CHAPTER 1

HARD REALITIES

Population Growth and Economic Stagnation

First impressions can be desperately misleading, but revisited in the light of longer experience, they often point to basic truths. When my wife and I got off the plane and walked across the tarmac into the Cairo airport terminal for the first time on a hot spring night in April 1966, we were immediately engulfed in a crush of would-be porters, all clamoring for the privilege of carrying our bags to the taxi stand. We chose a likely prospect, who snatched up our stuff and carried it about fifty feet. There he passed it off to a second man and in the same motion stuck out his hand for the customary two-piaster tip. The second porter repeated the same act, and then a third and a fourth. I am happy to say that our first taxi driver took us all the way downtown without a break, but as soon as we stepped out of the cab a pack of boys materialized out of the shadows, all shouting and grabbing for our luggage. It was only about twenty feet to the door of our pension, so this time we fended them off with barking and a bit of pushing. By some miracle the elevator was working (just how rare a miracle it was in the Cairo of 1966 we would soon discover), and we were quickly and peaceably delivered to the door of Mme Seoudi's fifth-story hotel-pension.

Our initial experience was repeated hundreds of times over in the coming weeks. The simplest task required three or four or half a dozen people. What we were dealing with, plainly, was too many people chasing too few jobs.[1] The causes for this phenomenon were by no means obvious to the superficial observer, but a bit of reading and talking to the right people told us more or less what was going on. The countryside was jammed and could no longer provide any kind of living wage for agricultural workers, and so displaced peasants were flowing into the cities to find whatever work they could. In spite of a determined push toward industrialization by the Nasser government, there were still few factory jobs. In any case, these rural immigrants were mostly illiterate and utterly without the skills needed even for assembly-line labor; all they could find was pick-up work at minuscule wages. As for the boys who swarmed around us wherever we went, they were supposed to be in school, but that was boring, irrelevant to any purpose they could see, and anyhow, their families desperately needed the pittances that they could scrounge from sympathetic or unwary tourists. Finally, however inadequate the high schools and universities may have been in view of the number of teenagers and young adults who needed an education, they were still producing far more graduates than the Egyptian economy could find room for. To soak up the excess, Nasser had decreed that the government would be the employer of last resort—hence the five sullen tellers and cashiers needed to stamp the sextuplicate forms that authorized us to exchange dollars for Egyptian pounds.[2]

To us the Cairo of thirty years ago seemed extraordinarily crowded. People were jammed into the buses, and it was common for a dozen or more boys to hitch a free ride by clinging to the outside of these careening contrivances. The buses were battered and had a perpetual list, and it is amazing they held together as well as they did. From a present-day perspective, however, the city was almost empty. It had a total population of only some 3 million, the medieval tomb cities to the south and east still housed mostly the dead, and the Pyramids stood alone in the bright, clear air, many miles from the small middle-class suburb of Giza on the west bank of the Nile. The streets were mostly narrow and ill designed for modern traffic, but there weren't a lot of cars and most of these were of astonishing antiquity. When I went back seven years later, in 1973, Cairo had 6 million people (many of them refugees from the Suez Canal cities, which were then inside a war zone), the buses were even more insanely packed, the tomb cities had been commandeered by squatters, and urban sprawl had infected the Nile's western bank and was moving up toward the Pyramids. But even this falls far short of the realities of 1997. There are something like 15 million people (though no one knows for sure) in Greater Cairo. The city sprawls across at least three separate governorates, high-rise apartment buildings reach almost to the base of the Pyramids (which are often masked in dense gray smog), and the traffic jams compete with any in the world. Over the last decade Cairo has been outfitted with a good modern infrastructure, at least downtown; there is a complex throughway network and a good subway system, the water runs, the telephones work, the electricity is reliable, faxes and copy shops are ubiquitous. But the schools and universities continue to pour out graduates by the hundreds of thousands, and after four decades of policies aimed at making Egypt into a dynamic modern economy there are still not remotely enough jobs to go around. The university class of 1985, for example, was awarded its guaranteed government jobs only in 1993.

