Cansu Güleç*

Globalization and Middle East: The economic dimension

Key words: globalization, Middle East, economics

Summary: In the last part of the 20th century and in the beginning of the 21st century, a popularized and equally controversial phenomenon has marked, and has had a great impact on societies, that is named globalization, which has occupied discussions related to the current world economy, world politics, local problems and responses. Globalization has increased contact among the peoples of the world, a rapid expansion of interdependence among nations; and we have witnessed an explosion of new actors in international affairs. There are many definitions, opinions and dimensions of globalization. Yet, for the purpose of this study, the paper will try to analyze the economic domain rather than political and cultural dimensions of this popular phenomenon with particular reference to Middle Eastern countries. Economic and financial globalization and the expansion of world trade have brought substantial benefits but also inequalities to countries around the world. In the framework of this argument, the paper analyzes the concept of globalization and processes of globalization particularly focusing them from economic perspective. It then concerns with the effects of the economic globalization in Middle East region, and argues the main impediments for greater integration into global economy.

1. Introduction

In the context of international politics, the 1990s has been regarded as a transitional period in which basic foundations of international politics have considerably changed; and there has been an impression that the post-Cold War societies are decisively different than before. It is argued that one major denominator of the changes in the contemporary world including the Middle East is ‘globalization’. The phenomenon and concept of globalization has occupied discussions related to the current

* Cansu Güleç, PhD—research assistant, Department of International Relations, Yeni Yüzyıl University, Istanbul, Turkey, tel.: +90 212 444 50 01, e-mail: guleccansu@hotmail.com.

world economy, world politics, local problems and responses. There are various definitions, opinions and dimensions of globalization. However, it is impossible to cover the entire phenomenon. Thus, the intention of this paper will be examining globalization with particular reference to Middle Eastern countries, and from the perspective of its economic dimension.

The main argument is that the states of the Middle East fell behind in such globalization indicators as foreign direct investment, competitiveness, market growth, and integration into international markets, and there are number of factors responsible for the limited nature of economic globalization in the Middle East. Accordingly, the paper begins with a definition of this ambiguous concept as well as processes of globalization, particularly focusing them from economic perspective. It then concerns with the effects of the economic globalization in Middle East region, and argues the main impediments for greater integration into global economy.

2. The globalization process and Middle East

The Cold War, which was a product of a bipolar international distribution of power, and which was a struggle between the two states with the largest military capabilities—the U.S. and the Soviet Union—dominated political events for more than forty years both at the international and the national levels (1, p. 201). Since 1945, world politics has been greatly influenced by the conflict between the United States and the Soviet Union, each of which emerged as 'superpowers'. The ideological, political, and military interests of these two states and their allies extended around the world.

The Cold War also significantly influenced economic and political developments in the Middle East. According to Krasner, the creation of state of Israel was a result of the policies followed by the great powers, as was the independence and form of government of many Arab states. Both the U.S. and the USSR cultivated their own allies in Middle East. The control and price of oil was regarded as the result of political calculations rather than economic. For instance, The United States tolerated not only the nationalization of the holdings of the international oil companies, but also in the early 1970s discontinuous increases in the oil prices (1, p. 202). Krasner claims that the main aim of the U.S. policy makers was not the narrow economic interests of the country, but rather the defeat of communism. According to her, these leaders wanted to minimize Soviet influence in the Middle East even if this meant a massive transfer of wealth to the oil-exporting states.

With the end of the Cold War, domestic as well as international cleavages changed in many polities. Since 1989, the Middle East and North Africa (MENA)[1] have witnessed the end of the Cold War, the Gulf War, and the starting of the Arab-Israeli

[1] According to World Bank definition, The MENA Region includes: Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Malta, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, the United Arab Emirates, West Bank and Gaza, Yemen.

peace process. These events have affected the political map of the Middle East, and all these changes had great impacts on all the countries in the region. Furthermore, 9/11 terrorist attacks on the U.S., and its dramatic regional and global consequences have returned the region in the centre of the world politics. In the meantime, the main argument is that interdependence, along with trans-nationalization of the network of the states and social communities, has turned the relationship between Middle East and the rest of the system into a major security complex (2, p. 2). However, this paper does not concern itself with this debate, and the following part will focus on the dynamics of 'economic globalization' for the region. In this study, it has been interpreted in a narrow economic sense, referring to main economic indicators within the region. At this point, main economic and trade parameters of the region would be considered as key indicators.

2.1. Concept of globalization

In the last part of the 20th century and in the beginning of the 21st century, a popularized and equally controversial phenomenon has marked, and has had a great impact on societies, that is named globalization. Globalization simply refers to 'the process of increasing interconnectedness between societies such as events in one part of the world having more and more effects on people and societies far away' (3, p. 8). In a globalized world societies are affected more extensively and deeply by events of other societies. Over the last three decades, the scale and scope of global interconnectedness have become increasingly evident in every sphere from the economic to the cultural (3, p. 20). The social sphere of globalization comprises social relations and customs such as family relations, social organizations, consumption patterns and lifestyles (consumer goods and services such as consumer durables, fashion and designer articles, food and beverages). The cultural dimension includes important domain of values, religion and identity. It also comprises leisure avocations such as television, videos, music, dance, sports and foreign travel. At the political level, globalization is reflected in the spread of pluralist systems, multi-party democracies, free elections, independent judiciaries, and human rights. As it can be seen, globalization, to varying degrees, is evident in all the principal sectors of social activity; yet, for the purpose of this study, the paper will try to analyze the economic domain rather than political and cultural dimensions of this popular phenomenon.

