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**CELEBRATION OF THE TWENTY-FIFTH ANNIVERSARY
OF THE COMMISSION**

Note by the Executive Secretary

1. At its nineteenth session, the Commission adopted resolution 217 (XIX) which called for the celebration of the twenty-fifth anniversary of the Economic and Social Commission for Western Asia, to be held in 1999 in conjunction with its twentieth session, and discussion of the role of the Commission in the coming century in view of global and regional developments. In the resolution Governments of the member States of the Commission were invited to participate in the celebration at the highest level.
2. The Secretary-General, Mr. Kofi Annan, appointed the Deputy Secretary-General, Ms. Louise Frechette, to represent him at the ministerial session of the Commission and at the celebrations of its twenty-fifth anniversary.
3. In resolution 217 (XIX), the Executive Secretary of the Commission was requested to take all measures that he deemed necessary, including the preparation of the necessary studies, to celebrate the occasion. Pursuant to that request, the Executive Secretary assigned a number of experts to undertake four studies entitled: "Peace and security in the ESCWA countries", "Economic developments in the ESCWA region", "Social developments in the ESCWA region" and "The development of institutions in the ESCWA region". Summaries of these studies are given in annexes I-IV. These four studies will be issued in one publication entitled *The ESCWA Region, Twenty-five Years (1974-1999): Political, Economic and Social Developments* for the twentieth session. The Executive Secretariat also appointed two experts to prepare a study on the history of ESCWA as a United Nations regional commission entitled "The United Nations/Economic and Social Commission for Western Asia: Twenty-Five Years of Service to the Region's Development" (annex V).*
4. At its nineteenth session, the Commission expressed its hope that the celebrations would also be a new starting point for the Commission. For this reason, it called for a declaration to be issued embodying the Commission's vision of the future and its role in coordinating the policies of the member States in the economic and social spheres and in broadening cooperation between them. The Executive Secretariat has duly prepared a draft declaration, provisionally entitled "The region of Western Asia preparing for the twenty-first century", which will be considered by the Technical Committee at its eleventh session.
5. On the occasion of the twenty-fifth anniversary, the morning session of 28 May has been allocated for celebrations. These will take the form of two discussion panels in which the studies mentioned above will be presented and commented upon by experts who have been directly involved in the events dealt with in those studies. A discussion will follow. After its adoption, the declaration will be read aloud.

* The views expressed in those studies are those of the author and do not necessarily reflect those of the United Nations Economic and Social Commission for Western Asia.

