% of which is communally held by a tribe or a village community. Even in privately owned land the tenant has a status which is nearly equal to that of the proprietor-cultivator. As a result, and in contrast to Egypt, Syria and Iraq, neither the military nor the democratic governments of the Sudan were pressed to introduce land reform. Similarly, in Saudi Arabia the more widespread form of landholding is that of communal land tenure whereby the land is considered the property of the whole tribe or of an extended family whose members share the produce together. For the land which is individually owned large ownership is not common and rarely exceeds 40 acres. (See Awad, M.H. : *The Evolution of Landownership in the Sudan*, *Middle East Journal*, Spring, 1971, pp. 212-23; Raouf, A.H. : *The Kingdom of Saudi Arabia*, in Ismael, T. : *Governments and Politics of the Contemporary Middle East*, The Dorsey Press, Illinois, 1970, p. 258).

Foreign economic predominance has since greatly diminished in importance, so that outside the oil sector it is now important only in Lebanon.

The success of Arab countries in dealing with the other main source of inequality is much less obvious. In Jordan and Lebanon no land reform was introduced on a large scale. In Syria and Iraq both the expropriation of land and its redistribution have been far too slow. The whole 1958 land reform program of Iraq was supposed to be completed in five years. By 1962 only 12% of the land subject to distribution had actually been distributed. By mid-1963 out of a 7 million hectares that had originally been estimated to fall under the terms of the law only 815,000 hectares (or 21.6%) had been actually requisitioned and distributed while more than 1.3 million hectares were being held by the land reform authorities. Much of the latter area has been temporarily rented to peasants, often by unlegal means, until distribution is effected. The lack of security given to the peasants as well as the inadequacy of credit facilities and irrigation facilities provided to them often led to cultivators abandoning the land.<sup>(1)</sup>

In Syria, expropriation and redistribution have been obstructed by the continuous change of governments. The original

(1) Lebanon has not yet known a Land reform and in the early 1960's more than half the cultivated land was still owned by 5% of all land-owners. Jordan's land reform was undertaken mainly on the basis of the East Gher Canal development project and did not cover the whole country. The influx of Palestinian refugees resulted in a decrease in the share of rent in farm income from about 150% between 1946 and the early 1960's.

(Lebanon's Ministry of Agriculture, *Agriculture in the Lebanese Economy* (Beirut), 1968, p. 19; Clavin and M. Lundgren, M. A. Alexander, L. J. The Agricultural Potential of the Middle East, American Economic Publishing Company, N.Y., 1971, p. 227 and U.N. Report on the World Social Situation, 1963).

(2) Economic Intelligence Unit: Iraq, Annual Supplement, 1971, p. 10; Hamel, S.: *Towards a Socialist Land Reform* (Arabic), Beirut, 1964, p. 11 and Clavin & others, *op. cit.*, p. 61.

land reform law of September 1958 was repealed and replaced by another in February 1962. In May of the same year it was again repealed and replaced by a legislative decree which re-instituted the 1958 law with minor modifications. In June 1963 a new decree abolished the 1962 modifications of the 1958 law and introduced new ones. Syria's land reform, in contrast to that of Egypt, also suffered from the lack of a sufficient number of trained officials who could carry out the necessary surveys and distribution, from the difficulty of applying the distinction made in the law between irrigated and rainfed land and from the inadequacy of cadastral surveys which often made it difficult to be certain about how much land one owned. Estimates of the area subject to expropriation in Syria could therefore vary from one to two and a half million hectares or from 20% to nearly 50% of cultivated area.<sup>(1)</sup> At the end of 1965, the area of land which had actually been expropriated was 1.2 million hectares of which only 708,000 were announced by the government to have been distributed by 1969.<sup>(2)</sup> In both Syria and Iraq the establishment of agricultural cooperatives has been equally slow.<sup>(3)</sup>

Thus although the Egyptian land reform of 1952 was less radical on paper than those of Syria and Iraq in terms of the proportion of cultivated area subject to expropriation, it had a greater effect on peasants' income just as it was less damaging to productivity. But even for Egypt, the redistributive effects of land reform could be exaggerated. Writing in 1970 Doreen Warriner summarized these effects as follows :

«although the law of 1952 brought a revolutionary change, the scope of redistribution under it was quite

(1) Wielonar, W. : *Modernization of Administration in the Near East*, Beirut, Khayat 1963, p. 71.

(2) Waznan, S. : *From Backwardness to Socialist Development in the Agricultural Sector (Arabia)*, Damascus, 1967, pp. 224-36 and *Economist Intelligence Unit ; Syria, Lebanon & Cyprus, Annual Supplement*, 1971, pp. 7-8.

(3) Less than 10% of all Syrian farmers belonged to cooperatives by the end of 1965 and about a fifth in Iraq in 1968.

small. Its immediate effect was to raise the incomes of a small proportion of the farm population on a small proportion of the cultivated area. Six other laws were later passed, one in 1961 reducing the original maximum holding of 200 acres to 100, others expropriating foreign-owned and other categories of land. Under these seven laws ... the area distributed amounted to about 12% of the total area in cultivation while the number of recipients represented about 10% of total farm population ... Apart from the larger holdings, where some control is exercised, the number and nature of leasing arrangements render (the) enforcement (of the legislation controlling rents and conditions of tenancy) impossible, as is always the case where the supply of labour greatly exceeds labour requirements. Minimum wage enforcement proved impossible for the same reason». (1)

Early in 1953 the new Egyptian regime announced its commitment to a general program of rural reform and development which came to be known as the 'Combined Units' Project'. In each of some 868 areas inhabited by the rural population of about 13 million a 'combined unit' was to be created including a complete health centre, child-welfare centre, a centre for expectant mothers, an assembly hall, a museum, a school, a nursery, five villas for married officials as well as dwellings for 24 bachelor officials. According to the optimistic estimates of the Permanent Council for Public Welfare Services, the 868 combined units were to be completed by 1960. In 1955 President Nasser inaugurated the first combined unit in a village in the Giza Province. By 1960, however, only 250 units had been built. The first five-year plan indicated that by 1970 over 500 combined units would be functioning but by the spring of 1967 a total of only 301 combined units could be verified.