First of all, it can be said that there are a number of forces which have driven the processes of economic globalization. Worldwide expansion of capitalism and technological progress are regarded as the core dynamics of it. These forces have been in operation for centuries, but have increased in scale and intensity in recent decades (4, p. 3). The boom of the expansion of capitalism has found expression in the shift towards greater reliance on markets and private enterprises almost all over the world. Almost everywhere there has emerged a reduction in state intervention in the economy, privatization of public enterprises, deregulation of the economy, and liberalization of foreign trade and capital flows (4).

As mentioned above, in the sphere of economics, globalization has been reflected in the increasing acceptance of free markets and private enterprises as the principal mechanisms for promoting economic activities. Its growing importance is captured in such indicators as trade in goods and services, private capital flows in different forms, foreign investment, technology transfers, operations of transnational enterprises, business travel and communications, and migration and remittances (4, p. 2). This process is usually associated with key reform policies such as privatization, trade liberalization, and capital market and financial deregulation promoted, in most cases, by international multilateral institutions, particularly the IMF, World Bank, and more recently the World Trade Organization (WTO). These institutions are also viewed by most observers as the main ambassadors and 'important vehicles' for globalization (5, p. 446). However, it would be misleading to argue that globalization in any of its spheres has proceeded in a smooth and uniform manner. In the economic domain, the financial markets come closest to achieving global integration. It has been argued that outside the framework of regional free trade areas, the trend in most industrialized countries over the past fifteen years has been towards imposition of various barriers to free trade, especially in their trade with developing countries (4, p. 2). Moreover, it can also be argued that the pattern of global economic integration also exhibits some inequalities. Whether measured in terms of trade, capital flows, foreign investment, technology transfers or activities of transnational enterprises, most transactions take place among developed countries. Linkages with developing countries have expanded significantly in recent years, but there is a marked concentration of direction: a limited number of countries account for the majority of flows (4, p. 3). Nevertheless, most of the poorest and least developed countries are largely bypassed by the intensified circles of trade, capital and investment. Consequently, in parallel with these explanations, for the purpose of creating a picture of the said phenomenon, some arguments can be presented from the perspectives of both the supporters and the opponents of the globalization.

The arguments in favour of globalization claim that globalization is a stable support of the economic growth; it is a stable support of the global trade; globalization and competitiveness are complementary; and globalization enables the getting of all scale advantages, the capitalization of the cooperative advantages, the turning into account of geographical advantages and of those corresponding to its own market power (6, p. 1245).

On the other hand, the arguments against globalization argue that globalization increases the inequality of incomes, at the global level, but also inside the countries; it causes asymmetric shocks of the type: social break between the rich and the poor, the duality of work—unemployment, the duality: lack of power in interdependency; it is a potential process of disappearance of the state—notion; and through the transnational companies it has suppressed, and even eliminated some of the national markets (6).

2.2. The interaction between the international system and the Middle East

An important process in which aspects of globalization have been introduced throughout the developing world over the past two decades is the provision of international finance with attached economic reform and liberalization policies. The IMF and the World Bank are the two principal multilateral institutions involved, with their provision of finance in support of stabilization and structural adjustment programmes. Stabilization programmes usually involve expenditure education through cuts in government expenditure, tight monetary policy, and devaluation. Structural adjustment programmes (SAPs) involve switching production towards the tradable goods sector of the economy, as well as liberalization measures to enhance economic efficiency such as trade liberalization, removal of price distortions, rolling back the state, and privatization programmes. In addition to financial support from the two Washington multilaterals, finance for the reform programmes is often provided by other multilaterals such as the European Union, as well as by bilaterals such as the United States Agency for International Development (USAID). In addition, programmes are often supported by substantial debt rescheduling, or written-off by both official and private creditors (5, p. 446).

During the 1980s many developing countries, facing economic discomfort—resulted from a combination of weak domestic policy and external shocks—signaled by large balance of payments and public sector deficits, were forced to turn to the IMF and World Bank for financial support in return for economic reform programmes. The Arab world was no exception in that respect. It is usually argued that the 1980s was a lost decade for Latin America, which achieved an average annual growth rate of around 1%. However, the performance of Arab economies was even more disappointing. During 1981–1990, the Arab world stagnated, achieving almost zero growth. Even in terms of debt, the Arab world's performance was also disappointing. The Arab world, with a weak and undiversified industrial base, emerged in the 1980s as the second largest indebted developing region, after Latin America (5, p. 448).