Annex I

**A SUMMARY OF THE STUDY ON PEACE AND SECURITY
IN THE ESCWA COUNTRIES**

1. The aim of this study is to review the most important developments in the ESCWA member States during the last quarter of a century, at both regional and domestic levels. It also presents an analysis of their effect on the overall development of the region.
2. Regionally, the starting point is, in fact, a little earlier, namely the establishment of the State of Israel, being a point of departure in the recent history of the Middle East. All current developments may be traced back to that event both because the establishment of Israel re-shaped the political geography of the region and because it subsequently determined the formulation of intra-regional relations as well as the relations of the ESCWA member States with the outside world. Consequently this study reviews the development of the Arab-Israeli conflict, analyses the elements of the environment in which two major rounds took place, in 1967 and 1973, assesses the effects of each on the balance of power between the two sides, and includes the relevant United Nations resolutions. It also pays special attention to the way the League of Arab States has managed the conflict, throwing light on how that management was related both to the charter establishing the League and to the political will of its member States.
3. Having established the dimensions of the Arab-Israeli confrontations, the study proceeds to trace the progress of the peace-settlement process from the moment it was inaugurated at Camp David with the signing of the Egyptian-Israeli Peace Treaty on 26 March 1979. The Treaty put an end to the state of war between the two sides and stipulated that the Israeli forces be withdrawn to the borders that had existed between Egypt and Palestine when still under the British mandate. The review ends with the last stage at the Wye River Plantation resort where a Palestinian-Israeli peace accord was signed on 23 October 1998, which regulated matters concerning the redeployment of forces, security, the economy and unilateral measures. The major developments occurring in the intervening period, between the signing of the two above-mentioned documents, are dealt with in this part. They include the negotiating formula of the Madrid Conference which had procedural and substantive aspects. The procedural aspect dealt with the convening of a peace conference, to be attended by all parties to the conflict, to prepare for bilateral and multilateral negotiations. The substantive aspect dealt with the adoption of the "land for peace" formula and Security Council resolutions 242 (1967) and 338 (1973) as a basis for the settlement. Other major developments include the Oslo accords and all subsequent agreements, namely: the declaration of the settlement principles in 1993; the Gaza-Jerico accord in 1994; and the early transfer of power accord in the same year; the transitional accord on elections, in 1995; and the special Hebron protocol. The Israeli political context in which those agreements were concluded is explained, and how it influenced progress in implementation. There were delays under the labour government in the implementation of those agreements from Oslo to Hebron. Such stalling was due, primarily, to the contradictions within the labour government, as well as its reluctance to abandon the principle of retaliation shown in the operation known as "the grapes of wrath". However, the settlement process was totally deadlocked with the coming to power of the extreme right in Israel. Indeed, the Likud-led government, has for the first time, indicated a potential renegeing on the agreements signed by Israel. This has deprived the Wye River Plantation accord of all significance, with the ensuing controversies over the planned declaration on the establishment of a Palestinian State, as well as raising many questions, regarding fuelling the arms race, in countries of the region which felt that they lacked security.
4. The study is concerned with throwing light on the various factors that have threatened regional stability over the last quarter of a century, four basic developments have been analysed. The first is the Iran-Iraq war, in terms of the circumstances in which it broke out; the evolution of regional and international attitudes to the prosecution of that war; and the economic, political and military outcome of that war. The second is the Israeli invasion of southern Lebanon, in terms of its objectives; that is, the control of the water of the Litani River, putting pressure on Lebanon to accept a unilateral peace accord. A reference is also made to the effect of this experience on the Lebanese national resistance movement. The third is the

Palestinian *Intifadah* (uprising), which destabilized Israel, transferred the conflict to the Israeli-held territories and caused its economy to bear onerous burdens. The last is the Iraqi invasion of Kuwait, in terms of the declared justifications for it, its historical roots, the Arab and international reactions to it, its repercussions for Arab security, and the growth in influence of the neighbouring countries.

5. The study concludes by proposing certain potential alternatives, with a view to breaking the vicious circle in which the Arab-Israeli conflict has been caught. It is the major conflict in the region, and is directly responsible for the region's instability, and for threatening the sovereignty and national security of States in the region. The first alternative is for the Arab parties to take the initiative for a package deal to be prepared concerning a final settlement, with the effective participation of Europe and the United States of America. The second is to undertake the preparatory work required for a final formula for resolving the issue to be worked out, culminating in an open-ended Arab-American summit. In opting for either alternative, it is highly important that either should be accompanied by the removal of the weapons of mass destruction, particularly nuclear weapons, from the region and, furthermore, that an Arab economic bloc be created. Such an economic bloc should be outward-looking, capable of dealing with the other Middle-East, Asian, Latin American and African blocs. Equally important is the need to settle all inter-Arab disputes, as well as Arab disputes with all neighbouring countries.

6. Regarding domestic affairs, the study begins by identifying the sources of social peace in terms of both national factors and such external factors that pose a threat to domestic peace. A number of factors are covered. The first is the politicization of social pluralism owing to a complex set of socio-economic reasons, apart from the fact that such pluralism, which is very rich indeed in the Arab region, is accompanied by various regional and international interventions. The second is the escalating economic crisis, in all its manifestations, which has led to the adoption of the policies of economic stabilization and structural adjustment, with a high social cost. A third is the increasingly acute socio-economic disparities, expressed in terms of the problem of fair distribution, as a result of the stumbling process of economic development, possible administrative corruption and the monopolization by certain categories, regions and groups of economic, as separate from political, privileges. The process of democratic transformation, and the adoption of most of the relevant experiments, may be regarded as a model of restricted political pluralism. This is characterized by having a superstructure that is limited in scope as well as prone to setbacks and stumbling. In dealing with the Islamist movement, the failure of the Arab political systems to distinguish between the components of that movement by allowing the moderate Islamist elements to participate in the political process has led to the activation of extremist elements, which have levelled the charge of apostasy either at the regime, or at society, or at both.