The government blamed this on 'the lack of funds and of qualified personnel'. But more important than the sheer num-

(1) Warriner, D.: Land Reform, Income and Employment in the Middle East, *International Labour Review*, June 1970, p. 613.

bar of buildings is the fact that other than those combined units located in the governorates just outside of Cairo, which appear to operate mainly as a model for foreign visitors, the buildings of the combined units are very poorly equipped, while many are largely deserted. A study published in 1965 and conducted by the Egyptian Institute of National Planning in cooperation with the I.L.O. was based on interviews from a random sample of 994 rural households chosen from 48 «typical villages» in six different governorates. In these interviews the head of each household was asked whether «he or his family had received any benefits from administrative services available in their village.» The percentages of negative responses were 26% for health, 73% for education, 76% for agricultural services, 82% for veterinary and agricultural extension services and 88% for vocational training.<sup>(1)</sup>

#### (b) The Growth of Government Sector :

One result of the flow of oil revenue as well as of foreign aid directly into the hands of Arab governments was the rapid growth of the public sector and of government administration. An additional factor in countries governed by the military was the advocacy of «Arab Socialism».

Thus the rate of growth of the civil service was no less than 15% per annum in Syria (1961-66) and Egypt (1962-63—1966-67).<sup>(2)</sup> At the same time that the Egyptian government was declaring its aim to make administration more efficient it was announcing its intention of finding jobs for most of the 28000 new university graduates looking for work in 1965, a «revolutionary» version of an ethic of a poor society. In the Sudan the main public corporation beside the Gezira scheme, namely the Sudan Railways, which monopolizes railroads and steamers and operates hotel and catering services, is the largest

(1) See Mayfield, J. : Rural Politics in Nasser's Egypt. University of Texas Press, Austin, 1971, pp. 177-184.

(2) Hanson, B. : Economic Development in Syria, Rand Corporation, 1970, p. VI and Ghannem, A. : The New Class in Egypt, in *Al-Talia*, February, 1968.

employer of labour in the country. But the rapid growth of the civil service is not confined to countries with unitary governments. In Saudi Arabia the number of civilian employees increased by 120% in six years (1959-65) and by 1967 about 50% of the total employed (excluding the armed forces) were government employees. The corresponding percentage for Kuwait was 40% in 1965, and now almost one of every six persons living in Kuwait is on the government payroll.<sup>(1)</sup>

Twenty years ago public ownership rarely extended beyond irrigation works and public utilities and the government's share in total expenditure did not exceed one-fifth of GNP except in some of the oil countries. By the mid-1960's this ratio had increased by 50% in Jordan, 80% in Iraq and more than doubled in Egypt, Syria and Kuwait.<sup>(2)</sup> Except in agriculture, oil, retail trade, housing and small-scale industry, the public sector is now predominant in Egypt, Iraq and Syria so its fast growing world except Lebanon. Outside Lebanon and Jordan<sup>(3)</sup>, the share of public investment is nowhere less than 50% and it is more than 75% in Iraq and Egypt. Even traditional Saudi Arabia has gone a long way since the state itself is a private enterprise. In recent years public investment in Saudi Arabia has been rising twice as fast as private investment (20% and 8% a year respectively) so that the two are now roughly equal.<sup>(4)</sup> The General Petroleum and Mineral Organization (GPMO)

(1) International Labour Office, *Arabia, Economic Development in Saudi Arabia*, G. Alexander, R. and Cooper, Ch. Economic Development and Population Growth in the Middle East, Ann Arbor, M.I., 1972, p. 374-375 and H. M. Haddad, *Economic Development and Regional Cooperation*, Kuwait, Chicago, 1968, p. 78.

(2) See Table 12.

(3) In the Jordan, however, the Gezira scheme, which occupies a little more than a quarter of all of Jordan's land and a crop production (with irrigation and rainfall) is run as a public corporation.

(4) In Jordan (1960) the share of public investment in total gross investment was 43% in Jordan and less than one-fifth in Lebanon.

(5) *Issues, Growth and Structural Change in the Middle East*, Middle East Journal, Summer 1971, p. 312.

established in Saudi Arabia in 1962 and charged with the task of diversifying the economy is a state-owned corporation. Only in Lebanon is the role of the state still confined to public utilities<sup>(1)</sup> and, ideological slogans apart, Lebanon is the only true citadel of private enterprise which remains in the Arab world.

TABLE (3)  
Government Expenditure as % of GNP.

Country	Year	%	Country	Year	%
Lebanon	1965	21	S. Arabia	1966	40
Sudan	1965	23	Syria	1966	41
Iraq	1965	29	Kuwait	1966	47
Jordan	1967	38	Egypt	1966	55

Source: David Charles: Growth and Structural Change in Middle East, Middle East Journal, Summer, 1971, pp. 320-1.

In all the nine countries the higher ranks of government officials constitute a privileged group whose rewards, especially if the non-monetary ones are included, are more often than not, out of proportion with their services.