Egypt is now and has always been a peculiar place, even within the Middle East. But its employment problems are quite typical of most countries in the region—Morocco, Tunisia, Turkey, to name only countries that have not been directly afflicted by war or political revolution in recent decades. Istanbul (which has grown from about 1.5 to 10 million people over the past quarter century) and Casablanca are just as overgrown and congested as Cairo. These problems are no doubt partly the result of bad policy: wanting a modern economy will not create one, especially if the goal is pursued through contradictory, constantly shifting, and ill-administered policies. (Americans familiar with the anomalies of their own health and welfare systems will surely understand how situations like this can come about.) But Middle Eastern policy makers have been the victims of paradox; some of their greatest successes—building comprehensive albeit desperately overcrowded systems of higher education or lowering the infant mortality rate by more than 50 percent in a decade—have only intensified the economic problems they must contend with. So we must ask, with genuine humility, how and why they have fallen into their present quandary.

It is very common, and very misleading, to say that the modern Middle East suffers from overpopulation. In fact the Middle East and North Africa as a whole possess approximately the same size population as the United States and a considerably larger land area—300 million people in about 5 million square miles. The largest and most populous countries in the region—Egypt, Iran, and Turkey—each have some 60 million people. That is, they have populations equal to those of France, Italy, and the United Kingdom, all of which are much smaller in area. So we cannot talk about "overpopulation" in an absolute sense, as if a given parcel of land could absorb some fixed number of people and that barrier had now been breached.

The real problem is not the number of people in the Middle East but how rapidly and recently they have appeared on the scene.

The first thing one needs to know about the contemporary Middle East is that the average age of the population is about sixteen—half the average age in the United States. That one fact tells volumes about the intractable problems confronting the governments of the region, and why their record in solving these problems is such a spotty one. To begin with, it means that the majority of the population (taking both the very young and the aged) is a consumer of expensive services, especially education, housing, food, and medical care, while producing little wealth. It also means that the labor markets are flooded with young adults, increasingly well educated and equipped to participate in a modern economy, but also increasingly frustrated in their efforts to get even a low-paying entry-level job. That is why university graduates in law and engineering and philosophy, some with advanced degrees, serve as night clerks in luxury hotels or as tourist guides. I retain vivid memories of a wonderful précis of contemporary trends in philosophy in the Arab world, which I heard from a concierge in Fez in 1990; he held an M.A. from Muhammad V University in Rabat, and he delivered his disquisition impromptu in fluent and sonorous Classical Arabic (akin to speaking Latin off the cuff), but he could have told me the same things equally well in French or English. This represents, I believe, a standard that few American hotel clerks could match. (There are Ph.D. taxi drivers and waitresses in the United States, I know, but only as a temporary expedient; in the Middle East there is nothing temporary about it.) On a different level, young people everywhere are impatient with authority and in search of meaning for their lives—hence the magnetism of ideologies that explain and solve everything. When two-thirds of the population is less than twenty-five, the search for meaning and alienation from the stifling established order inevitably become a defining element of the whole society.

Each of the points in the preceding paragraph raises crucial questions. Why is the average age in these countries so low? Why have Middle Eastern economies failed to provide enough jobs for their people? Are there any positive prospects for the future, or must we expect worsening economic stagnation and involution? Finally, what are the ideologies that have most appealed to the restless (or desperate) young, and how can we account for their appeal?

We begin with the reasons for the very youthful median age. Sixteen is not in itself an astonishingly low figure—before the mid-nineteenth century it was in fact probably the norm in most of the world. At the time of the first U.S. census some two hundred years ago (ca. 1800), for example, the median age in this country was sixteen. However, that was due less to a high birthrate than to the very low life expectancies of that era—only some thirty-five to forty years. But in the contemporary Middle East the same figure reflects a very different phenomenon—namely, a massive population boom.