There are some internal and external factors which explain the disappointing economic performance of Arab economies since the early 1980s. The former include poor economic management, corruption, and high and prolonged periods of heavy protection that led to large waste and inefficiencies. External factors include deterioration in terms of trade and collapse in international oil prices, a fact which drastically reduced revenues of Arab oil-rich states and, in turn, diminished their ability to continue their large official assistance to other Arab oil-poor countries. The latter states were also hit by the decline in demand for their workers in the Gulf, thus lowering the volumes of one of their most important sources of foreign exchange, namely, remittances from workers abroad. Global economic slow down reduced demand for the region's main exports, also higher global interest rates triggered a debt crisis in several Arab states. The outbreak of financial crisis in the

1980s gave international financial institutions the opportunity to effect the direction of free market economy. Sudan in 1979/1980, Morocco in 1983, Tunisia and Egypt in 1987, and Jordan in 1989 all turned to the IMF and World Bank for financial and technical assistance. Algeria, Yemen, and Lebanon followed suit during the 1990s (5).

The IMF and the World Bank demanded large cuts in government spending, the imposition of new taxes, trade liberalization combined with large currency devaluations, a massive reduction in tariffs and elimination of non-tariff barriers, privatization of state owned enterprises, and price and financial deregulation. These policies figured in SAP packages signed with every local government in the Arab World (5, p. 449).

It is also necessary to underline the fact that despite the obvious call for economic need for external finance and reform in many countries in Middle East, the flow of international finance has also been determined by geo-political factors. The collapse of communism in the late 1980s and early 1990s did not end only the Cold War between the U.S. and the USSR, but also the conflict between the two major ideologies, capitalism and communism. The former U.S. policy of containment of the communist threat in the region authorized large and unconditional financial and military aid for the region. However, according to El Said and Harrigan, the environment of the new world order seemed to be pushing in the direction of economic liberalization (5).

2.3. The Middle East and global economy

It should be clearly underlined that the Middle East region has economies with different capacities and levels of performance. The gross national income per capita can range from about \$7.970 in Lebanon classified as 'upper middle income' by the World Bank,[2] to approximately \$3.000 in 'lower middle income' countries such as Algeria (\$4.420), Egypt (\$2.070), Iran (\$4.530), Morocco (\$2.790), and Tunisia (\$3.720). There are also a number of 'high income' countries, most notably Saudi Arabia (\$17.700) and Israel (\$25.740) (7). Moreover, there are different variations in population, gross domestic product and its annual growth, government revenues, and the availability of technology and infrastructure.

While there is much debate over the strength, effect, and the importance of globalization, there is little doubt about its reality. There has been an explosion of global activity over the last decade via the liberalization of financial markets, the opening up of trading regimes, and the development of communications technology in the West, all of which have reduced the transaction costs of doing business abroad. The impacts have been particularly apparent in the developing world, due to its need for capital to fuel development programmes, and to foster economic

[2] Economies are divided according to 2009 GNI per capita, calculated using the World Bank Atlas method. The groups are: low income, \$995 or less; lower middle income, \$996–\$3,945; upper middle income, \$3,946–\$12,195; and high income, \$12,196 or more.

growth. Faced with declining levels of military and financial assistance from the West with the end of Cold War, many developing countries were subjected to the pressure from international financial institutions, such as IMF and the World Bank, to open up their state-controlled markets to global competition in exchange for new injections of development capital. The result has been an increase in the flow of private capital to the development world (8, p. 202). Whereas official development assistance remained constant between 1990 and 1998 at just under $60 billion, foreign direct investment increased from $20 billion in 1990 to in excess of $160 billion in 1998 (9, p. 45). The MENA region, excluding the Gulf countries, received net inflows of foreign direct investment (FDI) of about $2.2 billion in 2000—slightly more than 1% of the $158 billion to all developing countries, and one-sixth of their share (7%) in the GDP of all developing countries. The group of five Eastern European countries (Czech Republic, Hungary, Poland, Turkey and Russia) together received some $19 billion, nine times more than MENA. The three East Asian countries (Malaysia, Philippines, and Thailand) received more than $8 billion in inflows, four times more than MENA. And the group of four Latin American countries (Bolivia, Chile, Mexico, and Brazil) received about $50 billion, more than 22 times the inflows to the MENA region (10, p. 9). The region's share in total FDI flows to the developing world rose to 21% in 2006, whilst the top five holders of FDI inward stock in 2006 were Turkey ($79.075 million); Saudi Arabia ($51.828 million); Egypt ($38.925 million); the UAE ($37.098 million); and Morocco ($29.795 million). These five recipients held 68% of aggregate FDI stock. The six-member Gulf Cooperation Council (GCC)—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE—together accounted for two-fifths of total inflows to the region. Saudi Arabia was the biggest recipient in the GCC, with inflows of $18,293m, 51% more than in 2005 (11). It can be argued that the MENA region experienced an increase in FDI flows to a record $51.6 billion in 2006, accounting for 4.7% of world FDI, up from an average of only 1.8% in 2000–2004. However, FDI flows to the region are concentrated in few countries: Saudi Arabia, Egypt, UAE, Tunisia, Bahrain, and Morocco. The bulk of the region's FDI is directed to oil-related and other natural resource activities.

