A Prescriptive Theory for Regional Integrative Development: The Arab Region

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A PRESCRIPTIVE THEORY FOR REGIONAL INTEGRATIVE DEVELOPMENT:
THE ARAB REGION

By
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A Thesis Written in Partial Fulfillment of the Requirements for the Degree of MASTER OF ARTS DEPARTMENT OF POLITICAL SCIENCE

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INTRODUCTION

Instability within a developing region is detrimental both to the region and to interests external to the region which are dependent on production within the region or have commitments to nations or factions within the region. The Middle East is a developing region: first, in that there is an expressed desire to acquire and develop modern technology and industry; and second, in that oil wealth makes development possible. The Arab-Israeli conflict is not the only source of instability within the region. Economic, ideological, national, and traditional differences among the Arab nations are sources of potential conflict. The instability of the Middle East causes resources to be spent on non-productive military purchases and inhibits cooperation between nations. Furthermore, conflict within the Middle East could engage superpowers in direct confrontation. Instability in this crucial area must be diminished.

While diplomacy, negotiation, and coercion can all be used to reduce tensions between nations, one viewpoint states that the cause of conflict is unanswered human need. This viewpoint sees efforts to better humanity as the best response to tensions between people. This study adopts this humanistic viewpoint and applies it to the needs of the
Middle East. The method used to address these needs is prescription.

Prescriptions are made freely by many people. Prescription in the social sciences must be distinguished from expressed opinion and unsupported advice. To make this distinction a rigorous effort to define a methodology of prescription has been undertaken. Though tedious and perhaps too rigorous to be completely adhered to, this methodology serves as the basis for the prescriptions derived in Chapter Five, and can hopefully be used for further prescriptions as the context of the Middle East evolves.

The analysis of the Middle Eastern context made in this study focuses on the Arab nations, and, indeed, the Arab nations as a region. The Arab region is simply defined as those nations which speak Arabic as a national tongue. Israel is not ignored in the entire process of regional development, but is excluded from direct participation in the early stages of cooperation to minimize the input of political factors into a process designed to avoid political confrontation.

The obstacles to cooperation and development within the Arab region are acknowledged by the process of prescription as either subjects for action or factors to be taken into consideration. Obstacles which were judged to be currently insurmountable are not ignored but approached indirectly.

The survey and collation of integration theory was
undertaken with a single objective in mind: A Prescriptive Theory for Regional Integrative Development. There exists within the discipline of international integration theory sufficient analysis, history, and criticism of the various approaches to integration theory. This study amplifies only those parts of existing theory which contribute to the desired collation.

Nothing more than a beginning step has been taken. Hopefully, this collation of other people's thoughts will stimulate further analysis and discussion which may eventually lead to the refinements necessary to a blueprint for action. The Prescriptive Theory for Regional Integrative Development establishes some guidelines by which such a blueprint may be drawn.
CHAPTER I

THE METHODOLOGY OF PRESCRIPTIVE THEORY

Values

The purpose of this study is to develop a set of prescriptions for the Arab Region. Since the study of politics strives to be a science, an effort will be made to follow a scientific method. The derivation of prescriptions must follow the development of a theory if one is to adhere to scientific methodology. However, political science cannot pretend to be a "hard science" held fast by invariable cause and effect and devoid of any social bias. Thus, the development of a theory which will yield prescriptions for a particular region involves from its beginning an awareness and consideration of the context within which it is to be applied. The theory becomes a "prescriptive theory" which transmits certain values which are held true. Gunnar Myrdal acknowledges the presence of "value premises" in the social sciences. The following quotation from Myrdal is a caveat of great importance to the social scientist.

There is no way of studying social reality other than from the viewpoint of human ideals. A "disinterested social science" has never existed, and for logical reasons, cannot exist. The value connotation of our main concepts represents our interest in a matter, gives direction to our thoughts and significance to our inferences. It poses the questions without which there are no answers.

The recognition that our very concepts are value-
loaded implies that they cannot be defined except in terms of political valuations. It is, indeed, on account of scientific stringency that these valuations be made explicit. They represent the value premises for scientific analysis; contrary to widely held opinions, not only the practical conclusions from a scientific analysis, but the analysis itself depends necessarily on value premises.

A value premise should not be chosen arbitrarily—it must be relevant and significant in relation to the society in which we live. It can, therefore, only be ascertained by an examination of what people actually desire. People's desires are to some extent founded on erroneous beliefs about facts and causal relations. To that extent a corrected value premise—corresponding to what people would desire if their knowledge about the world around them were more perfect—can be construed and has relevance.1

Myrdal speaks of a "corrected value premise" which is what people would actually desire if their "knowledge of the world around them were more perfect." Myrdal is implying there exists an intrinsic value that becomes more evident as knowledge of the world becomes more perfect. Value premises, Myrdal says, must not be surmised arbitrarily. But by what criterion can a value premise be chosen? How is intrinsic value defined? Is intrinsic value defined in terms of need, common good, metaphysical principle, political philosophy, or ideology?

If one is to derive prescriptions for a region, what values will those prescriptions serve? Can we assume that peace, for example, is a common goal for all mankind? Obviously J. S. Nye thinks peace is not such a goal.

International peace is not an absolute value. As Immanuel Kant pointed out two centuries ago, those who want eternal peace can find it in the graveyard. Many Pan-Africanists and Arab nationalists would place peace second to racial dignity or their view of historic
justice, and thus argue that the Organization of African Unity and the Arab League should be used accordingly.  

Peace, as a value, is often contingent upon others values, such as honor, dignity, or justice. Peace is of value if certain conditions are met. In the Vietnam War the Nixon administration called for peace with honor. This meant that peace was of value only if the United States was able to maintain some degree of credibility with its allies and some degree of self esteem with itself. The concept of peace at any price was unacceptable to American policy makers. Peace, in itself, was not an absolute value.

Arab leaders often link peace with justice. Nye's quote above states many Arab nationalists would place peace second to historic justice as a value. Historic justice may be interpreted to mean the return of all lands occupied by Israel after the 1967 war and a guarantee of the rights and a homeland for the Palestinian people. Nye attributes the subordination of peace to "historic justice" to "Arab nationalists." If Nye meant by this "nationalists" who happen to be Arabs, he would probably be more accurate than if he meant Pan-Arab nationalists exclusively. Certainly, the subordination of peace to justice is true of many Egyptian, Jordanian, Syrian, and Palestinian nationalists as well as those Arabs who promote Pan-Arab nationalism. A vital issue is whether Pan-Arab nationalism subordinates peace more or less than the secular nationalisms of Egypt, Syria, Jordan, and the Palestinian people. Clearly, this
issue can only be resolved by an understanding and definition of the hierarchy of values within each of the respective nationalisms. At the heart of the issue of the relative subordination of peace by Pan-Arab nationalism is the very nature of Pan-Arab nationalism itself.

Charles Pentland relates peace to integration by separating the idea of integration from the idea of alliance. Pentland characterizes peace as a cousin of integration. The relationship between peace and integration is much closer than that of cousin to cousin. Integration theory must be established upon an unsubordinated value premise of peace to be clearly distinguished from the concept of alliance.

From this point forward, Pan-Arabism will be distinguished from Pan-Arab nationalism. By definition, Pan-Arabism will refer to those efforts directed at Arab integration which establish peace as an unsubordinated value premise. Pan-Arab nationalism will not, by definition, leave peace unsubordinated. This definition of Pan-Arabism does not mean peace is of absolute value. Peace and integration are related to the pursuit of justice through the means of cooperation and development. Peace is the keystone which links integration on one hand with development on the other.

Having distinguished Pan-Arabism from Pan-Arab nationalism according to the subordination of peace, and the distinction between integration and alliance, the establishment of integration as a value premise for Pan-Arabism
becomes identitive. If Pan-Arabism does not depend upon alliance for its unity, it must depend upon integration.

As Myrdal has said, "A value premise must not be chosen arbitrarily. . . ." If a prescription is to be derived from a "prescriptive theory" for a particular region, that prescriptive theory must take into consideration the desires of those people within that specific region. If peace is subordinated to a desire for justice and the frustration of that desire manifests itself as hostility and a threat to peace, then a corrected value premise which leaves peace unsubordinated must, nevertheless, deal with the frustrations that subordinated peace in the first place. The value of peace must be supported by other values and other means that will diminish the frustrations and hostilities within the region. Values which are consonant with the value of peace and yet are capable of addressing the desire for justice must be instilled in a population that would otherwise seek war as a means of obtaining justice. Pan-Arabism, identified as the desire for peaceful integration within the Arab region, is just such a value.

And yet peaceful integration might take many forms. J. S. Nye has defined three types of integration: economic, social, and political. Each of the types of integration is broken down into sub-categories. The sub-categories are associated with kinds of evidence by which the type of integration might be measured. The kinds of evidence provide a means of determining the type of integration that
might be most consonant and supportive of an unsubordinated value premise of peace. The sub-category of economic integration which Nye calls "Services" is evidenced by the expenditure of money on joint services within a region.\(^6\)

The development of joint services within the Arab region is, at least on the surface, a benign activity. The development and extension of infrastructure projects could decrease economic hardship and lessen the plight of the Palestinians. Though economic development might increase the logistical capacity of Arabs to make war, it should decrease the incentive. Thus, the second supportive value premise of a prescriptive theory for the Arab region is the value of development.

The value of development is widely debated. William Ophuls is perhaps the most eloquent of the many writers who question the desirability of development. Ophuls states,

> Nothing of real value would be lost if development were to cease. Rather, the likelihood of men and women leading reasonably happy, sane, fulfilled, and harmonious personal lives would be enhanced. Moreover, once the ultimately fruitless and self-destructive quest for evermore private affluence was abandoned, public amenity would be free to grow and to produce all kinds of cultural riches men have been able to enjoy in the past, even if the gross quantity of production were less than it is today.\(^7\)

Ophuls values culture over affluence. He sees affluence challenged by the growing scarcity of natural resources and the environmental impact of exponential growth. But again, the question of value cannot be discussed outside of the particular context of those specific people who might
hold that value. Though Lucian Pye has warned, "More fundamentally, it is a tragedy of the transitional society that the processes of change create profound insecurities in its people," it is unlikely the Arab region will abandon development because of the potential for insecurity. Sir Hamilton A. R. Gibb noted a "wave of antipathy" in the Arab world against Western values. G. E. von Grunebaum observed "Secular enlightenment does not easily replace sacred revelation." Indeed, a reactionary element has existed and continues to exist in the Arab region. The reforms of Kaddafi in Libya and Wahabi elements in Saudi Arabia, are examples of traditionalism, but it is easy to over-romanticize about the values of tradition. From the farmer in the Sudan who longs for a tractor and irrigation to the businessman in Beirut who wants replacement parts for his Mercedes Benz, the temptations of development and a modernized society are very tangible.

F. Lamond Tullis questions the power of tradition in the face of modernization. He states,

A pervasive value of economic growth exists in nearly all the countries of the world. People want to be not only modern but ultramodern if they can. Of course, in terms of the new economic symbols, many countries have not achieved even a minimal state of modernity. Indeed, actually, several have scarcely incorporated the old symbols of rationality and secularism. But no country seems to be immune from the desire to develop economically.

Tullis' argument is not peculiar to himself or inapplicable to the Arab region. Indeed, Daniel Lerner in his chapter "Unity and Variety in Muslim Civilization"
supports Tullis.

But the societies-in-a-hurry have little patience with the historical pace of Western development; what happened in the West over centuries, some Middle Easterners now seek to accomplish in years. Moreover they seek to do it in their own way.\textsuperscript{12}

Lerner not only sees modernization as a widely held value in the Middle East, he sees modernization as a unifying principle.

The disorder and poverty in the Middle East... seem incapable of being remedied except by a greater solidarity among Islamic countries and by a general modernization in the countries. But though modernization is a tangible fact, only the pace of which might require control and acceleration, Muslim solidarity is only a fleeting, variable, uncertain supposition... Modernization, then, is the unifying principle in this study of the varied Middle East.\textsuperscript{13}

Modernization and development are aspirations found in the Middle East. To build prescriptions on a value system which incorporates peace, and development as cornerstones does not stray from the sentiments of the Arab people. Development is consonant with the desire for peace and with the process of economic integration. The major task of this thesis will be the linkage of peace, integration, and development into a prescriptive theory for the Arab region. The Economic Commission for Western Asia has written that, "The ultimate satisfaction of needs, material or otherwise... depends, in the final analysis on progress achieved in producing goods and services."\textsuperscript{14} If development is seen as a means for the "ultimate satisfaction of needs, material or otherwise..." then the linkage of development defined as such with peace and integration will not ignore the cultural
and identitive values of the Arab people nor will it ignore the abiding desire for the provision of justice to the Palestinian people. Peace through integration and development will provide a means for attaining justice. Upon this hope the following theory will be developed.

Having acknowledged the value premises for a prescriptive theory for Regional Integrative Development, the derivation, validation, and methodology of prescriptive theory can follow.