For example in Egypt, where redistribution of income in favour of the lower classes has probably gone further than in any other Arab country, the total pay of top government officials has been increasing much more rapidly than the total salaries and wages of the lower ranks. According to state budgets, between 1962-63 and 1963-67 total salaries in government administration as well as public companies and organizations increased by 77% while the salaries and «representation allowances» paid

(1) Even this overstates the role of the Lebanese government, considering that many public utilities are still privately owned and run such as a good part of the means of transport and the only two television stations. Even money supply and control was run until 1964 as a concession by a private bank which assumed the role of Lebanon's central bank.

to the higher ranks in central government administration increased by as much as 146% during the same period.<sup>(1)</sup> In 1966-67 the total annual salaries as well as representation allowances paid to the top 1085 jobs in central government administration amounted to L.E. 2,578 million, the average annual income being L.E. 2376 or about 40 times the per capita income of the whole population.<sup>(2)</sup> According to the scale of salaries included in the Presidential Decree No. 3309, 1966 the ratio between the highest salary, excluding representation allowances (L.E. 1900-2000) and the lowest (L.E. 60-84) in government administration and the public sector is 28 : 1. If representation allowances for the highest grade is included the ratio may exceed 40 : 1.<sup>(3)</sup> This is to be compared with a ratio between the salaries of top grades of the civil service and the wage of an average unskilled labourer in Britain of about 5 : 1 before and 4 : 1 after tax.

### (c) The Bias Against Agriculture

Development economists are now agreed that in order for industrialization to succeed, agricultural output has to grow at a comparable rate, and that failure to achieve this may constitute the most important obstacle to industrial growth. A more obvious but no less important justification for aiming at a high rate of growth in Arab agriculture is that more than half the Arab population relies directly on it for its livelihood. In most Arab countries the average rate of growth of agricultural output over the last two decades has been less than half that of manufacturing.<sup>(4)</sup>

(1) Numbering 753 jobs in 1962-63 and 1043 in 1966-67 (see Ghannim, *op. cit.*, p. 61).

(2) Calculated from *ibid.*, p. 69.

(3) Ghannim, *op. cit.*, p. 60.

(4) Available agricultural data indicate an annual rate of growth of agricultural output in Saudi Arabia (1963-68) of 17% compared with 12.1% for manufacturing and 7.9% for GDP. In Libya (1962-67) the annual rate of growth of agriculture was 4.5% compared with 28% for GDP, 30% for construction and over 20% for services. After achieving remarkable progress in the early post-war years, Syria's agricultural output grew at an average annual rate of only 1.3%

In Saudi Arabia and Libya oil has not only failed to pull forward the production of agriculture and animal husbandry but has actually contributed to their decline.<sup>(1)</sup> This has been partly due to the increasing sedentarisation of nomads and to the increasing competition of well-paid and more stable employment with the oil companies or the government. Yet many more labourers have emigrated to the towns than could be absorbed by either, and had more attention been given to agriculture many of these might have remained on the land without a labour shortage being felt in the towns. Water seems to be available<sup>(2)</sup>

between 1958 and 1969, to which Hansen attributes the decline in Syria's over-all rate of growth after 1966. The performance of Egyptian agriculture also tended to deteriorate so that compared with about 10% increase in per capita agricultural output over the 1950's it remained more or less constant between 1960 and 1965 and declined after 1965. No data is available for Kuwait except for 1966-68 during which an annual rate of decline of 15% was reported (including fishing and pearling). Iraq, Lebanon and the Sudan show different performances in different periods, from an annual rate of growth of 2.7% (1955-60) to 7.8% (1960-63) in Iraq; and from 2.0% (1950-57) to 6.9% (1957-64) and 3.3% (1964-68) in Lebanon, and from 2.7% (1959-60) to 10.3% (1960-64) in the Sudan. The highest rate was that of Jordan (12.5% at current prices between 1959 and 1968.) (Sources : U.N. : Yearbook of National Accounts Statistics 1969, UNESOB : La Croissance Economique et le Niveau de Qualification de la Population Active Dans Divers Pays au Moyen-Orient (nomencl.) April, 1971, p. 57 & 276-8; Hansen, B. : Economic Development in Syria, op. cit., p. 11; Economist Intelligence Unit : Saudi Arabia & Jordan, No. 1, 1971, p. 7; Farley, op. cit., p. 244 and FAO: Production Yearbook, 1969).

- (1) Before the exploitation of oil both Saudi Arabia and Libya were net exporters of livestock. Since then the decline in animal husbandry has turned them into net importers. By the late 1960's the total value of exports of food and live animals of both countries constituted no more than 1% of their imports of the same items. Primary non-oil exports other than food such as Libya's exports of esparto grass (used in the paper industry) and sponges, have also dwindled.
- (2) Compared with the present area under cultivation in Saudi Arabia of less than one million acres (about 0.2% of the country's total area) an American estimate gives 15% of the total area of Saudi Arabia as potentially cultivable. The IERD mission to Libya has also reported large possibilities for developing Libya's water re-

but it is misused or neglected either because of the existing tribal rights or because little has been invested by the government in the digging of new wells or in the preservation of flood waters.<sup>(1)</sup> A similar neglect of pearling and fishing could be observed in Kuwait.<sup>(2)</sup>

TABLE (8)  
Saudi Arabia : Financial Allocations in the Five-Year plan  
(1970-75) (Percentages)

Administration	18.6
Defence	23.1
Education	17.5
Health and Social Affairs	4.7
Public Utilities and Urban Development	11.1
Transport and Communications	18.1
Industry	2.7
Agriculture	3.8
Trade and Services	0.3
<b>Total</b>	<b>100.0</b>

Source : Economic Intelligence Unit - Saudi Arabia and Jordan, Annual Supplement 1971, p. 14.

source. (See Economic Intelligence Unit - Saudi Arabia and Jordan, Annual Supplement 1971, p. 4; IBRD - *The Economic Development of Libya*, Oxford, 1960, p. 24. See also Farley, *op. cit.*, pp. 242-3 & 133; Alan, J. : *Some Recent Developments in Libyan Agriculture*, Middle East Economic Papers, 1969 and UNESOB - *Studies on Regional Development Problems*, 1968, p. 23).