Moreover, the MENA region has been excluded from the flows of capital. Despite reduced flows of official development assistance to MENA, which downed from 17% to 9% of the global total between 1990 and 1997, and serious reductions in the flow of oil revenues, most of the MENA countries remain closed to the global economic arena (11). For example, according to varibales of *Arab Human Development Report*, MENA seemed to be losing its share of global trade, its export growth of 1.5% in the 1990s was below the global average of 6% (12, p. 4). As Henry and Sprinsburg underline, the MENA has little to offer the world economy apart from oil. Also, given the weak nature of stock exchanges, the region has been unable to tap into the huge global flows of portfolio investment, attracting less than even Sub-Saharan Africa.

Consequently, it can be said that the MENA region is being by-passed by the economic forces of globalization.

Figure 1 provides a view of growth performance in the MENA region between 1963 and 2000. This extended perspective allows one to see both the oil-price-supported boom of the 1970s and the slow growth trend thereafter. In 1990s, the average growth rate of the region has been around 3.3% per annum. This translates into a per capita growth rate of around 1.2% (10, p. 3).

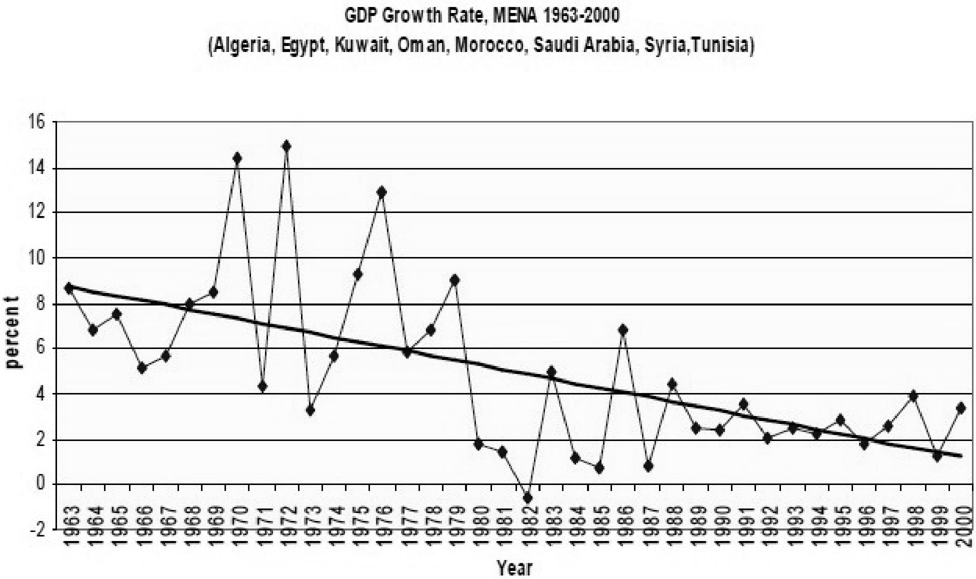

Figure 1. GDP growth rates for selected MENA countries (1963–2000)

Source: (10).

In addition, according to World Bank Development Report 2009, the average annual percentage GDP growth of the MENA region was 4.5 between the years of 2000–2007. This rate was below the rates of East and Pacific Asia, Europe and Central Asia, South Asia, and Sub-Saharan Africa, whose growth rates were 8.9, 6.1, 7.3, 5.0% respectively. Only the GDP growth rate of Latin America was under the MENA region which had 3.6% GDP growth rate during that period.

Figure 2 provides a comparison of MENA's growth during the 1990s with that of other regions. The MENA region's per capita growth rate of 1.2% is worse than that of such regions as Latin America, South Asia and East Asia. It is better only than that of Sub-Saharan Africa and the Europe/ Central Asia region (10).

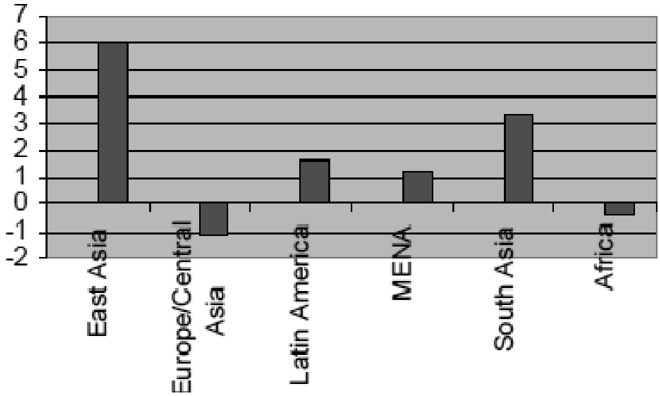

Figure 2. Comparative per capita growth rates (1990–2000)

S o u r c e: World Bank, 2003, Appendix Table 1, p. 228.

When overall trade performance is analyzed, it can be seen that countries in the region differ in relative endowments of natural resources and labour. Despite the diversity of country characteristics trade outcomes are fairly common throughout the region. When the trade figures are analyzed, it can be seen that the MENA region failed to ride the wave of globalization that began in the mid-1980s. While world trade rose by around 8% in the 1990s, MENA's trade with the world rose by only 3% (10).