**Prescriptive Theory**

The definition of a prescriptive theory requires an understanding of the role of the social scientist in the process of theory building. A prescriptive theory cannot be defined until theory, itself, is defined. Gustav Bergman, the Swedish philosopher, has stated,

> A theory is a group of laws, usually rather few, from which others, usually a larger number, have actually been deduced and from which one expects to deduce still further ones. The laws that serve as the premises of the deductions are called the axioms of the theory, those that appear as conclusions are called its theorems.\(^{15}\)

The definition of a prescriptive theory is made up of two parts. The first part is the general definition of theory; the second part is the modification of the general definition of theory brought about by the acceptance of the limitations of the social scientist in creating a theory that fits the abstract definition of theory. The modification of the general definition of theory is more of an addition than an amendment. Prescriptive theory differs from
simple prescription because of a definitional integration that allows the basic definition of theory to remain intact. The juxtaposition of prescription and theory requires a precise schematic of the foundation which is the definition of theory. The process of deduction, or the analytical reasoning from the general to the particular, is the operation that takes place within the structure of a theory. Hempel's visualization of the structure of a theory is illustrative.

A scientific theory might therefore be likened to a complex spatial network: Its terms are represented by the knots while threads connecting the latter correspond, in part, to the definitions and, in part to the fundamental and derivative hypotheses contained in the theory. The whole system floats, as it were, above the plane of observation and is anchored by its rules of interpretation.

But what is the purpose of a theory? What is the purpose of the process of deduction? May Brobeck offers,

A theory is such a deductively connected set of laws. It has the logical form of an explanation. Some explanations (those that explain statements of individual facts) contain both laws and statements of individual facts as premises. In a theory all the statements, both explained and explaining, are generalizations.

Brobeck's description proposes that a theory's purpose is explanation. Certainly in the physical sciences explanation is a primary purpose of theory. The theories of Galileo, Newton, and Einstein all explain the behavior of physical reality. Dougherty and Pfaltzgraff observe,

Application of this scientific method during the last 250 years has produced some very impressive results in the "hard sciences"—particularly in the form of universal uniformities or generalized laws. In physics, astrophysics, chemistry, biology and certain areas of
psychology a high degree of predictability has been achieved. But even the "exact" sciences with all their powerful methodologies, reach limits to what can be known at any given minute. According to Werner Heisenberg's principle of indeterminacy, for example, it is not possible to determine simultaneously both the position and the movement of a particle of matter.\textsuperscript{18}

Explanation and prediction are two purposes included in a general definition of theory. However, even in the "hard sciences" predictability is undermined by Heisenberg's principle of indeterminacy which states that the process of observation itself becomes a factor in the outcome of any determination. Heisenberg's principle applies to inanimate sub-atomic particles. The observations of social scientists also contain this potential for affecting outcomes.

Dougherty and Pfaltzgraff further noted,

As we pointed out earlier, scientists are dubious of a capability to explain unaccompanied by a corresponding capability to predict. Most social scientists readily concur with the historian's judgment that unique human events and choices lie beyond predictability. We cannot assign a precise probability to a "discrete event."\textsuperscript{19}

To explain or predict a scientist must first observe. Given that these observations may interfere with the outcome of a study, Max Weber adds another restriction to the process of observation.

Now, as soon as we attempt to reflect about the way in which life confronts us in immediate concrete situations, it presents us with a multiplicity of successively and coexistently emerging and disappearing events, both "within" and "outside" ourselves. The absolute infinitude of this multiplicity is seen to remain undiminished even when our attention is focused on a single "object," for instance, a concrete act of exchange as soon as we seriously attempt an exhaustive description of all the individual components of this "individual phenomena," to say nothing of explaining it causally. All the
analysis of infinite reality which the finite human mind can conduct rests on the tacit assumption that only a finite portion of this reality constitutes the "object" of scientific investigation, and that it is only "important" in the sense of "worthy of being known." 20

Theory has a structure that can be defined in terms of its deductive processes; however, the structural definition of theory is insufficient to bridge the gap between the logical and abstract aspect of pure theory and the pragmatic and prescriptive aspect of social theory. Hans Morgenthau, in his magnum opus Politics Among Nations, writes about the necessity of the adhesion of theoretical consistency to empirical reality.

The test by which such a theory must be judged is not a priori and abstract but empirical and pragmatic. The theory, in other words, must be judged not by some preconceived abstract principle or concept unrelated to reality, but by its purpose: to bring order and meaning to a mass of phenomena which without it would remain disconnected and unintelligible. It must meet a dual test, an empirical and a logical one: Do the facts, as they actually are, lend themselves to the interpretation the theory has put upon them and do the conclusions at which the theory arrives follow with logical necessity from its premises? In short, is the theory consistent with the facts and within itself? 21

A general definition of theory requires the power of explanation and prediction. These powers ultimately depend upon the capability of a scientist to observe events in such a way that these observations may be interpreted by the theory. It has been postulated that: One, prediction, and therefore explanation are not readily available to the social scientist, and; two, the process of selecting "the object of scientific investigation" involves a value judgment as to what is "worthy of being known." As stated earlier, the
observations of social scientists contain a potential for affecting the outcome of the situation they are studying. Rather than being disheartened by the embarrassing role of clumsy interloper, the social scientist can acknowledge his presence and the responsibility that presence entails. Having entered into the equation of human behavior, the scientist can realize the prescriptive capacity of theorizing. To ascribe prescription to theory is nothing more than to recognize a potential inherent in the observation necessary to the formulation of theory.

Theory and Policy

Myrdal has noted that, "It might be useful to recall at the start that the social sciences have all received their impetus much more from the urge to improve society than from simple curiosity about its workings."22

In describing the properties of methods for policy analysis, James S. Coleman has stated that, "It is important at the very outset to sharply distinguish a methodology that has as its philosophical base the testing of theories from a methodology that has as its philosophic base a guide to action."23

It is because a methodology of testing theories cannot be isolated from a methodology of policy prescription that Coleman's distinction must be contradicted. What is needed is a bridge between social theory with its component value premises and social policy which requires a basis from
which it can be derived. The idea that policy can be distinguished from theory is only the admission that much policy is based on undeveloped or unidentified theoretical propositions.

In his description, Kenneth Hoover proposes that,

The most conventional posture for a social scientist is one of pragmatism: a theory is only as good as its present and potential uses in the service of human needs. It is tempting, but misleading, to conceive of theory as something rocklike and immobile behind the whizz and blur of daily experience. Rather, theory is a sometimes ingenious creation of human beings in their quest for need fulfillment. People create theories in proportion to their needs and the theories they create can be either functional or disfunctional to those needs.24

Hoover contends that theories occur in proportion to the needs of humanity, and that the usefulness of theory can be determined in relation to those human needs. There can be no clear dichotomy between a theory or a policy, both of which are responsive to human needs. The absence of this dichotomy probably inspired Coleman's search for a clear distinction. Charles Pentland identifies a group of scholars that, in accordance with Coleman's wishes, separates theory into a particular category, that of "scientific theory;" and in the same paragraph notes that "students of integration theory" seem to avoid the question of the validity of such a distinction.

The theory to which these communities of scholars aspire is usually seen as some kind of logically interrelated set of general statements capable of empirical testing. It provides description explanations and often predictions about the empirical world, with reference to which it is commonly being reformulated. Whether such "scientific" theory can or ought to be the sole aspiration and preoccupation of political scientists has been
and remains, a contentious issue. Most students of integration quite willingly leave the debate over a "general theory" of politics to others, and simply assume that it is both necessary and possible to develop islands of "middle range" theory in such areas as theirs.25

By accepting the notion of a "middle range" theory those students postulate the existence of a bridge between theory and policy. Pentland goes on to say,

Few integration theorists, however, would accept that explanation is the sole or sufficient purpose of theory. Indeed, normative positions are rarely, if at all, disguised in their writings. Integration itself is assumed to be a good thing—a proposition which is understandable if not exactly self-evident. From such general propositions and assumptions, numerous prescription flow, although theorists differ considerably as to the emphasis they place on policy advice. In functionalist writings the advocacy of solutions for specific social and political problems is usually the main object of argument, but it does not follow that necessarily an explanatory theory cannot be found as well. Conversely, the most self-consciously "scientific approaches," such as those of Haas and Deutsch, do not preclude (and often in fact encourage) the derivation of policy advice by those engaged in the politics of integration. In short, the normative foundations and prescriptive uses of theory are a part of the total fabric of an approach, and to examine them closely may aid in an understanding of its explanatory components.26

Before attempting a rigorous definition of prescriptive theory, some discussion of the typology of theories beyond the simple dichotomy of "scientific" or "pure" theory and prescriptive theory is in order. One typology suggested by Conway and Feigert classifies theories as to the perspective from which they are applied and the terrain which they cover.

Three different interpretations can be made of what it is a theory represents, these three being labelled as descriptive, instrumental, and realist. According to the realist view, a theory is either true or false. Thus, one evaluates a theory in terms of success of efforts to falsify it, or more accurately to falsify deductions from
The second view of theory is that a theory is not and cannot be considered in terms of its accuracy in describing reality. The instrumentalist interpretation views a theory as a means of organizing one's perceptions of reality. As such it provides rules for organizing one's perception of reality. Thus, it can be evaluated in terms of its usefulness in doing that. The third interpretation views theory as descriptive, that is theories are not true or false, but describe in a simplified fashion, aspects of reality. A concomitant aspect of this descriptive view is that theories do not explain.

The three views of theory put forth above address themselves to different intellectual needs and are evaluated by different means; however, all three are abstracted from direct involvement in the terrain to which they are applied. The social sciences study human behavior; and, if human behavior is described without explanation, then descriptive theory is little more than narrative. The organization of perceptions of reality which takes place in the instrumentalist view of theory can be evaluated, but only to the degree that organization effects human response to human behavior, not to the degree that theory promotes an organization of perception in itself regardless of the consequences of such organization. If theory is evaluated by its ability to organize perception, the question of whether or not the organization promotes well being is ignored. The remaining view, realist theory, purports to be scientific, depending on the method of falsification. By the method of falsification, if a theory or its deductions are falsified, or contrary to observation then the theory is invalidated. But is it not conceivable that a theory could be manifestly
contrary to fact or present conditions and still have social utility? If a theory sets forth a group of interrelated propositions that have no present empirical truth or validity, but in their construction contain a self-fulfilling potential for the modification of present reality in accordance with those propositions, does not that theory contain the potential for social utility, regardless of its present state?

Within their typology of theory, Dougherty and Pfaltzgraff include,

A type of theory . . . defined as a set of proposals of action for the statesmen. Such prescriptions are usually: (a) assumptions about the international system such as the existence of a balance of power (variously defined) in which political actors supposedly take one or another course of action to achieve a particular kind of goal; or (b) policy recommendations based upon the results of the study of one of several instances of a particular kind of political behavior.28

Prescriptive theory is that type of theory that synthesizes the abstract principles of deduction and internal consistency with the normative assumptions and the policy recommendations arrived at through the empirical process of scientific investigation. Prescriptive theory is by definition overarching. While it can be argued that prescriptive theory is a hybrid, it is a hybrid necessary to those social scientists who realize that if theory is to engage reality then it must pass every test of internal consistency before being applied to the laboratory of human hopes and human misery. To those who hold themselves accountable for what they do or fail to do and the consequence therein, prescriptive theory provides a guide to action that passes
both empirical and logical testing prior to policy implementation.

The methodology of prescriptive theorizing would involve the following steps:

1. The identification of value premises held by the society under study
2. The correction of those value premises to coincide with empirical reality
3. The statement of propositions from which deductions can be drawn
4. The derivation of those deductions and their transformation into policy plans, prescriptions, programs and projects

The above methodology is at best skeletal, but can serve as the framework for the development of specific prescriptive theories. In the formation of a prescriptive theory of Regional Integrative Development for the Arab region, the third step, "the statement of propositions from which deductions can be drawn," will involve a comprehensive synthesis of many theories and sets of theories. Prior to this synthetic process an introduction to the context and the outline of the synthesis is necessary. Following the final introductory section, the synthesis of a prescriptive theory of Regional Integrative Development (RID) will begin.

Setting

In the second half of the twentieth century mankind has lived with the horrible possibility of nuclear holocaust.
This horrible potential of war, ironically, has become an imperative for peace. Not only must direct nuclear power confrontation be avoided, but situations capable of trapping nuclear powers into inescapable confrontation must be modified. The Arab-Israeli conflict, a constant state of belligerency, spanning thirty years punctuated by four wars is just such a situation capable of spawning the unthinkable. A state of non-belligerency in the Middle East would not only benefit Arabs and Israelis, but would also defuse the explosive potential of US-Soviet confrontation. War in the Middle East has as recently as 1973 brought US nuclear forces to a global alert.29

However illogical nuclear confrontation may be, in the heat of conflict where client states are battling for survival and regional hegemony and global prestige are at stake, illogical decisions can be made. The global alert of 1973 in itself is sufficient warning to the world to warrant an international interest in a lasting peace. Numerous prescriptions, projections and proposals for peace in the Middle East have been ventured. Negotiation, mediation, and enforced settlement are all methods by which peace might be obtained. Much has been written about shuttle diplomacy, comprehensive peace plans, and Geneva conferences. The eminent statesman, George W. Ball, has written,

Thus the time is ripe for the United States to take a strong hand to save Israel from herself and in the process try to prevent a tragic war that could endanger the economies of the major non-Communist powers, separate the United States from its allies and precipitate an enormous internal debate, and pose a serious danger of a clash with the Soviet Union.30
Ball's suggestion for an imposed settlement is one of many approaches that might be taken to reduce military and political antagonism; however, his description of the consequences of "a tragic war" is widely accepted. Whatever approach is taken to instigate peace in the Middle East, one caveat must be heeded: If a concerted effort to bring about peace fails, the likelihood of war will probably increase. The great effort of Anwar Sadat, however inspirational, contains an element of risk. If peace initiatives, negotiations, or imposed settlements are not founded on the willingness of all parties in the region to accept the resultant equilibrium, the challenges pursuant to that equilibrium will be destabilizing. Though it is possible that a diplomatic settlement is attainable and would have lasting value, to limit the peace effort in the Middle East to such a settlement plays a dangerous game of probabilities. Beyond a diplomatic solution, a social, economic, and technical program to promote regional development and cooperation would increase the incentives and probability for a lasting peace in the Middle East.

