STUDENTS, BASES, PARTIES, MOVEMENTS:
PUBLIC WELFARE AND THE STRUGGLE BETWEEN
THE STATE AND ITS COMPETITORS IN THE MIDDLE EAST

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Abstract: This essay examines the costs and benefits of the imposition and decay of the modern state in the Middle East for popular welfare. The modern European-style state, and particularly of the assignment of responsibility for welfare functions to the state, is a relatively new feature of the regional landscape. The widespread failure of many of the region’s states to fulfill these responsibilities in the second half of the twentieth century contributed to eroding the already frail legitimacy of formal state institutions, but it did not erase the need for, or expectation of, welfare provision by institutions that transcend private interests. In European and North American polities with long and stable histories of states, many of these welfare functions have been in recent years delegated to a “civil society” defined and delineated by the state; in the Middle East, the declining capacity of the state has instead been an impetus to imaginative constructions of institutional alternatives—rule by “students” or “parties of God”—that challenge and undermine the state itself. Yet the stable provision of social welfare seems to require the public service mission and the administrative capabilities of competent conventional states. Development therefore entails rebuilding rather than dismantling the state structures that were legacies of imperialism.

Keywords: state, imperialism, community, corruption, Islamist, social welfare

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“Nation-states will not disappear, but they will share power with a larger number of powerful non-sovereign actors than ever before, including corporations, nongovernmental organizations, terrorist groups, drug cartels, regional and global institutions, and banks and private equity funds. Sovereignty will fall victim to the powerful and accelerating flow of people, ideas, greenhouse gases, goods, dollars, drugs, viruses, emails, and weapons within and across borders. The world thirty-five years from now will be semi-sovereign. It will reflect the need to adapt legal and political principles to a world in which the most serious challenges to order come from what global forces do to states and what governments do to their citizens rather than from what states do to each other.”

It is well to remember that that the state we have cavalierly described as “in eclipse” for the last several decades is itself a relatively new feature of human society. The vast part of human history has been made by complex and orderly communities of tribes, chivalric orders, churches, empires, trade federations, aristocracies, religious brotherhoods and other expressions of human ingenuity. A great variety of political orders and institutions have kept the peace, fostered arts and letters and otherwise provided some measure of culture and prosperity. Yet, for most citizens of established states, particularly in Europe and North America, these alternatives have been dispatched to the curiosity shops of history or relegated to the private lives of citizens. Virtually the only occasions in which these sort of communities—families, co-religionists, business networks, secret societies—arise in serious political analysis are as sources of the perversion of the state, of corruption. Yet they served for millennia as vehicles for regulating societal interaction, fortifying human bonds, organizing economic production and exchange, and assuring security in the absence of what we know as the state—and in many places, they still do.

Indeed, in many parts of the world today the institutions associated with the domestic operation of states—civil and common law systems, public bureaucracies, police forces, fiscal administrations, legislatures, judiciaries and the like—exist as little more than cosmetic artifacts of a fast fading imperial era. The formal expressions of statehood—territorial boundaries, standing armies, international sovereignty—are eroding in favor of alternative definitions of, and organizational structures for, community and identity. Some of these alternatives may supplement and extend citizenship in existing states, like communities built around common international norms and purposes, such as human rights advocacy and humanitarian relief. Many

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1 Richard Haass, “Sovereignty,” *Foreign Policy* September/October 2005
2 See, for example, Peter Evans, “The Eclipse of the State? Reflections on Stateness in an Era of Globalization,” *World Politics*, 50:1, 1997
more of these alternatives, vast religious and ethnic networks, for example, are also competitors of the state. They convey far fewer rights and guarantee far less welfare than established states but they often protect those they do far more effectively.

For the loyalists of these kinds of communities, it is the state itself which corrupts the social order. From the perspective of many of the people of the Middle East, for example, the modern European-style state is a strange and awkward burden, imposed with the demise of the Ottoman Empire in the aftermath of World War I. The interwar efforts to fasten these states to the populations of the region introduced a set of performance standards for government that would be almost impossible to meet. Nonetheless, the European—soon to be “international”—principle that territorial states were to be the organizational structure for participation in what the Covenant of the League of Nations called “civilization” was to mean that aspirations to be rid of European domination had to be couched in terms of independence for these political units. Only states, understood as the territorial units imposed by European imperialism, could hope to join the “advanced nations” that represented “civilization.” Alternate vehicles for political community were ruled out; it was inconceivable that the Shammar or Utaibah tribes of the Arabian Peninsula, for example, or the Ottoman Empire, the Islamic community of the faithful, the Berbers of North Africa, ARAMCO, the Sanusi religious brotherhood, the Saudi royal family or any other kind of actual or potential political community could become independent as such. And so peoples and communities aspiring to rule themselves adopted the attributes of states. Tribes and ethnic groups banned together, repressed any mutual hostilities, and claimed sovereignty. The successor states saved the question of their identity until independence was secured and then spent decades debating the merits of pan-Arab and pan-Islamic political associations.

For most of the people subject to the League of Nations Mandates or living in other European possessions in the interwar period, independence was more important than disputations about the political framework for that independence. Such debates could, and did, await sovereignty. The first American Ambassador to independent Libya wrote of the country’s accession to statehood in 1951, for example, that “after all the difficulties encountered by the powers in reaching an agreed solution, complete independence seemed to many a last resort, an
expedient and an experiment to which, with a sigh of relief, nearly everyone could subscribe.” It had been clear to all—including deeply hostile provincial rivals within the country—that the only way to escape formal control by outside powers was to accept an identity that was an invention of just those powers.

The stability of the succeeding decades in the Middle East seemed to convey acquiescence in, if not satisfaction with, the territorial states bequeathed the region by European imperialism. Early Arab nationalist aspirations to challenge the legitimacy of local Arab (and Jewish) states came to naught, as the United Arab Republic that married Syria and Egypt broke apart after several years and Israel proved more than a match for irredentist claims. By the 1970s, the region seemed to settle into a sort of sullen political stability that obscured widespread stagnation and resentment. That the communities and identities of the past had not been abandoned was suggested by none other than Usama Bin Laden, who reminded listeners in the broadcast in which he acknowledged al-Qa’ida’s responsibility for the attacks of September 11, 2001 that

what the United States tasted today is a very small thing compared to what we have tasted for tens of years. Our nation has been tasting this humiliation and contempt for more than eighty years.

Should his audience have missed the significance of the illusion to eighty years of humiliation, he clarified it several weeks later: “Following World War I, which ended more than eighty-three years ago, the whole Islamic world fell under the crusader banner—under the British, French and Italian governments.” In this broadcast, moreover, he identified the successor to the League of Nations as part of the problem.

For several years our brothers have been killed, our women have been raped, and our children have been massacres in the safe havens of the United Nations and with its knowledge and cooperation. Those who refer our tragedies today to the United Nations so that they can be resolved are hypocrites who deceive God, his prophet, and the believers. Are not our tragedies caused by the United Nations? Who issued the partition resolution on Palestine in 1947…? Those who refer

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things to the international legitimacy have disavowed the legitimacy of the holy book and the tradition of the prophet Muhammad, God’s peace and blessings be upon him.  