- (1) See Table (8). In 1968 the Monetary Agency of Saudi Arabia authorized the Agricultural Bank to provide farmers with loans for the purchase of engines, pumps and livestock. During the following five years the total value of loans provided by this bank was 53.5 million S. Riyals, the annual average being 10.7 per cent of the annual allocations to the Royal Treasury (173 millions). (Saudi Arabian Monetary Agency : *Annual Report, 1358-59 A.H.*, p. 22).

In the 1965-69 development of Libya, agriculture, animal resources and forests were allotted L.L. 11 million in addition to 8.9 million in the general budget, compared with \$1.2 million allotted to the ministry of interior and 14.3 million to defence. (Farley, *op. cit.*, pp. 304-5).

- (2) In 1912 Kuwait had more than 800 ships employed in pearling, by 1936 the number had declined to five (El-Mulhik, *op. cit.*, p. 12).

In Lebanon, the government has not shown particular zeal in making credit available to small farmers, while the banking system has provided much less credit to agriculture than to either industry, building or commerce (see Table 4).

TABLE (4)  
Lebanon : Loans Provided by the Banking System to Various Economic Sectors (L.L. 000)

	1964	1965	1966	1967 Dec.	1968 Dec.
Agriculture	194216	176194	132023	151233	132004
Industry	255967	362730	321133	287170	461604
Building	141051	206522	212142	229337	248870
<b>COMMERCE :</b>					
Foreign Trade	196350	226230	219208	379055	367552
Internal Trade	646540	637919	663767	848762	512634
Services	123068	141144	172945	171500	170270
Consumption	122445	135993	147367	140392	123363
Total Commerce	987413	1181286	1242687	1240406	1273758
Finance	160911	116770	143034	151642	121141
Other	218916	273771	251221	237867	236647
Grand Total	1826494	2311189	2333363	2356333	2316476

Source : Keyrouz, K. : *Reflections on the Most Important Socio-Economic Problems of Contemporary Lebanon*, (Arabic), Lebanese University, Beirut, 1970, p. 127.

In 1965 a new bank was established in Lebanon under the name of the Bank of Agricultural, Industrial and Financial Credit (B.C.A.I.F.) and was described by the IFRED mission in 1961 as «the only credit organization aiming at the development of the whole country»<sup>(1)</sup> The Government was to own 40% of its shares, the rest being left for other banks or individuals. Out of the average annual loans provided by this bank between 1965 and 1969 (L.L. 114,000) less than 5% went to agriculture, and this «unfortunately went particularly to urban capitalists who wanted to create orchards with the likely result of dispossessing poor peasants.»<sup>(2)</sup> The IFRED report went on to say that :

(1) IFRED : *Le Liban Face A Son Développement*, Beirut, 1962, p. 258.

(2) *Ibid.*

«usury is very widespread in agriculture; one competent person has described the Bekaa as the land of usury». It is not surprising if the inhabitants of that region do not regard a bank in Baalbeck, which charges an interest of 18% per annum a great benefactor. Usury often forces the poor peasant to cultivate «hashish» which clearly indicates that attack against its cultivation cannot make any sense if not coupled with a policy for supplying middle and long-term agricultural credit at less heavy terms.<sup>(1)</sup>

A project for the development of the use of the Litani river, Lebanon's most important source of water, for both irrigation and hydro-electricity was entrusted to a special government department as long ago as 1954. The development of hydro-electricity was carried out quite rapidly but that of irrigation has been much slower. By 1968 three hydroelectric stations had been completed but only a «model» irrigation project covering 1500 hectares. One writer explained this by the fact that «hydroelectric projects show more rapid profits than do agricultural ones, the former can be self-liquidating while the latter require a long-term investment policy» as well as by disagreements between the representatives of the different regions on the allocation of the water saved.<sup>(2)</sup>

In countries with more «radical» governments the bias against agriculture did not take the form of depriving it of investment funds. In fact in many of their plans agriculture was given a greater share of total investments than industry.

(1) *Ibid.*, p. 239

(2) Hudson, J.: *The Litani River of Lebanon: An Example of Middle Eastern Water Development*. Middle East Journal, Winter, 1971, pp. 11-2 and UNESCO, op. cit., 1969 pp. 163-4 of the Arabic edition.

(3) In Iraq's plans priority was given to agriculture over industry up to 1956, thereafter first priority was given to industry. Again while in the earlier period (1951-56) the percentage of actual to planned investment in agriculture was 51.1% it became 38.6% in 1959-65. In the following three years (1966-67/1968-69) actual development expenditure on agriculture ranged between 19% and 39% of allocations made to agriculture in annual budgets. (Jalal, B. *The Role of Government in the Industrialization of Iraq* Cass, London, 1972, p. 47 & 68 and Economist Intelligence Unit: *Iraq*, Annual Supplement, 1971, p. 8).

