

Western Domination, Destructive Governance, and the Perpetual Development Crisis in the Arab Region

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Abstract: This article presents a theoretical view that describes how the rooted Western imperial political structure in the Arab region has trapped the latter in a perpetual development crisis. It follows a *de facto* analysis and contends that Western imperialism has maintained a counter-development of Arab governance since the mid-19th century, which has resulted in a persistent economic deficiency in the region. This article discusses why Washington Consensus endeavors have failed to deliver the promised results in the development of the region, and argues that it has condoned the principal problem, which is the foreign *de facto* hostile Western strategic rule that has an inherent disinterest in achieving comprehensive development in the Arab region. This article provides an argument against the views that blame the Arab's economic failures on domestic institutional factors, and maintains that the foreign Western hostile domination is the primary source of the lasting backwardness in the Arab region. This article defines the West as the consortium of European and North American nations that have had imperial enterprises in the Arab region in the modern period. The most notable of these nations are the United States, the United Kingdom, and France.

Key words: imperialism; post-colonial studies; neocolonialism; dependency theory; Global South

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1. Introduction

Historically, empowered human groups subjugate and exploit vulnerable groups to maximize the economic progress and wellbeing of the former while depressing the development of the latter. In the modern international system with the nation-state as its foundational unit, powerful nations use their superior resources in power projections to dominate, subjugate, and exploit other vulnerable nations to maintain the former's superior living conditions, while perpetuating the latter's impoverishment and backwardness. This power projection happens through a set of tools, primarily political, military, economic, cultural, and communication instruments. A prominent example of this type of geopolitical setting is the contemporary relationship between the Western Europeans and the Arabs. The design of the modern world system, with the resource and technological superiority that the West has commanded, allowed the latter to dominate, subjugate, and exploit the Arab territory and population since at least the mid-19th century, which, I argue, has been the primary source of the lasting backwardness in the Arab region. The contribution of this article is the application of dependency theory and Galtung's structural theory of imperialism to Western-Arab political and economic relations. I follow a structuralist approach, where I analyze the subject matter in light of the *de facto* rooted power structures determined by the economic imperatives of the Western-Arab relationship. I formulate a theoretical view that explains how the Western domination of the Arab region, through the diligent maintenance of a counter-development of Arab governance, has locked the region in a perpetual development crisis. I also provide a critique against the claims that blame the Arab backwardness primarily on domestically driven institutional factors.

The remainder of the article is structured as follows: Section 2 is a preview of the contemporary Arab economy and empirical manifestations of the region's governance problem. Section 3 presents a literature review on dependency theory and modernization theory and how they are applicable to the Western-Arab modern relationship. Section 4 is an interpretation of the failure of the Washington Consensus approach in the Arab region. Section 5 is a discussion on the origins and the sources of survival of the contemporary futile Arab governance and its influence on economic performance. Section 6 is on debunking the claims that the Arab economic failure is domestically driven. Section 7 argues that hostile foreign Western domination and its imperial entrenched interests are the *de facto* governing institutional framework in the Arab region

and presents manifestations of Western domination and extraction of the Arab region. Section 8 concludes.

2. Preview of the Contemporary Arab Economy and Politics

The Arab region has been lagging considerably behind in terms of economic development. GDP per capita in 2021 in the Arab world was equivalent to 6,266 USD (14,793 in PPP terms, 2011 USD). GDP per capita, except for the Arab hydrocarbon-rich countries, ranges between the lowest of 776 USD (PPP 1,991 USD) in Yemen and the highest of 4,136 USD (PPP 14,286 USD) in Lebanon.¹ The progress of these income levels has been relatively sluggish for decades as Figures 1 and 2 show. They are significantly below the 2021 world average of USD 18,000 in PPP terms, and they constitute small fractions of the income per capita levels of high-income countries.

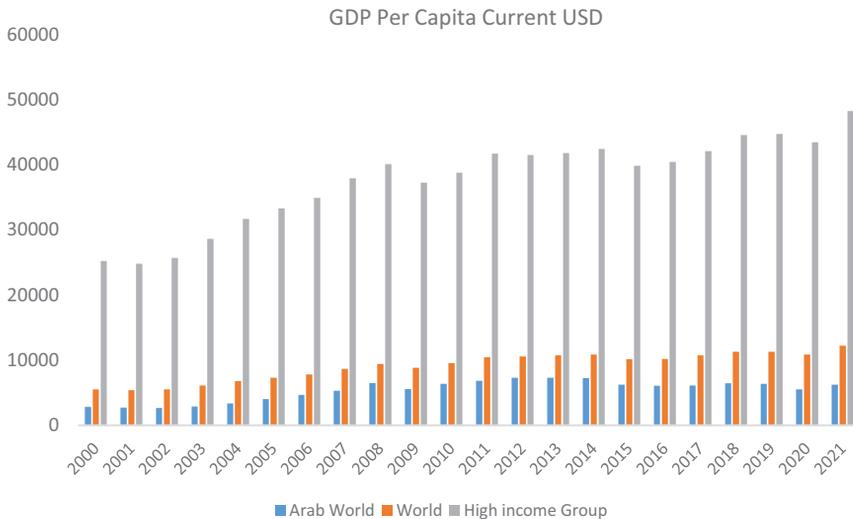


Figure 1. GDP Per Capita Current USD in Arab Region and World

Source: World Development Indicators. Accessed June 1, 2023. <https://databank.worldbank.org/source/world-development-indicators>.

Figure 3 shows that the Arab region persistently lags behind the world's and the middle-income countries' average in manufacturing as a % of GDP, which indicates a lack of commitment of Arab governance to industrialization, which is the vehicle for transitioning from low and middle-income economies to high-income status and

modern living standards. Figure 4 illustrates that the Arab world lags behind the world average in literacy rate, and leads the world average in poverty rates.

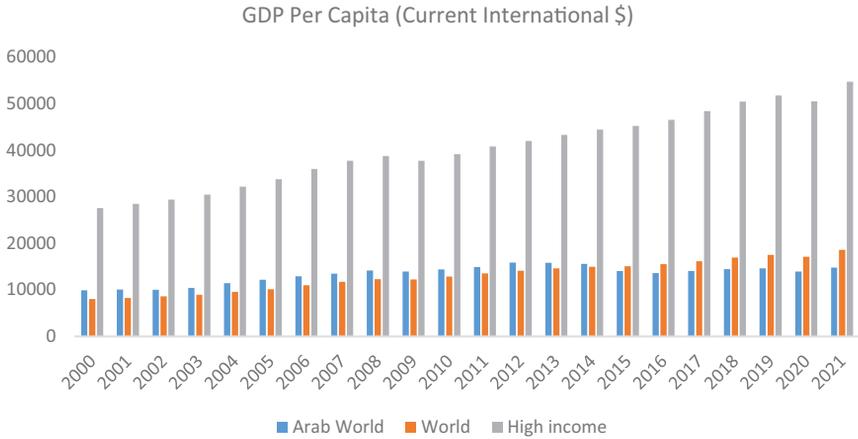


Figure 2. GDP Per Capita, PPP in the Arab Region and World

Source: World Development Indicators. Accessed June 1, 2023. <https://databank.worldbank.org/source/world-development-indicators>.

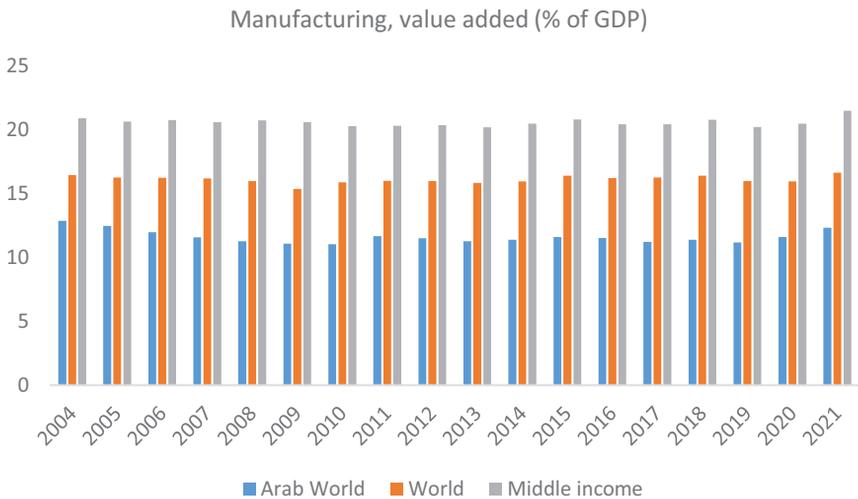


Figure 3. Manufacturing Value Added (% of GDP) in the Arab Region and World

Source: World Development Indicators. Accessed June 1, 2023. <https://databank.worldbank.org/source/world-development-indicators>.

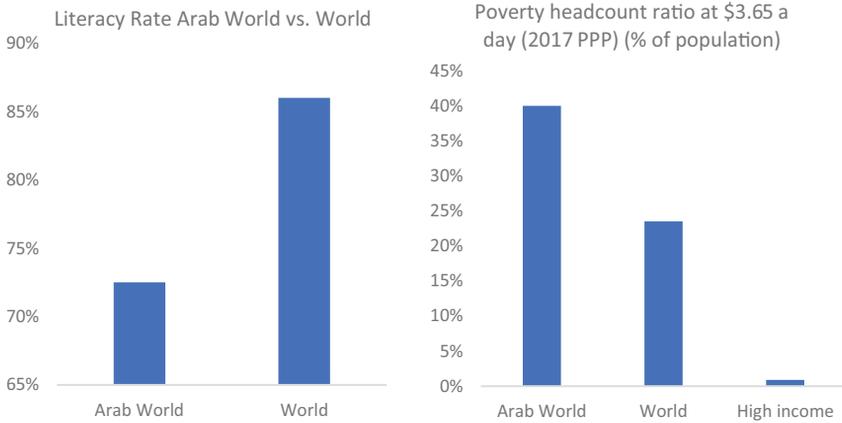


Figure 4. Literacy Rate and Poverty Headcount Ratio at \$3.65 a day in the Arab Region and World

Source: World Development Indicators and Arab Development Portal. Accessed June 1, 2023. <https://databank.worldbank.org/source/world-development-indicators>, <https://data.arabdevelopmentportal.com/>.

Figure 5 illustrates that the Arab region's unemployment rate is almost double the world's average, and Figure 6 shows how the former lags behind the world substantially in labor force participation rate. According to a 2022 UN survey on unemployment, the Arab region registered a 12% unemployment rate in 2022, the highest in the world (United Nations 2022).