A regional program of development and cooperation must balance many variables. It is useful to categorize these variables into three groups: theoretical; political; and empirical. Theoretical variables are the components of the prescriptive theory from which the regional program is drawn. Political variables may be seen as the motivations of and the restraints upon political actors in the region.
Empirical variables are not in themselves political and tend to be quantifiable, but nevertheless determine political realities.

Obviously, theory, politics and empirical data are epistemologically interrelated and have definite overlap. However, the differentiation of the three categories of variables allows for the isolation of political factors from the effects of theoretical prescriptions on empirical reality. The reason for this differentiation is to downplay intractable political differences and actively modify empirical reality through theoretical prescription. It is not so much that these theoretical prescriptions should ignore political variables as they should avoid injecting political or factional considerations into a program that should be regional in scope and homogeneous in character.

The relationship between theoretical and empirical variables constitutes a continuous loop with an interchangeability of cause and effect. The political variables constitute an area contained by the theoretical and empirical loop. The three sets of variables constitute a system but the set of political variables does not directly interact with the loop. Political variables define an area around which the interactive loop must be drawn. The prescriptive theory requires the definition of all three sets of variables.

The identification of those theoretical, empirical, and political variables necessary to the formation of a theoretical prescription must take into consideration the
ultimate objectives of such a prescription: peace and development. The objective of peace has been modified to mean that peace which derives from regional cooperation rather than peace which is imposed upon an unwilling populace, either by external pressure, internal repression, or the utter exhaustion that would follow a future Middle Eastern war. The objective of development must be defined in the context of the optimal use of all resources. Further definition of peace and development must limit these objectives to a scope appropriate to the corresponding levels of cooperation achieved vis-a-vis the Arabs and the Israelis.

A regional cooperative program may be defined as Arab-Israeli cooperation or inter-Arab cooperation. Arab-Israeli cooperation could be implicit or explicit. Explicit Arab-Israeli cooperation is not acceptable to all Arabs, but implicit cooperation is desirable if tensions in the region are to be reduced. Implicit Arab-Israeli cooperation could take the form of simultaneous or reciprocal, yet ostensibly unilateral efforts at disarmament and promotion of attitudes of friendship between hostile peoples, on one hand, and an increase in diplomatic and technical cooperation in international organizations on the other. A multi-phased program of diminishing hostilities could be the prelude to an explicit program of Arab-Israeli cooperation.

While the prospect of increased inter-Arab cooperation might intimidate Israel with the possibility of a unified Arab military force, a program of cooperation that emphasized
the creation of a stabilizing network of investment, trade, and development projects would increase the incentives for peace for all Arab nations.

Eventual Arab-Israeli cooperation could be a consequence of Arab investment in development projects within the Arab region. Such investments could create an infrastructure that would be perceived to be of sufficient value to discourage war. The conservation of peace in the Middle East thus becomes a function of the development of incentives for peace through two tiers of cooperation: inter-Arab, the first tier, and Arab-Israeli, the second.

The development of peace incentives may be tacitly approached as a by-product of regional economic integration; thereby diminishing resistance to peace by placing the widely accepted value premise of regional development as the implicit vanguard of the peace initiative. In this way, that segment of the Arab world that could not work for peace directly, could have that powerful emotion, national pride, sublimated into a pan-Arabist goal of regional development. Clearly, it is well worth the time to try to define a system of development and integration that would promote an end to hostilities in the Middle East. This thesis is an attempt to define just such a system which will be called a system for Regional Integrative Development.

Regional Integrative Development:
A Prelude

The definitions of regional integration and
development are a necessary prelude to a specific analysis of the Middle Eastern context capable of determining the strategy, scope and specifics of Regional Integrative Development. The wealth of articles, anthologies, and treatises devoted to the concentric circles of theory, hypothesis, and empirical generalizations that surround the adolescent discipline of regional integration provide the resources necessary to the task of a relevant definition of Regional Integrative Development. The completion of the definition of Regional Integrative Development must utilize research and theory in the field of regional development. The ready synthesis of the related fields of regional integration and regional development will then serve as the prescriptive network that can be superimposed on the empirical field of the Arab region. From this superimposition of derivative and synthetic theory upon empirical data, specific prescriptions can be elicited.

Regional integration theory may be, itself, derived from world order theory, functionalism, and what may be debatedly called the Idealist perspective of International Relations theory. The synthesis of Regional Integration theory and Regional Development theory gives a form to Regional Integrative Development theory which may be visualized as two vertically congruent structures which converge at a juncture of increasing specificity. By virtue of its antecedent specificity, Regional Integrative Development theory is capable of empirical validation and
endowed with prescriptive potential.

The convergence of Regional Integration and Regional Development theory is an admittedly prescribed juxtaposition, which in itself is laden with both empirical analysis and value premises identified in the previous discussion of value. Nevertheless, Regional Integrative Development theory is perfectly capable of being judged according to Professor Morgenthau's previously quoted criteria: internal consistency and external validation.

In that Regional Integrative Development theory (RID) is derived from the antecedent theories of integration and development, a certain level of empirical validation is already inherited. The more germane methodology of empirical validation of prescriptive theory first evaluates the outcome of prescriptive policies derived from the theory and secondly analyzes the entire setting in search of interceding variables that might have affected that outcome.

The internal consistency of RID theory is dependent on the collation of the diverse components which constitute each of its antecedent theories. The diversity of Integration Theory and Development theory may be seen as having vertical and horizontal dimensions.

Horizontal diversity derives from the many scholars who have contributed their own interpretations of integration and development. The collation of horizontal diversity involves the definition of the range of the diverse theoretical interpretations of integration and development and the
redefinition of operational terms within these disparate interpretations and location of areas of consonance at similar points within the horizontal dimension and to choose among the dissonances those particular interpretations most consonant with the whole.

Vertical diversity derives from the different levels of theoretical specificity, differentiated by the degree of the narrowing focus of attention. The collation of the vertical dimension involves the imposition of a consistency dependent upon an adherence to definitional precedence established at the highest level of abstraction inherent in the general theory. By establishing definitional precedence at the highest level of the vertical dimension, the process of complete theoretical collation then can spread downward incrementally exhausting the horizontal diversity of each vertical level before moving to a lower level of abstraction. To achieve the exhaustion of diversity, the process of collation must limit itself to a less than comprehensive domain of theory, but will, nevertheless, attempt to address the major areas of Integration and Development Theory.

In concrete terms, a theory of Regional Integrative Development must derive its internal consistency from the logical arrangement of its component parts. Within each of the component theories collated in the horizontal dimension there exists a backlog of empirical or external validation. However, since the process of collation involves selective perception, the subsumed empirical validation of the components
is insufficient for the new, hybrid theory. This thesis will look to the Arab region itself for historical, sociological, and political validation for the Prescriptive Theory for Regional Integrative Development.

The construction of a prescriptive framework for a working peace in the Middle East begins with a foundation of theory. The particular type of theory most suited for providing a prescriptive framework has been defined. The creation of A Prescriptive Theory for Regional Integrative Development for the Arab region will involve the collation of existing integration and development theories, but to avoid a hodge-podge, an effort will be made to define the terminology used in the theory building process, and to limit the input to the "classic" integration theorists and those commentators who best interpret "classical" theory to language relevant to the study at hand.
Integration theory covers a wide range of disciplines. Economics, sociology, and political science all contribute to the multi-disciplinary study of integration. Even when the focus is narrowed to a single discipline, such as political science, integration theory cannot easily be pinned down. Dougherty and Pfaltzgraff comment, "... political integration cuts across the traditional fields into which political science is organized, and is as relevant to the student of politics at the local and metropolitan level as to the student of comparative and international politics." Many approaches to the definition of integration must be accommodated in a composite theory. A collation of definitions is more of an umbrella under which different theories are placed than a true amalgamation in which various definitional components are rearranged into a new definition. From this umbrella of definitions several approaches to integration theory can be discussed with the eventual aim of weaving together some of the common threads in each of the approaches. It would be difficult to meld theories together with a definitional precedence that, due to its amalgamation, precluded, in part, the substance of theories from which it was drawn. An early narrowing of a definition would impede the process of
building a composite theory of integration. A wide definition of integration should accommodate many integration theorists, and their many approaches to integration.

A narrowing focus on integration theory relevant to prescriptions appropriate to the Arab region will precede from divergent approaches to integration. The ultimate goal of this manipulation of theories is the Prescriptive Theory for Regional Integrative Development. As the focus narrows toward this goal, the process of collation will be dictated by the necessities of relevancy rather than the whimsies of semantic exercise. The end result must be applicable to a region, and must emphasize mutual development. These caveats, admittedly arbitrary, will be the tools for the construction of a prescriptive theory. Many controversies concerning regionalism, development, and the nature of integration itself will not be resolved. Out of necessity, however, the Prescriptive Theory for Regional Integrative Development will adopt positions which are controversial and which have been widely debated in integration literature. Again, the side of the argument will be determined by the context to which the prescription is to be applied. In each case where a decision is made between conflicting definitions and approaches, an effort will be made to analyze the consequences of the alternative definitions and approaches.

Definitions

The definition of integration can vary from Galtung's rather simple "the process whereby two or more actors form a
To integrate generally means to make a whole out of parts—this is, to turn previously separate units into components of a coherent system. The essential characteristic of any system... is a significant degree of interdependence between its components, and interdependence between any two components or units consists in the probability that a change in one of them—or an operation performed on one of them—will produce a predictable change in the other. ...

... Integration, then, is a relationship among units in which they are mutually interdependent and jointly produce system properties which they would separately lack. Sometimes, however, the word "integration" is also used to describe the integrative process by which such a relationship or state of affairs among separate units is attained. 3

Deutsch's refined definition raises a primary issue in the determination of what integration is. Is integration a process or a condition? This debate has been commented upon and joined by many. Ernst Haas notes that, "The root of the trouble is that scholars disagree about whether the term 'integration' refers to a process, a condition or both. To make matters worse, many writers vary the sense according to the context." 4 Haas's reference is to an earlier definition of integration put forward by Deutsch which describes integration as a condition in which people "have attained within a territory a sense of community and of institutions and practices strong enough and widespread enough to assure, for a long time, dependable expectations of peaceful change among its population." 5 Haas argues that Deutsch's earlier definition begs the question. He notes,

The leading exponent of the transactional approach to integration is Karl Deutsch. The flow of transactions in terms of volume—i.e., a process—constitutes one dimension of his analysis. But at the same time Deutsch
defines integration as a condition under which "integrated" states have forgone the use of violence as a means of settling their differences. Thus some of the indicators by which the final condition can be identified also serve as a definition of the process; ranges of transactions constitute integration. This manner of conceptualizing the phenomenon makes it exceedingly difficult to isolate cause and effect.6

Perhaps Deutsch's refined definition written in 1968 was adjusted to Haas' observation. Considerable interplay and cross reference exists in the realm of integration theory. Amitai Etzioni's note on page six of his book Political Unification demonstrates this interplay that existed in the formative period of integration theory. The note is offered here to introduce a discussion of Etzioni's concept of integration as well as for it's clarity and definition of the positions of perhaps the three most important contributors to the field of political integration.

We shall refer below to the state of the system, with respect to the properties discussed, as its "level of integration." It should be noted, though, that we are dealing with political integration, not with religious, economic, or general integration. Karl W. Deutsch, et al. use "integration" to refer to the relationship among countries that no longer anticipate engaging in war with one another (Political Community and the North Atlantic Area. Princeton, N.J.: Princeton University Press, 1957, p. 31). Canada and the United States, for instance, are "integrated." This is a different definition, one that has a lower threshold than ours. Ernst B. Haas uses "political integration" to refer to "the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations, and political activities toward a new center, whose institutions possess or demand jurisdiction over the preexisting national states." (The Uniting of Europe. Stanford, California: Stanford University Press, 1958, p. 16.) The threshold of this definition is higher than that of Deutsch, et al. but not as high as ours. (Cf. Haas' discussion of "political community" pp. 4-11.) In particular, it does not require the ability of the "institutions" to significantly affect
the allocation of resources as does our definition. Note also that "Haas" uses "integration" to refer to a process while we use it to refer to a condition (Deutsch uses the concept to refer to both).  

Etzioni mentions in his note above that his definition of integration has a higher threshold than either Deutsch's or Haas' definition. By using the term threshold Etzioni is clearly referring to integration as a condition that comes into being when a certain threshold is passed. Etzioni's concept of integration is related to the existence of political communities as opposed to political systems which are "interdependent" rather than "integrated." A "political community" or a community which is politically integrated has

... three kinds of integration: (a) it has an effective control over the use of the means of violence; (b) it has a center of decision-making that is able to affect significantly the allocation of resources and rewards throughout the community; (c) it is the dominant focus of political identification for the large majority of politically aware citizens.  

Etzioni sums up with, "A political community is thus a state, an administrative-economic unit, and a focal point of identification."  