The problem was rather that too great a share of public investments directed to agriculture has been in large-scale, capital intensive irrigation projects. This is not to deny either the importance of the High Dam for Egypt, considering her population pressure on the land, or of the Euphrate's Dam for Syria with her urgent need to reduce dependence on rainfall. However, in all the four countries : Egypt, Syria, Iraq and the Sudan, the construction of big irrigation projects has been at the expense of improving yields which could have brought substantial returns and greater employment at less cost and in a much shorter time.<sup>(1)</sup> Moreover, while the construction of the Euphrate's Dam was being delayed by the continuous changes in the Syrian government, Egypt was spending large amounts of capital on the Tahrir Province and the New Valley schemes which brought little result. In contrast to Iraq and Syria, however, Egypt should at least be credited with avoiding a decline in crop yields.<sup>(2)</sup> In Iraq, although the area under cultivation has doubled since the second world war, little was done to improve credit and marketing facilities, to extend the use of

(1) For an elaboration of this point see, for Egypt, Mahic-El-Din, A. : *Agricultural Investment and Employment in Egypt Since 1934*, Unpublished Ph.D. thesis, London University, 1966 and for Iraq, Badri, A. : *Economic Development in Iraq*, in Cooper & Alexander (eds.) op. cit., p. 292 and for Sudan, Wynn, R. : *The Sudan's 10-year Plan*, *Journal of Developing Areas*, July, 1971, pp. 574-5 and Osman, A. : *Planning Agricultural Policies and Policy Implementation in the Republic of the Sudan*, Unpublished Ph.D. thesis, Michigan State University, 1968, pp. 69-70.

(2) In Syria the net value added per hectare of cultivated land in 1963 was almost half its level in 1960 (both relatively normal years). By 1967 it had partly recovered but had not regained its 1960 level. In Iraq the average annual production of grain in 1963-68 was about 10% below the 1954-58 average. No such decline in yields has occurred in Egypt where some crop yields have on the contrary shown considerable improvement. With a much less urgent drainage problem than Iraq, Egypt made greater progress in this field. Thus the yield per feddan in 1967-68 was 86% higher than the 1960-61 average for wheat, 67% for maize and 40% for rice. But no such big increase is recorded for cotton especially during the last decade. (Hansen : *Economic Development in Syria*, pp. 21-22; Warriner, D. : *Land Reform, Income and Employment in the Middle East*, op. cit., pp. 618-19 and National Bank of Egypt : *Economic Bulletin*, 1970, No. 1).

fertilizers beyond the small area under cotton<sup>1</sup> or, above all to save the already cultivated land from increasing salination, which is by far the most serious single problem facing Iraqi agriculture. According to Dr. M. DIB of the American University of Beirut, an Iraqi consultant engineer reported to him that a minister in reply to the latter's plea for an allocation of financial resources to the provision of more adequate drainage facilities and less to dams said, "Everybody sees a dam but who sees a drainage canal?" Another minister told him: "A dam could be inaugurated, but who would wish to inaugurate a drainage network?"<sup>(2)</sup>

In the Sudan, agricultural progress has been heavily concentrated in the relatively small modern sector which lies almost exclusively in the area between the two Niles south of Khartoum, to the neglect of traditional agriculture which supports no less than two thirds of the population. Within the traditional sector, the southern provinces, inhabited by about a third of total population, have been the most discriminated against both economically and socially. On Sudan's independence in 1958 the Gezira, together with the Cush-Tokar region employed only 8% of Sudan's labour force but earned about fifth of national income. Low as per capita income was for the Sudan as a whole, per capita income in the Three Towns where most of the population of the modern sector is concentrated, was estimated to be about 12 times that of a typical rural owner in southern Sudan.<sup>(3)</sup> Since independence these disparities have increased. In the six years following independence the rate of growth of GDP of the modern sector increased more than 5 times as fast as that of the traditional sector. Again in the ten-year plan (1960-70) a growth rate of 6.8% was projected for the modern sector while the traditional sector was scheduled to grow at the

(1) See Stedley, B. and others, *Soil, Man, Food and Agriculture in the Middle East*, American University of Beirut, 1960, p. 157.

(2) DIB, M.: *Environmental Considerations in the Management of Natural Resources in the Middle East*. A paper presented to UNESCO Regional Seminar on Development and Environment, Beirut, 1971 (unmime) p. 15.

(3) McLaughlin P.: *The Sudan's Three Towns*, Part II, *City and Expanding Economic Development and Cultural Change*, Jan. 1969, p. 139.

same pre-plan rate of 3.3%.<sup>(1)</sup> National policy continued, as was the case before independence, to concentrate on the improvement of the marketing of the cotton crop, which is predominantly produced in the modern sector. Fertilizers and insecticides are easily and cheaply accessible to the Gezira area where they are obtained in bulk at cost price, while the traditional cultivators obtain them, if at all, through intermediaries at much higher prices. Thus the average yield per feddan of three main crops of traditional agriculture, sorghum, sesame and groundnuts were in 1964-66 between 15 and 20% lower than the 1960/61 level.<sup>(2)</sup> Discrimination against the Southerners also continued after independence. While the British service for the South was almost confined to abolishing the slave trade, educating a few in English and converting them to Christianity, national governments concentrated on replacing Christian by Islamic teaching rather than on providing the South with more schools.<sup>(3)</sup>

It may be argued that such a policy of concentrating investment in the modern sector is economically sound considering the extremely underdeveloped infrastructure in the rest of the economy. This view is not only difficult to defend on social grounds but may prove to have been short-sighted even from the economic point of view. In the first place, whatever gain may be reaped from higher returns on investments made in the modern sector may be lost by the demoralizing effect which such a policy of discrimination must have on the inhabitants of the traditional sector. Secondly, if such discrimination results, as it has in fact done, in the aggravation of tension between the two regions one must count among the losses the increase in military expendi-

(1) Osman, *op. cit.*, p. 69. Of total planned investment in agriculture the share of traditional agriculture was 7.7%.

(2) *Ibid.*, pp. 164-66.