Even though income per person in the Arab hydrocarbon-rich countries is high, their economic base remains primitive in technology and level of diversification. Besides low- and stagnant-income levels, there has been an exacerbation of income inequality, poverty, unemployment, technological stagnation, one of the world's highest illiteracy rates, intellectual and scientific backwardness, poor human rights conditions, and social fragmentation that have all culminated in severe crisis points in the currently war-stricken parts of the region. All these deteriorations have been accompanied by a lack of an individual state or a regional-level strategy to change this distressing reality.

This persistent backwardness has been a result of a rooted counter-development institutional framework that governs the Arab population. The association between ill governance and poor economic performance has been established by many scholars, such as Acemoglu, Simon, and Robinson (2005), Shirley (2005), Gloster-Coates and Quest (2005), and Griffiths (2016). The poor institutional quality of

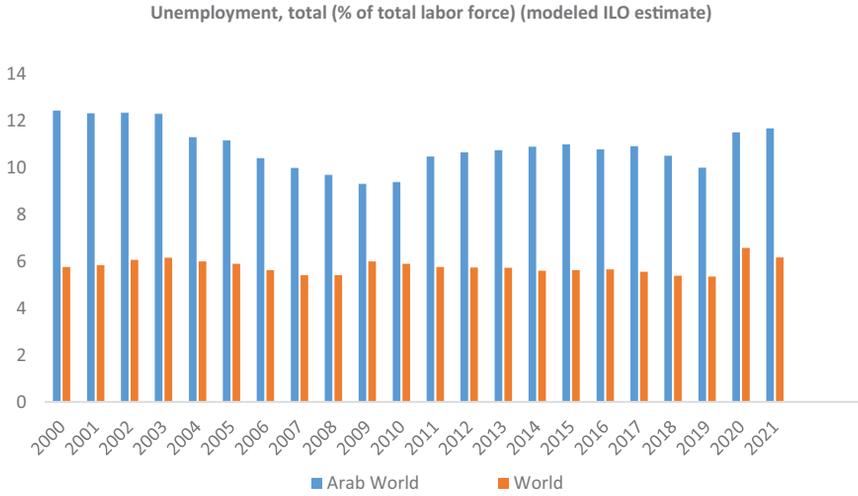


Figure 5. Unemployment Rate in the Arab Region and World

Source: International Labor Organization. Accessed June 1, 2023. <https://ilostat.ilo.org/>.

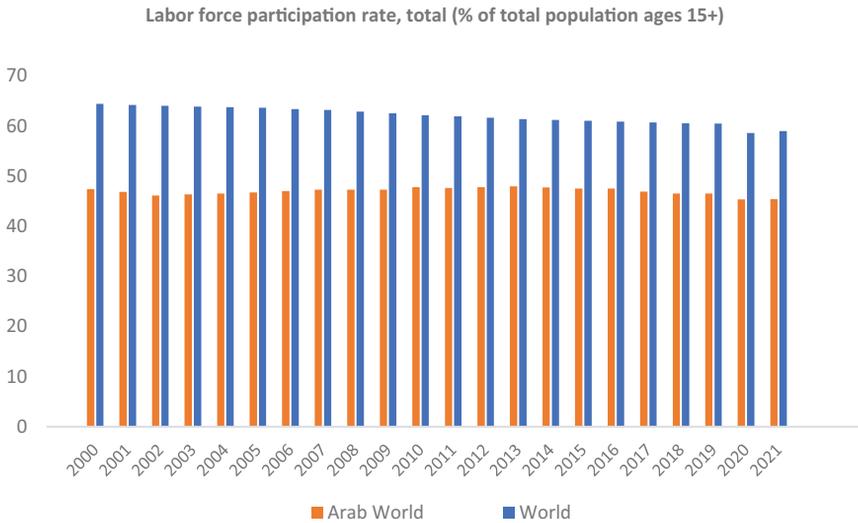


Figure 6. Labor Force Participation Rate in the Arab Region and World

Source: International Labor Organization. Accessed June 1, 2023. <https://ilostat.ilo.org/>.

the Arab region is evidenced in data released by the different international institutional indices shown in Figures 1, 2, and 3, and Table 1. On the political and institutional development front, the Arab region has been lagging significantly. The corruption of Arab governance is common knowledge that is supported by empirical evidence, such as the reports of the World Bank's Worldwide Governance Indicators as shown in Table 1, which shows the 2021 scores for the six largest Arab states for six governance indicators, where the scores are primarily in negative numbers. Democracy, political rights, and civil liberties may as well be used as proxies of political development and may serve as an indicator of the overall quality of the ruling institutional framework. According to the Polity IV project published by the Center for Systematic Peace, the Arab region leads the world in the level of autocratic and anocratic rule as shown in Figure 7. Even though the report indicates some institutional improvement in the postwar era, this improvement has rather been sluggish and the region's autocracy/anocracy level is the highest in the world according to the report. Freedom House Political Rights Index is another institutional measure that shows the poor institutional quality in the Arab region. The Arab states' scores are among the lowest worldwide in terms of political rights and civil liberties. Table 2 shows the 2022 Freedom House's Global Freedom scores, out of 100, of the largest Arab states in terms of political rights and civil liberties. Concurrent with this evidenced counter-development governance that has perpetuated economic backwardness as manifested in this section, the Western–Arab relationship checks most of the boxes of an existing structure of imperialism centered in the West.

Table 1. Governing Institutional Quality in the Arab Region

<i>Arab State</i>	<i>Voice and Accountability</i>	<i>Political Stability</i>	<i>Government Effectiveness</i>	<i>Regulatory Quality</i>	<i>Rule of Law</i>	<i>Control of Corruption</i>
Egypt	-1.51	-1.02	-0.43	-0.51	-0.24	-0.68
Saudi Arabia	-1.59	-0.58	0.5	0.34	0.23	0.31
Morocco	-0.61	-0.4	-0.07	-0.12	-0.25	-0.43
Algeria	-1.01	-0.88	-0.62	-1.17	-0.82	-0.61
Syria	-1.92	-2.66	-1.74	-1.63	-2.07	-1.78
Iraq	-0.96	-2.4	-1.29	-1.11	-1.73	-1.25
Average	-1.27	-1.32	-0.61	-0.70	-0.81	-0.74

Note: Estimate of governance ranges from approximately -2.5 (weak) to 2.5 (strong) governance performance.

Source: World Bank Worldwide Governance Indicators. Accessed June 1, 2023. <https://www.worldbank.org/en/publication/worldwide-governance-indicators>.

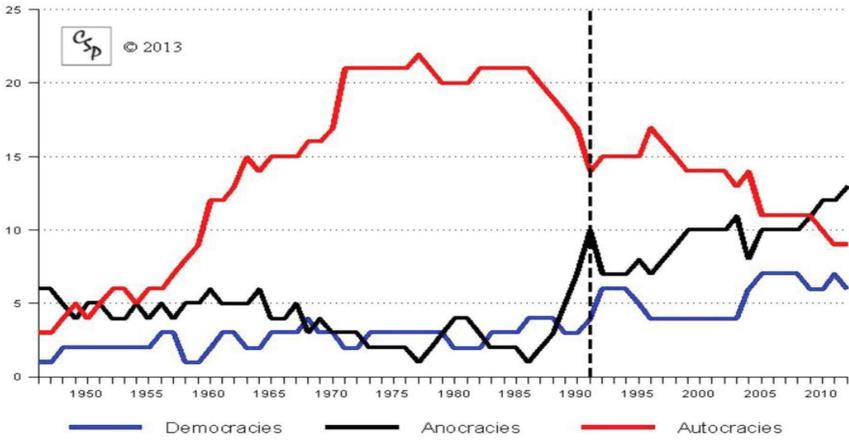


Figure 7. Regime Types in the Middle East, 1946–2012

Source: Center of Systemic Peace Polity IV. Accessed June 1, 2023. <https://systemicpeace.org/polity/polity4.htm>.

Table 2. Freedom House Global Freedom Scores

<i>Arab State</i>	<i>Total Score</i>	<i>Political Rights</i>	<i>Civil Liberties</i>
Algeria	32	10	22
Egypt	18	6	12
Morocco	37	13	24
Saudi Arabia	7	1	6
Syria	1	-3	4
Iraq	29	16	13

Notes: Scores are 0–100, where 0 is the lowest possible, 100 is the ideal.

Source: Freedom House Global Freedom Scores. Accessed June 1, 2023. <https://freedomhouse.org/countries/freedom-world/scores>.

Moreover, the demarcation of the Arab world, as shown in Figure 8, was decided by colonial powers, which was largely a result of historical factors related to the collapse of the Ottoman Empire in the aftermath of World War I. At that time, Western powers including Britain and France, imposed a series of treaties and agreements that divided the Middle East into a series of independent states. These borders were largely drawn without consideration for local ethnic, religious,

and linguistic differences, and have since been a source of ongoing political, economic, and social tensions in the region. Many of the borders that were imposed in the aftermath of World War I were not based on pre-existing political or cultural boundaries, but rather reflected the interests and agendas of Western colonial powers. As a result, these borders have been contested by different groups and communities within the region, leading to ongoing conflicts, tensions, and political instability.

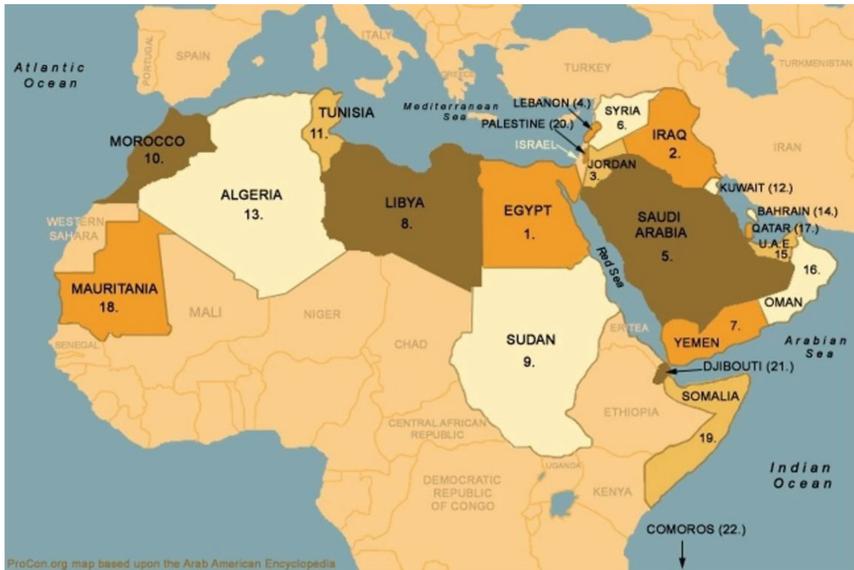


Figure 8. The Artificial Demarcation of the Arab Region

Source: mapcollection.wordpress.com. Accessed June 1, 2023. <https://mapcollection.wordpress.com/2012/06/18/map-of-the-arab-world/>.