Clearly Etzioni's threshold is high and his concept of integration is more rigorous than that of Deutsch or Haas. Haas' definition roughly corresponds to Etzioni's second kind of integration. Haas' process whereby political actors in different settings "shift their loyalties to a new center" would at its culmination result in a condition much like Etzioni's condition B, "a center of decision-making that is
able to affect . . . the allocation of resources and rewards throughout the community."

By concentrating on the earlier definitions of integration given by Deutsch, Haas, and Etzioni, a glimpse of the complexity involved in the formulation of a composite or umbrella definition of integration has been given. Were it not for the works of authors such as Joseph Nye or Charles Pentland which have already undertaken a survey of integration theory and an analysis and comparison of existing definitions any work seeking to apply a most definition of integration to a particular context would be almost immeasurably more difficult. Indeed, Deutsch, Haas, and Etzioni, in their early writings were talking about a type of political integration. Though a scholarly comparison and evaluation of the many approaches to the definition of integration is worthwhile, to a certain extent it already has been attempted. Furthermore, regional integrative development obviously addresses itself to economic as well as political variables. Though one may be tempted, it would not be appropriate to raise the controversy surrounding the distinction and overlap between politics and economics. It will suffice to say that economic integration is a type of integration that has relevance to integrative development. Etzioni's "category B" of integration (center of decision-making that is able to affect significantly the allocation of resources and rewards . . . ) can easily be seen as a general description of the result of a process of economic integration.
Before moving to the subject of economic integration, a comment on the nature of integration is appropriate. As discussed above, integration is seen as a process or a condition. Though one might argue the ontology of integration as a thing in itself, our concern is less with integration in itself and more with a definition that is suitable for a particular theory. In that the theory in discussion is a prescriptive theory, the process of integration must precede the hoped for condition. This does not preclude Etzioni's definition, it simply emphasizes those policies, programs, and actions necessary to the attainment of the hoped for condition. The aim of the prescriptions to be derived is not integration for itself, rather the fruits brought forth by an active process of integrative development. For that reason integration will henceforth be seen as a process. Furthermore, the distinction is slight, because process and condition are only ways of conceptualizing. No condition is absolutely static and no process is completely fluid. What is important to the definition of integration must be extracted from those theorists who perceive integration as a condition as well as those who perceive integration as a process. The discussion of integration will not stray from the over-arching necessity to create a working system for the provision of integration and development in the Arab region.

Joseph Nye has written,
... a more fruitful approach is to break apart the concept of integration, develop concrete measurements for its component parts, and leave the relationship between them open for empirical verification. The concept of integration (defined as forming parts into a whole) can be broken down into economic integration (formation of a transnational economy), social integration (formation of a transnational society), and political integration (formation of a transnational political system).

It is obvious that economic integration has relevance to the prospects of regional integrative development. Though integration, in the typology of Nye, has three major components and definitions appropriate to each component, regional integrative development will be defined as a subset of economic integration which subsumes social and political integration as background conditions. Thus, the definition of integration will be approached from the economic perspective, and supported by the concepts inherent in political and social integration.

Integration may be defined in general terms, an expression of the concept of unification; or if broken into components, integration may be defined with specific reference to particular events, practices, and relationships. Economic integration relates to a set of established approaches or definitions which rely upon many quantifiable or emergent characteristics. Trade volume can be measured. The existence of a regional organization is readily observable. A tangible set of characteristics can be ascribed to a definition of economic integration. Literature pertinent to economic integration is abundant. The narrowing focus of definition moves through the broad field of integration into
the mid-level of economic integration. The collation of concepts at the broadest level of integration theory serves as the foundation for the definition of economic integration. Galtung's aforementioned definition of integration, "the process whereby two or more actors form a new actor" is sufficient for the foundation of the concept of integration. Deutsch's "refined" definition expands the concept of integration to the level of systems theory, but really adds little to the foundation of the concept. Actually Deutsch's earlier definition which required "dependable expectations of peaceful change" builds upon Galtung's foundation by introducing the value of peaceful relations between units as a particular characteristic of integration. Etzioni's first condition, "effective control over the use of violence" is perhaps too strong for a definition of integration that is to be used as the basis for regional integrative development in the Arab region. We have already noted that Etzioni's notion of a "center of decision-making that is able to affect significantly the allocation of resources and rewards" could be the result of economic integration, but again, our definition of economic integration cannot depend upon a hoped for result for its substance; the definition must accommodate the process by which a result is to be achieved. The result of regional integrative development cannot presuppose the prescription. The definition of economic integration is needed to narrow integration further so that it can serve as a bridge to the narrowest and most precise
definition of the type of integration necessary for regional integrative development. By defining the type of integration necessary to regional integrative development, the prescriptions for that type of integration become evident. The definition of integration capable of providing incentives for peace and development in the Arab region must take into account all of the variables and circumstances inherent in the Middle Eastern situation. The purpose for the tedious deductive derivation of definition from the general to the specific is to guarantee the widest input into the process of prescription. A definition of integration derived inductively from the variables and circumstances inherent in the Middle Eastern situation might not contain sufficient external input to serve as a prescription. Prescriptions, more often than not, must be derived from external inputs. Induction would only extrapolate from the facts as they are and not from conditions as they should be.

Fortunately, much work has been done in the area of economic integration from which a definition can be deduced. Bela Belassa's definition of economic integration is perhaps best known and will be dealt with directly later. Now, to expedite the process of collation, an already derived collation will be cited. Again it is Joseph Nye who most concisely states the point. Nye advances the progress of definitional derivation by adding the concept of regionalism to economic integration. Though this may seem a little like placing the cart before the horse, it must be reemphasized
that the task at hand is the arrival of the reader at prescriptions, not a comprehensive treatise on every political variable that might be encountered. A definition of regionalism will be forthcoming, but at this point we must assume that region used in the context of regional economic integration will not present insurmountable problems to the reader. At the risk of sounding parenthetical, regionalism will have a greater bearing on the later discussion of the effect of superpower incursion on the prospects of regional integrative development in the Arab region.

Nye writes,

Regional economic integration is not a simple concept. The formation of a regional transnational economy involves considerations of welfare and considerations of interdependence, and the two are not exactly the same. For example, a degree of protection may create a transnational economy among a group of countries in the sense of increasing their interdependence in trade or flow of factors of production. Indeed, production may be necessary to prevent the countries in the region from being integrated into the global economy or into other partial transnational economies. But if the effects of trade diversion exceed those of trade creation (assuming no important dynamic effects), there may be a net loss in regional welfare. From the viewpoint of a liberal economist concerned only with the welfare effects of the optimal allocation of regional resources that a perfect market mechanism would produce, it would seem undesirable to call the results of such protection "integration." 12

Nye has suggested the complexity of regional economic integration. In the preceding quotation Nye introduced the concept of trade diversion. Trade diversion will demonstrate a point about complexity in developmental integration. Suliman Demir defines trade diversion in the context of its opposite: trade creation.
Trade creation is defined as a shift from high-cost to low-cost sources of supply within the integration area; trade diversion is a shift from a low-cost source of supply outside the integration area to a high-cost producer within it.\textsuperscript{13}

The classical definition of economic integration is provided by Bela Balassa in his book \textit{Economic Integration}. Balassa's five categories, or stages of integration are the starting points for most debate on the subject of economic integration; however, before directly discussing those categories, let us first examine further the concept of trade diversion as it applies to developing regions. Trade diversion would in a "classical" situation be a severe obstacle to integration. Of course other obstacles exist, but trade diversion will serve as a good example of the modification necessary to adopt classical theory to the developing context.

\textbf{Trade Diversion}

Trade diversion occurs because of several reasons. The transfer of technology from industrial to lesser developed countries (LDC's) is often the transfer of relatively obsolete design and equipment. Industrial nations have a vested interest in their technology and the transnational corporations (TNC's) operate on the profit motive. The TNC's will not sell controlling interest in their most advanced technology to LDC's if it is more profitable to retain the best means of production. Also, if an economically integrating region has an insufficient market to reduce the price of a
locally produced item by providing an economy of scale, then those items will be more expensive than items produced in countries with economies of scale and access to world markets. The result of a relatively obsolete industrial plant and the absence of an economy of scale is trade diversion.

If trade diversion in a region outweighs trade creation then the impetus toward regional economic integration is stymied, but not necessarily stopped. The decision-makers in a developing region must determine if the relative disincentive of trade diversion is outweighed by the benefits of developing industries within the region. Global equations of comparative advantage do not necessarily balance when calculated by regional elites. Arguments can be and have been made for the protection of infant industries, or industries in developing nations or regions, that without protection would otherwise be unable to operate.

An example of trade diversion would occur if by agreement nations in an underdeveloped region decided to produce refrigerators, and deny refrigerators produced outside the region access to the regional market through the use of a prohibitive common external tariff. If in this case the regionally produced refrigerators cost more than the externally produced refrigerators, then this would be an example of trade diversion. But what would the effects of trade diversion be, and how does trade diversion bear upon the question of regional integrative development?

The regionally produced refrigerators would cost
regional consumers more than the externally produced refrigerators, tying up more capital in the absolute consumption of refrigerators. However, regional manufacturers, workers, and middlemen would earn money that would otherwise leave the region. The complexity of analysis is overwhelming, and seemingly unanswerable questions are raised.

Integration may simply be seen as making one out of many. Economic integration is the merging of many economies into one. There are many impediments to successful integration in the Arab region. Trade diversion analysis is just such an obstacle. Can national consumers be convinced or coerced into foregoing the purchase of less expensive and often more attractive goods in favor of more expensive regionally produced items? To what degree should coercion be applied to the promotion of regionally produced goods? At what point does the cost/benefit ratio of regional industry protection reach the level relative negativity? No specific answers can be provided for such general questions, but that the questions must be asked clearly demonstrates the problems that can occur when an aspect of a classical integration theory is applied to a developing region.

General definitions become less valuable as RID theory seeks to specifically address itself to and gain its validation from a particular region. A move toward the specific shears away the intellectual excess baggage of generalization and brings into focus the Arab region. What is required is an ever-increasing level of specificity which
is consistent with antecedent theory and the ever-increasing detail that is encountered as the process of theory building leaves the comfortable generalities of integration theory and enters into the sticky realities of integration efforts in the Arab region. The prospect of trade diversion is an impediment to regional economic integration. As an impediment, trade diversion shears off those parts of a definition of regional economic integration which fail to consider trade diversion. Furthermore, by no means is trade diversion the only impediment to regional economic integration in the Arab region. Political and economic impediments abound. Ideological conflict, different levels of development, unequal distribution of natural resources, historic national conflicts, insufficient economic infrastructure, unequal distribution of labor, and export oriented economies are but a few of the more obvious impediments to economic integration in the Arab region. Each impediment spawns a prescription.

With a hint of the impediments to regional economic integration extant, the definition which is to be modified into a definition of Regional Integrative Development can be placed upon the carving board.

As previously mentioned, the economist Bela Balassa has created five categories for economic integration. Balassa's categories correspond to progressives stages of integration and are distinguished by specific characteristics. The table below illustrates Balassa's categories.
### BALASSA'S CATEGORIES OF ECONOMIC INTEGRATION

<table>
<thead>
<tr>
<th>No Tariff or Quotas</th>
<th>Common External Tariffs</th>
<th>Free Flow of Factors</th>
<th>Harmonization of Economic Policies</th>
<th>Unification of Policies, Political Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Free Trade Area</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Customs Union</td>
<td>X X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Common Market</td>
<td>X X X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Economic Union</td>
<td>X X X X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Total Economic Integration</td>
<td>X X X X X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Source: Bela Balassa, *The Theory of Economic Integration.*

Though the table is somewhat self explanatory, it should be reemphasized that the five categories are presented as a natural progression, each stage a prerequisite for the following stage. Nye has problems with this.

At first glance the Balassa categories appear to be particularly suitable for use by political scientists. The first two categories correspond to the legal categories of Article 24 of the General Agreement on Tariffs and Trade, while the last refers explicitly to political institutional criteria and thus relates economic integration to political integration. On the other hand,
there are a number of problems involved in using only this approach. For one thing, the popular usage of many of the terms can be misleading. The "common market" label is more widely applied than practiced—witness the so-called Arab Common Market. A cynic might say that regional economic schemes are more common than market.14

Nye raises three other objections to Balassa's definitional categories: the categories do not consider planned economies; the categories have only trade related definitions and fail to consider shared services; and the categories are formal, not behavioral. (Though the framework for trade exists, trade, itself, may not.) Nye further distinguishes "Economic Integration" into EI_t or trade interdependence and EI_s or shared services.15

Obviously trade diversion is an obstacle to EI_t but does not interfere with EI_s. The development of regional services allows limited resources to be applied efficiently. Services also tend to be apolitical, and thus encounter less resistance.

Soliman Demir has commented on the relevance of comprehensive integration schemes in the Arab region, and in doing so reverts back to Balassa's categories as his point of embarkation. To begin with, Demir also uses Balassa as the source for a definition of economic integration. Demir's reference to Balassa clearly defines each of the categories.

Economic integration is conventionally defined as a process and a state of affairs. As a process, it encompasses various measures abolishing discrimination between economic units belonging to different national states; viewed as a state of affairs, it can be represented by the absence of various forms of discrimination between national economies.
As a process economic integration would have progressing stages that culminate in total economic integration. Balassa, one of the often quoted specialists on the subject, distinguishes among the following forms of economic integration:

(a) a free trade area, where tariffs and quantitative restrictors between the participating countries are abolished, but each country retains its own tariffs against non-members;

(b) a customs union, which unifies the tariffs of integration partners against non-members;

(c) a common market, which allows for the free movement of factors of production (not only commodities as in (a) and (b), among the integration partners;

(d) an economic union, which entails a degree of harmonization of economy, monetary, fiscal, social, and countercyclical policies among member countries;

(e) total economic integration, which presupposes the unification of economic, fiscal, and other policies, and requires the setting up of a supranational authority whose decisions are binding for member states. (Source: Balassa, The Theory of Economic Integration.)