(3) Two projects for the exploitation of the agricultural resources of the South were abandoned by the government, one for building a sugar factory and another for the production of paper from the papyrus of the southern swamps. The two firms which were entrusted with the projects, one British and one German, had asked to establish the factories near the source of raw materials but the government insisted on establishing them in the North. (A. Albino, O. : *The Sudan : A Southern Point of View*, Oxford, 1970, p. 90)

ture as well as the costs of political instability.<sup>(1)</sup> Thirdly, despite the more developed infrastructure of the northern region, it is by no means obvious that higher returns should in all cases have been reaped from building new factories there rather than in areas of traditional agriculture where factories may be nearer to the sources of raw materials. Nor is this necessarily more remunerative than developing the cultivation of cash crops in the south such as sugar-cane or coffee, or than increasing the production of livestock which is almost completely produced in traditional agriculture and has better export prospects than cotton.

A rough indicator of the differences between the level of living of the agricultural population and the rest is provided by table (5). The disparity is particularly wide in the oil countries other than Kuwait, and in Lebanon where the service sector is exceptionally profitable. Thus, for example, while more than half the economically active population in Saudi Arabia are engaged in agricultural activities they contribute no more than one tenth of GDP. Similarly, Lebanon's service sector contributes as much as 70% of GDP but employs less than half the economically active population, whereas the agricultural sector contributes only 10% of GDP and supports about a third of the population.<sup>(2)</sup>

(1) According to Albino, *op. cit.*, p. 63) the cost to the Government of the security operations against rebellion in the South was L.8.3 million per month.

(2) According to another source the ratio between per capita income of farm population and national average income was 19% in Egypt (1965), 41% in Lebanon (1966) and 57% in Iraq (1965) while in Jordan the ratio between value added per worker in agriculture and that in the whole economy was 59% in 1961 (Chevasson, M., Landsberg, H. and Alexander, L.; *The Agricultural Potential of the Middle East*, p. 100). According to the Egyptian Family Budget survey of 1963-64 the percentage of the rural population whose total annual expenditure per family was LE. 100 or less was 48.5% compared with 23.8% of the urban population (U.A.R. Central Agency for Public Mobilization and Statistics: *Population Growth and its Challenges to Development*, *op. cit.*, p. 223). For other estimates see Wizer, *op. cit.*, p. 204; El-Moukhl, R. *The Economics of Rapid Growth: Libya*, *op. cit.*, p. 313; Hossain, S. *op. cit.*, p. 248 and U.N.: *Report on the World Social Situation 1965*, p. 149.

**TABLE (5)**  
**The Share of Agriculture in Total Economically Active  
 Population and in GDP in 1965**

Country	% of Economically Active Population	% of GDP
Sudan	78	54
Saudi Arabia <sup>(1)</sup>	58	10
Syria <sup>(2)</sup>	58	28
Egypt	52	28
Iraq	42	19
Libya	35	5
Lebanon <sup>(2)</sup>	34	10
Jordan	33	16
Kuwait	1	0.5

(1) 1948

(2) 1967

(3) 1968

Sources : FAO : Production Yearbook, 1968; U.N. Yearbooks of National Account Statistics ; UNESCO : Le Croissance Economique, op. cit., pp. 84-5 & 229.

There is also some statistical evidence for the tendency of the gap between rural and urban average incomes to increase. Thus an index of differential industrial and agricultural real wages in Egypt shows an increase of 54% between 1950 and 1961 compared with a decline of 15% during the period 1938-50.<sup>(1)</sup> For Iraq an FAO report estimated the 1968 per capita income in the «non-oil» sector (which is likely to be higher than that of the agricultural population alone) at \$ 105 compared with \$ 135 as a national average. For 1965 an unpublished report of Iraq's Bureau of Statistics estimated the per capita income of the agricultural population as \$ 123<sup>(2)</sup> compared with a national

(1) Mahro, R. : Industrial Growth, Agricultural Under-Employment and the Lewis Model, Journal of Development Studies, July, 1967, p. 377.

(2) Clawson & others, op. cit.

average of about \$ 217 in the same year. The two estimates indicate a decrease in the ratio between average income in agriculture and the national average from about 77% to 55% between 1956 and 1965.

Among the urban population the most privileged are of course, the inhabitants of capital cities where most of manufacturing, educational and health services, and the various media of entertainment and culture tend to concentrate and where per capita income could be at least four times the national average.<sup>(1)</sup>

In view of such a high degree of dualism national averages lose much of their significance and the nation-state becomes highly inadequate as a unit in per capita income comparisons. The fact, for example, that the way of life of the nomads of Arabia makes it difficult to estimate their number should not be regarded simply as a problem facing the statistician in his attempt at estimating the per capita income of the state of Saudi Arabia, but should rather throw doubt on the value of the whole exercise.

(1) See Meloughin, P. *The Sudan's Three Towns: A Demographic and Economic Profile of An African Urban Complex*, part I: *Introduction and Demography, Economic Development and Cultural Change* (Oct. 1963, pp. 75-76 and part II: *Output and Expenditure*, Jan. 1964, p. 159.

A more recent estimate for Egypt indicates that the governorate with the highest per capita income (Cairo) had an average per capita income during 1964-65/66-67 which was two and a half times that of the lowest (the Border's Governorates) and that per capita income in the latter was about half the per capita income of the country as a whole. This is to be compared, for example, with a country like Britain where the average income of different areas vary only around 10% of the national average.

(see Kheir El-Din, H. *Some Aspects of Regional Differences in the A.R.E. L'Egypte Contemporaine*, Jan. 1971, pp. 78-82 and Scott, D. and Joy L. (ed.) *Development in a Divided World*, Indian, 1971, p. 15).

## CONCLUSION :

### Modernizing Poverty ?

It is indeed remarkable how Arab countries, starting from so different points and following different routes have reached such similar results. With or without land reform the landlords and tribal chiefs have been largely deprived of political power but the agricultural population continue to be discriminated against. With or without socialist slogans the public sector is growing but the rate of saving is not. The domination of the traditional forms of foreign economic interests have either vanished or are on the decline, even in oil, but they are rapidly being replaced by those of a new native class.