3. Literature Review

In regard to the development of the Global South, there has been a debate between a body of work that has become known as modernization theory and another body of work that has become known as dependency theory. Modernization theory may be summed up in the claim that the current developed nations have reached the socioeconomically developed status primarily through their adoption of development-conducive institutions such as rule of

law, public political representation, property rights, and civil liberties, and that other nations that have failed to develop should imitate the developed nations in adopting these institutions in order to develop and modernize their economies and societies. The writings of Daniel Lerner (see, e.g., 1958, 1972) that promoted Westernization, which he equated with modernization, through mass media in the Global South, and Fukuyama's *The End of History and the Last Man* (1992) that accompanied the Western euphoria following the fall of the Soviet Union, and which claimed that the Western model is the final polity, are a prime expression of modernization theory. In contrast, dependency theory as advanced by Frank (1966), Galtung (1971), Amin (1976), Prebisch (1977), and Arrighi, Silver, and Brewer (2003), among others, suggests that the current world economic framework is composed of center and periphery economies. The framework works in favor of the imperial centers at the cost of the dominated periphery countries that have their development impaired by the working of the framework. According to Prebisch (1977), a regressive change in political regimes in periphery countries is one of the many negative outcomes of the current international framework, and this, in turn, perpetuates economic backwardness in the periphery.

While there is a lot of merit in modernization theory in its rightful claim that backward societies need to adopt progressive institutions to develop and modernize, the theory has suffered major theoretical and empirical deficiencies. Modernization theory is built on an unrealistic assumption that the Global South nations have been sovereign and free since the formal independence in the mid-20th century and that they have been independent in undertaking their national policies of development and in changing their institutions free from the previous colonial pressures, as if colonial and imperial pressures ceased suddenly at the date of the nominal independence of the Global South nation-state in question in the postwar period. Modernization theory has narrowly considered the internal dynamics of backward nations and disregarded the influence of the existing external factors of global power politics, imperialism, and the entrenched and persistent institutions of the classical colonial period on domestic development in Global South nations. Modernization theory has mistakenly assumed that every nation operates independently in a geopolitical vacuum void of powerful foreign geopolitical players that have entrenched interests outside their borders for which they have the means and the will to manage regardless of legality within the framework of the contemporary *de jure* international law. In practice, modernization theory has suffered from the failure of theoretical prediction. After many decades, the majority of the "emerging" Global South nations, despite many of them adopting the policy recommendations of the Washington

Consensus influenced by modernization theory and the vigorous attempts of institutional change, failed to modernize, and still suffers from poverty, and technological and social backwardness. There seems to be a *de facto* global ruling institutional framework that perpetuates development and riches in certain regions, and poverty and backwardness in other regions.² Dependency theory has corrected the modernization theory's failures and accommodated realistic global power politics in its analysis. Dependency theory has incorporated the influence of imperialism and imperial pressures, which is a natural byproduct of human opportunistic tendencies in the existence of global technological and military imbalances. Therefore, the analysis in the article analyses the West/Arab geopolitical relationship within the tenets of the center-periphery framework of dependency theory.

In Galtung's (1971) structural theory of imperialism, two mechanisms sustain the domination of the imperial center: 1) the center creates and leaves behind client ruling elites and classes which have an interest in dependent relations with the center, and 2) each periphery state is linked to the center in feudal-like relations to prevent it from dealing with other centers, while periphery-periphery relations are curtailed, so periphery regions are prevented from benefiting economically from freely exchanging with one another. This view can be applied to elucidate the force behind the maintenance of the arbitrary borders between the fractured Arab world, as some Arab countries are still under Anglo-feudal domination, and others are under French feudal domination. A view on the working of the world economic system known as world-systems analysis pioneered by Wallerstein (1974) described the interconnectedness of modern-day world economies, where there exists an unequal and exploitative relationship between the developed imperialist core countries and the underdeveloped periphery countries. According to his view, the core countries have vested interests in the perpetuation of the underdevelopment state of the periphery, as the former profit at the cost of the latter by deliberately preserving the latter's inferior position in the world economy as cheap raw material providers, and in the international division of labor. For instance, Berger et al. (2013) provided evidence that during the Cold War, the US government, through the CIA, successfully pressured dozens of periphery countries in Latin America, Europe, and the Middle East to purchase more US imports, and to accept more bank lending coming from US creditors.

Acemoglu, Johnson, and Robinson (2001) and Acemoglu et al. (2008) suggested that the current low-quality institutional framework governing countries that suffer from development problems trace their roots to their European colonial experience. Namely, Acemoglu, Johnson, and Robinson (2001) claimed that those countries where Europeans settled in large numbers adopted an inclusive set of

economic institutions that were conducive to economic development, and in other colonies, where Europeans did not settle in large numbers, the colonial management inserted a set of extractive economic institutions that hindered economic and technological progress. These colonial institutions persisted until today, and thus the divergence in economic performance between countries ruled by the different sets of institutions imposed during the European colonial epoch. Acemoglu, Johnson, and Robinson (2001) attributed the persistence of these low-quality institutions only to the efforts of the elites of the post-colonial states, while overlooking the role of the continuing Western intervention in actively supporting the persistence of these deficient institutions. Acemoglu et al. (2008) argued against the causal relationship between economic development on political development (or vice versa) and proposed that there is a third factor that has led to both high-income and political development status in industrialized nations. They argued that the disparities between developed and underdeveloped nations/regions that arose in the last few centuries are an outcome of divergent political-economic paths at historical-critical junctures, where the European colonial experience and its early stages of rule-setting have been a major determinant (the historical-critical juncture), as European colonization has curtailed national independence and imposed restrictions on governance in societies under colonial rule. In this framework, the colonial nations have taken a positive political-economic path that has made them prosper and develop politically, while the colonized nations have been made to take a negative political-economic path that has resulted in persistent poverty and political backwardness. However, Acemoglu, Johnson, and Robinson (2001) and Acemoglu et al. (2008) have only considered the persistence of low-quality ruling institutions built during the classic colonial period, and overlooked the influence of the ongoing imperial pressures that actively manage and maintain these counter-development institutions in periphery nations. For example, the low-quality institutions that the Western imperial establishment installed in the Arab region during the colonial period between the mid-19th and mid-20th century include the arbitrary and artificial regional demarcation that does not correspond to ethnic and ideological dispositions, the preferential treatment of Western capital and nationals by the authorities, markets, and people in the region, and the dominance of the Western culture and education over their native counterparts. These counter-development systems have not only persisted, but have also been actively managed and supported by Western pressures through the maintenance of the contemporary counter-development Arab governance. This is shown by the historical and contemporary Western interventions in the Arab region as shown in Table 3.

Another article by Acemoglu and Robinson (2006) introduced a theory of why political elites with high rents and whose power is unstable may actively block technological and institutional development in order to preserve their political power.

If we apply this thinking to the framework of relations between a global center, such as the West, and a global periphery, such as the Arab region, we may conclude that the West, the *de facto* strategic arbiter of the Arab region, who obtains high rents from ruling this region, and whose power is illegitimate, thus unstable, is deliberately blocking the technological and institutional development of the region. Acemoglu, Simon, and Robinson (2005) argued that the distribution of resources determines the *de facto* political power. In a global context, the Western population commands far more resources than the Arab population and has entrenched interests in the Arab region. Therefore, the West is arguably the *de facto* strategic ruler of the Arab region.

Amin (2019) pointed out that the current world economy is globalized and monopolized by the “triad” of the US, Western Europe, and Japan and without a “delinking” with this framework, economically backward regions of the Global South cannot catch up to the economic level of the triad. He defined delinking as the restructuring of the periphery’s foreign relations with the center to make them favorable to the former’s strategy of domestic economic development, as opposed to the Washington Consensus’ structural adjustment which, in his view, only continues the state of underdevelopment of the countries in question. Delinking is escaping the status of the peripheral capitalism that is fated to perpetual poverty and backwardness as described by Prebisch (1977), where he showed in his study of the political economy of Latin America how the fruits of technological progress are appropriated by the global and local upper strata justified by their disproportionate ownerships of the means of production in the periphery. Amin’s delinking is a proposal of institutional reform that many economically backward regions need to go through to experience comprehensive economic development. Delinking embraces a vigorous nationalist macro policy that corrects the global market failure that is not incentivizing domestic development in the periphery, where the global demand for technological progress, industrialization, and eradication of poverty from backward nations/regions is absent; a fiscal policy that steps in and comprehensively subsidizes industrialization, fosters substantial investments in human capital, and fills the large infrastructure gaps; and a monetary policy that strikes a balance between export promotion and incentivizing domestic capital accumulation.

The Chinese contemporary model of development is an example of a successful delinking as presented by Cheng and Ding (2017). As opposed to the Washington Consensus, China has adopted a socialist economy that China calls “socialism with Chinese characteristics,” or the Beijing Consensus, where economic development policy is oriented toward the eradication of poverty and improving the livelihood of the common people, rather than a policy inspired by trickle-down economics promoted by the Washington Consensus. The Chinese

model has undertaken tactful international openness while preserving economic and political sovereignty, where the expansion of knowledge, technology, and industrialization have been vigorously subsidized.

This is in contrast to a peripheral macro policy of fiscal policy that disregards the critical need for subsidizing development. The peripheral macro policy is a lack of demand for technology, human capital, and industrialization in poor and backward nations/regions, therefore perpetuating backwardness in the jurisdiction under this peripheral macro policy. Egypt and Argentina are prime examples of nations that have followed peripheral macro policy under the dictates of the Washington Consensus. Through large-scale IMF programs in the last decades that have demanded substantial fiscal cuts, interest rate hikes, and currency devaluation, their economies have been left with nothing of the promised results, but with chronic impoverishment and instability. These policy changes in what is known as “structural reforms” pushed by the IMF on countries seeking assistance seem not to be reforming any structure in the economy of the participating nation. Usually the IMF calls its programs a success in achieving macroeconomic stability and investment promotion after the programs’ implementation. However, these success celebrations take place a few years before another balance of payment crisis hits the participating nation, which reveals the lack of structural changes as claimed.