The alienation from, and hostility to, the modern states of the Middle East exemplified by Bin Laden’s rhetoric, not to say his activity, is not universal in the region. But neither is it entirely exceptional. The disappointment and disillusionment with the states of the region is deep and widespread. It is relatively rarely expressed in outright support of al-Qa’ida or other violent movements but it is frequently exhibited in what looks from the state’s perspective like corruption--that is, reliance on friends, family, ethnic and religious ties, moneychangers, even criminal networks, to obtain the necessities of modern daily life: education, health care, food, employment, authorizations to sell, to manufacture, to trade, to travel, in short, to live a reasonable life in the twenty-first century.

THE INSTALLATION OF THE “INDEPENDENT NATIONS” OF THE MIDDLE EAST

“Certain communities formerly belonging to the Turkish empire have reached a stage of development where their existence as independent nations can be provisionally recognized subject to the rendering of administrative advice and assistance by a Mandatory until such time as they are able to stand alone.”

Although the Middle East has been home to elaborate and ambitious state-like institutions since the time of the Pharaohs in Egypt, the introduction of the modern European-style state was relatively recent. The essential characteristics of this modern state are typically summarized in Max Weber’s definition:

compulsory political association with continuous organization whose administrative staff successfully upholds a claim to the monopoly of the legitimate use of force in enforcement of its order in a given territorial unit.

This assumes the existence of 1) a continuous administrative staff; 2) a military establishment which successfully maintains law and order; 3) a financial and tax collection apparatus which

5 Broadcast by Usama bin Laden (November 3, 2001) in Barry Rubin and Judith Colp Rubin, eds., Anti-American Terrorism and the Middle East, p. 256

provides the wherewithal to support the administration and military. Whether such things exist, and how strong they are, is an empirical question.\(^7\)

In the twentieth century, as liberal definitions of politics grew increasingly influential, an additional definitional characteristic came to be associated with states; they came to be seen as the vehicle for fulfilling a social contract and were expected to deliver basic public goods.\(^8\) This became explicit after World War I, by which time most of the territory of the globe had been claimed: the League of Nations recognized two kinds of political unit: independent states and territories “which are inhabited by peoples not yet able to stand by themselves under the strenuous conditions of the modern world.” Article 22 of the League Covenant declared that for these territories, “there should be applied the principle that the well-being and development of such peoples form a sacred trust of civilization.” “Well-being and development” were now declared the responsibility of political authorities, and these authorities would work within the framework of the international state system.

For the Middle East itself, the question of whether the peoples of the region could manage the strenuous conditions of the modern world was actually a touchy one, since the once distinguished “sick man of Europe,” the Ottoman Empire, had effectively sustained independent sovereignty, even on European terms, for centuries. Article 22 of the Covenant appeared to resolve this dilemma in arguing that “certain communities formerly belonging to the Turkish empire have reached a stage of development where their existence as independent nations can be provisionally recognized.” In fact, however, although the Kurdish, Arab, and Maronite communities of the Ottoman Empire—perhaps even the world’s millions of Muslim followers of the Ottoman Caliphate—considered themselves ready for recognition as independent nations in 1919, none of them were accorded recognition as provisional states. Instead, territorial units—Syria, Palestine, Iraq, for example—were carved from the Empire with little regard for the political identities or aspirations of local communities. The occasional gestures of deference to community interests and identities were only to communities already familiar to Europeans. The French did carve Lebanon from its Syrian Mandate in deference to the wishes of the Maronite Christians and the British divided the Palestine Mandate into two parts—Palestine and

\(^7\) This is elaborated in my article, “The State in the Middle East and North Africa,” *Comparative Politics* October 1987 which provides citations to the early literature, including Weber’s famous definition.

\(^8\) Chesterman, Simon, Michael Ignatieff and Ramesh Thakur, “Making States Work: From State Failure to State-Building” International Peace Academy and United Nations University, July 2004, p. 2
TransJordan—in order to fulfill the promise of the World War I Balfour Declaration of support for a Jewish homeland. For the rest, states were to create citizens for whom the territorial identity—Iraqi, Syrian, Jordanian—would trump other “obsolete” loyalties.⁹

Three decades later, on the verge of the independence of these new states, the economist Alfred Bonne surveyed the region and observed that “the existence of such thinly populated countries as unrestrictedly sovereign states is impossible without the support of larger States…. It is not so long ago that independent State existence was contingent upon military strength and healthy finance.”¹⁰ Perhaps unwittingly, Bonne summarized the unique challenges that the post-Ottoman Middle East would face.

The defeat and dismemberment of the Ottoman Empire in the aftermath of World War I had marked the end of the era when failure to sustain "military strength and healthy finance" led to the extinction of independent states. The creation of the League of Nations in 1919 inaugurated a world system that permitted—indeed, virtually demanded--something like "independent State existence" in the absence of either a strong military or sound finances. The juridical sovereignty that would be bestowed upon post-imperial states in the Middle East after World War II neither presumed nor produced the financial or military requisites of European style states, nor equipped them to meet the expectations of welfare provision with which they had been saddled.

Since most of the Middle East and North Africa experienced European imperialism relatively late, their experience reflected two important features: the Europeans were preoccupied with the geostrategic--as opposed to economic--value of imperial possessions and, equally importantly, as we have seen, they justified their presence as designed to enhance the welfare of the "natives."

Despite considerable rhetoric to the contrary, the European rulers endowed the states of the post-Ottoman Middle East with relatively elaborate administrations, at the cost of major investments of time and resources. Boundaries were demarcated, police forces established, laws

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⁹ As Juan J. Linz and Alfred Stepan observe “The peace treaties after World War I represented the high point of nation-building, with the proclamation by Wilson of the principal of self-determination. But the new states that emerged after 1918 were not in fact all nation-states. … The disintegration of three empires into a number of new states and the redrawing of boundaries between states were not directly the result of the efforts of nation-building movements,” Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe (Baltimore: Johns Hopkins University Press, 1996, p. 23

promulgated and enforced, taxes levied and collected, tax-collectors hired and paid, nomads settled, peasants brought to markets roads, railroads and ports built, schools opened and staffed, weights and measures standardized. Far from serving merely as caretakers, the colonial regimes reshaped many of the most fundamental aspects of life.

All this was done under the guise of the tutelage or protection of the natives: the colonial powers portrayed themselves as guardians, responsible, if not to, certainly for, their charges. The putative justification for international control of these tracts of land was simple: the international community, through the League, assigned “peoples not yet able to stand by themselves” guardians, "advanced nations who by reason of their resources, their experience, or their geographical position can best undertake this responsibility."Colonies, which had once been viewed principally as valuable sources of raw materials and markets for manufactured goods, had come to entail significant obligations. "In fact," as Quincy Wright wrote in 1930,

if we judge by the current terminology we may suppose that dependencies have ceased entirely to be a right of the imperial state but have become a responsibility, a trust of civilization, the white man's burden. The change, however, has not been only in terminology.... The trust undertaken by the imperial power was not only for the administration of property but for the development of a ward. It resembled guardianship or tutelage.

