



A Political Economy of the Middle East

Third Edition

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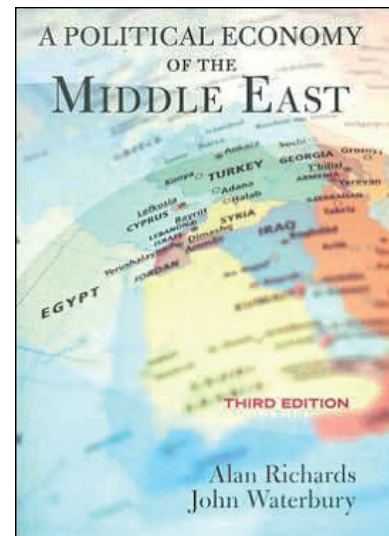
Although in the news daily, the economies of the Middle East have not attracted the serious academic attention one might expect. While highly specialized journal articles abound, there are only a limited number of books that provide comprehensive surveys of the region as a whole. True, masterful descriptive accounts of the region's economies are available in books such as Charles Issawi's *An Economic History of the Middle East and North Africa*, Roger Owen's *The Middle East in the World Economy*, and *A History of the Middle Eastern Economies in the Twentieth Century* (with Sevket Pamuk). However, with the release of the third edition of Richards and Waterbury's classic work, *A Political Economy of the Middle East*, readers and researchers will again have at their disposal a single up-to-date volume which not only covers the contemporary regional political economy in sufficient detail, but provides a proven framework for understanding the growing complexity of forces shaping events in the region.

The first edition of this book was published 16 years ago and the second appeared in 1996. Much

has changed in the interim. Since the second edition appeared, not only the region, but also America's perceptions of

and involvement in it, have undergone a considerable transformation. Early on, the authors set the tone of the third edition. As they note, the trauma of September 11, 2001 spawned a huge public debate, much of it sadly ill-informed, about the region and America's role in it.

Clearly the responses have not always been wise. We believe the public is beginning to grasp a lesson of this book (which they have certainly not read), namely that the problems of the region are deep, structural, and entrenched. They do not, therefore, readily lend themselves to any simple 'solution,' whether emanating from inside the Beltway or from dissident Muslim preachers. This edition like previous editions is in-



tended to provide readers with an understanding of the complexity and the depth of the region's long-term developmental problems. (p. xiii)

As with events and developments throughout the region, the organization of the book has shifted with time. Still, the general method of analysis remains built around the authors' triangular model of "structural transformation," "state structure," and "policy, and social actors." In the second edition, social actors replaced "class" as the third vortex of the triangle and a new chapter titled "Is Islam the Solution" replaced "Class Interest and the State." The third edition now presents Islam as a vital force in the region, but one that is nonetheless a vast, diverse social movement with many conflicting participants. The third edition also refines the assessment of the reforms associated with the "Washington Consensus" to provide "a more nuanced approach to the issue of the shifting balance of state and market in the economic growth and reform."

What clearly sets this book apart from the volumes cited above is its rigorous comprehensive methodology. Unlike many Middle East analysts who are reluctant to recognize similarities with other parts of the world, the authors tap into the vast theoretical literature on economic development. In fact, they make the basic assumption that many of the major problems and questions facing the Middle East today can and should be approached in much the same way as one would approach the problems of any set of developing economies. Accordingly, they develop a broad-brush model of developing country political economy whereby outcomes can be conceptualized as the product of three variables: (1) economic growth and structural transformation, (2) state structure and policy, and (3) social actors, whether groups or individuals. The three are assumed to be interconnected (p. 8):

Economic growth and structural transformation have unintended outcomes to which state actors must respond. For example if the pattern of industrialization is highly capital intensive, the state may need to respond to a grow-

ing employment problem.

Social actors mold state policy. Interest and pressure groups and, most broadly, proprietary classes seek to protect and promote their own interests through the state. In some cases, the influences of a particular social actor may be strong so that the state becomes its "instrument."