Without delinking the Global South nations, the relationship between them and the imperial centers in the West and Japan would be of an exploitative nature that perpetuates the backwardness of the Global South and facilitates value extraction to the imperial centers. Hickel, Sullivan, and Zoomkawala (2021) affirmed that wealth drain from the Global South remains a significant feature of the world economy in the post-colonial era, and that rich countries continue to rely on imperial forms of appropriation to sustain their high levels of income and consumption. They used a model based on the North–South wage differentials and estimated that over the period of 1960–2015, the wealth extraction from the Global South to the Global North totaled \$62 trillion (in constant 2011 dollars), or \$152 trillion when accounting for lost growth. This, evidently, shows the vested interest of the global center to maintain backwardness in the global periphery. It proves that Amin’s delinking seems to be the only option to escape this domination/dependency trap, and to halt or at least gradually slow down this systematic drainage of wealth that could otherwise be utilized for domestic development in the Global South.

Literature on behavioral psychology relates political power, or the lack of it, to economic behavior. Hijazi (2007) proposed that backwardness is a natural outcome of external political domination which translates into repression and exploitation of the dominated groups. In his view, the productive capacities of an

individual or a group of people would be drastically affected if they are subjected to systematic subjugation and exploitation, and feel that they have no control over their destiny. Fehr, Herz, and Wilkening (2013) studied the motivational consequences of authority and concluded that the lack of authority of subordinates discourages them and may lead to an effort under-provision. These views could be applied to the understanding of the economic backwardness in world regions that are under the domination of hostile foreign powers, such as the contemporary Arab world. These psychological studies show that oppressive foreign domination may have lingering negative psychological effects that perpetuate political and economic backwardness.

Galtung (1971) introduced a framework of structural imperialism of different global centers that each holds a feudal control on a number of global peripheries as shown in Figure 9, where C stands for center, and P for periphery. Given the historical relationship between the West and the Arab sphere and the recent conquests of the former in the latter's region, this model can be applied to contemporary Western–Arab relations, where the Arab region is under feudal control of the center in the West. In this model, the governance in the West (the center of the center) is in alliance with the governance in the Arab region (the center of the periphery), and their interests are in harmony but they run against the interests of the majority of the Arab population (the periphery of the periphery) as shown in Figure 10. The shaded area represents the centers in both the center and the periphery. There is a harmony of interests between the ruling elites of the periphery and the ruling elites of the center, while there is a disharmony of interests between the whole of the center and the whole of the periphery.

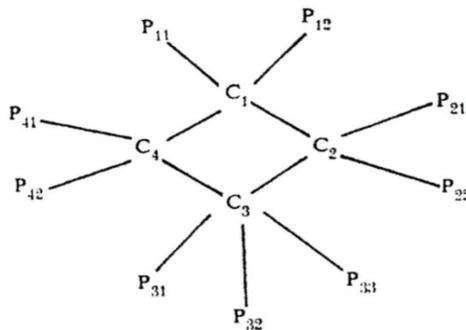


Figure 9. Center–Periphery Framework

Source: Galtung (1971, 89).

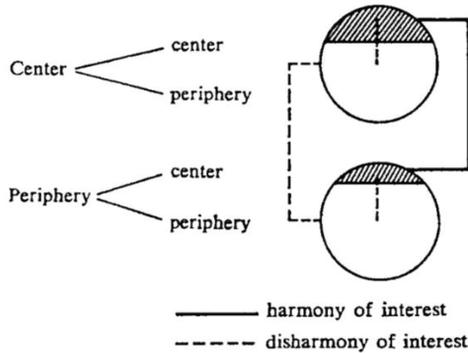


Figure 10. Center-Periphery Framework

Source: Galtung (1971, 84).

The Western-Arab relationship is characterized by the domination of the Arab region by the West in the five spheres of Galtung's model of imperialism. Namely, 1) Economic: Imposed trade and investment relations; penetration of Western large companies, and financial and technological dependence that dates back to the *de jure* colonial period in the 19th and the 20th centuries. 2) Political: political legitimacy reliance of the Arab ruling elites on Western approval through Western dominance on international legitimacy. 3) Military: The existence of permanent Western military bases on Arab territory, Arab reliance on Western military aid, and sale of military equipment. 4) Cultural: Elite education is Western, Western arts and music are preferred by the upper social strata, and Western cultural practices and norms are dominant among the upper social strata. 5) Communication: The dominance of Western languages, education institutions, and media outlets, which command information dissemination.

These five spheres of control complement one another in the pursuit of the objective of the elongation of the domination over the region. The unequal exchange of economic imperialism is protected by political pressures and implicit military intimidation against non-compliance, and the cultural and communication tools are the soft power vehicles to normalize and justify this power structure. The relationship of unequal exchange between the West and the Arab region has led to the development of the former and the underdevelopment of the latter. Underdevelopment is a political-economic system of society under foreign imperial domination, and where a minority of this population (the center of the periphery), who share close ties with the imperial center, live in developed standards, while the majority of the population is subjugated, exploited, and excluded from the development process and its fruits.

Although the present average income values of the Arab economy resemble those of imperialist economies several decades ago, the framework in which the Arab economy has been developing is fundamentally different from the framework of the early development stages of the imperialist economies. Calling the Arab economy “developing” or “emerging” is misleading as it is rather submerging. They are not showing legitimate signs of development, which shows not only in stagnant incomes, but in the stagnation of the state of science and technology, primitive manufacturing base, lack of defense and other strategic industries, feeble human capital development, and anemic physical capital formation. The Arab economy has been functioning under a different paradigm, which is one under the captivity of a foreign and hostile rule through client states that the Western powers shaped in the 19th century, by taking advantage of the vacuum created by the decline of the Ottoman Empire. The West has maintained these client states in the post-colonial period against the many grass-root efforts of institutional reforms that have all ended in defeat. The Arab region has been in a persistent state of underdevelopment and not of pre-development. Hence, the contemporary underdeveloped Arab economy faces different challenges than those faced by the imperialist economies several decades ago when their average income levels resembled those of the Arabs. Therefore, the panacea for the development problem in the Arab region must be different from the one applied by the imperialist economies in earlier stages. The panacea should commence with eradicating the existing *de facto* hostile foreign rule before considering the economic strategy to embark on a path of sustainable development. The Arab economy under the present paradigm does not seem to be heading toward comprehensive development, and we should not expect to see the region at the level of the contemporary imperialist economies in 50 years’ time, as the Washington Consensus “reforms” promise.

4. The Failure of the Washington Consensus Approach in the Arab Region

The international development paradigm led by the World Bank, IMF, the US Agency for International Development (USAID), the European Bank for Reconstruction and Development (EBRD), and other organizations, which pretend the devotion to economic development of the world’s poor regions, has been following the approach of the Washington Consensus. The paradigm, which is based on neoclassical economics theory, preaches that limiting the role of government, privatization, strengthening market institutions, depressing the role of labor organizations, and engaging in the globalization of free cross-border trade and investment will automatically achieve development in low-income regions through a spontaneous market-induced transfer of capital and technology. This approach

has been justified by neoclassical economics theory's unrealistic assumption of apolitical economic environment of world citizens with equal powers and statuses, where there are no geopolitical power imbalances, international struggles, and class conflicts of interests. It is also reinforced by the Eurocentric theoretical models such as modernization theory introduced by Talcott Parsons (1951), and the end of history concept presented by Fukuyama (1992), which assumed that the model of the contemporary Western liberal democracy is the final model for human polity and that all nations around the world should follow the same recipe the West has followed to achieve the alleged utopic arrangement. This view and strategy, if assumed true, might fit a hypothetical world of autonomous sovereign geopolitical bodies, who are benevolent and law-abiding international players, a world where no geopolitical domains have entrenched interests in foreign regions where the former possess the interests and capacity to undermine these regions' sovereignty and exercise control over them through economic and political pressures backed by military intimidation. In other words, it may apply to a world without politics, which is a world that does not exist. The world may be better described as a global imperial system of unequal exchange through engineered wage differential, raw material expropriation, financial extraction, and technological monopoly, all maintained by military force and militarized borders, rather than as a fair race of independent nations where some win and others lose. The contemporary world is made of one solid power structure with class stratification, where the upper strata have the resources and incentives to achieve economic and technological progress, while exclusion and poverty have been imposed on the lower strata, as prescribed by Wallerstein (1974) and Prebisch (1977) in the world-systems analysis of center-periphery framework. The predictions of the neoliberal modernization theory might become valid in the so-called "developing" countries only if they escape imperial domination and become independent through genuine structural changes that liberate them from the unequal and feudal relationships with their respective imperial centers.

After many decades of following the Washington Consensus approach to tackle the development problems of the Arab region, the outcome has been in contrast with the promises. It seems that this endeavor has reached a stalemate of regional development despair, while it certainly benefited the Western countries through the flood of Western imports and high-yielding capital into the Arab region, and the channeling of a large part of the surplus capital of the hydrocarbon-rich Arab states into Western financial markets. This happens despite the urgent need for these surpluses to be invested in regional development through human and physical capital accumulation. This wasteful scheme occurs because the Western-backed ruling elites of the Arab region have not been interested in domestic comprehensive development since the legitimacy of their rule stems from the

Western political establishment, and not dependent on the quality of the domestic performance, a behavior which Galtung (1971) predicted in his framework of imperialism.

It has become apparent that simply withdrawing the government from the economy and lowering cross-border barriers to trade and investment is a naive strategy to tackle the development crisis in the Arab region. This approach ignores the role that the distortive foreign geopolitics plays in the economics and neglects that there may exist deliberate geostrategic plans that may be in contradiction with the economic development of the Arab region. The Washington Consensus strategy assumes that economics would overcome politics and prevail on their way to development, while what the Arab region has experienced is the opposite. The economics has been distorted by foreign hostile Western geopolitics, which spilled over to the Arab domestic governance that resulted in an economic underperformance of the region. It must be mentioned that the Arab ruling elites are by no means passive in this framework. They have been compradorized and their interests were aligned with the Western establishment against the interests of the ruled Arab subjects in the latter's pursuit of comprehensive economic development. Therefore, the complicit kleptocracy in the Arab region has been acting as a bridgehead of the West and has been predatory and economically subversive to the region's interests.