This is a relatively recent phenomenon in the Middle East, as it is in the rest of the world. In 1830 (a date I choose because it marks the first efforts at a modern-style census in the region, and also the earliest phase of the European colonial era) the population of the entire Middle East and North Africa from Morocco to Iran, including modern Turkey but not the Balkan possessions of the Ottoman Empire, did not exceed 34 million. (This number is admittedly only an educated guess.) By World War I the region's population had reached 68 million—which is to say that it had doubled in eighty-some years. (In this case the numbers are based on fairly good censuses, except in Iran and the Arabian Peninsula.) The current population of 300 million—again, after an interval of eighty years—is four and a half times the World War I figure and more than eight times the original number. This represents an average growth rate over the past one hundred sixty years of just about 2 percent per annum—a rate that allows a population to double in less than forty years, and a startling demonstration of the long-term impact of even moderate population growth.[3]

How can we explain the recent and very rapid population growth in the region? Birthrates, as far back as we can trace them, have always been high in the Middle East. No doubt this is partly due to a patriarchal culture that valued a large number of children both as a proof of virility and as a supply of manpower to defend the clan or tribe. But far more important was the crucial need, universally experienced in the ancient and medieval world, to compensate for cruelly high death rates among children and adolescents. To take just one example, it has been argued that in the relatively prosperous, well-fed, secure Roman Empire of the first and second centuries A.D., a woman needed to bear five children in order for two of them to reach adulthood and the age of reproduction.[4] In modern demographic parlance, a fertility rate of 5 was needed to ensure a stable population. (In modern times, a fertility rate of about 2.1 will do the trick.) A failure to produce children was no mere personal misfortune; small families were an unaffordable luxury. Precisely the same considerations held true for the Middle East at least down to the end of the nineteenth century.

In the first half of the twentieth century the region's birthrates remained high and possibly even rose slightly, but death rates were beginning to fall. The divergence between the two curves was at first fairly small, but after World War II things began to change quite rapidly, and in the last two decades overall death rates have fallen precipitously. In a few countries of the region they are now comparable to those found in Europe, Japan, and North America. Birthrates, in contrast, have been much stickier; in many countries within the region they have hardly budged at all, while in others they have begun to slip only in the last decade. As a result, the rate of population growth has remained quite high, on the order of 2.5 percent to 3 percent, throughout the region since the end of World War II. As a point of reference, with a growth rate of 3 percent a given population will double in twenty-five years. At the rate of growth experienced during the 1980s, therefore, the Middle East would reach a population of 500 million by the year 2015—a figure comparable to all Europe minus the former Soviet Union.

Broad generalizations of this kind of course mask great complexity and nuance, and they do nothing to explain the phenomena that they describe. We need to ask whether all Middle Eastern countries are following the same demographic track. Likewise, we need to understand the dynamics underlying the crude birth- and death rates—that is, what the region is experiencing in terms of the number of babies born and surviving, life expectancies, age pyramids, and so on. Some of the relevant numbers are given in tables 1 and 2, so that the discussion can continue without cluttering the text with numbers.

In terms of broad trends, the countries of the Middle East clearly have much in common. All have succeeded in raising their average life expectancy markedly over the past two decades—overall, from about age fifty-five to sixty-four, and in some cases more than ten years. For this there are many reasons, but the most important by far is the precipitous decline in infant mortality since the early 1970s. Drops of more than 50 percent are the norm for this twenty-year

Table 1 Demography and Fertility in the Middle East and North Africa, 1965–1992

	Crude Birthrate (per 1,000 pop.)		*Crude Death Rate (per 1,000 pop.)*		*Fertility (per woman)*			
	1965	*1990*	*1965*	*1990*	*1965*	*1975*	*1985*	*1992*
United States	19	17	9	9	2.9	1.8	1.8	2.1
Middle East and North Africa	47	40	20	10	7.1	—	5.7	4.9
Big Three								
Egypt	43	31	19	10	6.8	5.5	5.1	3.8
Turkey	41	28	15	7	5.7	4.7	4.1	3.5
Iran	46	45	18	9	7.1	6.5	6.2	5.5
North Africa								
Morocco	49	35	18	9	7.1	6.9	5.4	3.8
Tunisia	44	28	16	7	7.0	6.2	4.9	3.8
Fertile Crescent and Arabian Peninsula								
Syria	48	44	16	7	7.7	7.7	7.4	6.2
Iraq	49	42	18	8	7.2	7.1	6.4	5.7
Saudi Arabia	48	43	20	7	7.3	7.3	7.3	6.4
Yemen	49	53	27	18	7.0	7.8	7.7	7.6