The Arab nations have experience with a comprehensive effort at integration in the Arab Common Market. The usefulness of comprehensive integration schemes for developing nations has been widely challenged. Demir's comment is,

The movement toward integration in developing countries through generalized trade liberalization (i.e., comprehensive integration schemes), has not produced any particularly bright or successful examples. There are political as well as economic difficulties surrounding the implementation of comprehensive integration schemes based on trade liberalization.

John Renninger, an expert on West African integration efforts for the United Nations Institute for Training and Research (UNITAR) has observed,

The free trade areas, common markets, economic unions and other types of regional economic integration schemes raised hope that they would result in rapid economic growth in the countries involved. With few exceptions, the schemes failed to live up to these
early expectations. Difficulties of various kinds were encountered, and by the early 1970's the enthusiasm for such schemes had diminished.18

The Arab experience with a common market is best expressed by Dr. John Munro.

Certainly there is everything to be said for the idea of an Arab Common Market, an idea which received its first important regional sanction at the Arab League Economic Council Meeting in 1961, when it was proposed to translate national planning into regional planning. Under the Economic Unity Agreement, the Arab Economic Unity Council was given the task of preparing a blueprint, which would enable the Arabs to coordinate their economic development, prepare programs for the realisation of joint Arab development projects, and draw up proposals which would lead to the coordination of the agricultural, industrial and trade policies of the member countries. Unfortunately the Council's work was soon bogged down by political hassles, and fifteen years later, though some progress had been made, the Arab Common Market is more of a Platonic ideal in the economists' minds than a tangible reality.19

There is little doubt that the Arab region wants to promote integration, the efforts are manifest, the question is: What are the proper means to successfully integrate the Arab efforts for development?

Suliman Demir offers an answer.

The project approach to economic integration has been perceived as an appropriate vehicle for institutional cooperation and possibly higher integration at a later stage. One of the apparent advantages for project cooperation is that countries partner to the scheme of cooperation retain their control over economic affairs almost intact. Secondly, the gains and losses to the various partners are more readily identified and agreement on compensatory schemes can be easily reached. Moreover project cooperation entails on embarking on new activities of production and investment in cooperating countries, rather than redistribution and reallocation of existing utilized capacities. This last reason should be appealing to most developing countries, particularly in the case of the Arab region.20

A program of integration based on projects rather
than trade will enhance the motivation of national actors. If the development of regional services and industry is pursued, then the very tangible benefits of electrification, improved transportation, education, and health program coupled with a substantial supportive infrastructure will promote the acceptance of integration.

Regional Integrative Development will thus be defined by the application of general economic integration theory to the special requirements of a developing region. Regional Integrative Development is a program of development that seeks to offset the short term problems inherent in regional economic integration among developing nations by promoting regional industrial, infrastructure, and service projects.

Regional Integrative Development (RID) has been defined through a process of derivation; however, RID theory must be developed in the context of its antecedent theories. Definition is a priori and somewhat arbitrary; theory building, though contingent upon definition, must draw upon the backlog of integration theory for its substance. To ignore the labors of Mitrany, Deutsch, Haas, Etzioni, Balassa, and the host of scholars devoted to the discipline of integration would be academic blindness. The evolution of a discipline may bring a student to a highly differentiated subdiscipline (in the sense that RID theory is a subset of integration theory) but only after homage is paid to the founders of the original discipline. Far from being academic ritual, the identification and exegesis of the
founding theories of integration establishes the language and concepts of a Prescriptive Theory of Regional Integrative Development. However, once a theoretical framework is established, the identification of prescriptions will derive from the regional context using theory as a vehicle.
CHAPTER III

COLLATION OF INTEGRATION THEORIES

A study of integration theory should begin with David Mitrany. Mitrany, the British political scientist, is often described as a dreamer and a poet; in any case, Mitrany is the acknowledged father of functional integration. Influenced by the early Fabians, Leonard Woolf, G. D. H. Cole and Norman Angell, Mitrany gave substance to functionalism in his book, *A Working Peace System*. In his book Mitrany states,

The task that is facing us is how to build up the reality of a common interest in peace. . . . Not to build a peace that would keep nations quietly apart, but a peace that would bring them actively together; not the old static and strategic view of peace but a social view of it. . . . We must put our faith not in a protected but a working peace; it would indeed be nothing more or less than the idea of social security taken in its widest range.¹

Ernst Haas in his opus *Beyond the Nation-State* defines the ambition of the functionalists,

Functionalists, in the specific sense of the term, are interested in identifying those aspects of human needs and desires that exist and clamor for attention outside the realm of the political. They believe in the possibility of specifying technical and "non-controversial" aspects of governmental conduct, and of weaving an ever-spreading web of international relationships on the basis of meeting such needs. They would concentrate on commonly experienced needs initially, expecting the circle of non-controversial to expand at the expense of the political, as practical cooperation became coterminus with the totality of interstate relations. At that point a true world community will have arisen.²
Mitrany makes a clear distinction between the political and the technological. To Mitrany peace can be achieved if man organizes around the common, shared needs for public health, transportation, agricultural development, etc., and downplays the vargaries balance of power, diplomacy, militarism, and what may be described as mankind's darker desire for dominance. Mitrany's optimism is based on the assumption that man's darker nature is a product of "social and economic maladjustments." Chadwick Alger extracts what he perceives to be the basic assumptions of functionalism found in Mitrany' writings.

1. Social and economic maladjustments are the basic causes of war.
2. Social and economic welfare is the precondition of peace.
3. The nation-state system cannot deal with basic social and economic problems because global society is arbitrarily divided into units based on territory rather than units based on problems to be solved.
4. Institutions based on function, not territory, would be appropriate for solving basic social and economic problems.
5. Functional cooperation can begin with non-political, more technical problems.
6. Co-operative experience gained in one functional area can be transferred to another.
7. Co-operation will extend to more and more functions to the point that a "web of international activities and agencies" will "overlay political divisions."
8. Ultimately these agencies will require coordinating bodies, which will eventually require planning agencies, which will eventually evolve into a general authority for over-all co-ordination.3

Functionalism would have nationalism replaced by organizations which respond to the needs of humanity. The organizations would address specific needs and would allow for a withering away of the state. Quoting Haas again,
Instead of attacking nationalism and sovereignty frontally, the Functionalist aims at solving these problems by simply ignoring them and relying on the systemic forces and a learning process for eventually transcending, rather than defeating, the old order.\(^4\)

After the transcendence of the nation-state, a world government would be possible. We must now question the relevance of functional integration, with its global perspective, to the Arab region. In answer to this question it must be first noted that Functionalism is a starting point for the general theory of integration. Federalism, Pluralism, and Neo-functionalism will be discussed in turn, with each approach adding substance and direction to the final synthesis. It must also be noted that Functionalism, with a global perspective of non-controversial integration can with a few expressed reservations be applied to a regional context.

Chadwick Alger explains,

Mitrany drew insight from the experience of public international bodies dealing with health, transport and communication, which emerged in the nineteenth century, as well as from functional activity within nation-states where he observed that fascination with constitutions and central authority often obscured more basic processes of national integration. By doing so he provided conceptual linkage that made it possible to apply a wide range of social science knowledge to problems in international organization—-with respect to attitudes, loyalties, socialization, learning, communication, overlapping membership groups, etc. But it remained for the scholars working under the rubric of regional integration explicitly to identify and explore these linkages.\(^5\)

Functionalism is criticized in many corners because it seemingly ignores the concept of power. Haas states,

We can easily summarize the criticism leveled at Functionalism by writers in the Realist tradition: they merely assert the primacy of the political and take for granted the presumed hard outer shell of the sovereign nation-state.\(^6\)
This direct criticism of Functionalism is appropriate to its application to the Arab region. In a personal interview of the Arab League's ambassador to the United Nations, the ambassador, Dr. Helmi, criticized the weakness of mind that causes man to generalize and many to lump all of the Arab nations together. National interests and divisions exacerbated by the presence of intrusive powers are powerful adversaries to regional cooperation. Functionalism is not, however, blind to nationalism. Functionalism recognizes nationalism as an obstacle that is better ignored than antagonized. Unlike Federalism which attacks nationalism head on, Functionalism, in a nearly Taoist way, promotes activities which wear away the power of the nation-state through the provision of services to citizens of the state. Power is not denied, it is simply avoided. It is this avoidance of power that spawns a more germane critique of Functionalism.

Ernst Haas, drawing on the works of J. P. Sewell and Inis Claude, remarks that the Functionalists' separation of power and welfare is untenable.

Power and welfare are far from separable. Indeed, commitment to welfare activities arises only within the confines of purely political decisions, which are made largely on the basis of power considerations.

Mitrany was not unaware of his critics and in 1972 wrote in an article entitled "A Political Theory for a New Society,"
In the international sphere its (Functionalism) scope must be . . . to concentrate sectors of activity under some collective authority, and so build up gradually, the substance of an international society and of international government; until at a deeper level the two sides merge to the same purpose. Political world government is not possible but common government is both possible and necessary in those things which need to be governed in common.10

Rather than attempt a definition of power, in the case of Functionalism it will suffice to say that power is not exclusively drawn from nationalism, and if gradualism is adopted there is at least a reasonable chance that the power of reason, upon which Functionalism depends, will eventually prevail. In the Arab region there may be sufficient financial power in the form of petrodollars associated with rational approaches to development and cooperation, to make Functionalism practical. Admittedly nothing is guaranteed but it is difficult to argue against a theory which promotes welfare and cooperation. It becomes even more difficult to argue against such a theory if its sponsors within a region have vast financial resources.

A second criticism of Functionalism concerns its lack of a clearly defined end. If functional integration occurs globally then what, indeed, will be the nature of the end product? Functionalism provides a means to an end but leaves the end, itself, to be defined. It can be argued to Functionalism, if practiced might not lead to an integrated whole. What assurance is there that Functionalism will not spawn new regional, rather than global centers? What would the effect of regional organization be on world peace? Again
the scholastic debate on this question alone is worthy of more space than this study is prepared to give.

As stated earlier, in the Arab context, regional functional integration could provide positive incentives for peace. In the long run, the survival of Israel and the creation of a lasting peace cannot depend on the disharmony and the relative underdevelopment of the Arab people. It is one of man's nobler ideas that development and cooperation are contagious.

Robert McDonald writes about two divergent approaches to regionalism,

Two divergent approaches to regionalism could be discerned: (1) regionalism as an approach to international security, by means of an implicit or explicit Great Power hegemony, and (2) regional functional integration by means of intra-regional cooperation in the field of economics, cultural activities, and social affairs on a level assumed to transcend politics.

Inherent in the second approach to regionalism defined by McDonald is the supposition that intra-regional cooperation would promote global security. If developing regions can cooperate with themselves and with the industrial regions then peace will be promoted. The complexity of global dynamics precludes any South-South and North-South predictions; nevertheless, some generalizations have been attempted. Rosenbaum and Tyler write,

A central dimension of South-South relation . . . is that they are normally shaped by North-South relations. The international economic system's four functional areas—monetary, trade, investment, and aid—provide a constellation of issues capable of stimulating consensual and conflictual relations among the LDC's, but these relations generally are also conditioned by North-South relations.
Rosenbaum and Tyler go on to say,

A major cause of South-South relations has been the discovery by LDC's that they confront common problems with their relations with the North. International and regional organizations have played a major role in aggregating LDC interests.13

Regional functional integration can be seen as a process of aggregation which creates larger units imbued with forward linkage to an ultimate global system. A purely Functionalist view would argue the point.

According to many functionalists . . . the integration theorists have taken a fundamentally wrong turn--toward a narrow pre-occupation with the building of massively bureaucratized regional super-states--which has led them away from the central issue of world order.14

If, in fact, the Arab region were to become a "massively bureaucratized regional super-state", then world order might be threatened by any of the hypothetical conflicts below:

1. Arab-Israeli leading to superpower conflict
2. Arab-African on the horn of Africa
3. Arab-Persian over the oil fields
4. Arab-Soviet on ideological grounds
5. Arab-OECD on the price of oil

It is quite possible to fantasize any number of holocausts, but in reality, the probability of any conflict can be diminished by the existence of rational decision making organizations whose interests in stability would temper any potential conflict. Furthermore, if regional functionalism anticipates possible conflict through the initiation of multi-regional, and peripheral cooperation then world
order is greatly enhanced. Regional functional integration thus becomes a strong leg upon which Regional Integrative Development stands.

A brief discussion of Federalism is required because of the attempts at federation which have taken place with the Arab region. In 1950 the members of the Arab league signed a pact which was to have led to military and economic unification. The United Arab Republic was formed in 1958. On April 17, 1971 the Quadripartite Summit in Cairo led to an agreement to form the Federation of Arab Republics. The one thing all of these efforts have in common is that they failed. The reasons for failure are manifold. Amitai Etzioni's chapter, "A Union That Failed: The United Arab Republic (1958-1961)" in his book Political Unification accounts both historically and theoretically for the failure of the UAR. Etzioni's concluding sentences in the chapter are provocative.