Another problem with the Washington Consensus view is its promotion of non-restricted globalization, which may not be conducive to economic development in economically backward regions. For example, the world market has imposed an international division of labor as suggested by Amin (1982) and does not demand science, technology, and heavy industries or other human capital-intensive products from less developed regions as they are not competitive in these fields, while such backward regions need these products for their economic development. Therefore, and opposed to the suggestions of the Washington Consensus, a managed strategic openness, rather than non-restricted globalization, needs to be taken by these economically backward regions in order to protect the growth of these strategic industries whose development is discouraged by the contemporary model of globalization. Also, because of the current model of globalization, in addition to the Arab governance's disregard for domestic development needs, capital surpluses of the Arab region, especially those of the hydrocarbon-rich Arab countries, flood Western financial markets, mainly the US and the UK, as these markets may be offering attractive short-term investment vehicles for these surpluses, which, accompanied by the lack of commitment of the ruling elites of the Arab countries to domestic development, diverts these surpluses away and deprives the capital-scarce Arab economy of them. For example, according to the US Department of Treasury, an estimated 1.5 trillion USD of US public and private financial securities are held by Arab governments

and residents, mostly by Saudi Arabia, the United Arab Emirates, Kuwait, Iraq, and Oman. These examples of Arab countries, which channeled their excess financial capital to the US and UK financial markets, summed to almost 1.7 trillion USD (Declassified UK 2021), representing more than 50% of the 2021 GDP of the Arab region, and covering the region’s infrastructure gap by more than three times⁴ as Figure 11 shows.

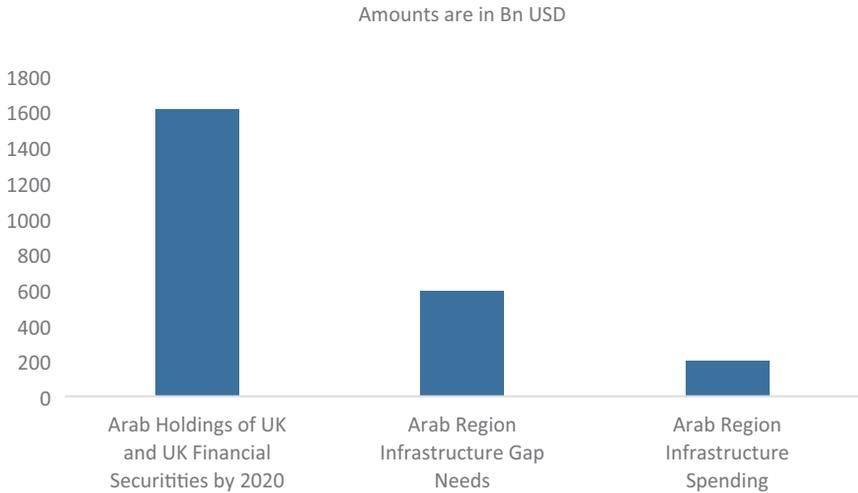


Figure 11. Comparison between Arab Holding of Western Financial Assets, Infrastructure Gap Needs, and Spending

Source: Federal Reserve Data, Declassified UK (2021).

Meanwhile, the largest two Arab sub-economies, Saudi Arabia’s and Egypt’s gross capital formation averaged 21% and 18% of GDP in the period of 2000–2021, while the recommendation⁵ of the optimum rate of gross capital formation as a percentage of GDP is 40% for capital-scarce economies, and the 2021 global average rate for middle-income countries is 32.5%.⁶ This contradiction is an outcome of a combination of Western imperialism in the Arab region coupled with neoliberal globalization. The Washington Consensus recipe to the Arab world of neoliberal economics and globalization resembles in many aspects the Ottoman Capitulations of unregulated and unprotected economic foreign relations that had privileged the West and the Arab elites at the cost of the Arab population since the 16th century, and that ended in a direct military rule in the 19th century after the stakes became too high to forgo.

5. The Origins and the Sources of Survival of the Contemporary Futile Arab Governance and Its Influence on Economic Performance

Taking advantage of the region's technological inferiority and the relative demographic vacuum,⁷ English/French colonial endeavors took over the Arab region in the mid-19th century. From the mid-19th to the mid-20th century, this colonial rule created the contemporary demarcation of the region, gained the loyalty of its political, cultural, and intellectual elites, trained its militaries, imposed control over the region's maritime choke points, and hooked the Arab economy into a perpetual dependence. After the end of World War II, the United States gradually inherited the English/French colonial enterprise in the Arab region and has, in liaison with the UK and France, supported the Arab satellite states militarily with arms sales and military aid, politically through legitimacy provision in the international arena, and economically via direct economic aid and financial support of the Washington Consensus lending institutions, such as the IMF and World Bank Group. Therefore, it is implausible not to draw a robust connection between contemporary Arab governance and the lasting and entrenched Western imperial design of the region.

Western prosperity has been largely dependent on this relationship with the Arabs, which feeds off Arab backwardness and the lack of sovereignty over their land and resources. This manifests itself in the fact that all domestic efforts for governance reform that tried to change the orientation of this governance from being a servant of Western interests to being oriented toward domestic development in the Arab region since the mid-19th century have been aborted by Western interventions. The Orabi revolution was defeated by the British conquest of Egypt in 1882. The post-World War I national liberal movement uprising flag-shipped by the 1919 uprising in Egypt was contained by nominal concessions under British rule. Pan-Arabism led by Nasserism and Ba'athism of the 1950s and 1960s was subdued by the Western-backed Israeli invasion of Arab territories in 1967 and the subsequent neoliberal penetration of the Arab economy, and the invasions of Iraq in 1990 and 2003. The power of OPEC was broken through the effective penetration and control over the Saudi family and the Petrodollar scheme imposed by the US on Gulf Arab states after the 1973 war. Leftism and Islamism have been persecuted by the Arab governments under the dictate of Western intelligence. The Arab Spring of 2011 was actively steered by Western intervention to guarantee that the Western-serving Arab governance remains intact, while taking advantage of the chaos created by the mass riots to desolate the Syrian and Libyan regimes who had taken an anti-Western stance. The world has witnessed how the US

Secretary of State Hillary Clinton and UK Prime Minister David Cameron and other Western high-profile state officials rushed to Cairo a few weeks after the onset of the Egyptian uprising in January 2011 to preserve the Western-serving order in the Arab region in its demographic and cultural center in Cairo.

One does not need to dig deep into the US and Western intelligence documents to prove the validity of these claims because these interventions that included direct military action have been hardly invisible. This Western strategy may be described as one of support and abort. It simultaneously supports the existing system that is conducive to the extractive imperial structure, and aborts any change endeavors that may threaten this order. This is manifested in the history of systematic and vigorous Western interventions in the Arab regions as shown in Table 3. The Arab governance, which is in alliance with the Western imperial establishment to subjugate and exploit the Arab popular classes, has excluded them from making use of their resources, and has skewed the economy toward serving foreign interests at the cost of Arab lasting backwardness. The Arab region is a subdued backyard of the contemporary Western establishment, and Arab governance serves as the local guardian that maintains this status. This arrangement has resulted in a technological impasse and a perpetual development despair of the Arab region.

Efforts made by contemporary economists have emphasized the crucial importance of governing institutions in stimulating economic development. Among the many researchers, Acemoglu, Simon, and Robinson (2005), Gloster-Coates and Quest (2005), Griffiths (2016), and Shirley (2005) established that political institutions are critical to the performance of the economy over which these institutions rule. This view submits that institutions create incentives that shape economic behaviors in society, and that the quality of governance determines the performance of the economy. For the Arab economy to manipulate the geopolitical pressures, hostile geostrategic plans, and the market forces of the contemporary non-restricted globalization that may contrast with its development needs, and to mobilize its resources toward comprehensive domestic development, the Arab region needs, contrary to the existing one, a governing institutional framework that has the strategic vision of and dedication to comprehensive economic development.

Many economists who study the effect of governing institutions on economic performance, and attribute the economic failure of many nations of the Global South to low-quality governance, bypass the fact that the governance in most Global South nations has been primarily shaped by modern European conquest and is actively maintained by the institutions of neocolonialism, which is applying political, economic, and military pressures to preserve the pro-Western governance at the expense of the development needs of the Global South nations in question. The Arab region, like many failed nations of the

Global South, needs a radical transformation from the long-standing foreign serving-oriented to domestic-development-oriented governance that must restructure its relationship with the outside world, and particularly with the imperial West, to end the unequal exchange that has been imposed on the region for centuries. Comprehensive development of backward countries needs commitment and engagement from the state and requires a genuine political force that is attentive to all aspects of the process. This force is absent in the Arab region, which appears in the Arab kleptocracy choices that led to a lack of industrialization, underinvestment in infrastructure, human capital, science and technology, the absence of national security strategies regarding food, medicine, and defense, and in the lack of efforts toward an Arab economic regional integration, whose substantial benefits are evident as proven by Neaime (2019) and Ebaidalla and Mustafa (2018). This apathy toward comprehensive economic integration and the desire to keep high borders between the Arab satellite states is because the ruling Arab elites have a natural disinterest in sharing their dominion with other ruling elites in the region, besides the proclivity to keep the status quo of a regional disintegration in order to appease their Western masters who grant and renew the legitimacy of their rule.

6. Debunking the Claims that the Arab Economic Failure Is Domestically Driven

Many argued that the economic underperformance in the Arab region might be due to predominantly domestic institutional factors, such as domestically driven poor governance, dogmatic culture, religious fundamentalism, fragile civil society, the oil curse, geographical disadvantages, capital scarcity traps in poor Arab states, human capital deficiency, demographic shocks, low level of social trust, and ethnic and tribal conflicts, among others. Nevertheless, these fundamental factors that are assumed to be behind the material weaknesses of the Arab region have not been the primary ruling forces since the Western domination of the Arab region that took hold in the mid-19th century. An observer must isolate these domestic factors from foreign hegemony to be able to forge a strong judgment on the scope of their role in the present development crisis of the Arab region.

Delvin (2010) and Wilson (2021) attribute the poor economic performance of the Arab region to entrenched structural problems such as inefficient markets, weak financial sector, and lack of openness for business. However, they fail to associate these structural problems with their origin in the Western-backed deficient governance of the region. Kuran (2004) argued that the

rigidity of Islamic law that preserved low-quality unproductive economic institutions, such as the Islamic inheritance law and the Islamic Trust Waqf has blocked commercial and economic development of the Middle East since the Islamic Golden Age of the High Middle Ages. Rubin (2017) claimed that the dominance of the Islamic clergy as decisive legitimacy propagators for political rulers in countries that became Muslim-majority in the Middle East led to the persecution of intellect, thus producing a stagnation of science and technology. This religious class' political dominance also has been deleterious to commercial development in the Islamic region through the clergy's control over commercial legislation, which was not handled properly according to Rubin's thesis. Lewis (2001) claimed that the backwardness that the Arab region fell into and the failure to modernize in the past centuries is attributed to the lack of freedom of thought and inquiry, institutional discrimination against women and non-Muslims, and political despotism. Lewis mentioned the lack of freedom as the principal problem, and he is correct in the use of the term "lack of freedom." Nonetheless, it is the exogenous condition of the lack of freedom of self-determination that has been confiscated by the Western conquest since the mid-19th century that has resulted in the perpetuation of the economic backwardness of the Arab region. The negative characteristics he discussed in Middle Eastern Muslim societies may be the symptomatic expressions of the elongation of the development crisis, rather than the root causes of it.