Guardianship had already been introduced into international practice during the nineteenth century in the formula of the "protectorate," an international legal device whereby local governments agreed to the advice and support of an imperial power by treaty. As Elizabeth Monroe puts it, the terms of the Egyptian Protectorate and the mandates were "different in letter but alike in spirit...a cross between liberalism and adherence to war aims...."

For both the British and the French (as well as for the Italians in Libya), securing law and order was the first order of business. The European powers expected that their own military forces would guarantee their access to and the stability of the region. As a result, although they

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11 Article 22 of the Covenant of the League of Nations, in Hurewitz 1979, p. 179
expanded local police operations and forces, local armies remained relatively small and quite closely-supervised. Throughout the region, because of its centrality to European purposes, law and order was imposed, maintained--and largely paid for--by the Europeans themselves. Civilian administrative reorganization reflected the demands of newly imposed European-style states, as nationality criteria were decreed and censuses taken. Legal systems were brought into consonance with European usage--often with wholesale adoption of European codes--and new courts were established. Ports were deepened, roads and railroads built, and other infrastructural development undertaken, particularly in areas of substantial European settlement. National currencies were created (although rarely were central banks established), and taxes assessed.

Because status and stability counted for more than profit in collecting colonies at this late stage of imperialism, the European powers neither expected nor designed the new states to be economically self-sustaining. The state administrations established by the French and British in the Middle East did very little to encourage economic development, particularly industrialization. By 1939 employment in manufacturing and mining was no higher than ten percent anywhere in the region and although the Second World War sparked considerable industrial growth, weak initial industrial capacity, continuing global competition, and half-hearted government policy would hobble the region for decades; by the mid-1970s, the Middle East's industrial output was a mere 1.5 percent of the world's total. 14

If industrialization was not a high priority for the colonial powers, by contrast social welfare was an important arena of government activity. Although most observers criticized the European-backed administrations for not having done more to improve the lives of the people under their jurisdiction, both the rationale and the institutions for government spending on social services and public welfare were certainly introduced--and, in fact, widely accepted--in the interwar period. Education, for example, was an increasingly large item in the budgets of the protectorates and mandates. In Syria, the government budget for public education nearly doubled from eight percent to 15.5 percent between 1925 and 1938. In Egypt, the percentage of the government budget devoted to education rose steadily from little over two percent in 1919-1920 to 11.5% in 1950-51. 15

Social security was also introduced during the colonial period. Most social insurance schemes originated in the pension plans for military and civilian officials of the imperial administrations, but when local bureaucrats took over administrative positions they inherited the perquisites of the jobs as well. Similarly, although farm subsidies were first provided to European settlers and investors in North Africa, for example, they were soon extended to local agriculturalists, largely because governments wished to keep impoverished indigenous cultivators from disturbing their European neighbors. That these subsidies to both European and local agriculturalists were motivated by political rather than economic purposes was apparent to all; as Berque observed of the North African farm insurance schemes, the administrators of these programs exhibited "no interest in immediate results and even less in economic performance."\(^{16}\)

During the Depression and World War II, growing nationalist pressures and European concern to maintain control and stability in the region contributed to expansion of more broadly based welfare programs. Not only did the Allies subsidize prices in Syria and Lebanon during World War II, but a Ministry of Labor and Social Affairs was established in Egypt in 1939, and by the middle of the 1940s, the Egyptian government was spending "lavishly--and often unwisely" on food subsidies and salary adjustments. Indeed, consumer subsidies and income adjustments for civil servants and industrial employees alone accounted for a third of the state budget between 1945 and 1947.\(^{17}\) In Saudi Arabia much of the government's imports of food and clothing--themselves subsidized by British and American aid--were "distributed free in the form of subsidies to tribal chieftains."\(^{18}\)

Who paid for all this? Although much was made of the European insistence on fiscal restraint and financial solvency, the local colonial administrations routinely turned to the metropole for financial subsidies. The colonial-era financial and fiscal institutions established a pattern of governmental income generation characterized by soft budget constraints. Because of the overriding importance of political priorities, unprofitable colonial possessions were regularly provided with external budget support to cover deficits.

\(^{18}\) *Error! Main Document Only.* E.M.H. Lloyd, *Food and Inflation in the Middle East* (Stanford: Stanford University Press, 1956), pp. 147, 188, 200, 225
Most of the states of the region never approached self-sufficiency. Between a third and a half of the government revenue of Transjordan derived from British grants-in-aid throughout the Mandate period. In Libya, Italy spent nearly 275 million dollars between 1913 and 1942 on civilian infrastructure (wholly apart from the very expensive military campaigns required by revolts that continued well into the 1930s) and further subsidized the province's administrative budget. In Syria, the French contribution to the Mandate included expenditure by the French treasury on the Army, the High Commission and its services, as well as education, refugee resettlement and similar programs. Algeria's budget reflected a nearly ten percent annual subsidy from Paris throughout the interwar years; Tunisia also received budget support during a substantial part of the Protectorate.

The availability of external revenues permitted the governments to neglect local labor. Exploitation of local labor was not an integral part of the political economy of the protectorates and mandates; investment in human resources was understood as a moral obligation, not an economic imperative. Institutional structures for public education, social services and public welfare were installed, but because the region's natural resources could be exploited without comparable attention to its human resources, the educational standards of the region continued to lag behind those of much poorer and less developed countries.

The relatively light tax burden (or perhaps better, the low tax-to-service ratio) borne by the local population went hand-in-hand with equally rudimentary systems of political accountability. As a result, at independence the rulers of the Arab world did not inherit and were not constrained by institutions actually designed to guarantee the government’s domestic accountability. They did, however, find themselves facing precedents for providing generous consumer subsidies, education, health care and other services to their people and, in many cases, equipped with the institutional infrastructure with which to do so.

Once the old Ottoman system was destroyed and a new system, born of international political and security rivalries, was imposed, the new arrangements assumed, as institutions so often so do, "a life of their own, extracting societal resources, socializing individuals, and even

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20 Issawi 1982, p. 224
altering the basic nature of civil society itself.”21 The accession of the countries of the Middle East and North Africa to formal independence and the replacement of the European Great Powers by the Cold War's superpowers as the region's external suitors after World War II would change the resources available to the players but not the rules of the game they played.