The one feature which is most generally admitted to be common to all : their common desire to achieve rapid economic development and the pressure of the so-called "revolution of rising expectations" seems however to be the one feature most in need of qualification.

A revolution of rising expectation does undoubtedly exist but it is by no means that of the large majority of population whose aspirations rarely extend beyond the demand for clean drinking water and slightly more adequate diet and shelter. Those whose expectations are continuously rising but never satisfied constitute only a small minority of the urban dwellers whose influence is strong enough to allow them to hope not unrealistically, for still higher levels of living.

In contrast to its early optimism with regard to the population problem, the Egyptian government made frequent use of it since the mid-1960's as the main cause of the country's economic difficulties. Rather than treating the high birth rate as something which Egypt has to learn to live with for a long time, just as, for instance, her poverty in minerals is taken for granted, Egyptian apologists, like the Pearson Commission, persist in considering it as the most serious obstacle to development compared with which "no other phenomenon casts a darker shadow". A similar tendency was shown 150 years ago by economists who frequently quoted Malthus in blaming poverty on the poor themselves for breeding too fast. But while the earlier emphasis on the population problem helped to divert attention from the last

increasing profits, the present emphasis only helps to divert the attention from the wastes of government expenditure. The high rate of population growth in Egypt was in fact neither the main factor behind the rapid growth of consumption nor the easiest problem to solve in a few years. It neither prevented Egypt from achieving a remarkable rate of growth between 1956 and 1963 nor was responsible for Egypt's spending about one fifth of GDP on the armed forces, nor for a large part of the increase in other items of public consumption. Nor could the obstinacy of Egypt's high birth rate be simply blamed on the persistence of irrational or short-sighted social or religious attitudes. When the existing system of social insurance is so deficient the only safeguard against deprivation in old-age is to have as many adult children as possible. The provision of a more adequate system of social insurance may still not bring quick results but it is likely to be much more effective in reducing birth rates than a free distribution of contraceptives.

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Observing the growing role of Arab governments in the economic and social life of their countries Charles Issawi remarked that :

"Sir William Harcourt's statement made nearly seventy years ago 'we are all socialists now' apply to the Middle East of today."<sup>(1)</sup>

A more apt description of Arab governments is that they have all become "modernizers". The features which they have in common have led not so much to the reduction of poverty as to its modernization, to the creation of a facade of modernity behind which the majority of the population continues to lead virtually the same way of life. It is this function of Arab governments as mediators between their own people and European civilization, whether of the Western or Eastern variety, or rather as agents transmitting to their countries only the most superficial aspects of this civilization, not the realization of socialism or economic advance, which could explain the largest number of features which they have in common. Only thus can

(1) Economic History of the Middle East, p. 511.

one explain, for instance, their premature adoption of comprehensive planning,<sup>(1)</sup> their formation of an ineffective Arab common market, their educational imbalances, the over-concentration of services in the capital cities, their invariable preference for capital-intensive techniques, as well as their neglect of agriculture.

Favourable to the task of creating a facade of modernity, though not so favourable to the reduction of poverty, is the ceaseless emphasis, for which western economists are no less responsible, on the need to close the gap between per capita incomes in the Arab world and those of the advanced countries, a gap which is not only impossible to close for many decades but would perhaps be smaller the less is said about it. Rather than defining a threshold income which every Arab country could determine for itself as a possible target to reach within a relatively short period of time, those who raise the slogan try instead to engage the whole population in a desperate race from which only a few can reap any benefit. A strong desire of a small minority to catch up with western ways of life was thus translated into a desire of the whole population, the majority of whom are either completely unaware of the existence of such a "gap" or, because of their much simpler needs, would find its existence completely irrelevant.



Economists have gradually come to realize that economic development is much more tolerant of cultural and institutional variety than they tended to think when they first showed interest in the problems of under-developed countries and had less direct experience of their societies and cultures. Neither a strong religious belief, for example, nor an extended family system, nor even the inferior position of women seem necessarily to constitute obstacles to rapid economic development. Attempts at merely making a country look more modern do not, however, show the same degree of tolerance. Traditional institutions which are

(1) G. Amin: On Arab Economic Planning, *Revue des Sciences Juridiques et Economiques*, Faculty of Law, Ain-Shams University, Cairo, January 1973.

obviously harmless but give the contemporary Arab a sense of identity and self-esteem are, therefore, undermined merely because of their conflict with modernity. Thus the colourful Arab feasts accompanying birth, circumcision, marriage and death are regarded as "backward" and the social pleasure of the month of fasting are kept alive only by the primitive poor. Traditional Arab forms whether in music, dress, furniture or architecture are indiscriminately replaced by western forms. Thus, the "revival" of Arab music takes the form of multiplying the number of instruments and dressing the musicians in dinner jackets, while "modern architecture" is used uniformly and indistinguishably from the almost alpine climate of the Lebanese mountain village to the almost oven-like climate of Kuwait.<sup>(1)</sup> Just as Egypt's Al-Azhar was modernized so was the pilgrimage in Arabia — while Arab intellectuals whose knowledge of their countries' intellectual leaders is derived largely from western scholarship have accepted without questioning the purely western view of regarding as the greatest of these leaders not the most original, scholarly or even influential, but the most eloquent westernizers.

It is sad to think that while the gradual loss of cultural differentiation in the advanced countries today as well as their deteriorating environment are largely the price of their rapid

(1) Shiber, S.: *Planning Needs and Obstacles*, in Forger, C., *ibid.*, p. 169.