The suspected domestic counter-development factors, as the ones mentioned, may be the culprits in the relative economic deficiency of the Arab region before it fell into the captivity of foreign domination, not after it did. The domestic counter-development factors may have contributed to the technological and military weakness of the region and rendered it vulnerable to foreign conquests, but once foreign conquest took over, it became the *de facto* ruling institutional framework. Therefore, blaming these potential domestic factors distracts from the principal cause of the persistent economic failure of Arabs, which is hostile foreign domination. The views that consider the domestic factors the primary suspects of the Arab economic failures assume that the contemporary Arab population has been independent in managing its political and economic affairs, and these opinions bypass the fact that these populations are ruled by a governance that is directly controlled by the Western establishment through taking advantage of technological and military imbalances between the two geopolitical spheres. The answers to the questions proposed by Kuran (2004) "why the Middle East is economically underdeveloped" and by Rubin (2017) "why the West got rich and the Middle East did not," and by Lewis (2001) "what went wrong"

could be relevant to explain the vulnerability of the Arab region to the foreign conquest and domination that have been in effect since the mid-nineteenth century, or could even be used to learn why the Islamic Middle East did not experience an industrial revolution and economic boom simultaneously with Western Europe.

Nevertheless, these views are irrelevant to explain the persistent nature of the contemporary development crisis in the region. The emphasis should be on the analysis of the effect of the principal problem, which is the continuing Western imperialism and its deleterious effect on the development prospects of the Arab region, which is described by Brown (1984) as a uniquely penetrated system.

Prominent examples that could be used to argue against the respective views expressed by Kuran, Rubin, Lewis, and other critics who associate the contemporary Arab economic backwardness with the Islamic culture and legislations are the contemporary Iranian and Malaysian experiences. Iran is ruled by Islamic law and Islamic cultural norms, and this Islamic rule has not interrupted Iran's economic development, which is reflected in Iran's scores that are higher in development indicators than the Arab region in terms of science, technology, and capital formation. Iran has a broad and diversified industrial base, exemplified by the output of its comprehensive defense industries. Iran ranks 15th in terms of scientific output in 2021.⁸ Another example is Malaysia, which is dominated by Islamic culture and legislation, has industrialized successfully in the last few decades, improved its scientific ranking from 50th in 1996 to 24th in 2021, and its real GDP grew at an average rate of 6.1% annually in the 1970–2021 period.⁹ Malaysia is expected to join the high-income countries club in the coming few years. In the meanwhile, the first Arab country that shows up in the scientific ranking in the period 1996–2021 is Egypt in 36th place, despite having a population that is almost as big as Iran and Malaysia populations combined. The gross capital formation of Saudi Arabia and Egypt, the largest two GDPs (in PPP) in the region, averaged 21% and 18% of GDP, respectively, in the period of 2000–2021.¹⁰ No Arab country has experienced any noticeable progress in any strategic industry in recent times.

In Iran and Malaysia, the Islamic law of inheritance has not inhibited capital accumulation as Kuran (2004, 1) claimed, and his description of “the strict individualism of Islamic law and its lack of a concept of business corporation” is invalid as it has not hindered organizational development. Lewis (2001) was likewise proven wrong through the Iranian and Malaysian experiences and the

Islamic “lack of freedom” and the discrimination against women and non-Muslims have proven not to be critical for economic development. Also, the dominance of the Islamic clergy class in politics and legislation has shown in the Iranian experience that it has not impeded economic development, which contradicts the thesis presented by Rubin (2017). Ironically, by using the same naive heuristic approach undertaken by Rubin (2017), Kuran (2004) and Lewis (2001) of attributing Arab/Muslim failure to Islamic institutions, but in the opposite direction, some contemporary thinkers, associated with political Islam such as, Qutb (1962), El-Khomeini (1970), and Yakan (1988) attribute the relatively advanced state of the Muslim Middle East during the Islamic Golden Age to the very same Islamic institutions, which they preach to re-implement to revive the lost glory. They blame the contemporary failure and defeats of Arabs and Muslims on the deviation from the governing institutions inspired by Islamic ideals.

From a comparative perspective, Iran and Malaysia on one side, and the Arab region on the other side, both are Islamic, one side developed, and the other side did not, therefore the Islamic influence on economic performance seems irrelevant in this discussion and there must be other factors behind the two sides’ different development trajectories. Iran and Malaysia are sovereign states with domestic-development-oriented governance. The Arab states are neither sovereign, nor domestic-development oriented, and I argue that the major force that has preserved this defective governance and its consequential economic underperformance since the mid-19th century is the Western domination of the Arab region.

7. Hostile Foreign Western Domination and Its Imperial Entrenched Interests as the *De Facto* Governing Institutional Framework in the Arab Region

Once the Arab region has been captured by a foreign hostile rule and the capacity of self-determination of the Arab population has been curtailed, it is unreasonable not to claim that the new foreign rule has been the principal source behind the perpetual character of the regional economic deficiency. Given the imbalance in resources and technology, coupled with the entrenched and long-standing Western interests in the region, it is legitimate to claim that Western domination, not the Islamic culture and legislation, has been the *de facto* ruler and the arbiter of the strategic choices of the Arab region since the mid-19th century.

It is not the dominance of the Islamic doctrine or other domestic institutional factors, but rather it is the lack of political will and territorial sovereignty of the Arab population that has been the primary reason that has kept the region economically underdeveloped. This lack of will and the absence of sovereignty are endogenous to the Western imperial structure in the region that is geared toward serving the entrenched Western imperial interests, which include the control over the Persian Gulf hydrocarbon resources, the command of the strategic transit routes such as the Suez Canal, Bab el-Mandab and Hormuz straits, Western strategic military deployments in the region, the Western transnational companies' exploitation that is embraced and protected by the Arab states, and other forms of imperial value extraction. The region's development crisis lies in the fact that there is a progress-blocking governance in the Arab region, and the center of command of this governance lies outside the region. The Arab governance has been acting as a *de facto* regional ruler serving the modern European empire and facilitating its value extraction of the region since at least the mid-19th century, and it is a myth that this governance has changed after what is referred to as the decolonization period after World War II as the material and technological imbalances between the Western and the Arab domains have persisted, and the region has remained vulnerable to the rather intensifying Western interests during the Cold War period, and in the current struggle with China. This compradorized regional Arab kleptocracy has been in complete harmony with the governance in the West regarding their interests in repressing, marginalizing, and exploiting the Arab popular classes. Both the center of the center in the West, and the center of the periphery in the Arab region, have been in alliance with respect to their disinterest in achieving comprehensive development in the region to undermine the sovereignty of the popular masses over their resources.

Acemoglu and Robinson (2006) introduced an explanation of why rulers may actively block economic development in order to preserve their political power. They claimed that rulers who suffer from little legitimacy and instability, but who obtain high rent from their rule, may deliberately bar institutional and technological development. Since the West, through local agents, is arguably the *de facto* strategic ruler of the Arab region and its power is illegitimate, thus unstable, yet the rent obtained from ruling the region is high, it is naturally expected that the Western ruling establishment has been actively obstructing the institutional and technological development of the Arab region. It is true that some economies developed under foreign domination, such as post-World War II Germany and Japan. Nonetheless, the Western rule of the Arab region is of a

subjugating and extractive and not a development nature, since the Western strategists and foreign policymakers identify the Arab population as hostile/enemy given the conflicting ideologies and the historical geopolitical competition and wars between the Christian European and Arab population. This hostility is exemplified by the contemporary struggle against the Western-backed Israeli occupation, the two recent Western wars against Iraq and Afghanistan, and the contemporary pronounced Islamic/nationalistic anti-Western rhetoric. The Western–Arab antagonism is manifested by quantitative empirical evidence, which appears in Western polls of a rampant anti-Western–Arab public opinion and anti-Arab–Muslim Western opinion as shown by Brumberg (2002), and Dana (2018). Figure 12 shows the result of a 2006 poll prepared by the Pew Research Center in a report titled “The Great Divide: How Westerners and Muslims View Each Other.” The poll shows how a sample of Muslim and Western populations view each other.

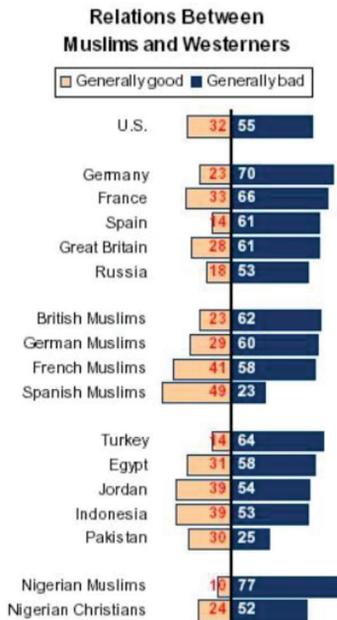


Figure 12. The Great Divide: How Westerners and Muslims View Each Other

Source: Pew Research Center. Accessed June 1, 2023. <https://www.pewresearch.org/global/2006/06/22/the-great-divide-how-westerners-and-muslims-view-each-other/>.

The hostility and distrust toward the Arabs by the Western population appear in the views presented by *The Clash of Civilization* of Huntington (1996). It is considered the bible of Western foreign policymakers. On the cover, Henry Kissinger praises the book as “one of the most important books to have emerged since the end of the Cold War.” Huntington (1996) suggests that the struggle between the Western and Islamic civilizations is inevitable, and this adopted view by the Western ruling elites has added fuel to their aggression practiced on the Islamic geo-sphere of dominance, of which the Arab region is the heart. Zbigniew Brzezinski (1997), who was a US National Security adviser under the Jimmy Carter administration (1977–1981), and who remained a key unofficial adviser to subsequent US administrations stressed in his 1997 book *The Grand Chess Board* that the US must prevent the emergence of any rival power in the Eurasian space to guarantee the continuation of the US global supremacy. An official report published by the United States Army War College stated that: “Status quo forces collectively are comfortable with their dominant role in dictating the terms of international security outcomes and resist the emergence of rival centers of power and authority” (The United States Army War College 2017, 56).