**INDEPENDENCE AND EROSION OF THE NEW STATES OF THE MIDDLE EAST**

“…many Middle Eastern states have no enemy greater than their own governments.”22

The attainment of the political independence of most of the countries of the Middle East and North Africa between 1948 and 1962 was accompanied by much drama and—even bloodshed. Yet the upheaval represented by the withdrawal of formal European control should not obscure the quite remarkable continuities between the imperial and independence eras. As Tozy observed of North Africa,

> Independence put an end to the formal domination of the European powers, but everywhere in the Maghrib..., the programs of the "Westernized" elites were consistent with the ones carried out by the vilified colonial authorities and were marked by the precipitation that characterizes the action of an elite convinced that it is the vanguard of progress.23

The imperial conception of the role of the colonial state as an active and intrusive instrument of change was wholeheartedly adopted and vigorously extended by the nationalist rulers. They differed in their ends: the Europeans had expected that state intervention would guarantee their own access to and interests in the region, while the nationalists' anticipated using the state to insure sovereignty and prosperity. They were equally persuaded, however, that their own rule, guaranteed by the apparatus of an interventionist state, was the best means to further those ends. Moreover, and again like their European predecessors, the nationalist leaders saw their role as tutelary, although they typically portrayed themselves as "fathers of their country" or "vanguards

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of the people” rather than “protectors” of “peoples not yet able to stand by themselves.” Finally, like the colonial administrators, the nationalists used the interests of international actors in regional access and stability to maintain a steady flow of revenues to fund their ambitious plans. Although the nature and sources of the external resources changed over time, the outward orientation of the regimes remained remarkably constant throughout the post-war period. The resulting overdeveloped, tutelary and extroverted states shaped politics throughout the Middle East well beyond the end of the twentieth century.

During much of the Cold War, the Middle East was an important arena of superpower competition. Like the Great Powers a century earlier, the United States and the Soviet Union sought to limit each other's influence in the region while expanding their own and, like their predecessors, they worked through local client regimes. The passing of the era of formal imperial control and the threat of nuclear escalation inhibited resort to gunboat diplomacy and militated for policies of persuasion rather than intimidation and, as a result, local governments availed themselves of the diplomatic game of non-alignment to parlay the superpowers' desire for influence into resources. Because of the primacy accorded their own competition in the region by the superpowers, these resources were typically tied to "national security" interests. With the exception of Israel and the oil sector, there was virtually no private foreign investment in the several decades after independence.

During the two decades that followed the end of World War II, the resilience of the regional state system imposed by the Great Powers was put to the test. Arab nationalists throughout the region agitated for the dissolution of the existing state system and the establishment of a single overarching Arab polity. President Gamel Abd al-Nasir of Egypt epitomized Arab nationalism in power and, indeed, the closest the nationalist dream came to realization was the short-lived union of Syria with Egypt in the United Arab Republic, established in 1958 under his leadership. With the dissolution of the UAR three years later, the likelihood of unity dimmed. The independence of Algeria soon thereafter seemed to reaffirm the possibility of military success against imperialism, however, and much of the Arab nationalist attention was soon directed towards the liberation of Palestine as a first step towards unity.

During the 1960s, as governments jockeyed for primacy in what Malcolm Kerr would term the "Arab Cold War"24, the Palestine Liberation Organization was born, first as an

extension of Egyptian regional policy and then, after the disastrous defeat of the Arab armies by Israel in 1967, as an increasingly independent and assertive actor in Arab regional politics. Indeed, by 1970, its infrastructure in Jordan rivaled the civilian and military apparatus of the Jordanian state, precipitating the civil war of 1970 known as Black September. As a result, the PLO was expelled from the Hashemite Kingdom, many of its members to take up residence in Lebanon.

Over the next decade, and as other states of the region seemed increasingly disinclined to risk their own interests on behalf of the Palestinians, Palestinian aspirations shifted from the expulsion of the settlers in Palestine—that is, the destruction of Israel—to statehood for themselves, in the territories known as the West Bank and Gaza Strip. Jordan’s renunciation of claims to the West Bank in 1988 acknowledged what was implicitly understood across much of the Arab world: the states bequeathed the region by the Europeans after World War II would be difficult to dislodge. Although Libyan Leader Mu’ammar al-Qaddafi would periodically revive calls for unification of the Arab world, his voice seemed to be an increasingly anachronistic echo of an earlier era.

Part of the reason for the resilience of the states designed by imperialism was their relatively elaborate bureaucracies. Well before they left, the Europeans had overseen the expansion of the size and role of government and independence itself created still more opportunities, and demands, for government expansion. Overall, total government expenditure as a proportion of GNP rose sharply in the decade after independence. In the 1950s in all the Arab countries except the oil producers of the Arabian Peninsula, the government share of GNP had been below 20%, and in several cases it was closer to 10%. By the mid-1960s, however, the figure had everywhere reached 20% and in some countries—Egypt, Kuwait, Libya, Saudi Arabia, Syria—it was 40% or more. Throughout the 1970s, the proportion remained very high by the standards of both advanced industrial countries and the Third World.

The primacy of political imperatives was evident in the high proportions of government budgets devoted to welfare—and in the lack of outcomes measures. Government spending on education, for example, was higher in the Middle East--4.8 percent of GNP in 1974 and 5.3 percent in 1982--than in any other developing area and yet nearly fifty percent of the school age population was not in school in the mid-1980s. By the mid-1990s, as wages deteriorated and the average worker in the Middle East and North Africa earned no more in real terms than in the
1970s, the governments continued to devote a greater share of national income to education than any other region of the developing world. As a World Bank report dryly observed, "these investments in human capital appear to have generated poor returns."\(^{25}\)

Among the best-known welfare provisions in the region, however, were consumer subsidies. In Egypt food subsidies alone were estimated at $510 million in 1974 and $920 million in 1975; in 1982, Egyptians were recipients of nearly $74 each in food subsidies, Tunisians $39 and Moroccans $33. In 1988 Egyptian President Hosni Mubarak conceded that consumer subsidies absorbed over 60% of government revenues. As Iliya Harik acutely observed, "subsidies are in certain respects compensation in kind—a throwback to a pre-modern economic system—because the government is in effect saying to wage earners: you will be paid partly in cash and partly in services and commodities."\(^{26}\)

Spending on public sector employees, education, consumer subsidies and devices for other welfare provision required financing. Obviously, investment rates skyrocketed to unprecedented levels in the Middle East world during the post war period but except in the oil countries, savings failed to increase at the same rate; the resulting "resource gap"—investment minus domestic savings—was larger in the Middle East than in anywhere else in the Third World.\(^{27}\) The gap between domestic savings and investment was filled by foreign resources: the drawing down of hard currency balances in the immediate postwar years; foreign aid from former metropoles, superpowers and Arab oil producers; and official borrowing. The specific sources of outside revenue varied from country to country; only Egypt enjoyed Suez Canal transit receipts, for example, and Tunisia was far more heavily reliant on aid than its neighboring hydrocarbon exporters. Nonetheless, region-wide patterns, including discernable shifts in the nature of outside revenues, were apparent. During the 1950s and 1960s, foreign aid from both the Eastern and Western blocs played an important role; the 1970s was the decade of oil and of aid from oil producers; the 1980s saw the rise of debt. By the 1990s, governments once again were

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attempting to parley war—as in the Iraqi invasion of Kuwait—and peace—as in the Jordanian peace agreement with Israel—into foreign aid.

The relative insignificance of the domestic population in providing fiscal support for the states of the Middle East combined with the rapid growth of the population to explain much of the remarkably slovenly and cavalier approach to statistics exhibited by many Middle Eastern governments. By the mid-1990s, nearly half the region’s population was under fifteen years old, and the growth rates in Saudi Arabia, the Gulf states, Jordan and among the Palestinians were still above four percent, among the highest in the world. By that time, Egypt, Tunisia and Morocco had seen their population growth rates drop from comparable highs in the 1970s to a little over two percent but Egypt was still growing by a million people every eight months and its population was not expected to stabilize until the end of the 2020s—when the population would be approaching 100 million.  