The data are taken from the relevant country tables in World Bank, *Social Indicators of Development, 1994* (Baltimore: Johns Hopkins Press for the World Bank 1994); World Bank, *World Tables, 1994* (Baltimore: Johns Hopkins University Press for the World Bank, 1994); and World Bank, *World Development Report 1992* (Oxford: Oxford University Press, 1992).

period. Egypt and Turkey have managed a decline of almost two-thirds, and Saudi Arabia a full 75 percent. This is by any standard a remarkable achievement, especially in view of the extremely high rates that existed at the beginning of the period. In percentage terms, European, Japanese, and North American rates have fallen as fast, but of course the initial mortality rate was much lower, about one-sixth the Middle Eastern rate. In the developed countries, changes in infant mortality are a question of significant but marginal improvements; in the Middle East, the same percentages represent a transformation of family life and structure—and of course a demographic revolution.

The causes for such a dramatic shift can be traced through national statistics for nutrition, clean water, the number of doctors and

Table 2 Mortality, Life Expectancy, and Population Growth in the Middle East and North Africa, 1965–1992

	Infant Mortality (per 1,000 live births)				*Life Expectancy*			*Population Growth*		
	1965	*1975*	*1985*	*1992*	*1975*	*1985*	*1992*	*1965–1980*	*1980–1990*	*1992*
United States	25	16	11	9	73	75	77	1.0	0.9	1.1
Middle East and North Africa	151	—	—	58	—	—	64	2.8	3.1	2.9
Big Three										
Egypt	145	150	112	57	52	57	62	2.1	2.4	2.1
Turkey	169	140	83	54	58	63	67	2.4	2.4	2.1
Iran	152	122	103	65	56	60	65	3.1	3.6	3.2
North Africa										
Morocco	145	122	92	57	53	58	63	2.3	2.7	2.1
Tunisia	145	110	62	48	56	63	68	2.1	2.4	2.2
Fertile Crescent and Arabian Peninsula										
Syria	114	88	49	36	57	63	67	3.4	3.6	3.4
Iraq	119	96	75	58	57	62	64	3.4	3.6	3.1
Saudi Arabia	148	105	58	28	54	63	69	4.6	4.7	3.2
Yemen	194	168	135	106	43	48	53	2.3	3.1	3.6

The data are taken from the relevant country tables in World Bank, *Social Indicators of Development, 1994; World Tables, 1994;* and *World Development Report 1992.*

nurses, immunization rates, and so on. But improvements in these areas are not hidden in columns of numbers; they are immediately visible to anyone who has been traveling in the region since the mid-1960s. When I first went to Egypt in 1966, I was astounded by the number of people, including a great many children, who were blind or afflicted with serious eye infections. This was true not only in slum quarters but downtown as well. Less astounding, but still striking, was the appearance of the people: Cairo seemed divided, far from equally, between the gaunt and the obese. In 1993 I found a different scene. Eye disease was conspicuous by its rarity, in Cairo and Alexandria at least, and people in general looked much better fed—as indeed they were, because a wide array of fresh fruits and vegetables were now available in abundance. People my age were aware of both things (young adults tended to be puzzled by my comments, since their memories did not extend back into the bad old times), and commented that both government and mosque-based clinics had been quite effective in getting poorer mothers to keep their children's faces and eyes washed, in spite of fears about the Evil Eye. As for fruits and vegetables, those came from new lands opened up in the Sinai and Western deserts. Wealthy countries like Saudi Arabia have built an extremely impressive health care network, including well-equipped specialist hospitals. The facilities of the King Faysal Hospital in Riyadh, for example, would certainly be the envy of many American cities.[5] Only for very advanced or innovative treatment do Saudi citizens need to go to Germany or the United States these days. But even poor countries like Egypt have built an impressive number of rural clinics and dispensaries, readily available to most of their people. What these places can do is quite limited—but in fact effective health care is often a matter of simple treatment and early intervention rather than costly high-end technology. (Greece, for example, enjoys one-third of America's per capita GDP and relies heavily on primary care clinics staffed by newly minted physicians, but its life span and infant mortality rates are equal to or better than U.S. numbers.) Finally, a less direct but no doubt extremely potent cause for the radical improvements in infant and early-childhood health is the spread of public education, especially among the younger generation of women, in which much attention is paid to issues of hygiene and public health.

