

# West Asia, Globalization and Economic Integration

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**Abstract.** West Asia (Southwest Asia) is a term that refers to the western most part of Asia. The term is partly coterminous with the Middle East, which describes the geographical position in relation to Western Europe rather than the location within Asia. Due to the perceived Eurocentrism, international organizations such as the United Nations, have replaced Middle East with West Asia. This article analyses the impact of globalization and economic integration in Middle East region. An attempt has been made to look at the after effects of economic integration on GDP of this region.

**Keywords:** Middle East, Intra Regional Trade, MENA, GDP

## 1 Introduction

West Asia (Southwest Asia) is a term that refers to the western most part of Asia. The term is partly coterminous with the Middle East, which describes the geographical position in relation to Western Europe rather than the location within Asia. Due to the perceived Eurocentrism, international organizations such as the United Nations, have replaced Middle East with West Asia. In the Western academia, the term Middle East, which replaced the term Near East continues to be the favored expression, although it reflects spatial perspectives firmly anchored in a Eurocentric world.

West Asia broadly refers to those countries that are members of the League of Arab States, Israel (with its Jewish and Arab population), and the non-Arab countries of Turkey and Iran (which have small Arab populations). These countries are clustered into three sub regions. 1) North Africa, which includes the countries of Algeria, Egypt, Libya, Morocco and Tunisia, 2) The area along the eastern part of the Mediterranean is the Fertile Crescent (Levant of the colonial times) that includes Syria, Lebanon, Jordan, Israel, the West Bank and Gaza Strip, as well as non-Arab Turkey to the north. 3) Lastly, the oil-producing countries of the Gulf and

Arabian Peninsula, namely, Iraq, Saudi Arabia, Bahrain, Kuwait, Qatar, the United Arab Emirates, Oman, Yemen and the non-Arab, Persian state of Iran. The UN also includes Armenia and Azerbaijan (parts of Caucasus) in its extensive categorization of West Asia. Afghanistan is also sometimes included in a broad definition of “Western Asia.” The debates questioning the logic behind the clustering of countries, which are as varied historically and culturally, as Iran, Turkey, Israel, Somalia, Yemen and Tunisia under a single category (Middle East/ West Asia) arose from time to time. Yet, the grouping (West Asia/ Middle East) does have an underlying principle, as the category of nations do share historical experiences in the spread of Islam, the reach of the Ottoman Empire and the experiences of European colonialism. The point, here, is not to settle on a better or more accurate category but, as Schwedler and Gerner (2008) have pointed out, to recognize the myriad ways in which the region coheres as a whole around some issues, less so around others.

Contemporary West Asia is typically portrayed as a region of intrigue and war, the cradle of terrorism and religious extremism. Journalists more often than not report stories of conflict and dispute, abuse of power and privilege accompanied by anxious calls for reform and political change. The impression conveyed is that the region is unique. However, authors like Cammock, Pool and Tordoff (1993) and Bromley (1994) reiterate that there are no myths to explode, that West Asia is just like any other developing region. From their perspective, this region, like any other region, suffers from the effects of modernization, lack of political participation, slow economic growth and foreign indebtedness to the West, competition for arms and increasing urbanization. In recent times the growing interest in the region has been accompanied by an increasing number of academic journals, texts and books devoted to the study of the area. From the mid 1990s, a vast array of subject areas covering West Asia, from political discussion groups, government and official websites, research centers, libraries and cultural developments could be accessed through the World Wide Web (www.) The two major centers of West Asian (Middle Eastern) studies globally are the United Kingdom and the United States of America. The current debates over West Asia (Middle East) involve questions of national interest and security, for the United States and the United Kingdom, particularly since the events of September 11, 2001 and July 7, 2005. As a result, arguments for further development of West Asian (Middle Eastern) studies with a strong academic base are linked with questions of national security and international stability. In Asia, among others, India and Singapore now have specialized

academic centers on West Asian and Middle East studies, besides such academic programmes in the countries of the region itself. Such programmes seek to cultivate interest in these areas as also reflect on the common problem zones afflicting the different parts of Asia, especially issues of conflict resolution and peace processes.

The **Economy of the Middle East** is very diverse. Composed of Bahrain, Cyprus, Gaza Strip, Egypt, Iran, Iraq, Iraqi Kurdistan, Israel, Jordan, Kuwait, Lebanon, Northern Cyprus, Oman, State of Palestine, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates, and Yemen. The individual economies range from hydrocarbon exporting rentier economies to government led socialist economies to free market economies.