Yet few governments exhibited much concern—indeed, much knowledge--about the social or economic consequences of this growth. In Jordan in the late 1980s, for example, the only source of information about unemployment were published numbers of job applications to the Civil Service Bureau in Amman. In Egypt, nationals working abroad were officially estimated to be sending remittances on the order of 2.5-3 billion US dollars home each year but, as Roy pointed out, however,

It was estimated by Egyptian economists and officials of the Ministry of Economy and the Central Bank that there was ‘probably’ an additional US$3-4 billion entering the country, in the form of either cash or goods that were not officially recorded. Accuracy was a problem as estimates of the number of Egyptians working abroad were very unreliable, placed anywhere between 1.6 to 3.2 million.”

Neither the Egyptian government nor the Saudi and Libyan governments compiled statistics documenting the number of Egyptians working in those oil-producing countries. Indeed, through the 1990s even the figure for the total population of Saudi Arabia remained a matter of speculation, with estimates ranging from the United Nations' 15 million to the official Saudi

28 New York Times July 9, 1999
29 Delwin Roy “The Informal Economy of Egypt” Middle East Studies 1992
figure of 12 million to the implicit estimate used in domestic Saudi planning and budgeting of 8 million nationals and 3 or 4 million resident foreigners.\(^{30}\)

Many of the inefficiencies associated with large scale government intervention elsewhere in the world plagued these economies: low wages, low productivity, high unemployment. It hardly mattered which statistical indicator you chose. In the mid-1980s in Egypt, eighty-five percent of the bureaucrats had second jobs to supplement their meager earnings. The official unemployment rate in Algeria--thirty percent--was undoubtedly an underestimate. In Morocco, well over half the new entrants into the labor market were unable to find employment each year, while Algeria, Tunisia, and Libya were all importing over half their food needs. In the 1970s, Arab production of wheat--considered by the Arab League "the strategic food commodity in the Arab world"--had met about 43 percent of consumption; during the first half of the 1980s, that figure fell to 34 percent.\(^{31}\)

Obviously, the massive numbers of unemployed in the Middle East were not dying of hunger. To a considerable degree, this reflected the existence of government-sponsored social welfare programs that guaranteed availability of minimal levels of food and other essentials; and this is why, of all the developing areas, the Middle East had the lowest income disparities. Equally important, however, was the growth of the region-wide informal economy that accompanied the oil price increases in the 1970s and subsequent liberalization of regional trade, travel and labor migration. Soon, major regional labor flows developed, as unemployed workers from countries like Egypt, Jordan, Tunisia and Yemen streamed into the labor-starved oil-producing countries of the Arab Peninsula and North Africa. The ability of these workers to find jobs and support their families at home provided an important supplement to the formal government social welfare programs.

Because the governments had had neither the incentive nor the capacity to monitor the small informal economies that had existed from the outset of state-building in the region, they were particularly ill-equipped to patrol, or even observe, the region-wide informal economy that developed around labor remittances. In Egypt and Algeria, the hidden economy--transactions of


which the government had no record—spawned by remittances probably amounted to well-over one-third of GNP in the late 1980s. Most of the activity of the informal economy, in Egypt and elsewhere, depended upon personal networks of family, friends and associates. Informal saving associations, like Egypt’s gam‘iyyat permitted small investors, particularly women, access to credit through networks of friends and neighbors. Illegal housing communities and settlements circle many of the major cities of the Arab world; in Algeria, smugglers sold household goods and Europe-style clothing in vast flea markets the police never enter. Health care, childcare, legal assistance, job leads were bartered and exchanged among networks of family, friend and neighbor often cemented by tied of ethnic affiliation or religious conviction. Ghassan Salame put it this way:

Special attention should…be paid to the methods, particularly economic and financial, which allowed the authoritarian state (or its twin, the anarchic state) to last. Gangs, nepotistic privatizations, trafficking in influence, tolerance of drugs, militia corruption, the so-called black or informal economy, and para-statist rackets have all been obstacles to democratization. But to remain at this level of ethical condemnation is inadequate precisely because these gangs are also the instruments of survival of groups marginalized by the state as well as forces maintaining those states; the FLN state in Algeria triggered the practice of trabendo [smuggling] (with the complicity of the Islamic Salvation Front FIS); the ‘black boxes’ of various regimes had their parallel in secret transfers of expatriates’ savings, a black market in money, the so-called Islamic investment companies, a sad reality for many ruined savers, and drug trafficking militarized by asabiyyat [group solidarity]. Groups outside the state had a tendency to imitate ‘the people of the state’ in depending on trafficking outside the state in order to survive,…

…on the whole the ‘national’ economy is only the partial meeting place of political and social actors around a ‘national’ budget. Along side their public budgets, regimes has at their disposal huge ‘black boxes’, and autonomous groups had ‘informal’ sources of revenue assuring their survival.32

By the 1990s, it was amply apparent that the “pre-industrial welfare states” established under European tutelage in the interwar period and sustained by superpower rivalries and the industrial world’s growing reliance on petroleum during the Cold War had overpromised and failed to deliver. They were beginning to lose control of the very populations they had been designed to enclose.

These states, which had been little more than devices to incorporate regional populations into the international state system and then to ensure their independence within that framework, had grown distorted and their purposes confounded. As Mohamed Ayoob points out,

External support, in some cases quite massive, reduced the need for regimes receiving such support to enter into social compacts with their populations in order to extract resources necessary to rule over the country. In the absence of such a compact, regimes become insulated from their populations and increasingly predatory in their behavior towards their citizens. The habit and culture of dependence on external patrons accompanied by predatory behavior domestically paved the way for eventual state failure by delegitimizing regimes that had not invested in building solid bases of social support. State failure usually…pitted ethnic groups and political factions against each other.

The absence of the state, whether evident in its complete collapse or its slow withdrawal from realms, both territorial and social, that it once commanded, reveals the outlines of alternatives to the state itself.

Take the *sine qua non* of the modern state, the standing army. As Elizabeth Picard observes there was a “graduate shift in the militaries’ mission in the Muslim world from defending state boundaries against external enemies to protecting the state against domestic foes and transnational terrorism.” In a number of countries, including Syria and Iraq, discriminatory recruitment into the military on ethnic and religious bases contributed to confusion about the mission of the military establishment as defenders of the state, the regime, or even the specific incumbents.

Indeed, both supporters and foes of the regimes in the Arab world were encouraged, sometimes by deliberate policy, to organize around non-economic familial, patronage, or identity-based commonalities. Many of the regimes permitted and even fostered personalistic ties as the principal mechanism through which distribution of economic resources took place. Thus did the clients of Morocco's king, the residents of the Iraqi president's natal village, the members of the Qadhdaoha clan in Libya, the Alawi sect in Syria, the royal family in Saudi Arabia all

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enjoy preferential access to government-controlled benefits. The continuing frailty of the territorial states reflected and reinforced continuing reliance on other kinds of political identity. In many places, the imposition of the territorial states had disorganized the local social and political structures but the new arrangements often failed to take root effectively, leaving many populations with neither authoritative local institutions nor robust Weberian-style states.