As is so often the case, policies have unintended consequences—or rather, success in one arena inevitably creates new problems in others. Thus it is that the rapid fall in infant mortality, combined with general improvements in public health and longevity, has created a population crisis. To repeat a basic point, this crisis is not one of absolute numbers. Quite apart from overall populations, no Middle Eastern country is as densely packed as Germany or Japan. Even Egypt, where almost the entire population lives on about 5 percent of the country's territory, has an effective population density no higher than Belgium and the Netherlands. The problem lies elsewhere. First, there is the demographer's favorite cliché, "If present trends continue . . . " If present trends continue, the population of the Middle East will reach some 700 million by 2025 and will top out at over a billion sometime after midcentury. That *will* be a lot of people, by any standard.

The second problem, already sketched above, is more complex. High birthrates mean an influx of young people into the economy. For the first fourteen or fifteen years these children are marginal producers and high consumers; they may be able to get low-skill (and miserably paid) craft jobs in the cities, for example, but of course they cannot earn enough to pay for the costs of their schooling, health, or housing. They cost the economy far more than they can contribute in wages and services. In many countries child labor is a fact of life. If one pokes into the workshops of Fez, where the city's wonderful traditional crafts are produced, one finds that most of the simpler tasks are performed by preteens and adolescents—for a wage totaling about $5 to $7.50 per week.[6] When they reach young adulthood, of course, these young people should be highly productive workers, especially if (as is increasingly the case) they are able to complete their secondary or university education. But a huge flow of new workers challenges any country to find jobs for them; only a very dynamic, growth-oriented economy can hope to succeed in this task. The anecdotes with which I opened this chapter suggest that Middle Eastern economies have in fact been unable to provide productive employment for their young people, and now we need to ask why.

The first thing any American does in such a situation is to blame the politicians, and Middle Eastern politicians are certainly not without fault. Since achieving political independence after World War II, they have pursued policies that made eminently good sense in many respects but failed to lay the foundations for sustained long-term growth. Quite the contrary, in fact. Of course, it is easy to point to failure; it is much harder to explain it—to show why a given policy has failed and to define more effective alternatives. As we look at the debris of Middle Eastern economic policy, both realism and a bit of humility will be in order.

Let us begin with the obvious. Every government's first goal is to stay in power, and it will bend every effort to direct its revenues toward programs that will help it achieve that goal. As we have already seen, most Middle Eastern governments since World War II have been haunted by the specter of illegitimacy, by the fear (usually quite well founded) that in the eyes of their subjects and of neighboring states they have no right to rule. They are afflicted by a kind of rational paranoia, induced by the military and/or revolutionary roots of so many regimes, the Arab-Israeli conflict, internal ethnic tensions, the colonial origin of national borders within the region, and the social turmoil provoked by intensely felt and perpetually frustrated popular aspirations. To a large degree, therefore, the policy of governments throughout the region has been driven first and foremost by the quest for security. The economic and fiscal consequences are clear; the last four decades have witnessed an extraordinary rate of military expenditures by almost every Middle Eastern country. There is an irony in this, of course; by far the greatest danger to these regimes came not from the armies of hostile foreign powers but from coups, revolution, or subversion—things against which tanks and aircraft are almost useless, as the late Shah of Iran could attest.

But however misdirected their response to an admittedly dangerous environment may have been, by the end of the 1970s Middle Eastern governments were spending an average of 14 percent of their gross national product on the military; fourteen cents of every dollar produced by those economies went for soldiers and guns.[7] Even if these expenditures had been entirely internal—that is, devoted to soldiers' salaries and the purchase of domestically produced weapons and materiel—they would still have represented a very high opportunity cost. It is not just a question of guns versus butter—of "national security" versus civilian consumption—but more important a question of guns versus roads, telephones, schools, and factories. Not only civilian consumption but long-term investment suffered gravely. And in fact, military expenditures in the Middle East (in contrast to the United States) have not been internally directed. Until very recently, almost all the advanced weaponry possessed by every country had to be purchased abroad. In 1978, 39 percent of arms imports throughout the whole world were obtained by Middle Eastern governments—or to put this number in a more telling context, fully one-half of the total arms imported by developing countries went to the Middle East. (What these purchases actually cost is less clear; France and Great Britain demanded cash on the barrelhead, but the United States and the USSR supplied arms to poorer countries through grants, long-term credits, barter, and so on. But even here there were important quid pro quos.)