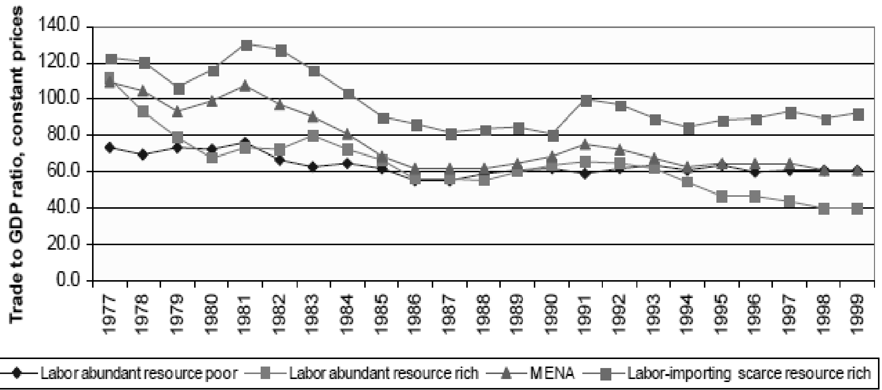

Figure 3. Trade performance of MENA countries

S o u r c e: World Bank, 2003, p. 74.

An important portion of the trade of the MENA region is made up of oil and oil related products whose value fluctuates with the price of oil. To fully appreciate the role of policy in determining exports, it is necessary to focus on the performance of the non-oil component of exports. Figure 3 shows that while overall merchandize exports have fluctuated between 32% and 17% of GDP, most likely depending on the price of oil at any given time, non-oil exports have stayed at a steady and low rate of around 7% of GDP since the early 1980s. According to World Development Report of 2009 (13), the percentage of manufactured exports of the region was 19%, while the percentage of the high technology exports was only 5% which was below the rates of the other regions except South Asia.

As mentioned above, the Middle Eastern trade is still largely dependent on the export of raw materials, like oil, and the import of manufactured goods, although there emerged some progress in several countries towards greater manufactured goods export orientation. Egypt, Israel, Morocco, Tunisia, Bahrain and Kuwait joined the WTO, becoming full members in 1995. Jordan, Oman, Qatar, and the UAE joined later. Tunisia and Morocco are full partners, but not members, of the EU, while Israel and Jordan entered association agreements. Despite these commitments to free trade, tariffs remain high, even in countries with bilateral or multilateral free trade agreements. Some countries, such as Lebanon, rely on tariffs to finance the government budget, and policy-makers in many countries seem to be unconvinced that the benefits of free trade outweigh the costs. Apart from the oil sector, most Middle Eastern countries have few competitive advantages in the international market, thus the reduction or elimination of tariffs would render the manufacturing sectors vulnerable to unsustainable competition to cheap Asian imports. As a result, there has been an increase in the already high unemployment rate, or an increase in burdensome subsidies to the manufacturing sector, neither of which is an attractive option (14).

As mentioned above, the Middle East ranks consistently low on indicators of technology exports, with exception of Israel. High technology exports consist of about 20% of manufactured exports in Israel, compared to only 4% in Jordan, 2% in Turkey and Tunisia, and 1% in Algeria. Israel's high technology success is dependent on its considerable investment in the security sector, and by the high level of education and useable skills in the population. However, other Middle Eastern countries will find it difficult to catch the globalization wave without high technology exports (10, p. 3).

Figure 4 provides such a comparison in the case of non-oil exports. According to indicators of World Bank, total non-oil exports of the MENA region amounted to about $28 billion in 2000 (excluding re-exports) (10).

Moreover, GDP growth in Middle East and North Africa dropped to 5.5% in 2008 on lower oil prices and exports to Europe. It dropped further in 2009 as the full effects of the global financial crisis are felt. Developing oil exporters in the region, Algeria, Islamic Republic of Iran, Syrian Arab Republic, and the Republic of Yemen, suffered from drops in both the price and volume of oil exports. More diversified economies, Egypt, Jordan, Lebanon, Morocco, and Tunisia, were affected by declines in external demand from high income economies, especially the Euro area, as exports, tourism, and remittances fell. Figure 5 shows the percentages of annual rate of growth of the MENA exports, MENA GDP growth, and Euro area imports of goods and services.

According to the data below, the export rate of the region fell after 2006, and there seems a decrease in the GDP growth of the region in 2007 and 2008.

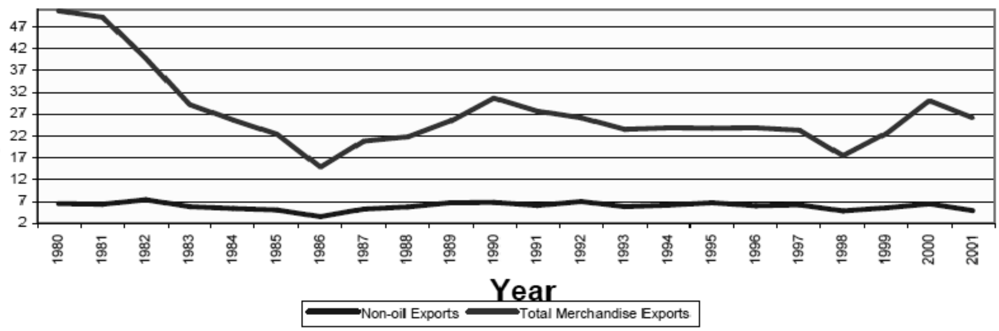

Figure 4. Exports of MENA as percent of GDP

Source: (10).