A declassified top-secret report prepared by Policy Planning Staff of the Office of the Historian, US Department of State (1948) regarding the relations with Asia provides an inference to the US policy regarding the Global South in general:

We have about 50% of the world’s wealth but only 6.3% of its population. This disparity is particularly great as between ourselves and the peoples of Asia. In this situation, we cannot fail to be the object of envy and resentment. Our real task in the coming period is to devise a pattern of relationships which will permit us to maintain this position of disparity without positive detriment to our national security. To do so, we will have to dispense with all sentimentality and day-dreaming; and our attention will have to be concentrated everywhere on our immediate national objectives. We need not deceive ourselves that we can afford today the luxury of altruism and world-benefaction. (Office of the Historian, US Department of State 1948)

These excerpts of the views of key Western strategists and foreign policy makers serve as an indicator that the West with the leadership of the US is actively crippling the economic and technological development of any potential rivals, which include the Arab region. These stances confirm the direction that the Western bloc has toward the Global South at large, which includes the Arab region. The general policy of the West has been directed toward preventing the emergence of developed nation-states that counter Western global dominance in

the world economy and politics. The dominated nations of the Global South have two choices, either to delink with the Western imperial system according to the model presented by Amin (2019), which is to restructure their relations with the Western imperial system and embrace a policy that prioritizes domestic development over Western interests, or remain backward perpetually. If these failed nations kept engaging in this system as is, they would not achieve comprehensive economic development as this system only incentivizes them to be only passive providers of raw materials, cheap labor, and consumer markets. Therefore, they would remain in a perpetual low caste in the Western-led global system. The role of the Arab region in the contemporary Western-led world system, along with the other regions in the Global South, is to remain in a lower caste status, which means to stay backward, unsovereign, and submissive to Western demands. The development of the Arab region is seen as a threat to this international caste order, therefore, the Western ruling establishment actively has worked on its prevention.

The domestic fundamental factors of weakness may have made the Arab region vulnerable to foreign conquest and domination. Nevertheless, what has stunted its progress thereafter is arguably the continuation of the foreign domination itself. It is implausible to claim that the current overwhelming Western penetration of the Arab region has not had a dominant role in the formation and continuation of the contemporary ruling institutional framework of that region, which has perpetuated its economic backwardness. This institutional arrangement, through a stick-and-carrot strategy, has been maintained to serve Western needs, and it has been prevented from being geared toward comprehensive domestic development of the Arab region in order to serve the Western strategic interests that are in firm contradiction with an economically viable and empowered Arab region. The current economically sabotaging ruling institutional framework of the Arab would not survive without the continual support of the West through political, military, economic, and communication channels. The concluded Arab development crisis of this arrangement produces lasting national weakness and lack of sovereignty, which further facilitates the elongation of the Western domination over it, which has trapped the region in a vicious cycle as Figure 13 shows.

The contemporary Western–Arab relation is a reinvention of colonialism in a neocolonialist form of outsourced imperialism, where imperialism could proceed remotely at a lower cost through local agents, as the level of technology allows it. Instead of expending plenty of resources on military presence and expat civil servants in the Arab region, imperial management could proceed today via electronic calls and texts supported by implicit threats of prompt counter-actions in the case of resistance or rebellion.



Figure 13. The Imperialism–Backwardness Vicious Cycle

Source: Author's own design.

7.1. Manifestations of Western Domination and Wealth Extraction in the Arab Region

In this section, I present manifestations of the imperial Western domination of the Arab region through a key indicator, which is the notable Western military presence in the region that is centered around Arab energy wealth. Figures 14, 15, 16, and 17 show the military presence of the major Western powers of the US, the UK, and France in the Arab region, which denotes the Western imperial domination of the region.

As manifested in the figures, the Western military presence is centered around the Arab side of the Persian Gulf shore, where most of the Arab energy wealth is situated. As Figures 14 and 15 indicate, the US has by far the largest military presence among the Western powers in the Arab region. According to the US Central Command, more than 50,000 US troops are situated in the Arab region, most of which are along the Arab shore of the Persian Gulf. The UK¹¹ and France¹² have as well substantial military presence with a few thousand troops for each, and their presence is focused around the Arab shore of the Persian Gulf.

While these illustrations manifest the present Western imperial domination of the Arab region, Table 3 shows the chronology of 19 key Western interventions that may have interfered with institutional change and progress in the region since the late 18th century.



Figure 14. US Military Presence in the Middle East

Source: Google Maps. Last updated February 9, 2021. Accessed June 1, 2023. https://www.google.com/maps/d/viewer?mid=12AO9A22Cjv3pG_tyiIx468a8WpqTajU&hl=en_US&ll=26.719749847011602%2C43.66837139832468&z=5.

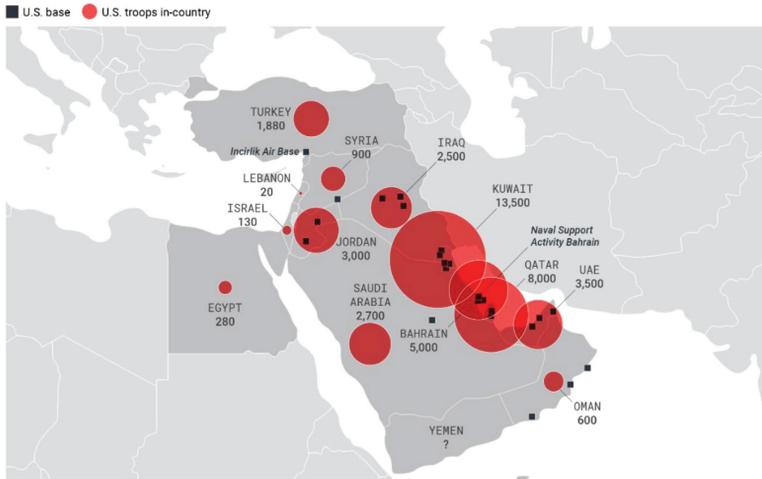


Figure 15. US Military Presence in the Middle East

Source: Denison (2022).



Figure 16. UK Military Presence in the Middle East

Source: Google Maps. Last updated on November 24, 2020. Accessed June 1, 2023. https://www.google.com/maps/d/viewer?mid=1SdLzmlGoZYwkpqGA5hZBvemAXg36xUBu&hl=en_US&ll=2.002884993307768%2C16.974646150000012&z=2.

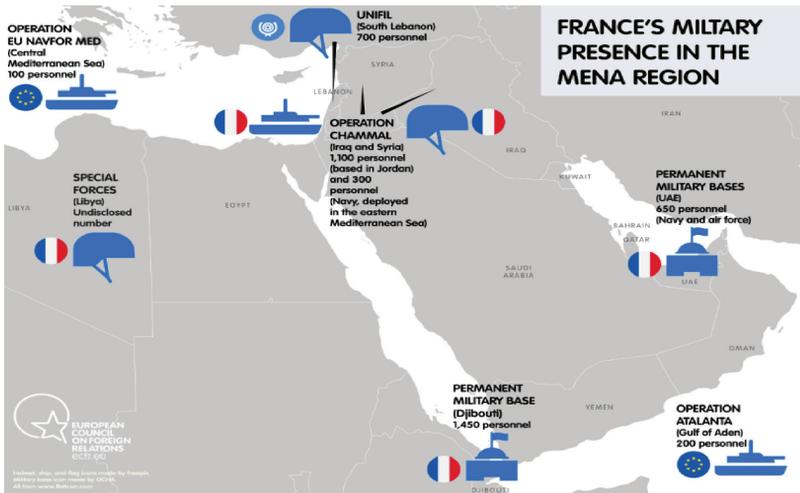


Figure 17. France's Military Presence in the MENA (Middle East and North Africa) Region

Source: European Council of Foreign Relations. Accessed June 1, 2023. https://ecfr.eu/publication/alone_in_the_desert_how_france_can_lead_europe_in_the_middle_east/.

Table 3. History of Western Interventions in the Arab Region

<i>Date</i>	<i>Western Interventions</i>
1798	The French invasion of Egypt to advance France's trade interests in the Arab region
1830	French invasion of Algeria
1881	French invasion of Tunisia
1882	British invasion of Egypt to stop the nationalist Urabi Revolt that aimed at ridding Egypt of foreign influence
1907	French invasion of Morocco
1911	Italian invasion of Libya and the conquests of the resistance movements for the subsequent decades
1917	Arthur Balfur's promise to found Israel as a nation for the Jewish people at the cost of displacing the Arab population in Palestine
1919	Containment of the 1919 Egypt's Revolution by the British issuing nominal independence while maintaining political control and military presence
1925	Containment of the 1925 Great Syrian Revolution by the French occupation forces
1948	The Western-backed foundation of the Israeli state as a colonial settlement displacing the Arab population
1956	The Suez Crisis with a triple invasion against Egypt from the UK, France, and Israel after the nationalization of the Suez Canal by the Egyptian government
1967	The invasion of Egypt, Syria, Palestine, Jordan, and Lebanon by Israel aided by Western support in order to defeat the region-wide Nasserist nationalist movement
1973	Western support of Israel to counter the Arab military campaign to retrieve occupied lands in 1967
1979	The US pressured Egypt to sign the Peace Treaty with Israel which partially surrendered sovereignty on Egypt's Sinai, and effectively ended the Nasserist nationalist project in Egypt and the region. As an outcome, Egypt has changed its status from non-alliance to becoming fully a satellite state of the US after it accepted an annual military aid in exchange for peace with Israel and fully reopening Egypt's economy for Western capital exploitation
1989	A decade of sanctions against Iraq started to abort the Arab nationalist project led by Iraq's Saddam regime
1990	First US-led invasion of Iraq, and the establishment of more US permanent military presence in Arabia
2003	The US-led invasion of Iraq that ended Saddam Hussein's nationalist regime
2011–Present	Interventions to maintain the Western-serving Arab governance against the Arab revolt of 2011 in Tunisia, Egypt, Libya, Syria, Yemen, and Bahrain
2013	The West* backed the Egyptian military coup against the elected president Mohamed Morsy

Note: *This is manifested in the Western official statements to the media during that time, the continuation of military aid and ties between the West and the coup regime, and also the lack of imposing Western sanctions, which indicates Western approval.