Figure 1: **GDP per Capita of Countries in west Asia**



## 2. Middle East and globalization

Globalization has been internalized in Arabic as “awlaama” and refers to the spread throughout the globe of ideas, customs, institutions, and attitudes originated in one part of the world which is usually Western in origin. For this reason it has often been perceived as largely equivalent to Westernization and is still widely regarded as an external threat rather than as an opportunity. In the Middle East the decade of globalization was marked by endless wars, intrusive US hegemony, renewed economic dependency and continuing insecurity. Globalization

was ushered into the Middle East by a war which gave the Western victors excessive power over the region and created a violent anti-globalization struggle. As some authors argue, it has strengthened Islamic fundamentalism and, due to its ambiguity created a contradictory and tension filled situation. Globalization thus often acted as an obstacle rather than an impetus to democratization.

Against most expectations, the processes of globalization hence proved highly turbulent and have generated new conflicts, hostilities and exclusions throughout the world. Oppositional individuals and groups are now able to participate in global culture and politics through gaining access to global communication and media networks and to circulate local struggles and oppositional ideas through these media. Initially globalization was expected to spread the zone of peace by delivering economic prosperity which people would not want to sacrifice in conflicts. Instead the imposition of structural adjustment, of unpopular and inequitable peace treaties together with the US campaign against terrorism, led to more unrest and instability. This helped to create a chain reaction as the victims of economic liberalization appear to be among the main constituents of Islamic opposition movements.

## 2.1 Views on globalization

### *The Arab and Muslim intellectuals*

Cultural identity is at great value in the Middle East. For this reason, Arab and Muslim intellectuals have been deeply concerned about maintaining their cultural identity and independence in the face of globalization, especially as it is seen by most as equivalent to Americanization. Muslims have always been proud and sensitive about their religion because Islam is not only a faith but also a law, a “sharia” that regulates all aspects of their life, including economic transactions, marriage and divorce, and matters of state. According to Fauzi Najjar, the Arab intelligentsia is divided into three different attitudes toward globalization:

- The first group consists of those who reject it as “the highest stage of imperialism” and a “cultural invasion” threatening their cultural heritage and national identity.
- The second group of Arab thinkers welcomes globalization as the age of modern science, advanced technology and global communications. It calls for interaction with

globalization in order to benefit from its “positive opportunities” without necessarily losing the Arab-Islamic cultural individuality.

- The third group he says “naively” calls for finding a middle ground, an appropriate form of globalization that is compatible with the national and cultural interests of people.

There is also a minority who strongly advocates globalization. In their opinion, globalisation has become the “discourse of the age” and Dr. Fuad Zakariya, an Egyptian professor of philosophy, is amongst them. He argues that those who oppose globalization in fact do not understand its meaning and implications fully and reminds his compatriots that there are certain problems that can only be tackled at a global level.

### *The Jihadists*

Radical Islamists view globalization as a new dawah(call) for the elimination of the boundaries between Dar al-Islam (domain of Islam) and Dar al-Kufr (domain of infidelity). Globalization is thought to lead to unrestricted freedom in the name of human rights, as understood in the West, and to libertinism, the distinguishing characteristics of the decadence of Western civilization. The inability to separate religious and mundane matters or religion and state has therefore created resistance and rigidity which at times has culminated in a defensive call for a fight against the enemy. Globalized organizations inspired by globalization are now fighting against it. In their view, the use of violence or terrorism will supposedly allow Muslims to see through the West’s lies and to force the seemingly powerful but cowardly West to retreat from the Islamic world and await its final defeat. The imperialistic domination of the Muslim world, the support for Israel and the current invasions of Iraq and Afghanistan have intensified Muslim fears and increased hatred towards the West, making them “view globalization with terror.” Globalization threatens to undermine Islam and to remove it from the everyday “thought and actions” of Muslims. Human rights, freedom and democracy are perceived as hidden instruments of power which serve the interests of Western nations, and of America, in particular.

### *Reactions to globalization*

Some authors claim that the general reaction to globalization among the Arab states has been a negative or a defensive one. The key reason for the rejection may be the lack of previous cultural penetration of the Islamic Middle East by Western culture, institutions and ideas. In this

context globalization was seen as a form of surrender to a dominant, non-indigenous standpoint. Islam, a religion governed by its own set of laws, developed an alternate world view with many of the elements of globalization contradicting it. It has a powerful and cohesive community which at times acts like a cultural defence wall against the Western influence and, as a result, limits the use of European languages in the Middle East. The rejection of globalization also appeared due to the political systems that governed the Middle East. Mostly autocratic, the Middle Eastern regimes have learned how to survive and mobilize mass support against globalization. Repression and demagoguery were some of the tools used to convince the masses that anti-globalization was the only way of defending the Arab nation and Islam. People were thus discouraged from supporting elements of globalization like democracy, free enterprise, civil and human rights.