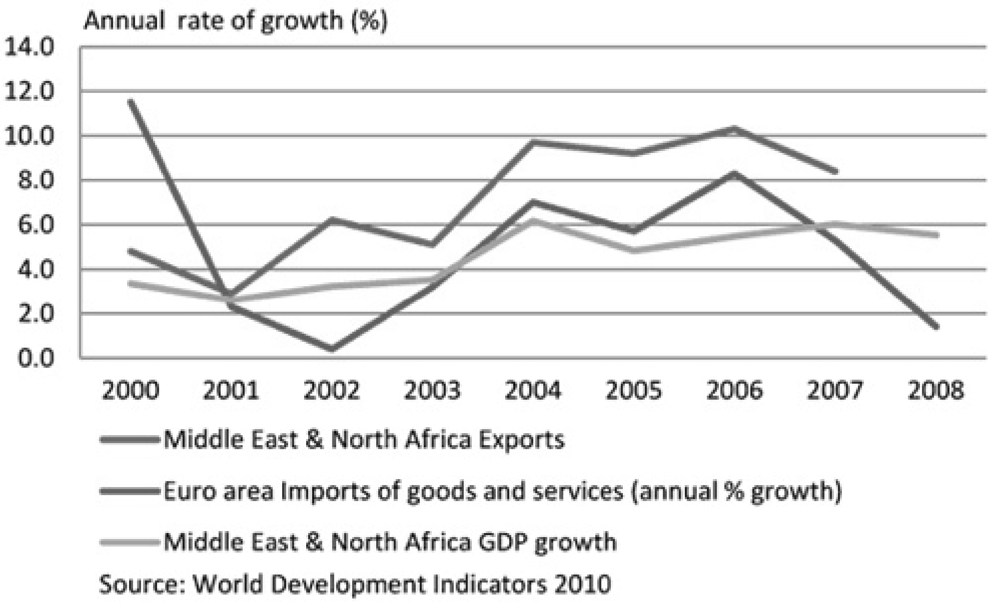

Figure 5. Annual rate of growth of the MENA exports, MENA GDP growth and the Euro area imports

Source: (7).

Furthermore, the closed nature of MENA political economies also has had negative consequences for their socio-economic and human development. For instance, the United Nations *Arab Human Development Report* argued that although Arab world has less suffered from poverty than other developing regions, poverty in the region, along with unemployment and inequality have increased in recent years. Around 12 million Arab people, or 12% of the labour force are unemployed; out of every five Arabs, one lives with less than $2 a day; 65 million adults are illiterate among 280 million Arabs, two-thirds of whom are women; 10 million children have no schooling at all; and only Sub-Saharan Africa had lower annual growth in income over the past twenty years than the Arab world (12).

2.4. Common problems

The economic performance of a nation or region is determined by the interaction of economic, social, political and technological forces. Open trade, a civil society, appropriated institutional arrangements can be regarded as prerequisites for integration in the global process. However, to a large degree these requirements are not sufficient in the region. Partly because of the region's geopolitical importance, external hegemonic influences prevail over weak state systems governed largely by authoritarian regimes. Political fragmentation and repeated conflict have prevented the development of democratic institutions, and become an important obstacle to economic reform. As noted by the recent *Arab Human Development Report*, the region performs poorly when it comes to civil and political freedoms, gender equality, and, more generally, opportunities for the full development of human capabilities and knowledge. The border lines between the public and the private sectors are often unclear, encouraging conflict of interest, rent seeking, and widespread corruption. While there are exceptions, transparency in government is poor and accountability is rare. Civil society organizations, such as professional associations, free and independent media, and autonomous nongovernmental entities, are weak and often co-opted by governments (15, p. 7). As a result, citizen participation and private sector initiative have been constrained. Figure 6 shows the levels of voice and accountability, political stability, government effectiveness, regularity quality, rule of law, and control of corruption among the different regions of the world. As it is seen from the Figure, the percentages of the MENA region concerning these indicators are below other regions, which show the ineffectiveness of the region.