With such strategic Western military deployment and the long history of systematic and intensive interventions to conquer the Arab region, it is implausible not to draw a strong connection between the Western ruling establishment and contemporary Arab governance. Contemporary Arab governance was shaped by this vigorous history of systematic interventions and currently exists under this military control and intimidation. Therefore, it must be in compliance with the Western establishment. Hence is the argument that the West is the *de facto* strategic ruler of the Arab region. Subsequently, the strategic choices of the Arab region are whatever conform to the strategic interests of the West, and not with the strategic interests of the region and its popular classes, or the strategic choices that lead to comprehensive economic development and technological progress.

7.2. Manifestations of the Peripheral Western-Serving Choices of the Contemporary Arab Governance that Perpetuate the Regional Development Crisis

Figures 18 and 19 manifest the negligence of the Arab governance toward escaping the development crisis in the region, despite having more than the needed resources as Figure 20 and Table 4 show. Figure 18 shows the gross capital formation as a percentage of GDP for the Arab region, the world middle-income countries' average, and China in the last two decades. The rate in the Arab region (average of 24.6%) is persistently lower than the world middle-income average (31.7%) and China's average (43.5%) despite the pressing need for capital formation in the Arab region as a middle-income region to escape its development crisis and achieve high-income status.

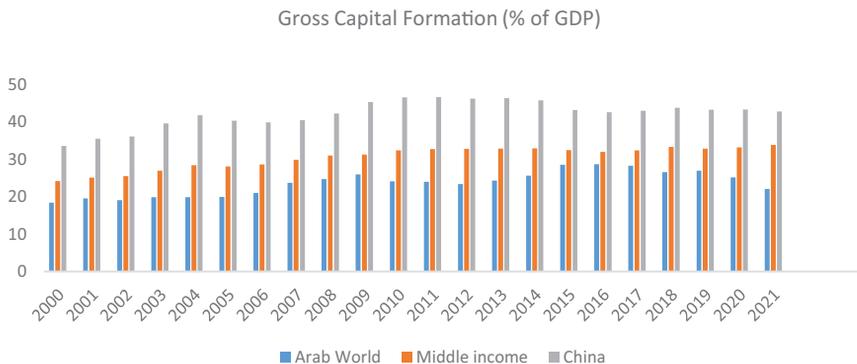


Figure 18. Gross Capital Formation as a % of GDP in the Arab Region, Middle-Income Countries and China

Source: World Development Indicators. Accessed June 1, 2023. <https://databank.worldbank.org/source/world-development-indicators>.



Figure 19. Manufacturing Value Added in the Arab Region, Middle-Income Countries and China

Source: World Development Indicators. Accessed June 1, 2023. <https://databank.worldbank.org/source/world-development-indicators>.

According to the World Bank (2020), the Arab region will need to spend at least 8.2% of GDP to fill the infrastructure gap by 2030, while the regional infrastructure spending has averaged just 3% of GDP in the period 2010–2020, which is one of the largest gaps between infrastructure needs and spending worldwide. The report has indicated that an estimated 5.5% of GDP in the Arab region is lost annually due to poor roads and accidents. That indicates the Arab governance’s negligence to this strategic need of the domestic economy. Figure 19 shows the lack of commitment of the Arab governance to industrialization, which manifests in lower (11.6%) than the world’s middle-income countries’ average manufacturing output as a percentage of GDP (middle-income average is 20.5%, China’s average is 30.1%). Industrialization is essential for poor nations to escape poverty and modernize. However, the Arab governance has disregarded this essential element of development.

While the Arab governance has decided to ignore the capital expenditure and industrialization needs, which are key indicators of the governance’s negligence in regard to achieving comprehensive development, it has funneled trillions of USD to the Western economies since the 1970s, primarily to the US. Wight (2022) provided an internal US Department of Treasury memo that was produced in January 1974 that declared it a top objective to “achieve major Middle Eastern Countries’ investment in the United States, utilizing dollars earned by oil exports; and develop a national program for attracting such investments to the United States.” Wight (2022) quoted the US Secretary of State Henry Kissinger saying “we should absorb as much of their [Arab] money as we possibly can . . . our principal objective should be to maximize their [the Arab oil-exporting countries] dependence on us.” According to the US Department of Treasury and the Federal Reserve, an estimated 1.5 trillion USD in US public and private financial securities are held by Arab governments and residents as shown in Figure 20 and Table 4.

Table 4. Arab Holdings of US and UK Financial Assets in Billion Current USD 2013–2022

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
US Long-Term Securities	430.5	498.9	572.7	541.2	526.2	580.9	606	729.3	847	909.5
US Corporate Stock	243.6	294.9	303.4	251.7	274.9	314.4	308.5	410.8	568.1	631.3
US Short-Term Securities	15.4	18	22	21.2	25.3	36.1	44	53	58.1	71.9
UK Financial Securities	–	–	–	–	–	–	–	–	–	193
Total by the end of 2022	–	–	–	–	–	–	–	–	–	1636

Source: US Federal Reserve Data. Accessed June 1, 2023. <https://ticdata.treasury.gov/Publish/mfh.txt>; Declassified UK (2021).

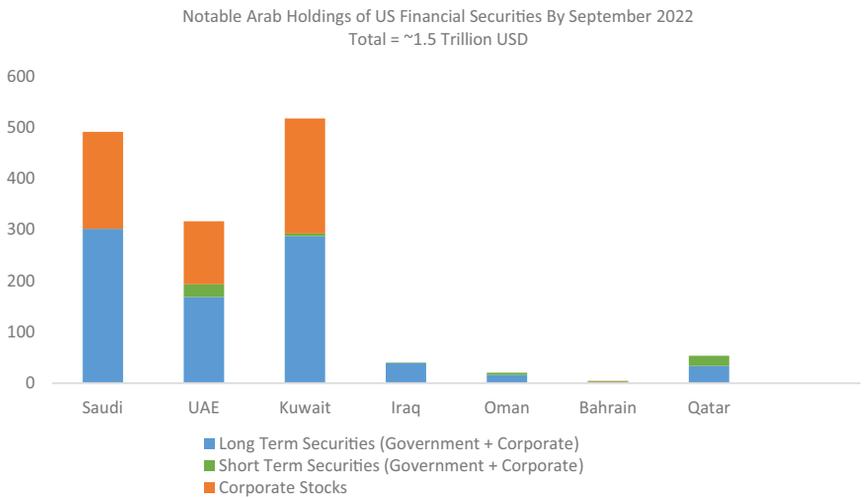


Figure 20. Notable Arab Holdings of US Financial Securities by September 2022

Source: US Department of Treasury, Federal Reserve System. Accessed June 1, 2023. <https://ticdata.treasury.gov/Publish/mfh.txt>.

Figure 20 and Table 4 show the data of one channel of capital drain, which are the financial investments undertaken by the Arab kleptocracy (government and private) in the West, primarily in the US financial markets. There is also sizable Arab capital that has outflowed to the UK¹³ and the EU (English 2018) toward financial and real estate markets and annual billions of Western arms imports to a region whose strategic choices are already in the hands of the exporter. If the Arab governance was keen on domestic development, these trillions of USD would be invested in fixed and human capital formation, filling the infrastructure gap, and

industrialization. However, this enormous capital outflow from a capital-scarce region manifests the Western-serving orientation of the Arab governing elites at the cost of disregarding domestic development needs.

8. Conclusion

I present a theoretical view supported by empirical evidence on how the Western domination of the Arab region is the primary source of its persistent economic and technological deficiency. Given the modern European colonial heritage and contemporary interventions, economic and technological dependency, cultural dominance, military dependence, political legitimacy reliance, the persistent technology/military gap between the two regions, and the rooted strategic interests of the West, the latter has maintained a Western-serving and counter-development Arab governance since at least the mid-19th century. In this framework, the Arab kleptocracy would never embark on a comprehensive economic development process because of an inherent shared interest with the Western ruling elites in keeping the Arab masses subjugated and exploited for the perseverance of the extractive imperial order. This arrangement has trapped the Arab region in a perpetual development crisis.

The theoretical view presented in this article that describes the mechanism, through which hostile foreign domination leads to persistent backwardness among the dominated regions, may be used to analyze the connection between predatory foreign domination and economic failures of the dominated regions in contemporary times, as in the currently failed nations of Asia, sub-Saharan Africa, and Latin America which are dominated by the West, of Siberia, Central Asia, the Caucasus, and parts of Eastern Europe that are dominated by Russia, and in earlier times, such as the lag of development in the Balkans region, which was oppressively dominated by the Ottoman Empire until the early 20th century. It may also be used to describe development difficulties among marginalized ethnic minorities within nation-states in what is known as internal colonies.

Prolonged development crises lead to state failures, security collapses, and civil armed conflicts, which are followed by mass waves of immigration that undermine world stability and peace. Therefore, regional development crises, their root causes, and their subsequent political demographic calamities should be viewed as not only confined to their specific geographies but rather as global threats.

Notes

1. See World Development Indicators. Accessed June 1, 2023. <https://databank.worldbank.org/source/world-development-indicators>.
2. Section 7 provides further critique on why modernization theory has failed in the Arab region in particular.

3. Egypt had ten IMF programs in the period 1962–2023. Argentina had 22 IMF programs in the period 1958–2023. Please refer to <https://www.imf.org/en/Countries/EGY> and <https://www.imf.org/en/Countries/AR>, accessed January 5, 2024.
4. A World Bank report estimated the infrastructure gap in the Arab region to be 0.56 trillion USD.
5. This is manifested by the rate followed by nations that are industrialized successfully such as South Korea and China.
6. See World Development Indicators. Accessed June 1, 2023. <https://databank.worldbank.org/source/world-development-indicators>.
7. The Arab population in the mid-19th century was a small fraction of its current size. For example, the population of North Africa (from Morocco to Egypt and Sudan) was estimated at 13 million in 1850 (Tabutin and Schoumaker 2005), while that of France and Britain combined was more than 60 million in the same year (Diebolt and Perrin 2017; Anderson 1988).
8. See <https://www.scimagojr.com/countryrank.php>. Accessed June 1, 2023.
9. See World Development Indicators. Accessed June 1, 2023. <https://databank.worldbank.org/source/world-development-indicators>.
10. See World Development Indicators. Accessed June 1, 2023. <https://databank.worldbank.org/source/world-development-indicators>.
11. See the UK Parliament, House of Commons Library. <https://commonslibrary.parliament.uk/research-briefings/cbp-8794/>.
12. See the French Institute of Foreign Relations. <https://www.ifri.org/en/espace-media/lifri-medias/frances-strategic-thinking-middle-east-standstill>.
13. See <https://www.theguardian.com/business/ng-interactive/2022/nov/05/how-qatar-bought-up-britain>. Accessed June 1, 2023.

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