The 1970s may have been a golden age for the international arms merchant, but the 1980s hardly saw a collapse in the market—even by 1988, Middle Eastern countries were spending some 9 percent of their GNP on the military, half again as much as the United States at the very climax of the Reagan arms buildup. The number of men under arms as a proportion of population was twice as high as anywhere else in the world (18.3 per 1,000 in the Middle East versus 9.1 in the United States). There were certain constraints, to be sure, not least those stemming from the abrupt collapse of oil prices after 1984. This massive fall in revenues coincided with other limiting factors. First of all, the 1979 Camp David Accords and the 1982 peace treaty between Egypt and Israel held firm, in spite of very serious points of tension like Israel's 1982 invasion of Lebanon. However, the peace was to a large degree secured by the willingness of the United States to supply the arms needs of both countries on very generous terms. Iran, mired in the excruciatingly long and bloody Iran-Iraq War (eight years, with at least a half-million combat-related deaths between the two countries), obviously enjoyed no peace dividend. But ironically, though it had been one of the biggest spenders in the 1970s, during the war it was reduced to drawing on existing arms stocks, clandestinely obtained weapons, and the uncounted bodies of its youth. Iraq, in contrast, must have spent enough for both countries with its massive mobilization of manpower and foreign arms purchases. It is worth recalling that Iraq's crippling wartime debt to Kuwait was the immediate pretext for its occupation of that country in August 1990. Finally, there is the distinctive case of Saudi Arabia and Libya, two wealthy but thinly populated countries. The Saudis and Libyans continued to build enormous stockpiles of weapons and materiel, in spite of a serious revenue crunch caused by falling oil prices. Both maintained only a small number of men under arms, however, so their manpower costs did not rise a great deal.

It does seem possible that the decade of the 1990s has witnessed a substantial change in this long-entrenched pattern.[8] The Gulf War has ended Iraq's capacity to buy arms at least temporarily, the USSR is no longer around to tempt the United States into funding a regional arms race, and the emerging though very uneasy modus vivendi between Israel and its Arab neighbors may ultimately reduce the feverish quest for military "parity" on that front. But even if the regional arms race stays cooled down, a lot of damage has been done, a host of opportunities have been lost for good. Even countries that have received arms on concessionary terms from sympathetic suppliers, like Egypt under Sadat and Mubarak, are now burdened by genuinely mind-boggling levels of foreign debt. And even the Saudis have had to strip their once-boundless cash reserves to maintain a high level of arms purchases.

Many commentators have argued that military expenditure produces important indirect benefits, of course. They point to the technological spin-offs from the U.S. space program, or new industrial capacity that can ultimately be converted—however inefficiently—from military to civilian production. However, it is doubtful that most Middle Eastern states have reaped such benefits in any significant measure. Even the United States could not figure out, after the cold war wound down, how to convert its military aerospace industry to (for example) the production of high-speed trains. Economists count military expenditures as consumption, for the very good reason that such expenditures do not in any direct way provide new capital investment that can fuel future growth. In general, military goods are either stockpiled in warehouses or smashed to pieces, much like children's toys. We might suppose that the training received by soldiers in high-tech weaponry would create a technologically sophisticated stratum in society—that is certainly how the U.S. armed forces sell themselves to potential recruits. Likewise, one could argue that massive and costly arms imports will lead to efforts to manufacture them locally, and thereby lay the foundations for high-tech manufacturing. But neither has happened.