... the ease with which the UAR tumbled reflected a thinness of the political basis for this particular union. But what actually tumbled was the institutional structure, while the building stones of the union--to the degree they were ever available--remained basically intact.

The Federation of Arab Republics was apparently built with the same stones but in the case of the FAR, the mortar was even weaker.

Federalism results in the creation of a supra-national state. Charles Pentland describes the simplicity of Federalism,
The classic federalist picture of international integration has the same deceptive clarity and simplicity as Hobbes' description of the birth of Leviathan. The essence of the integrative process, according to this view, is the formation, among a group of previous sovereign powers, of a common supranational state.18

Federalism conflicts with sovereignty thus is best pursued in political conflict, revolution or post-colonial turmoil. Federalism is, by its nature, dramatic. It would be easy to say the last hope of an Arab federation died with Nasser. The liberation of the Arab states from their colonial masters recedes into history, and the charismatic liberators pass from the scene. But conditions can change rapidly. The ripeness of history is difficult to judge. Was Muhammad anticipated? An Arab federation is not impossible, it is only unlikely. Furthermore, it is conceivable that an effort to force an Arab federation could have disastrous effects. Federalism is best approached indirectly.

Neo-functionalism is just such an indirect approach. Lindberg and Scheingold distinguish neofunctionalism from functionalism according to neofunctionalism's approach to the nation-state.

Neofunctionalism differs from traditional functionalism in that it establishes some prerequisites to effective problem solving which involve a partial but direct threat to the autonomy of the nation-state.19

The linkage between Federalism and neofunctionalism is in their common goal to "transcend the nation-state." They differ in their strategies to achieve the goal: Federalists using political means; neofunctionalists using economic means.20 Neofunctionalism does not, however, avoid
political interaction as does Functionalism.

The essence of the neofunctionalist argument is that political integration comes about less through pressures from functional needs or technological change as such, and more through the interaction of political forces--interest groups, parties, governments, international agencies--which seek to exploit those pressures in pursuit of their own interests. 

Certainly in the Arab region, or any region for that matter, political forces are at work. But perhaps more so in the Arab region than any other region, there exists a great potential for the application of those political forces to problems of regional development. A neofunctionalist approach with its manifest encroachment on sovereignty could divert attention from development to a perceived attack on the nation-state, or worse yet, create the impression among the oil-poor states that the oil-rich states were attempting to buy their sovereignty. The wisdom of Functionalism is that it avoids confrontation with those whose power is derived from the nation-state. Far from being politically naive, the Functionalist in the Arab region may show the greatest political sagacity.

The fourth major approach to integration is pluralism. Karl Deutsch defines the product of integration as a security-community.

A SECURITY-COMMUNITY is a group of people which has become "integrated."

By INTEGRATION we mean the attainment, within a territory, of a "sense of community and of institutions and practices" strong enough and widespread enough to assure for a "long time" dependable expectations of "peaceful change" among its population.

By SENSE OF COMMUNITY we mean a belief on the part of individuals in a group that they have come to agreement
on at least this one point: that common social problems must and can be resolved by processes of "peaceful change."

By PEACEFUL CHANGE we mean the resolution of social problems, normally by institutionalized procedures, without resort to large-scale physical force.\(^\text{22}\)

Deutsch goes on to define and differentiate amalgamated and pluralistic security communities.

By AMALGAMATION we mean the formal merger of two or more previously independent units into a single larger unit, with some type of common government after amalgamation \(\ldots\).

The PLURALISTIC security-community, on the other hand, retains the legal independence of separate governments.\(^\text{23}\)

The relevance of Deutsch's pluralism to Regional Integrative Development among the Arab nations lies in the sequential definition of a pluralistic security community. Pentland notes,

For those who, like Deutsch, are mindful of the tenacity of the nation-state and concerned primarily with preserving peace in the international system, the less ambitious but more stable pluralistic form of community must seem both a pragmatic and realistic aspiration.\(^\text{24}\)

If development is to be pursued then sense of community with an expectation of peaceful change must exist as a precondition to investment in the region. A pluralistic security-community is the only viable alternative for the same reasons that an Arab Federation is unlikely: the sovereignty of the nation-state.

This chapter has only touched upon the four classic approaches to integration theory: functionalism; federalism; neofunctionalism; and, pluralism.

However, each of the four approaches has deposited
concepts into the Prescriptive Theory for Integrative Development. Without question, functionalism is the basis for integrative development. In both functionalism and Regional Integrative Development, common welfare is the point of coalescence; but RID differs from pure functionalism in that it seeks to address regional welfare. Though RID is development or project oriented, it requires the creation of functional organizations. RID employs political power to achieve welfare objectives but does not challenge sovereignty. RID presupposes the conditions inherent in a pluralistic security-community but through its program of development enhances regional cohesion. RID defines its objectives in social and economic terms and leaves the political outcome to its natural conclusion.

The juxtaposition of classical integration theory with development theory is simplified by the collation which has already taken place. Charles Issawi has written in his article, "Growth and Structural Change in the Middle East," that four obstacles exist to development in the Middle East. These are:

1. Arab-Israeli War
2. defense spending conditioned by tensions
3. the reduction of efficiency caused by extension in the public sector
4. population growth

Jahagir Amuzegar identifies three approaches to economic development: Arab socialism, Arab capitalism, and Public-Private mixes. Mr. Issawi's choice of obstacles seems to indicate that he would choose the Arab capitalist
approach to development. Economic development theory can be approached from either an ideological or technical standpoint. Mr. Amuzegar looks at development as an ideological issue, and Mr. Issawi takes an ideological approach to development. Mr. Amuzegar has identified three potentially conflicting approaches to development. Mr. Issawi has adopted one of those approaches. Regional Integrative Development cannot afford to divide the Arab world into three conflicting camps. RID must approach development in concrete, technical terms. As stated previously, "The ultimate satisfaction of needs, material or otherwise, of the people of a country depends, in the final analysis on progress achieved in producing goods and services."  

The United Nations publication goes on to state, "Developments in production, therefore, become the focal point in any attempt to review economic and social progress, or in short, growth."  

One aspect of a technical definition of development is the identification of economic goals and social goals. Whether these goals are approached capitalistically or socialistically does not impact the goal outside of the relative efficiency and equity of the different approaches.

Another aspect of a technical definition of development is the specification of specific projects through objective means which seek to reconcile profit motives with social utility.

Economic and social goals must be defined, and
development projects must be identified. The definition of economic and social goals must take place within the restraints of the attainable, but should be high enough to meet the demands of a burgeoning population. The United Nations Economic Commission for Western Asia has applied the standards set forth in the International Development Strategy to a national and regional review of the Middle East. National objectives are defined in development plans of the nations within the region. The existence of nationally defined objectives meets one of the requirements for a technical approach to development.

The identification and prioritization of development projects is more difficult as it requires a degree of consensus and compromise. The best approach to the identification of projects is the use of project packages with detailed implementation plans and realistic schedules of completion. By the presentation of packages to investors and labor suppliers, trade-offs could be accomplished.

Regional development should promote consensus and compromise; it should not be tied to a particular ideological system or predominant national interest. Mr. Amuzegar's Public-Private mix on a regional scale may be the best approach to development. In the same way that East-West trade is often mutually profitable, Arab socialism and Arab capitalism can seek an accommodation.

Hopefully, the theoretical focus has been narrowed to the point of clarity. The process of collation was
dictated by the necessities of the region. The theory has been modified by the region; now through the derivation of prescriptions the theory will directly engage the region. The interaction of the theoretical and the empirical is unavoidable. The horizontal collation of diverse theory is complete. The vertical collation has reached its final stage of specificity requiring only the consistency of the prescriptions for completion of the internal validation of the theory.
CHAPTER IV

APPLICATION OF THEORY

Having established a theoretical foundation for Regional Integrative Development, it is now possible to apply the theory to the Arab region itself. Though we have previously discussed the "Setting" in Chapter I, this earlier discussion was developed only to the point of the identification of value premises. The application of Regional Integrative Development Theory to the Arab region requires the exploration of all factors contributing to or detracting from the prospects of integration. In particular, special attention must be given to the existing framework of regional interdependence and those specific areas where development projects are feasible must be identified. Furthermore, a good deal of research and speculation concerning regional economic integration and project development has already begun, and must be acknowledged.

Regional Integrative Development has been likened to regional functional integration. RID has been further limited to programs or projects designed to develop regional cooperation. A discussion of the Arab region will enhance an understanding of background conditions relevant to RID.

Regional Integrative Development in the Arab Region must be molded to the needs, expectations, and aspirations
of an awakening population. RID must consider regional politics and inter-state relations; the unique economic and demographic distributions within the Arab region; and global and hegemonical influences. The prescriptions which evolve from this study are developed from theory and given substance by the Middle Eastern realities.

**Economic Factors**

Although political cooperation among the Arab countries is still of paramount importance in view of the Arab-Israeli conflict, economic cooperation is perceived to be of vital and urgent nature. The Arab oil exporting countries are accumulating large financial reserves that their economies cannot absorb, while non-oil Arab countries experience shortages in financial capital and hard currencies.¹

At this point in history, a tremendous opportunity exists within the Arab region: the opportunity for regional development. At the same time, the inequality of distribution of oil revenue presents an equally tremendous opportunity for regional destabilization and conflict. The petrodollars earned by oil exports are accruing at a rate greater than the ability of some states in the region to absorb them. An influx of dollars can lead to financial chaos within a country if that influx is not carefully managed. At present many Arab Gulf states are investing heavily in Western capital markets. On the other hand, Egypt, Syria, and the Sudan are suffering from capital shortages.² Internal and regional economic destabilization can occur because of the appearance of petrodollars.

There seems to be little agreement on what exactly
are the oil reserves present in the Arab region; but, in any case, oil reserves are limited and the benefits of petrodollars must be maximized. For the potential investor of petrodollars, many opportunities are available and if the investor is to realize maximum benefit from his petrodollars, many factors must be taken into consideration.

First, one cannot expect an investor, however great his identification with the Arab people, to invest in projects that cannot return a fair amount of profit. Investment must be clearly distinguished from charity. Charitable contributions are of little more than short term relief for economic deprivation. Though valuable in emergencies, charitable contributions can do little to provide for future contingencies. By purchasing consumable goods and commodities with petrodollars, Arab investors would only delay the time when the same needs would plague the region. Investment in capital goods provides the means for future production. Investment in agricultural projects provides the production of food for a growing population. Investment in transportation, electrification, regional services and education provide the infrastructure for future development. But even the aforementioned investments in industry, agriculture, transportation, electrification, services and education must have the potential to produce a profit. The investor must compare the profitability of short term investments in Western capital markets with the profitability of long term investments in the Arab region. The argument for short term
investment in Western money markets is that petrodollars gain high interest and are relatively secure. Investment in short term money markets also allows for almost immediate access on the part of the investor to his investment. Also investment in Western capital markets allows for a certain amount of political leverage vis-a-vis the Western industrial states whose economic stability greatly depends upon recycled petrodollars.

Profitability of investment must be determined in light of other circumstances that modify the wisdom of certain approaches to investment. Investment potential must be analyzed in the widest possible time frame. Clearly much debate has already taken place on the advisability of diverse schemes of development, and heated argument has transpired over the topics of export strategy versus industrialization, regional markets versus the global market, free trade versus infant industry protection, but the choices of the guardians of the Arab petrodollars are somewhat simpler and less antagonistic.

Investment in western capital markets protects the petrodollars against inflation and at the same time protects the viability of the western international economy; however, money cannot endlessly buy more money. There must be a time of convertibility when money buys goods and services. The real question for the Arab investor is what is the proper mix of investment and what is the proper timetable for convertibility. The western industrialized states are
easily seen as the goose whose ability to lay eggs depends greatly on its feeding schedule of petrodollars. Though the health of the goose is a real concern, this study is primarily interested in what to do with the eggs. At present there is every indication that Saudi Arabian policy, for one, takes into account the health of western economies. The real question is what will the long term effects of present investment policy be on the stability and viability of the Arab region. Albert Gray states the dilemma clearly.

Wealthy Arabs from the conservative Persian Gulf areas are the most likely to invest in Egypt at this time. They will do so only if Sadat can convince them that there are profits to be made in Egypt, and that their investments are secure from nationalization. Nasir's socialist policies and his actual sequestration of Arab assets in the 1960's dried up this source. It will take some time for these funds to start flowing again.

The problem with these private Arab investments when they do come in is that they are apt to be concentrated in the building of high rise luxury apartments and fancy hotels along the Nile. They yield fast profits.3

Gray's point is that there is great temptation to use petrodollars for investments in the already developed "luxury sector" of the economy. If in fact petrodollars are invested in this manner they are at least providing an input into labor markets, and employment and capital to a population in need of both. However, it is difficult to dispute Gray's inference that the funds could be better spent elsewhere.