(2) Describing the transformation of the Saudi port of Jeddah Van Der Meulen writes: "For centuries Jeddah's ports have been the first touch of that possibly greatest of all human duties called the Hajj, but now a new dawn had appeared. The Holy Land of Islam no longer depended on the income from the Hajj. How possible that income now obtained with the profit from oil. Pilgrims now walk ashore from ships that tie up alongside a long pier. They then go straight through concrete electronic buildings to pilgrim towns, a perfectly ugly modern kind of pilgrim barracks, and in motor buses they are carried over an asphalt road to Mecca. An ever-growing number of pilgrims arrive by air and touch the sacred soil of Hejaz when they alight down the fine concrete runway of an American-built air-ground. If they arrive at night-time they are greeted by the neon lights and advertisements telling them that Coca-Cola will do them good."

(The Wells of Ibn Saud, p. 123 & 224-5)

economic development, the same ills are being suffered by Arab countries for little or no reward. In the West, as in the Arab countries, the growth of cities was accompanied by the emergence of slums but while there, investment in working-class houses was sluggish because it had to compete with investment in manufacturing and railways, in the Arab world its sluggishness is largely due to its failure to compete with middle-class housing. Air and water are polluted in Arab cities not so much because of fast industrialization as because of their fast-growing consumption. They are noisy and congested without the country having a car industry. Their architecture is ugly not because the Arabs produce ugly designs but rather because they are demolishing their fine old buildings to import foreign forms. Agricultural land and open grounds are not encroached upon mainly by factories, nor by houses built for industrial labourers but mainly by luxury blocks of flats, grandiose buildings and government offices. Slums are growing not because there is so much expansion in industrial employment but simply because agriculture is neglected.

History has known "consumer" as well as "producer" cities. In the former, the inhabitants import most of the goods they need, export relatively little and tend to dominate other cities as well as the countryside either militarily, economically or both.<sup>(1)</sup> Arab capital cities exhibit these characteristics more strongly than those of a producer city, and this being the case, the conflict between the quality of life and economic development appears to be to a large extent illusory. In order to have capital cities of finer quality, there is no need to slow down industrialization but simply to build more industries in the provinces. To get rid of noise and congestion, there is no need to curb the production of private cars. In any case the country either does not produce any, or if it does, economic development would often benefit by such a factory being closed down or by the produc-

(1) On this distinction see, Coombes, J. and Cahnman, W.: *How Cities Grew*, Madison, N.J., 1962, p. 11. Boeke, J.: *Economics and Economic Policy of Dual Societies as Exemplified by Indonesia*, Institute of Pacific Relations, N.Y., 1953 and Viner, J.: *America's Aims and the Progress of Underdeveloped Countries*, in Hoeslitz, B. (ed.), *The Progress of Underdeveloped Areas*, Chicago, 1962, pp. 182-3.

tion of buses instead. Nor does an Arab country need to spend some of its scarce resources on eradicating the slums and building new homes, since rural migration may slow down considerably if only more investment is directed to agriculture. On the other hand, to realize that it is mainly consumption and not production which is damaging the Arab environment should make one much more pessimistic about a possible solution. It is much easier for a highly productive society to adapt its products to the requirements of a higher quality life than it is for a parasitic consumer suffering from a heavy feeling of inferiority which drives him to copy indiscriminately whatever the more advanced countries are doing. Moreover, when the growth of the urban population is relatively independent of the growth of productive capacity, the financial ability of the government and of municipal authorities to improve the conditions of city life is not likely to grow as fast as the city population. Prices of land are likely to soar to levels beyond the reach of a municipality desiring its conversion for public use, as is only too evident in Beirut. Whatever funds might be available for such purposes are likely in any case to be used to the benefit of that portion of the city population which has the greatest political influence. It is also far easier to tax the producer for whatever damage he might do to the environment than to tax the consumer. It is probably also much easier to control private producers and consumers than to restrain the bureaucracy which is the one both to draw and to break the plan.<sup>(1)</sup>



In the introduction to a remarkable book, S. Andreaski gives the following analogy for the results of Africa's attempt at modernization :

"If you put rabbits and chickens through a mincing machine the resulting meats will differ less than did the animals (even when dead) while their structure was still intact. Likewise, the traditional African societies exhib-

(1) For an elaboration of the relationship between urbanization, income distribution and economic development, see : G. ABUIN : *Urbanization and Economic Development in the Arab World*, Beirut Arab University, Beirut, 1972.

bited a greater variety than do the social agglomerates undergoing the process known as modernization; largely because the external forces which are grinding them are the same: foreign big business, the mass media, the contacts with foreign models, the pressures of big powers, the enticements of international organisations, air transport and imported goods."<sup>(1)</sup>

As a result of the same forces, Arab countries have become after a quarter of a century of growth, much more alike than they were at the end of the war. But it is just as difficult now to fit them in any of the alleged stages of economic growth as it was 25 years ago.<sup>(2)</sup> Arab countries today are neither launching their take-off nor are they in a pre-take-off stage. The nearest analogy is neither that of a growing body nor of a body failing to grow. A more fitting description is that used by Arnold Toynbee to describe the attempts of Mohamed Ali's successors at westernising Egypt which "proved in the upshot to be a Western-Islamic hybrid exhibiting some of the worst features of both the original and the imitated civilizations."<sup>(3)</sup>

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(1) *The African Predicament*, M. Joseph, London, 1969, p. 19.

(2) See G. Amin: *Arab Economic Growth and Imbalances*, *L'Egypte Contemporaine*, Oct. 1972, pp. 5-43.

(3) Toynbee, A.: *A Study of History*, Abridgement of Volume VII - X by D.C. Somervell, Oxford University Press, London, 1960, p. 170.