Except for Israel (and to a lesser degree Egypt and Turkey), no state in the region has really learned how to manufacture modern weapons; even everyday staples like small arms are imported. Iraq clearly tried to develop a strategic-weapons capacity on its own, but the choice of chemical-biological weapons and nuclear bombs was not a happy one, even if the Gulf War had not derailed these initiatives. These technologies have few uses and little spin-off in the civilian sector, with the not very convincing exception (for an oil-rich state) of nuclear power. Iran might ultimately have developed an arms-manufacturing capacity—certainly the Shah intended to do so—but the revolutionary government quite systematically marginalized the country's regular armed forces, even in the face of the eight-year war with Iraq. Military service may lead to some enhancement in the quality of the labor force, but in every country apart from

Israel the armies represent large conscript forces possessing only rudimentary levels of training and expertise.

Military expenditures have obviously been a very conspicuous form of government consumption in the region, but they have not been the only one. Since the mid-1950s, most Middle Eastern regimes have also devoted a substantial proportion of their resources to social welfare expenditures (though not as much as several other regions in the Third World): food subsidies for urban populations, clinics and hospitals, schools, and various kinds of social insurance. In a very real sense, these too are expenditures aimed at political security.

Now obviously welfare expenditures reflect first of all the publicly expressed (and no doubt sincerely held) ideals of these regimes. After all, many of them originally seized power with the claim that they represented the neglected and impoverished masses and that their mission was to use the powers of the state to improve the lot of the people. On a second, more political level, such expenditures validate these governments in the eyes of their supporters; since many of them have only a narrow basis of support, they can ill afford to alienate the few groups who are committed to their success. Finally, social-welfare expenditures reflect the need of governments that have seized power by main force to purchase a morsel of legitimacy in society at large, to demonstrate even to the hostile or indifferent that they have acted not for their own selfish benefit but for the good of all.

Many social-welfare expenditures are now widely considered a fundamental obligation of government. A state that does not attempt to provide "free" public education or basic medical care is regarded with contempt throughout most of the world. (American debates on these subjects are found almost nowhere else.) Other expenditures are a matter of political prudence if not sheer survival. For decades the International Monetary Fund has been demanding an end to food subsidies that allow urban populations, even the well-off, to buy bread, rice, sugar, and oil at prices far below the costs of production and distribution. But few Third World governments can stand up to the massive riots that are unleashed every time such subsidies are slashed. Economic rationality is never a match for the solidly entrenched demands of the urban masses, and it is hard to blame people as poor as most of those in Cairo or Casablanca or Tehran for struggling violently to hold on to the few breaks they get.

On balance, Middle Eastern governments do what is expected of them, and perhaps what they have to do, in the arena of social welfare and entitlements. But such policies inevitably mortgage the future, in that they reduce the resources available for investment and long-term economic growth. They do so also because these policies often disrupt the weak market mechanisms that exist in these countries, replacing them with systems of central planning and distribution that make the old Soviet Gosplan seem a model of efficiency.

If it is true that Middle Eastern regimes have been strongly consumption-oriented, this does not mean that they have ignored the need for investment. Even though they have been severely constrained throughout the century in the domestic resources they could devote to this task, they began developing investment plans even in the 1920s and 1930s, and since the late 1950s they have pursued these assiduously. They have certainly not fallen behind in the production of five-year plans and the design of grand projects. Nor have their efforts been entirely without practical results. If Middle Eastern five-year plans often possess the same detachment from reality as construction cost projections in the United States, several of the great schemes have in fact come to fruition. Everyone "knows" about Egypt's massive and controversial Aswan Dam. Far less known are the even more daunting Jubail and Yanbu industrial cities in Saudi Arabia, far advanced but still very much in midstream. Each of these deserves a glance, to grasp both the opportunities and the pitfalls created by such massive efforts, designed to jerk stagnant national economies into self-sustaining growth in one pull.

The Aswan Dam was the first of the giant schemes to be seriously proposed in the postwar Middle East.[9] It was modeled in a broad sense on the vast network of dams, impoundments, and canals that had transformed the American West in the decades after World War I, and it was conceived in an era in which most people still thought of this transformation as unquestionably a Good Thing, the creation of a garden in the desert. By permitting year-round irrigation, the Aswan Dam would almost double the cropped land in Egypt. As such it would provide the food for Egypt's rapidly growing population (25 million when Nasser and his fellow officers seized power). It would also provide the basis to support their ambitious land reform policies. Finally, the hydroelectric power it would produce would allow the industrialization of a country that possessed