John White of the Institute of Development Studies, University of Sussex, is perhaps more precise when he states,
It is reasonable to suppose that the first concern of the surplus States is to find investment opportunities which will yield an acceptable return on their resources, i.e., to use the opportunities created by oil revenues in a manner which takes into account the exhaustibility of the resources from which these revenues are derived and which provides the surplus States with alternative sources of income to replace their wasted assets. It is conceivable that they may occasionally enter into large isolated commitments on concessionary terms as in some cases they have already done, in the manner of any conventional bilateral donor, but it is not conceivable that they should enter into a general responsibility for underwriting with concessionary finance the development programmes of all their neighbors.4

There must be a perceived incentive for oil rich states to forego the short term benefits of high profit investments in favor of investments which provide the opportunity for long term stability. As is the case with the choice between investments in western capital markets or in the Arab region, petrodollar investors must balance immediate profit with the long term need for stability within the region. If it were possible to build a model for the regional and global economy for the next one hundred years, Arab investors could guarantee a maximum return on their investment while at the same time maximizing regional development; but no such model is possible. First, as stated before, the extent of oil reserves is unknown. Second, the impact of development on regional stability is problematic. It is simplistic to assume that Saudi dollars can buy regional harmony. In fact, it is quite possible that petrodollars could destabilize the region. Ian Smart in the British journal, The World Today, has portrayed just such a scenario.
In the thinly populated states of the Arabian peninsula and the lower Gulf, I would expect the agonizing choice between accepting manpower shortage as a decisive constraint on economic development and inviting a possible uncontrollable increase in immigration to be particularly disruptive, just as I would expect a growing danger of "palace revolutions", ostensibly over policy, but actually over the control of the existing system. In the more thickly populated Arab oil-producing states of the area (Iraq and probably Kuwait), I would expect the more serious danger to lie in the obstrusiveness of economic differentials and the over-elaboration of decision making structures, leading to a much higher risk than elsewhere of broadly based social and political dissent. (Outside of the Gulf, the case of Libya may resemble the former model, while that of Algeria may resemble the latter.)

In the case of the Saudi's Ramon Knauerhase has observed,

The oil revenues have been a mixed blessing. On one hand, they have provided the kingdom with a steady, large source of income which has been used to further economic development; on the other hand, it has fostered a feeling of euphoria, which has made many Saudis unwilling to work on anything but government or a few selected service jobs. Most Saudis feel that anything can be bought.

Knauerhase's observation fits neatly into Smart's scenario. If the Saudis will not perform manual tasks at home, imported labor will be required. This labor could destabilize Saudi society and at the same time the demand for foreign labor could easily produce regional resentment as plentiful Saudi petrodollars competed in capital starved local labor markets. It is absolutely necessary that the unprecedented flow of money in the oil rich Arab states be managed in such a way as to maintain the presence of local labor and technology in those states which are oil poor, or present to those oil poor states compensatory viable alternatives to national
development. We will return to the question of the destabilizing potential of labor movement within the Arab region in a following discussion of regional political conflict; for now it is sufficient to note that petrodollar investment must be approached cautiously and, if possible, according to some criteria.

No comprehensive model is available to guide Arab petrodollar investment, but a set of criteria for investment has begun to materialize. Ragaei Mallakh and Mihssen Kadhim have listed four motives for investment: (1) the political motive; (2) the cultural motive; (3) the economic motive; and (4) the humanitarian motive.\(^7\)

The cultural pressure to invest in the economic development of "fellow Arabs" is high.\(^8\) The following quotation illustrates the operation of a regional, social dynamic.

The political and cultural religious motives behind Arab oil producer's aid to Arab non-oil producing countries are obvious; the people of the two groups share close affinities in language, religion, background, and history. In fact all Arab countries view themselves as part and parcel of the Arab world. Any oil producing country, especially if small, finds itself under enormous pressures both from within and from the rest of the Arab world to contribute to the economic development of fellow Arab people. This explains why such nations as Saudi Arabia, Kuwayt and Abu Dhabi consider the orderly development of fellow Arab states as an effective deterrent to social and political instability within the region.

Moreover, major Arab oil producers, with the possible exception of Algeria, are labor deficit countries. To accelerate their own economic and social development they have been relying increasingly on expatriate labor, notably, Palestinians, Egyptians, and Lebanese. Competition for labor, especially skilled labor, may be cited as a potent economic rationale for aid to labor
surplus Arab countries. Furthermore, economic cooperation between Arab oil producers and non-oil states, particularly at the commodity and sectoral levels, could be of great potential benefit to all parties concerned. There is greater realization that cooperation enlarges the size of the market and reduces market uncertainty, thereby permitting the exploitation of economies of scale production. It also allows for specialization along the principle of co-operative advantage, contributing to more efficient allocation of resources.

The recent surge in oil prices created egregious disparities in human wealth and human welfare conditions between oil haves and have nots. The gulf between these two groups is most dramatic in the Arab world. Countries with relatively small populations like Abu Dhabi, Qatar, Kuwait, Libya, Saudi Arabia, and to a lesser extent Iraq, suddenly have found themselves with enormous financial resources far exceeding their domestic capital absorptive capacities (at least in the immediate future), while the people of Egypt, Sudan, Yemen, Morocco, Jordan, Syria, Tunisia, Somalia, and Mauritania are still living close to subsistence or even starvation levels. Thus humanitarian considerations reflected in the moral principle of relative egalitarianism normally accepted within a single country and community must be recognized as an important factor in Arab aid giving.9

The investment of petrodollars must produce both profits and regional equity. Profit itself may be abstracted from capitalist ideology and viewed as capital formation. The ultimate objective of petrodollar investment should be the viability of the regional economy in the context of a viable global economy. Oil is a wasting resource and is the lifeblood of industrial society. If the fruits of the industrial age are not to be lost, the oil fields of the Middle East must not become a future battleground for national, regional, or global adversaries. Efforts to promote regional stability and integrity will help to ensure the steady flow of petroleum to markets throughout the world, thereby obviating superpower conflict while improving the
lives of the regional inhabitants.

**Political Factors**

The presence of intrusive, hegemonical powers within the Arab region constitutes the first level of political conflict within the Arab region. Cantori and Spiegel identify nine methods of participation by an intrusive power within a region: (1) multilateral arrangements; (2) bilateral arrangements; (3) trade and economic investments; (4) possession of a colony; (5) military intervention; (6) subversion; (7) the United Nations; (8) cultural and educational activities; (9) propaganda. The United States and the Soviet Union employ most of the identified intrusive methods to further their respective national interests within the Arab region. The struggle for hegemony leads the U.S. and U.S.S.R. to seek "clients" in the Middle East. To the degree the superpowers are successful in recruiting clients, or imposing their wills upon the policies of Arab states, the natural process of regional integration is interrupted by injection of extraregional conflict and identification. The polarization of Arab states along the issue of Egypt's direct negotiations with Israel, specifically Sadat's visit to Jerusalem, into rejectionist and moderate camps is indicative of the competition between intrusive powers.

A spin-off of superpower conflict is the conflict of economic systems associated respectively with the U.S. and U.S.S.R. The caveat that must be expressed is all
economic conflict of an ideological nature is not necessarily the work of superpowers. Intellectual and political elites within the Arab region champion ideologies which are Arab in character; that is to say, Arab socialism is not Soviet socialism, but not to say Soviet or Chinese socialism have not influenced Arab socialist ideology. What is important is the relative incompatibility of socialist and capitalist economic systems.

Jahagir Amuzegar remarks in his article, "Ideology and Economic Growth in the Middle East",

In their search for rapid economic development in the postwar period, the less developed countries have been faced with two main paths to growth, championed by two rival ideologies. The "centralists" have stressed the importance of comprehensive planning, public ownership and enterprise, heavy industrialization, and a reliance on a strong and, if necessary, heavy-handed central authority. The "free marketeers", on the other hand, have emphasized nearly the opposite: considerable economic freedom and initiative for individuals; private ownership and operation in all but a few "security-sensitive" economic activities; development of a solid agricultural base; and a philosophical commitment to "democratic institutions", e.g., a multiparty system.12

Amuzegar goes on to describe Arab socialism as a "complex melange of Islamic egalitarianism, Eastern political tradition, modern social democracy, latter-day anti-colonialism, and a dash of socialist orthodoxy."13

Though it could be plausibly argued that this discussion of conflict of economic ideology could be discussed under the previous heading of "Economic Factors", the real impediment to integration is not the "technological" problem of meshing divergent systems, rather the political
orientation of the elites in power in the respective ideological systems and the inability of those elites to accept each others solutions to the problems of development. If cooperation is to be forged out of this divergence, the basis of such cooperation must strive for ideological neutrality. The basis for cooperation in the Middle East must appeal to the developmental needs of the Arab nations, and thus overcome the disincentives for unified action. The "freemarket" or potential petro-dollar investors must overcome their fears of nationalization and doubts about the efficiency of socialist economies, while the "centralists" or "socialists" must overcome their ideological abhorence of the profit motive and latent fears of neo-colonialism. Economics and politics are as inextricable in the Middle East as they are anywhere else.

The presence of intrusive powers in the Middle East can be placed in an equation which balances external loyalty reciprocally with internal cohesion. The intrusion of the United States and the Soviet Union in the Arab region can be perceived to be detrimental to the process of integration, so long as that incursion promotes loyalty which is greater to the external intrusive powers than to an Arab integrative core. The secondary association of Arab economies with divergent economical philosophies is a limiting factor on the type and extent of integration possible within the region. A Pan-Arabist approach to integration must acknowledge clientel relationships and the diversity of economic systems
but can seek to diminish the effects of these differences by defining an area of common ground where communication, cooperation, and eventual integration can be pursued in a productive, developmental, and relatively non-controversial way.

Though it may be argued that the presence of Israel as a perceived common threat to the Arab states is an integrating factor within the region, this simplistic presumption ignores the underlying web of external loyalties and interdependencies. Furthermore, the type of integration promoted by military threat is at best an unstable alliance that promotes military investment and cooperation but fails to address the common needs of the Arab people such as the needs for development and stability. Clearly, Arabs cannot indefinitely depend upon Israel as a primary source of cohesion. In the final analysis, Arab unity must reflect positive values if it is to survive the vagaries of regional conflict. Bernard Lewis wrote in Foreign Affairs in 1968,

It would not be easy for the great powers to lose interest and might well be painful for the Middle East, where the final fulfillment of the long-standing demand for the end of imperialism could have disconcerting political and economic effects. Without foreign stimulation, there would be grave danger of deterioration and regression; without foreign irritants, there might be some hope of peace.14

A decade has made Lewis' concern about the effects of a loss of "foreign stimulation" dated. The economic potential of the Middle East as well as its interdependence is assured. Lewis' observation that "the hope for peace" is
related to the removal of "foreign irritants" is more timely. Though it is impossible to extract the Middle East from the global web of interdependence, the prospect of the removal of "foreign irritants" is both desirable and tangible. The dynamics of such a removal involve the mutual consent of the United States and the Soviet Union to allow the Arab region to evolve as such, and the ability of the Arabs themselves to overcome the obstacles to cooperation. The emergence of an autonomous region without a military portfolio is conceivable if those intrusion powers in the global system would agree to mutual restraint. The strengthening of the autonomy of the Arab region must depend upon an intricate balance of global and region forces. A de-militarized, developing Arab region, defused as a possible source of super-power conflict, may be the best of all possible worlds for all parties concerned.

The second level of political conflict in the Arab region is among the Arab nations themselves. First, there are traditional and historical conflicts. Michael Van Dusen states,

One of the greatest obstacles to political integration in developing societies is regionalism or localism. Within the Arab Middle East local loyalties continue to a large extent to define the nature of political commitments.15

It must be remembered that most Arab nations are emerging from colonialism. Colonial powers depended upon the inability of their subjects to unite in opposition to their colonial masters. The British, Turks, and French had
a vested interest in internal divisions of the Arab peoples. It is not surprising that these internal divisions have surfaced as violence in Lebanon, Syria, Iraq, and Jordan. Conflict internal to or regardless of national borders is one type of historical or traditional conflict.

Historically, Arab nations have known conflict. Though national conflicts were muted by the Ottoman Turks and the European colonialists, the historical cultural centers of Cairo, Damascus, and Bagdad also spawned their respective political champions. The potential for competition for a dominant role in any scheme of Arab cooperation is evident from the behavior of the Arab states in the formation and dissolution of the United Arab Republic.

No plan for any type of regional integration can ignore the traditional conflicts within the region. Competition for regional supremacy is almost a foregone conclusion. Competition within a region can, however, be positive, if the objective of competition is the greatest contribution to regional development projects or ventures within the framework of regional complementarity, or agricultural yield increases, or any of the many possible ways than mankind can cooperatively better its lot.

A second type of regional conflict exists because different types of power centers can be identified within the Arab region.

With its vast oil reserves and traditional religious significance, Saudi Arabia is unquestionably a center of the
Arab world. As a possible distribution point of development funding, Saudi Arabia draws the hopeful and ambitious as surely as Mecca draws its pilgrims.

Egypt, with its mass of humanity and proud history, is a political center of the Arab region. On the basis of its population alone, Egypt would be a center of demographic power; but in the case of Egypt, it is the intangible power of the legacy of Nasser that also figures in its centrality to the issue of Arab nationalism.

A nation without a state, the Palestinian nation is the third center. Palestine is a common cause of the Arabs. The issue of Palestine transcends the land in contention, and to some degree ignores the well-being of the Palestinians and instead focuses on the pride of the Arab people. Palestine, as an Arab issue, gained currency as Pan-Arab nationalism encountered the realities of power politics. The association of Palestinian intellectuals with Arab or revolutionary socialism is strong. Palestine seems to coalesce the frustrations of the Arab people and thus serves as a center of social consciousness in the Arab region.

The existence of physically and functionally divergent centers within the Arab region can contribute to conflict, or if properly balanced could serve as a mechanism for the distribution of power on an equitable basis throughout the region. A regional system of checks and balances is not such a far flung concept, but it is one that is entirely dependent upon the rejection of violence as a means of settling
regional conflict. With the development of infrastructure projects would come the beginning of a regional administration that could eventually temper the sources of conflict that otherwise might instigate violence or deposit conflict in the mercuric chambers of international diplomacy.