In his book 'The West and the Rest: Globalisation and the Terrorist Threat', Roger Scruton contests that by imposing itself and its values on the entire world through the globalization process, the West is creating the conditions for conflict to occur between other cultures. It has made itself impossible to ignore and was at the very cause of an anti-Western movement and an international Jihad. Globalization brought face to face two very confident and incompatible ideas and the battle for dominance has been transformed into what is known as terrorism or "the dark side of globalization".

Rather than reflecting a specific ideology, terrorism represents nostalgia (for pre-modern civilisation) and has been the result of a clash between modernization and tradition. Though violent, it can also be seen as an unacceptable response to destructive imperial national policies which themselves must be transformed if a world without terror is possible. Bin Laden's Al Qaeda network represents bad globalization and the perverted use of technology but in a sense the Al Qaeda Jihad is the reverse image of McWorld, which imposes its Jihad on local culture and tradition, wanting to create the world in its own image. Just as Al Qaeda dreams of imposing a radical Islam on the world, taking over and destroying Western infidel culture, McDonald's wants to destroy local and traditional eating habits and cuisine and replace them with a globalized and universalized menu.

A more balanced view on the Arab response is that rather than creating a unified anti-Western block, globalization is feeding a great debate within the Islamic civilization about how

Muslims should adjust to modernity. Much more than being against the West, Muslims are interested in re-establishing an Islamic unity and incorporating Western technology and science into Islam.

### **3. Who is influencing whom?**

There is considerable debate about Middle Eastern participation in globalization and about who is influencing whom along the way. While some critics argue that the Arab world is opposing globalization some others feel that it has strengthened Islamic fundamentalism by facilitating extensive networks of formerly dissociated Muslims. In this view the Middle East can even be considered as one of its driving forces. The increase in the flow of information, communication and mobility has served Muslim fundamentalism but in a different way from the West. Whereas the latter is more profit –driven, the Islamists ideal of a globalized society is a network-connection of all Muslims in order to promote their definition of the world.

One example showing how Muslims use globalization to strengthen and promote their community can be found in Abu Basir’s book of rulings, where he uses the Islamic principle of "the necessities allow the prohibited". Here he claims that, just as Muslims can drink wine or eat pork in order to save themselves from starving, they can also migrate to the Western ‘infidel countries’ to save themselves from the oppressive governments of their homelands. He goes even further stating that immigration is allowed also ‘in order to enforce the Muslims and weaken the infidels. One of the goals of immigration is the revival of the duty of Jihad and enforcement of their power over the infidels. Immigration and Jihad go together: one is the consequence of the other and dependent upon it. The continuance of the one is dependent upon the continuation of the other.’

From this point of view globalization and Westernization are no longer counterparts. Islamist movements are themselves the driving forces behind globalization influencing its direction and final outcome. Probably one of the most important outcomes of this process has been the creation of a standard understanding for what the words “Islam” and “Islamic” mean. Prior to the changes that accompanied globalization each community had the opportunity to determine its own interpretation of the Islamic message, whereas now the norms are increasingly imposed by conservative Islamic groups. Given the circumstances, it seems that rather than



opposing globalization, the Islamic world has found its own way of leading the process in a totally different direction. Therefore globalization means ‘many things to many people.’

#### **4. Terrorism made easy: 9/11**

The experiences of September 11 categorized by President George W. Bush as ‘the first war of the twenty-first century’ and the first major war in the age of globalization brought into focus the contradictions generated by this phenomenon. We are now experiencing an extremely complex phenomenon which both divides and unifies the world we live in. While connecting parts of the world that were previously cut off it also ignores and bypasses other regions, and along with this produces enemies whilst it incorporates participants. The circulation of commodities, technology, money and ideas facilitate networks of terror as well as trade and travel. Although it was supposed to promote democracy it was often the case that globalization forces inhibited it leading to an intensification of local and global political conflicts as was the case of the Middle East.

Technological achievements, capital mobility and free movement of people that resulted from the process thus allowed terrorism to express its local grievances and attack key symbols of American power in a way that had never been done before. In the case of 9/11 Al Qaeda presented an example of the unpredictable nature of a globally connected and networked society where a hidden network dedicated its whole activity to attacking the US. According to Hinnebusch it is no accident that the Middle East has witnessed by far the highest number of international terrorist incidents, or that the US is increasingly becoming the target for these attacks. Osama Bin Laden and his following of ‘Arab Afghans’ were partly a US creation and it was not the religious or cultural differences that turned them against the US but its continuous presence in Saudi Arabia, its perceived control over the Arab oil, the siege of Iraq and the support for Israeli oppression of the Palestinians. In her book, Laura Guazzone points out the paradox of US hegemony in the region: while at the military level it stabilizes the Middle East against revisionist states, its biased and inequitable application continually stimulates the nationalist and Islamic reaction at the societal level that keeps the regional pot boiling.