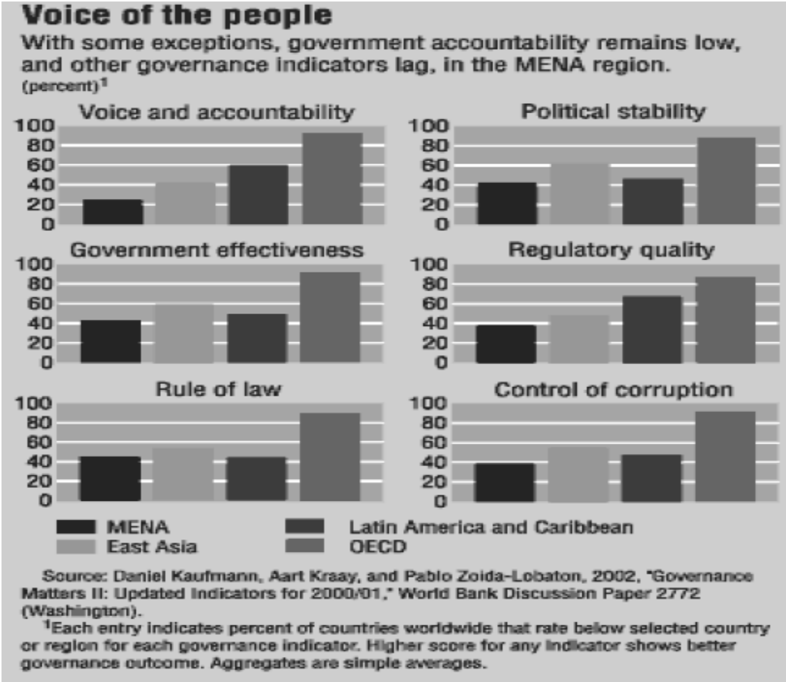

Figure 6. Levels of voice and accountability, political stability, government effectiveness, regularity quality, rule of law, and control of corruption in world regions

S o u r c e: (15, p. 8).

Moreover, despite some progress with privatization, most economies are still dominated by state institutions and large public enterprise sectors. Some countries have pursued fiscal reforms, such as tax reforms, and improved transparency and expenditure control; and some progress on privatization, particularly in the region's telecommunications sector, is realized. However as Abed argues, the MENA countries continue to lag in the development of an economic and financial environment conducive to entrepreneurship, risk taking, and private sector-led investment and growth by international standards.

Furthermore, it can be also claimed that financial markets in the MENA region remain cursory and fragmented. Banks are dominated by public control, and have considerable exposure to government debt; regulations are outdated; management is poor; and links to international capital markets are weak. As a result, financial sectors in the region have not played the intermediation role which supports investment and growth.

In addition, the foundations for building a civil society are almost non-existent in many countries in the region. Labour, professional, and political organizations have had only limited freedom to implement their goals (16, p. 106). Also, women's participation in the labour market is limited in many countries. Full participation in the global economy is impossible in the absence of effective institutional arrangements. In the Middle East, institutions exist primarily to serve rulers and states. Most of the private business organizations are owned by well-established traditional families or a network of close friends. As a result, the concentration of stockholdings in few hands, the lack of separation between ownership and management control, and the lack of a competitive environment may contribute to absence of competitive innovation (16, p. 107).

The competitiveness of this region has been frustrated by political and organizational constraints. The countries in the region have generally adopted economic policies which have relied on regulations, high import tariffs, price controls, and large state enterprises. Such economic policies have discouraged savings and investments, and emphasized public expenditures and consumption. Also, business firms have not played any important role in affecting national economic policies (16, p. 108). However, on the other hand, the Middle East is home for more than 60% of proven oil reserves, natural gas, and other important resources like iron ore, zinc, sulfur, manganese, and copper. Since over 40% of the population is under 15 age, and since there has been an emphasis on education in recent years, the potential contributions to global competitiveness should be kept in mind.

According to World Economic Outlook 2010 of IMF, the MENA region started to be recovered as a result of the rebound in oil prices from their trough in 2009, which has boosted receipts for oil exporters in the region. In addition, a sizable and rapid fiscal policy response, especially in oil-exporting economies, has played a substantial role in supporting the non-oil sector in these economies.

3. Conclusions

Consequently, it can be argued that the MENA region have already moved into the global economy at least on an abstract level. They all have their stock markets, imported cars, cosmetics, and they are developing manufacturing capabilities that may withstand global competition in time. The use of Internet is widespread as is access to other forms of global communication. These are the potential beneficiaries of globalization sufficiently quick to find comparative advantage in the information age. Certain of the local capitalist and the high government officials can also find their way in the new world order. However, the region as a whole continues to suffer from a massive export of capital, continuing debt and dependency, and limited economic development with high population growth. The spearheads of globalization, such as IMF, pressurized regional states to enforce their neo-liberal agenda which has been splitting societies between new bourgeoisies who benefited, and the marginalized masses to radical Islam as a way of protest. The Euro-Mediterranean initiative,[3] designed to accelerate globalization in the region through imposing liberal order on each of the states in the region, made some breakthroughs. However, opening Middle East industries to European competition through maintaining the protection of Europe's agricultural markets from Middle Eastern exports only reflected the power imbalance between Europe and Middle East (17, p. 231).

A key medium-term objective might be to raise potential growth and create jobs for the region's rapidly growing population. The region needs to redirect trade towards today's growth engines, attract FDI from these economies, and exploit the potential for intraregional trade and FDI. This underlines the need for structural measures to enhance competitiveness. Improving the business environment, including the establishment of strong legal and regulatory frameworks, is essential. Building human capital through greater emphasis on education and training will be particularly important. And, as in all emerging market regions, increased financial sector stability and a track record of macroeconomic stability and policy might increase the prospects for self-sustaining growth.