The third type of regional conflict has already been touched upon in the earlier discussion of the distribution of oil reserves and labor within the region. As long as petrodollars can attract labor, the movement of labor from oil-poor, labor-rich to oil-rich, labor-poor nations will continue. With the movement of labor will be an increasing potential for social upheaval in both labor contributing and labor receiving nations. Ian Smart remarks on the future domestic condition of the Arab states.

I do not mean to paint too black a picture. I see no reason why the pressure of domestic ferment should not be contained—and, in the longer term, dissipated—in most of the countries concerned. Meanwhile, I expect some reduction in the level of international conflict in the region. The fact remains that I foresee a decade of rising domestic turbulence within many of these countries, just as I expect an increasing conservatism in the formal domestic and external policies of their governments.16

Unfortunately Mr. Smart does not provide the basis of his optimism. If Smart's prediction of "rising domestic turbulence" is correct, then definite measures must be undertaken which will accommodate both the need for the easy movement of labor within the Arab region and the turbulence inherent in such movement. If labor movement is tied to project development and the fruits of labor are clearly evident in the form of regional development projects, then
labor movement could be monitored and controlled, while labor and labor pools would avoid the malaise of alienation. If the third level of conflict, internal sociological imbalances, are allowed to exacerbate, the ensuing instability could be easily exploited by the Soviet Union, or in defense against such exploitation lead to intolerable authoritarian regimes. Labor movement and manpower development must be regionally coordinated. The creation of a two-tiered society, made up of the petroleum rich and a poor working class, is not compatible with the process of long range development. Regional answers must address regional problems.

Prescriptions: A Prologue

The politics and economics of the Middle East coupled with the cultural homogeneity of the Arab Region serve as a perfect setting for the merger of integration and development projects. The Arab region contains great natural, financial and human resources. The region itself is ripe for development as teeming masses cry for a better life and unexploited natural resources encourage the development of infrastructure, transportation and industrial capacity. The likelihood of a comprehensive scheme for integration in the Arab region is significantly diminished by the presence of tangible political and economic obstacles. Disparities between Arab nations in development, population, ideology, alignment, wealth, and traditional affinities obstruct Pan-
Arabism, but, paradoxically, at the same time, make a Pan-Arabist approach to integration and development necessary. Only by avoiding confrontation with the overpowering obstacles to integration can integration gain sufficient impetus to eventually challenge the disparity and illogic of a divided Arab World. By defining objectives of mutual desirability, the cohesion of the Arab states can be strengthened to the point where the "classical" model of integration "takes-off" or begins to operate. At this point in history, it is unlikely that any comprehensive plan or model for integration in the Arab region would be anything more than wishful thinking. In a region, or moreso, a world where technical expertise is at the premium, the engineers of human cooperation and development can best be utilized in the attainment of objectives that have a relatively high probability of attainment. Such attainable objectives can be determined by a logical set of criterion. Dennis Rondinelli observes, "Nearly all theorists advocate that development projects be initiated through identification and analysis of problems susceptible to solution by project investment."17

Dr. Rondinelli establishes a cycle for a well planned project. Rondinelli's cycle will be a useful template for the projects which will later be prescribed.

Cycle for a well-planned project

1. identification and definition
2. formulation, preparation, and design
3. appraisal
4. selection, negotiation, and approval
5. activation and organization
6. implementation and operation
7. supervision, coordination, and control
8. termination or completion
9. dissemination of output and transition to normal administration
10. post evaluation and follow up

Rondinelli's cycle is particularly appropriate to a developing context because it stresses planning, transition, and follow up. Planning of projects is necessary to the requirement of best utilization of limited resources. Transition from the project mode to the administrative mode is necessary to the stability and continuation of the effort underway. Evaluation and follow-up are in recognition of the experimental stage of project development; and the need to identify modalities which work in the context to which they are applied. Rondinelli has noted, "Analysis of project planning and implementation in developing nations leaves little doubt that extensive improvements are needed in overall management capacity." 

Projects alone are not the solution to development and integration in the Middle East. As Rondinelli has noted, there is in absence of managerial capacity in the region. This shortage can be and is being addressed by extensive education projects, but these projects could be augmented by specific policies which coordinated and assigned available managerial manpower and expertise in a rational way. Beyond the question of the allocation of manpower lie other structural impediments to integration and development.
Tariffs, currency, finance, and the competition for the benefits of proposed projects must all be dealt with if projects of a regional scope can be undertaken. Though a comprehensive scheme for integration and development cannot precede the development needs and consequent solutions to those needs, the identification, selection, and implementation of projects will create a need for a type of integrating mechanism that would be self-perpetuating. In other words, as projects confronted the obstacles to their implementation, the perceived need for those projects would stimulate the solutions necessary to overcome the obstacles. The solutions necessary to overcome the obstacles would be the building blocks for a comprehensive scheme of integration. Integration would be pursued inductively, in the field, instead of deductively, in the conference room. However, before projects can even be identified, a certain level of cooperation must exist; therefore, the prescriptions which follow must not only identify projects but must identify those areas necessary to inception of the cycle for a well-planned project. Thus, the following prescriptions will concern the financial and political infrastructure of the region as well as the particular projects best suited to meet the development needs of the people. These general prescriptions will be followed by a discussion of several specific potential and ongoing projects in the region.
A theoretical basis for prescription has been established. An exploration of the values and context of the Arab peoples has begun. Integration theory has been modified in light of the development needs of the Arab region. The politics and economics of the Middle East have been correlated with the prospects of regional integration. It is now possible to conclude this study with several modest prescriptions which can be derived from the antecedent theory and analysis. Prescriptions will be ventured that address both general conditions and specific projects. It is hoped that this study, if not making new prescriptions, has to some degree provided a foundation for the prescriptions selected by the tedious process undertaken by this author.

**General Prescriptions**

With the tremendous impact of petrodollars on the Arab region diluted by the absence of a coordinated effort to distribute funds so as to maximize regional development, a prescription which proposes a centralized financial authority is necessary. Given the need of petrodollar investors to see a fair return on investment, a centralized
financial authority could take the form of a central lending agency for the Arab region. National lending agencies have developed in Kuwait, Abu Dhabi, Libya, and Saudi Arabia. On a regional basis, in 1968, the Arab Fund for Economic and Social Development was formed. The formation of the Inter-Arab Investment Guarantee Corporation brought into being an entity which insures investment funds against the vagaries of nationalization, revolution, and war. Though the existence of these funds and the Inter-Arab Investment Guarantee Corporation is a positive indication of interest in and commitment to regional development, Mallakh and Kadhim have observed,

The proliferation of development lending agencies appears to:
1. encourage the diffusion of scarce manpower, planners, economists, administrators, engineers, and technicians--into small units which are less capable and efficient in the evaluation of submitted projects without delay and in a reasonably professional manner;
2. prevent the application of uniform criteria for project appraisal both among and within sectors and countries. The establishment of such criteria would greatly enhance the prospects of regional development and economic integration as the flow of aid would be channeled to countries and sectors with the explicit goal of securing such an outcome;
3. militate against the formulation of integrated programs of aid to individual recipient countries;
4. increase the costs of aid administration and surveillance. These costs may be substantially reduced and the effectiveness of aid supervision considerably strengthened if the lending agency is large enough to permit the establishment of country or regional and sub-regional representative offices in the recipient countries;
5. reduce the capability of individual lending agencies to carry out substantive and comprehensive research concerning the economies of recipient countries, the promising avenues of investment, and possibly the preparation of a list of bankable projects;
6. increase the donor's non-development consideration
since a national lending institution is more likely to be subject to narrow political pressures than a multinational agency. Moreover, multinational aid agencies, which include the recipient countries, even if on a modest scale, increase the sense of involvement and participation of the latter in the aid program to the benefit of all concerned.

It is, therefore, in the interest of the donor and recipient alike that the proliferation of Arab non-specialized development lending institutions be restrained and a move toward consolidation or at least coordination of their various lending agencies be initiated.¹

Demir looks at the proliferation of lending institutions in a more positive light. "This plethora of institutions geared toward Arab regional development provides a unique chance for economic development and possibly economic integration within the region."²

Although Demir applauds the existence of the institutions, he, like Mallahk and Kadhim, proposes the coordination of their activities. It is no small surprise that Demir, an employee of UNITAR, proposes a large role for the United Nations in the coordination of these agencies. Specifically, Demir mentions the Economic Commission for Western Asia and the United Nations Development Programme as major role players. The use of other UN specialized agencies (FAO, UNIDO, WHO, UNCTAD, etc.) to assist in actual project selection and implementation is also suggested by Demir.³

A centralized lending authority need not preempt existing agencies; rather, it could form a hub from which the other agencies would share information and combine efforts. The availability of UN specialized agencies to augment the selection and implementation phases of project
development could add needed expertise.

A second general prescription is drawn from the functionalist's concern over the potential of regionalism to create super-states. To avert alienation from the periphery, Arab development projects should, when possible, go beyond the borders of the region into black Africa, and the northern tier countries of Turkey, Pakistan, and Iran. To promote South-South solidarity, Arab development funds and lending agencies should continue to support projects completely external to the region, but of real need to other developing areas. To guarantee the viability of the OECD economies from which valuable technology is imported, internal development should be tempered by a commitment to recycle petrodollars.

The final general prescription is for a central clearing house for currency and the establishment of a timetable for conversion to a common currency of foreign exchange. This prescription applies to the technical requirements of funding multinational projects.

The first specific prescription is that the proposed funding for the Sudanese Agricultural Project be invested as planned. Ahmed Abou-Bakr writes,

... the Arab Authority for Agricultural investment, an investment group made up of petroleum-producing Arab nations, in 1975 concluded a 5.7 billion dollar agreement with the government of Sudan to develop all sectors of the economy in the next ten years.

Three billion dollars is earmarked for agricultural development alone. The Sudan hopes to be self-sufficient
by 1985 in all basic food products and export 20 per cent of
the entire Arab region's meat and sugar and 40 per cent of
the regions vegetable oil. However, Dr. Anis Barghouti,
the economic attache to the Arab League Mission to the
United Nations, remarked in March 1978 that little had been
done to fulfill the promise of the Sudan. Agricultural
development should be a priority for Pan-Arabist decision-
makers.

Another area of prescription involves the develop¬
ment of regional pharmaceutical manufacturing capacity. At
present the need for prescription and non-prescription drugs
in the Arab region is met almost entirely by export. The
Arab Economic Unity Council is experimenting with the
creation of jointly financed region corporations whose
products would be free from tariff. The pharmaceutical
manufacturing project would address a common need in both an
economical and profitable manner.

The final specific prescription is for the creation
of a development project identification team made up of
international civil servants, technical experts, financial
experts, and liasons to the funding agencies and finance
ministries. This team would strive for political detachment
in its assessment of the development needs in the Arab
region. The team itself would not be affiliated with a
particular agency but might offer its recommendations to a
central agency if one were formed.

These general and specific prescriptions are not
exhaustive by any means. They are compatible with the philosophy expressed in the theory for Regional Integrative Development. The prescriptions are not overwhelming or particularly far-reaching. They are attainable within the present context of the Middle East.
CONCLUSION

A basis for prescriptive theory has been developed. A theory of Regional Integrative Development has been collated from theories of integration. The Arab context has been sketched and some prescriptions have been written. But in conclusion, this author feels that the true dynamics of the Middle East remain hidden. Animosities run deep and unpredictability is the only thing that seems to be predictable. The shock of Sadat's visit to Jerusalem, the invasion of southern Lebanon, and the intransigence of Menachem Begin bely a deeper reality at work. The innocence of David Mitrany is in stark contrast to the harsh realities of refugee camps, terrorism, the occupation of land won in war, and a political tension that erupts at the slightest provocation. The shock waves of four wars are still felt and yet the peacemakers are seemingly ignored. The imposition of a settlement in the Middle East is appealing in its simplicity but seems impossible to implement.

The Middle East is armed to an unprecedented degree. War in the Middle East is a real threat. Steps must be taken to alleviate the tensions which beset the region.

The impediments to a just and lasting peace are three-fold.
1. the absence of a guarantee of survival for Israel
2. the absence of a Palestinian homeland
3. the continued occupation of Arab territories

The prescriptions of Chapter V do not directly address these impediments. Hopefully, peace can be constructed out of a program of development. A concerted effort toward Regional Integrative Development would occupy minds otherwise spent in hatred or despair. But functionalism and its step-son, Regional Integrative Development, are particularly helpless during the lag time between conceptualization and the harvest of the fruits of integration. Restraint must be practiced and a program of regional development should begin.

The incentives for peace become tangible when men perceive themselves to be bettering their lives.

That the solidarity of the Arab people is a perceived threat to the security of Israel is an ironic twist, for it is only through solidarity that an equitable distribution of manpower and resources can be attained.

Without a regional program of cooperation the inequity of Arab life will destabilize governments and encourage demogoguery. The distribution of wealth in the Arab region is uneven. Petrodollars should to an increasing per cent be routed through the Arab region.

The prospects for peace are almost entirely dependent on the affirmative actions of those who seek to build peace.
from the shared needs of a beleaguered humanity. The prescriptions offered in this study are at worst benign. The organization of Pan-Arabist sentiment into functional units and applied to specific projects could be an important first step toward eventual peace and prosperity in the Middle East.
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