This is most apparent where prolonged war contributed to the decay of both imported institutions and local social structures and communities. Barnett Rubin argues, for example, that “years of war had destroyed much of Afghanistan’s social capital as communities and institutions were dispersed or destroyed.” 35 Even in relatively stable states, however, the fragility of the state was reflected in the weakness of civil society. Baram asks why religious affiliation was so powerful in occupied Iraq:

While Sunnis certainly have increased religious freedoms today, one question remains: why be drawn to the mosque and nowhere else? The answer is simple: under the Ba’th regime all non-Ba’thi social and political institutions and civil society cells except the mosque were wiped out, and tribes never had large or deeply institutionalized places of mass assembly that could compete with the mosques. Now that the party’s centers are no more, people are looking for guidance and identity in this unnerving post-Ba’th environment have discovered it not only in such books and tapes but also in their mosques. Imams and khatibs (preachers) offer this guidance freely and with great enthusiasm, as the new situation in Iraq has raised their social status and political power by leaps and bounds. 36

Even in Middle Eastern countries not associated with war or draconian tyranny, the legacy of state formation, however partial, is evident in disorganized and weakened social communities. Asef Bayat observes that compared to Latin American and South Asian slums, organized social activism is quite rare in Cairo’s poor neighborhoods: “Social networks, which extend beyond kinship and ethnicity, remain overwhelmingly casual, unstructured and nonpolitical.” Bayat attributes this to the “legacy of Nasserite populism” which he describes as having

established a social contract between the popular classes and the state, whereby the state agreed to provide the basic necessities in exchange for popular support, social peace and, consequently, demobilization. This was an agreement between the state and a shapeless mass, an aggregate of individuals and corporate institutions, in which the idea of a plural, independent and critical collectivity was seriously undermined. While the social contract is waning and market forces are escalating unheeded, many Egyptians still look to the government as the main source of protection as well as misfortune.\(^{37}\)

**ALTERNATIVES TO THE STATE**

No-one can be unaware of the tremendous spread of corruption, which penetrated all aspects of life. It can no longer be a secret to anyone that various evils have spread...Among the most serious things...was the setting-up of rival authority to God. This can be seen in the enactment of laws that deem illegal acts to be permissible...\(^{38}\)

In this context--what Seyla Benhabib calls “the post modern quasi-feudal state”\(^{39}\)--where the thin patina of “civil society” is a pale but accurate reflection of the weakness of the modern state, alternative mechanisms develop to provide both the anticipated protection and the misfortune. Often those mechanisms reflect the ties of family and faith, identities that do not depend on the existence of a coherent economy or a reliable state. Salame suggests that,

If, following Hegel, we view civil society as primarily a factor in the process of state formation, how do we adjust that definition to situations where the state has indeed been ‘imported’…and when in any case, that state has seen its bureaucratic apparatus set up even before civil society in its Hegelian sense has come into being? Should we then follow certain Hegelian and Islamist sociologists in distinguishing two civil societies, the traditional one which did in fact give rise to innumerable traditional states, and the modern one, dependent, westernized, brought into being by the modern state and born with the original sin of its colonial parentage? Can we really speak of the co-existence, even the superimposition, of the rivalry or the conflict of two societies, one ‘authentic,’ the other artificially created?\(^{40}\)

\(^{37}\) Asef Bayat, Cairo’s Poor: Dilemmas of Survival and Solidarity,” http://www.merip.org/mer/mer202/poor.html
\(^{38}\) Osama Bin Laden, “The Betrayal of Palestine,” in Lawrence, 2005, p. 6
\(^{40}\) Salame, 1994, p. 12
Or perhaps there is a third alternative, where we have neither authentic nor artificial societies but imaginative constructions built with the shards of both.

That we have an impoverished vocabulary to capture and describe these alternatives does not make them any less powerful. “Taliban”—“students”—or al-Qaida—“the base” or Hizbullah—“the Party of God” are various ways of convey a political purpose and identity that is neither dependant upon nor circumscribed by the international system of states. They may—indeed, often do—flourish where those states are weak or absent but they do not necessarily see themselves as constructing new or stronger states.

In Afghanistan, for example, the Taliban was construed by the world as a state government, in the absence of any better way to capture what they aspired to but neither their own formation nor their rhetoric suggested much familiarity with or attachment to the norms of statehood and sovereignty. In the aftermath of the collapse of the Afghan state and its educational system, rural ulama continued to teach and study in their own madrasas or in Pakistan, where thousands of Afghan refugees received the only education available, in private religious schools supported by Pakistani or Saudi donors. As Rubin points out, “The links among these madrasa students and teachers provided an effective form of social capital. In response to the crisis of anarchy in southern Afghanistan, a group of teachers and students (Taliban) from such madrasas formed a movement to overcome warlordism and corruption.”

This mobilization is neither traditional nor modern, although it is consistent with a world in which, as Richard Haass puts it, “the most serious challenges to order come from what global forces do to states and what governments do to their citizens rather than from what states do to each other.” As Rubin continues,

The Taliban, like their opponents, are thus not throwbacks to medieval times but actors in today’s global economy and society. For the first time in history, ulama dominate political and military life in Afghanistan because of geopolitics and resources made available by globalization [i.e. the opium trade, military aid from Pakistan, Saudi Arabia and the US]… The Taliban attitude toward the state and reforms are not the continuation of some unchanging “tradition,” but the result of their own uprooting and trauma of the past 20 years, during much of which a central state dominated by a foreign ideology destroyed the country in the name of progressive reform.

41 Rubin, 2000, p. 1794
42 Rubin 2000, p. 1797
In a world where, as Bresser-Pereira puts it, “nation-states are now merely competitors in the global marketplace,” social groups that might once have compete for power within the state instead espouse ideological positions and organizational principles that challenge or rival the very authority and legitimacy of the state itself. The shrinkage of the public sphere has enlarged the realm of religious commitments and economic networks everywhere, but in the United States and Europe, faith-based initiatives are an explicit policy alternative within the context of an established state and civil society. In countries with weak or non-existent states, such initiatives are as often a rejection of the state altogether as they are supplements to government efforts or demands for participation within the existing polity. Although faith-based communities like Islamist movements are not defined by control of territory any more than were Europe’s premodern (and perhaps postmodern) political entities—empires and churches, corporations and families—they display many of other attributes of authority, including law and armies and perhaps even a sort of citizenship.

In Algeria, for example, many observers argued that much of the popular support of the Islamist party known as FIS in the early 1990s was merely a protest vote against thirty years of rule by a single party grown old and corrupt; the ruling FLN's claim to legitimacy as the spearhead of the revolution against France carried little weight among the seventy-five percent of the population under thirty years old. Certainly it was true that FIS rejected FLN rule but it was also apparent that FIS had significant numbers of supporters who were alienated not simply from the government of the FLN but the state of Algeria. Indeed, the civil war that wracked the country during the 1990s revealed numerous “Arab Afghans”—Algerian veterans from the jihad in Afghanistan—among the opponents of the government forces.