Global terrorism and terror events were made possible due to the availability of new powerful and sometimes lethal technology to groups and individuals that previously had no or restricted access to. Conventional instruments of mass transport or communication have been,



and can be at any time converted into weapons of mass destruction, or at least of mass terror producing a situation of asymmetrical war where weaker individuals and groups can attack superpowers. This led to a general increase in fear and anxiety and September 11 was probably the most powerful alarm towards the danger that globalization carries within: new technologies empower angry disempowered people with technologies of mass destruction.

## **5. Globalization in the future**

West's ideals inevitably will circulate throughout the world and as Rubin argues even the most extreme rejection of globalization does not mean that it fails to infiltrate into society. A good example of this is Iran, where attempts to block foreign influences have often not succeeded. Still, given the incompatibility that characterizes the two views, neither Islamic terrorists nor the West can come to an intellectual compromise. Moreover, the Anglo-American invasion and occupation of Iraq have inhibited the chance for gradual change to occur in the region. The war polarised regimes and Islamist oppositions not only in Saudi Arabia but also in Algeria, Egypt and Tunisia, countries where the freedom scores diminished the most in the last couple of years. It is thus probable that the American "War on Terrorism" following the attacks of 11 September 2001 will lead to further polarization.

The terrorists who believe that the very existence of the West is a threat will continue to use violence to fight a foe which cannot be ignored. Their understanding of the concept of globalization will continue to be affected by negative factors like high illiteracy rates, marginalization of women, disparities between rich and poor, corrupt authoritarian regimes and the absence of democracy and human rights. It may be the case that the next generation will be even more closed after experiencing much more intense and systematic indoctrination on both the Islamist and nationalist fronts. The idea is sustained by the fact that students who have studied in the West often return home to reinforce even further a rejection of the society they have experienced. They may focus on the shortcomings of the Western system and fear the effects of such ideas or institutions in their own countries.

In conclusion, the same place which once fuelled the world's first truly global industry with its vast reserves of oil may also become the centre of forces that reverse the globalizing tendencies of the states. The more open society has become a Pandora's Box which unlocked the possibilities of destruction and violence as well as democracy, free trade, and cultural and social

exchange. In effect, the decision of the states to open up to international traffic and capital flows are reversible and may occur given the threats that globalization carries.

### *Economy and peace*

A prerequisite to economic integration is the establishment of peace. To date, several initiatives have enabled rapprochement among former enemies: The Oslo Peace Accords and the 1994 Israel–Jordan peace treaty have promulgated greater economic interactions between Israel and its Arab neighbors. Despite this progress, problems like the Israeli–Palestinian conflict continue to be a hindrance to peace and development. Furthermore, the instability created by the war in Afghanistan and the 2003 U.S. invasion of Iraq are considered negative factors to be overcome before the establishment of an economic union in this region.

### *The regional characteristics of MENA*

- Despite many attempts since World War II to promote economic integration and political cooperation among states in the MENA region, economic interactions have remained limited. The scale of regional merchandise trade is limited, amounting to a mere 7-8% of total exports and imports. (For comparison, regional trade in Europe amounts to about 60%.)

Intra-regional trade, (% of total trade)	EU	Asia	Africa	Middle East	Western hemisphere
Average (1991–97)	62.1	36.8	9.0	<b>7.1</b>	18.3