Bibliography

1. Krasner S. D. "The Middle East and the end of the Cold War". In: Guazzone L. (ed.), *The Middle East in global change: The politics and economics of interdependence versus fragmentation*. Basingstoke: Macmillan, 1997. ISBN 0333670795.
2. Ehteshami A. *Globalization and geopolitics in the Middle East: Old games, new rules*. New York: Routledge, 2007. ISBN 9780415426329.
3. Baylis J., Smith S. *The globalization of world politics*. New York: Oxford University Press, 2006. ISBN 0199271186.
4. Ghai D. *Economic globalization, institutional change and human security*. Geneva: United Nations Research Institute for Social Development Discussion Papers, 1997. ISSN 1012-6511.
5. El-Said H., Harrigan J. "Globalization, international finance, and political Islam in the Arab world". *Middle East Journal*, 2006, vol. 60, no. 3.
6. Gorgan C., Gorgan V., Diaconu P., Coman N. "Globalization impact on the development of new directions as related to accounting" [online, accessed: 2010-12-27]. *Annals of the University of Oradea: Economic Science Series*, 2008, vol. 17, iss. 3, pp. 1245–1249. Available online: http://steconomice.uoradea.ro/anale/volume/2008/v3-finances-banks-accountancy/225.pdf.
7. World Bank, World Bank Indicators [online, accessed: 2010-12-22]. Available online: http://data.worldbank.org/indicator/NY.GNP.PCAP.CD.
8. Kingston P. "Avoiding globalization? The political economy of development in the Middle East and North Africa". *International Journal*, 2002/2003, vol. 58, no. 1.
9. Henry C. M., Sprinsbord R. *Globalization and the politics of development in the Middle East*. Cambridge: Cambridge University Press, 2001. ISBN 0521626315.

[3] The Euro-Mediterranean Partnership, also known as the Barcelona Process, was created in 1995 as a result of the Conference of Euro-Mediterranean Ministers of Foreign Affairs held in Barcelona under the Spanish presidency of the EU. After the Barcelona meeting in 1995, the EU and its Mediterranean Partner Countries engaged into an ambitious venture of increased economic, political and social cooperation through Euro-Mediterranean Association Agreements and financial cooperation. Ambitions in terms of economic cooperation were especially high, aiming at a Free Trade Area by 2010.

10. I q b a l F., N a b l i M. K. *Trade, foreign direct investment and development in the Middle East and North Africa*, paper prepared for a conference entitled "The Middle East and North Africa Region. The Challenges of Growth and Globalization", organized by the International Monetary Fund, Washington 2004.
11. S i d d i q i M. "Business and Finance" [online, accessed: 2010-12-27]. *The Middle East*, 2007, Dec 1. Available online: http://www.highbeam.com/doc/1G1-172329848.html.
12. United Nations. *The Arab Human Development Report 2002: Creating opportunities for future generations*. New York: United Nations Development Programme, 2002. ISBN 9211261473.
13. World Bank. World Development Report 2009: Reshaping Economic Geography. Washington: World Bank, 2009. ISBN 9780821376072
14. L o w r a n c e S. "Globalization in the Middle East: The politics of development and dissent from Marrakech to Mecca" [online, accessed: 2011-01-05]. In: Wiarda H. J (ed.), *Globalization*, Boston: Northeastern University Press, 2007. ISBN 9781555536686. Available online: http://academia.edu.documents.s3.amazonaws.com/99168/Globalization_MidEast_with_tables.pdf.
15. A b e d G. T. "Unfulfilled promise". *IMF: Finance and Development*, 2003, vol. 40, no. 1 (March).
16. Ali A. J. "Middle East competitiveness in 21st century's global market". *Academy of Management Executive*, 1999, vol. 13, no. 1.
17. H i n n e b u s c h R. *The international politics of the Middle East*. Manchester and New York: Manchester University Press, 2003. ISBN 0719053463.

Globalizacja a Bliski Wschód – wymiar ekonomiczny

S t r e s z c z e n i e: Pod koniec XX oraz na początku XXI wieku odnotowano rozpowszechnione i w równym stopniu kontrowersyjne zjawisko, które wywarło ogromny wpływ na społeczeństwa, nazywane globalizacją. Zjawisko to stało się tematem do dyskusji na temat bieżącej gospodarki światowej, światowej polityki, lokalnych problemów i reakcji na nie. Globalizacja zwiększyła kontakty między narodami, nasiliła gwałtowną ekspansję wzajemnej zależności; staliśmy się także świadkami eksplozji nowych aktorów w sprawach międzynarodowych. Istnieje wiele definicji, opinii i wymiarów globalizacji. Jednakże dla celów niniejszego studium podjęto próbę dokonania raczej analizy domeny gospodarczej niż wymiaru politycznego i kulturowego tego popularnego zjawiska, ze szczególnym odniesieniem do krajów bliskowschodnich. Globalizacja ekonomiczna i finansowa, a także ekspansja handlu światowego przyniosły krajom świata zasadnicze korzyści, ale także spowodowały nierówności. W świetle tego argumentu praca analizuje koncepcję globalizacji i procesów globalizacji, szczególnie koncentrując się na perspektywie ekonomicznej. Zajmuje się następnie skutkami globalizacji ekonomicznej w regionie Bliskiego Wschodu oraz prowadzi dyskusję nad głównymi przeszkodami na drodze do większej integracji z gospodarką światową.

S ł o w a k l u c z o w e: globalizacja, Bliski Wschód, ekonomia