Algerian President Chadli Benjedid’s tenure in office in the 1980s had been associated not only with economic failure but with growing evidence of widespread corruption among the army and FLN elites, who had been the first and often only beneficiaries of the tentative gestures in the direction of privatization. For the segments of the population who operated on the margins of the formal economy—and some estimates put half the work force in the "black market" or

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"informal economy"—economic insecurity was exacerbated by legal ambiguity. FIS was quick to understand and exploit this. They not only provided emergency relief services after floods and earthquakes far more quickly and efficiently than the government, but they guaranteed law and order where the government could or would not, providing policing, for example, of the illegal but ubiquitous flea markets where contraband imports from Europe were sold. Thus, FIS represented both an organizational affront and an ideological challenge to the status quo. The party was better organized, more efficient, and less corrupt than the government administration; its attacks on official corruption and vice were both social commentary and political critique and it deliberately rejected the straitjacket of an international state system that seemed to legitimize the government and constrict popular opportunities.

That Islamist movements in the erstwhile European possessions may be not simply a demand for better administration—although they certainly are that—but an effort to construct a true alternative to the state itself is suggested by none other than Osama Bin Laden:

People are struggling even with the basics of everyday life, and everyone talks frankly about economic recession, price inflation, mounting debts, and prison overcrowding. Low-income government employees talk to you about their debts…They feel that God is bringing this torture upon them because they have not spoken out against the regime’s injustice and illegitimate behavior, the most prominent aspects of which are its failure to rule in accordance with God’s law…

God’s law transcends all others—including the international law of sovereign states—and, claims Bin Laden, our failure to acknowledge that explains our misery.

Like the FIS, the Taliban also refused to acknowledge the legitimacy, or utility, of territorial boundaries. It was, as Rubin puts it,

a transnational movement benefiting from the social capital created in madrasas (Islamic academies) in the Afghan-Pakistan border areas during fifteen years of Afghan dispersion, managed by 1998 to consolidate control over nearly all the country’s roads, cities, airports, and customs posts, thereby drastically lowering the cost and risk of transport and consolidating Afghanistan’s position at the center of a regional war economy.  

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45 Rubin 2000, p. 1791, emphasis added.
Among the complaints of the Sunni insurgents in Iraq is said to be the fact that many Sunni Arab tribes had profited during the sanctions but “while a number of tribes had once earned money through large-scale transborder smuggling, such activity has become increasingly dangerous and difficult, as US troops have instituted measures to cut off all unregulated cross-border movement.”

Just as kinship networks and religious affiliations violate political boundaries (or perhaps, equally, political boundaries, especially the boundaries drawn in London and Paris 80-odd years ago, contravene kinship and religious identities), so too economic networks are not bounded by national markets or even captured in national accounts. According to the US-based Council on Foreign Relations, Hamas, the Islamist movement that represents the principle challenge to the PLO among Palestinians, gets its funding from Palestinian expatriates, private donors in Saudi Arabia and other oil-rich Persian Gulf states, the Iranian government, and Muslim charities in the United States, Canada, and Western Europe. Some of this funding goes to military activities but much of its estimated $70-million annual budget is devoted to an extensive social services network, funding schools, orphanages, mosques, healthcare clinics, soup kitchens, and sports leagues. “The Palestinian Authority often fails to provide such services; Hamas’ efforts in this area—as well as a reputation for honesty, in contrast to the many Fatah officials accused of corruption—explain much of its popularity.”

Many Western observers argue that social service delivery and probity account for most of the support of groups like Hamas. They argue that such groups can be domesticated; as European Union foreign policy chief Javier Solana argued, "Hamas must transform itself into a political party and begin by disarming. A political party cannot bear arms; this exists in no democracy." The Hamas leadership itself, however, does not aspire to the role of a political party in a democracy. Rather it sees its social service delivery as of a piece with its efforts to replace the existing state system—including both the PLO, now the de facto administration of the Palestine national Authority, and Israel—with an alternative way of organizing social life.

47 http://cfrterrorism.org/groups/hamas.html
Israeli General Danny Rothschild, erstwhile coordinator of Israeli government activities in the territories, reports that the late leader of Hamas, Abdel Aziz Rantisi told him that

Hamas’ long-term objective was the end of Israel, but his immediate enemy was Yasser Arafat. To undermine him, Hamas chose not to start at the top of the pyramid but at its base. And its weapons were good works, jobs, and welfare. Rantisi said Hamas would recruit in the wide base and then push up through democracy. The objective was an Islamic state under Islamic leadership operating under strict Islamic law.49

Hamas leader Dr. Mahmud al-Zahar explained, "Hamas responds to all questions related to the life of the citizens -- not only in case of confrontation but also in the political, economic, social, health, and international relations fields. This movement has proved that it is one organic unit. Mistaken is the one who thinks that the military wing acts outside the framework of Hamas or behaves recklessly."50

A comparable organization, Hizbullah, serves the Shia community of Lebanon—but many others as well.51 Hizbullah is frequently described as a "state within a state" in Lebanon though the Lebanese state is hardly worthy of the name and Hizbullah is both more and less than a conventional state. It is represented in the Lebanese parliament and it has a wide infrastructure of social services, from orphanages and hospitals to reconstruction companies and garbage collection systems, and it has a militia that it refused to disband in compliance with the Ta’if Accords that ended the Lebanese civil war in 1989. In fact, throughout the 1990s, Hizbullah gained popularity thanks to its resistance to the Israeli occupation of south Lebanon. After Israel withdrew from Lebanon in 2000, Hizbullah was expected to integrate its forces into the Lebanese army and focus on political and social services, but it refused to do so, calling itself “a force of resistance not only for Lebanon, but for the region.”52

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51 Cobban reports that “Hizbullah’s social-service affiliates and schools provide all their services on a low-cost basis to those Lebanese who need them, whether Muslim or Christian, and that subsidies are available for very low-income users. Many Christian parents send their children to Hizbullah-run schools, especially in the south where many of these schools are often judged to provide the best education available.” See Helena Cobban, “Basic Services in Iraq: A Proposal, in Just World News, December 31, 2004, http://justworldnews.org/archives/001056.html
Judith Harik, a political scientist based at the American University in Beirut, suggests that part of the strength of Hizbullah has been in ability to appropriate state-of-the-art management skills. In its Iranian-funded “Reconstruction Campaign” (jihad al-bina), which provided post-conflict construction services, Harik found that looking at the leadership from technical, human and conceptual skills of the supervisors, the organization seems to be remarkably organized. Their knowledge and ability is based on experience and educational achievement and they are quite aware of management techniques and processes…. Departments report progress on a weekly basis to the director-general who uses them to set meeting agendas; a four-day retreat which all employees attend is held annually in December...

No doubt the management skills of the new Afghan government could use some help from the Hizbullah annual retreat. As Michael Ignatieff reported eight months after the American invasion of Afghanistan:

In the vacuum where an Afghan state ought to be, there are warlords… While their power comes out of the barrel of a gun, they also see themselves as businessmen, tax collectors, tribal authorities and clan leaders… [They] prefer to be known as commanders. A warlord, they explain, preys on his people. A commander protects them.”