The result is a flexible, non-Marxian framework capable of providing insights into the manner in which many of the key developments in the region have transpired over the last several decades. The state shapes, even creates, social actors including classes. Economic growth and structural transformation shape social actors. Finally, social actors affect the rate and form of economic growth not only indirectly, through their impact on state policy, but also directly. Typical of the examples given by Richards and Waterbury is one whereby an initial concentration of land ownership will probably have favored a capital intensive pattern of agricultural growth, with consequences for employment and income distribution (p.9).

One notable feature of the book as it has evolved over time is its pragmatism. Richards, who is solely responsible for the changes in the third edition, has changed his views on economic reform over the years, following a growing body of knowledge that suggests that the naïve free market, free trade versions of the Washington Consensus are not the panacea he and many economists in the early 1990s thought them to be.

Although the problems and contradictions of state-led growth were (and are) real enough, there was — and is — no simple, much less universal set of institutional changes that can overcome them. The problems of economic growth and structural change are intractable, complex, murky and deeply, inescapably political. Sweeping "reform packages" were always suspect, if for no other reason that it is political folly to offend everyone at once — which is what the economic logic of the Washington Consensus often implied. Further the benefits of reform are always uncertain, and losers may be

better placed to act. As it has turned out, the benefits have often been mixed, unequally distributed, and potentially destabilizing.

It is hardly surprising, therefore that regimes implemented economic policy changes gradually and selectively. Regimes fear — with reason — that full scale embrace of the Washington Consensus entails a high risk of political destabilization.... Whether due to the inherent difficulties of implementing economic policy or to the unevenness of reform the results of economic reform have been relatively disappointing. Although in some countries economic performance in the mid-to-late 1990s was considerably better in the previous ten years. In no country has growth been strong enough to lower unemployment or significantly raise real wages and living standards as has happened in East Asia. Nor is there strong evidence that countries that embraced much of the Washington Consensus performed markedly better than those who eschewed it (pp. 260-261).

While the Bush administration is not taken directly to task, the message is there. From the start, US economic policies in Iraq were based exclusively on the failed Washington Consensus. The economy collapsed, unemployment quickly rose to over 40 percent and the country descended into chaos with no institutions or governmental safety nets in place to buffet the average Iraqi. Richards and Waterbury would probably note as above that “it was political folly that offended everyone at once.” How different things might have been if officials in Washington had only taken the time to draw on the historical record so ably laid out in this book.

What does the future hold? Wisely, the authors do not make any sweeping speculations other than simply warning that the forces are at work to move the region toward greater instability:

It is a much more difficult time than forty years ago, not merely because resources are so severely stretched against growing populations (recent upticks in oil prices notwithstanding), but also because so many experiments undertak-

en with confidence and enthusiasm have failed and an entire political generation is burdened with fatigue and self-doubt. Tragically, political actors from both inside and outside the region have been increasingly lured by the siren song of militancy and violence as a solution to these deeply rooted problems. History strongly suggests that a turn will only steer the ship onto the rocks. Part of the problem is the absence of clear, credible alternatives. State-led growth, the Washington Consensus, and (in Iran, Sudan and Saudi Arabia) political Islamism have all been tried and all have produced decidedly mixed results. (pp. 412-413)

... thus without tested models, without long term strategies and amid rising political violence, the Middle East has entered a period of uncertainty. (p. 413)

In part the successes of recent decades, especially the establishment of a diverse, better educated middle class with growing expectations, will make the immediate future particularly challenging. (p. 413)

Over the years many Middle East scholars have found *A Political Economy of the Middle East* to be an indispensable reference source. In universities, the book has been widely and successfully adopted for upper division and first year graduate courses focusing on Middle East economics, politics or political economy. Like good wine, the editions seem to improve with time – an almost impossible task given the increasing and accelerating complexity of the region.

For those looking for quick, easy answers to many of the leading issues of the day, this is not a book to choose. However, those wishing a deep understanding of the complexities of the region, will find it invaluable in understanding the underlying causes of US (and the West's) policy failures over the years. The tragedy of our times is that key policy-makers in the West were and unfortunately remain largely oblivious to the wisdom and insights provided by this highly insightful volume.