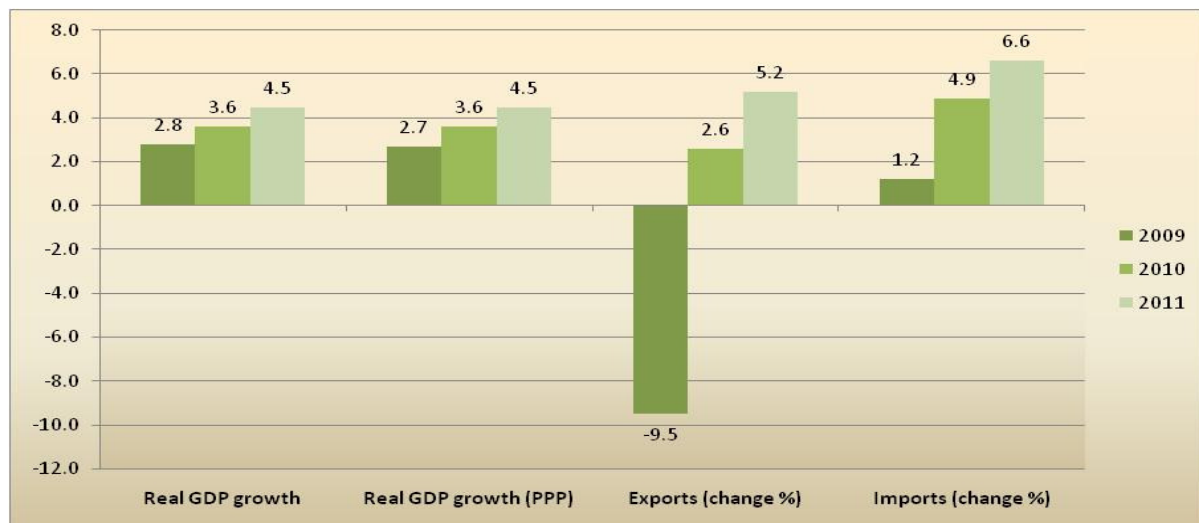
*Source:* International Monetary Fund

- Capital transactions have also been relatively limited, with the exception of large official flows from the oil-exporting economies to other Arab countries, particularly after the 1973–4 and 1979–80 oil-price increases. Financiers estimate that up to US\$2 trillion in investable assets originate in the Persian Gulf region, the bulk of which is parked abroad, often as American Treasury bills and in places like Switzerland and London. Increasingly, however, Arabs are investing in their home region; governments are also spending billions on infrastructure and national investment agencies are looking for opportunities.
- Tourism and other non-factor service-flow patterns have been quite segmented. Some countries—primarily Egypt, Jordan, Lebanon, Morocco and Tunisia—have received

substantial tourist flows from MENA countries. For others, particularly Israel, political and security considerations limit regional tourism.

- Labour flows have been important, taking the form of:
  - i. Flows from non-oil economies to the Cooperation Council for the Arab States of the Gulf (GCC) economies, and
  - ii. Palestinian labour working in Israel. In the 1990s, these flows have been subject to major restrictions and there has been recent substitution of Asian labour for Arab labour in both cases. MENA does not have the kind of labour mobility found, for example, in the European Union, where the citizens of one country have the right to work in others.
- Other than the GCC and OPEC, there has been little in the way of regional economic policy coordination.

Figure 2: Prospects for the MENA Region



*Initiatives for integration*

**Examples**

- i. Council of Arab Economic Unity: Established in 1964, with the ultimate goal of achieving complete economic unity among its member states. An intermediate objective of customs union has been set for 2015.

- ii. Economic Cooperation Organization: Established in 1985. The common objective is to establish a single market for goods and services in West Asia, like the European Union.
- iii. U.S.-Middle East Free Trade Area: Established in 2003 by the United States, this aimed to gradually increase trade and investment in the Middle East by assisting countries to implement domestic reforms and protecting private property rights.
- iv. Euro-Mediterranean free trade area: The initial aim is to create a matrix of Free Trade Agreements. The next step would be a single free trade area of 600-800 million people, including, eventually, the European Union.

## **6. Concluding Remarks: Challenges and opportunities**

- Governance: Good governance attracts capital. Some Middle Eastern countries such as Saudi Arabia have made positive steps in reforming their judicial systems or adapting their capital market laws to international standards. Building efficient and capable public institutions needs to be a priority.
- Raise competitiveness levels of these economies. This can be achieved through overhauling and aggressively investing in the region's education system. If the education policies of the region deliver unwanted skills to the market, international investors will not be keen to come in, especially in the services sector. Unemployment runs as high as 40% in at least seven Arab nations. Social investing should be planned in order to produce more entrepreneurs, engineers, scientists, and MBA graduates and expand the middle class.
- Raising competitiveness also entails accelerating the privatization programs, trade liberalization, investing in the infrastructure, deepening and linking capital markets and uprooting corruption.
- Facilitate the usage and penetration of new technologies. This would enhance the free flow of ideas, information and harness the forces of entrepreneurship. New technologies spur innovation and increase productivity which investors seek.
- Linked to this is increasing the freedom of the press and media which provides checks and balances against governments and business. New technology and freedom of the press would have a particular impact on youth and would encourage participation in the

definition of future strategies at national and regional levels. Cooperation among Middle Eastern countries would be enhanced, advancing towards the knowledge economy. Increasing the use of new technologies would also reduce bureaucratic hurdles often cited by businesses as deterrents to investment.

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