POLICY IN THE AGE OF “POST-SOVEREIGN PARA-STATES”

For most people in the modern Middle East, the public institutions associated with the internationally recognized states of the region are neither trustworthy nor legitimate. Born in the demise of the Ottoman Empire little over eighty years ago, midwifed by European imperial powers, and nurtured in the Cold War by superpowers largely indifferent to the wellbeing of the peoples of the region, the existing states came to be associated with structures of accountability that privileged external actors over local interests. In the absence of public institutions which respond to and represent local interests, people organized around those still vibrant alternative forms of community that exist--the economic networks of informal economies, for example, or the kinship systems of extended families and the ethnic and religious communities of language,

53 quoted in Cobban 2004
sect and confession—or they reorganized and reinterpreted these identities to supplement and ultimately supplant the failed states in which they found themselves.

The states of the Middle East thus face two challenges. In the first instance, they must be redevelop—or in some cases, develop for the first time—the capacity to respond to demands for social services, starting in some cases with simple law and order. The deterioration of educational institutions, the declining state capacity to ensure adequate diets—not to say education—to the region’s vast number of children, or health services or employment for school leavers must be addressed directly by regimes that have been in power for decades, contributing to the problems they are now expected to solve.

This project, daunting enough in its own right, is complicated by the second challenge, which is to compete effectively with apparently competent and increasingly powerful alternative vehicles for social service provision. These vehicles, whether ethnic and kinship networks in Iraq and elsewhere, informal economic networks among the migrant laborers across the region, or the increasingly important religious movements of which Hamas, Hizbullah and al-Qa’ida are but the most visible, represent genuine alternatives to the states of the region.

The policy choices are stark. As Richard Haass suggests in the epigraph with which this essay begins, we believe we approach a world in which we will “need to adapt legal and political principles” to reflect sovereignty’s falling “victim to the powerful and accelerating flow of people, ideas, greenhouse gases, goods, dollars, drugs, viruses, emails, and weapons within and across borders.” Yet the costs of neglecting states in favor of the releasing “magic of the market” and of promoting the attractions of “civil society” have already proven to be quite high for, absent adequate welfare provision supplied by competent public administrations, the rationale of the modern state and state system is compromised.

If, as Wright suggests, “the trust undertaken by the imperial power” after the creation of an international state system, “was not only for the administration of property but for the development of a ward,” then the states that succeeded those powers inherited obligations the fulfillment of which is a necessary component of the system itself. Welfare provision, in other words, is not simply an elective policy choice of governments but constitutive element of the international state system. Social policy may well have arisen in the industrial countries of Europe and North America in response to market failures or imperfections; in the United States, faith-based initiatives are an explicit policy alternative to the public sector in a variety of
domains of social service delivery. In the developing countries of the Middle East, however, social policy is the very rationale and purpose of the state. State failure to serve the public welfare does not merely “privatize” social provision or create a space for not-for-profit social service agencies, it undermines the state itself.

The task of state formation—a better formulation than “nation-building” since it emphasizes the centrality of the state and its administration—is no simple one. But it is the task at hand. By late twentieth century, states which did not provide adequate education were being challenged by students (Taliban), bases (al-Qa’ida), parties (Hizbullah) and movements (FIS, Hamas) who were willing to do so, and in doing so, used the opportunity, to shape and reshape popular expectations of the way the world does and should work. To evoke and assure both loyalty to specific states and the legitimacy of the state system as a whole, strong states with competent and effective public administrations must be constructed and sustained. To do that now, however, requires recognition of the costs of past failure. After all, “in significant part, the legitimacy of state institutions may be bound up with the population’s historical experience of it.”

Deeply skeptical and suspicious populations look to “government as the main source of protection as well as misfortune” and failure to acknowledge that Janus-faced position is to ignore the terms on which rebuilding must begin. As Moses Naim suggested recently, “rich-world assumptions about what constitutes the global norm are costly illusions. Billions of dollars have been wasted by assuming that governments in poorer countries are more or less like those in rich ones, only a little less efficient.” Certainly Thomas Carothers is not wrong, for example, in decrying “such profound pathologies as highly personalistic parties… or stagnant patronage-based politics…” in ostensibly democratic states of the developing world. Yet we must also recognize that state institutions themselves have distorted family relations, weakened traditional authority and undermine moral orders in ways their proponents would describe as equally pathological. To root out corruption is not merely a question of law and order but also of ensuring that the service provided by illegal or extralegal devices are provided some other way and we must be mindful of the costs that attacks on the state’s competitors may impose. When US pressure to close most of the international charitable operations sponsored by Saudi Arabia

55 Chesterman, Ignatieff and Thakur, 2004, p. 2-3
56 Naim 2005, p. 112
because some of the funds were believed to support terrorist groups led them to end funding of al-Haramain Foundation, the closure of an affiliated orphanage left 3,000 children homeless in Somalia.\textsuperscript{58}

We need to be mindful as well of the consequence of failure to complete the remaining imperial era state-creation projects. The inability of the Palestinians to win full statehood keeps alive, both for Palestinians and for others, the value of alternative identities and institutions. Were the Palestinians obliged by statehood to undertake the associated welfare provision, competition for authority and legitimacy would be domesticated within that state; in its absence, welfare provision is associated with identities and institutions that have no sovereignty and no stake in a world of sovereign states. Thus, despite, or perhaps, because of the growing challenges to states in the twenty-first century, the first order of business must be precisely to strengthen states. As Rubin suggests of Afghanistan, most important is working with Afghans to change the image and the role of the state, seen largely as a distant and indifferent if not hostile power. Local power structures that have largely grown up as defensive measures of self-rule to keep the state or powerholders away have to be incorporated into official structures of planning and service provision.\textsuperscript{59} This is unlikely to be accomplished by delusions of democracy promotion. Competent and effective public administration, not elections, is the signal characteristic of good governance. As Chesterman and his colleagues correctly conclude,

\ldots state sovereignty is the bedrock principle upon which the modern international system—a society of states—is founded. \ldots the best solution to the problem [of \textquoteright{}incapacitated and criminalized states\textquoteright{}] is to strengthen and legitimize states rather than overthrow that system of states. A world of capable, efficient and legitimate states will help to achieve the goals of order, stability, predictability, and national and human security. \ldots In the postcolonial countries, democracy could not be installed as an adjunct to the liberal state, for the latter itself had not been established.\ldots If \textquoteright{}postcolonial\textquoteright{} is to mean something other than post-independence, then it must entail some enduring legacy of colonial rule for the state that came into being with independence.\textsuperscript{60}

For the Middle East, that enduring legacy must include the provision of welfare and the distribution of social services by the states born in colonial rule in the first instance.

\textsuperscript{58} Syed Saleem Shahzad, “Saudi Arabia; Tribal Time Bomb, Asia Times December 8, 2004
\textsuperscript{59} Rubin 2000, p. 1801
\textsuperscript{60} Chesterman, Ignatieff and Thakur, 2004, p. 1
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