7. Regarding the sources of regional threats, the study deals with a different set of factors. These include first, the disputes between the ESCWA States, with some tending to interfere in the internal affairs of others, and some tending to settle their accounts by violating the rights of others. Secondly, there is the increasing Iranian and Turkish infiltration into some ESCWA States, particularly in the era after the Gulf War and its implications in terms of the destruction of the military and economic capabilities of Iraq, which had been regarded as regional ballast, balancing the powers of the two neighbouring States. This has confused the very concept of Arab security, which had been established based on the idea that Israel was the major source of threats to Arab security. This is closely associated with another factor, namely, the future of Iraq and the conflicting trends that are tearing it apart. One of these suggests the possibility of dividing Iraq into three small states, and another supports the idea of interfering in the internal affairs of Iraq by supporting the opposition, with a view to eventually overthrowing the existing regime. The process of peaceful settlement is, moreover, stalemated for reasons identified in detail in the first part of the study. Finally, there is the Afghan war experience, which gave a great deal of military expertise to some of the Arab Islamist groups that participated in it. So much so that they have come to constitute a major source of the threats directed against the political stability of their countries, to which they returned after the end of the war waged against the Soviet presence and the outbreak of conflict among the Afghan comrades-in-arms, themselves.

8. As for the sources of international threats, the study focuses on the impact of the dependence of ESCWA States on the outside world. The economic impact is due to the dependence on oil; the

technological impact is bound up with the technology exported from the West; while the military impact is attributed to the foreign military presence. There are, besides, the effects of globalization, a phenomenon that is being crystallized and that has not yet taken its final shape.

9. This study concludes by proposing several approaches to the achievement of domestic stability and social peace. Some are related to the internal environment, such as political reform, consolidation of the democratic development process, stimulation of economic development and social justice and achievement of national cohesion. Others concern the external environment, both regional and international, such as the settlement of intraregional disputes between the ESCWA countries, as well as their disputes with neighbouring States, the formulation of a pan-Arab strategy for handling the Arab-Israeli conflict, the maintenance of the territorial integrity of Iraq and, finally, the strengthening of Arab economic integration.

Annex II

**A SUMMARY OF THE STUDY ON ECONOMIC DEVELOPMENTS
IN THE ESCWA REGION**

1. The study analyses the broad economic developments and major development trends in the ESCWA region during the period 1970-1998, followed by an examination of the evolving developmental patterns and stabilization in the area, intraregional economic relationships and the position of the ESCWA region in the world economy. A final section provides concluding remarks pertaining to the economies of the ESCWA member countries on the threshold of the twenty-first century. The study draws attention to the fact that any review of economic developments in the ESCWA region must take into account two political factors, namely, the Arab-Israeli conflict and the inability of the Arab countries to establish a united political front; and one economic factor, the rise and subsequent fall of oil prices in real terms. The paper briefly addresses each of these three factors.
2. The ESCWA region has experienced three major growth periods: a period of generally high rates of growth from the mid-1970s to the early 1980s, a period of slow growth from 1982 to 1990; and a period of modest recovery in the 1990s, all of which have been influenced by the fluctuations in oil revenues. It is estimated that the growth rate for the ESCWA region, based on a sample of countries, averaged approximately 5 per cent during the period under consideration. This rate compares favourably with that recorded for Latin America and Sub-Saharan Africa, but is lower than the average growth rate achieved in East Asia and the Pacific. Four major sectors have experienced shifts in their relative contributions to the combined gross domestic product (GDP) of the ESCWA region: the share of mining and quarrying (oil extraction) has declined sharply, while the share of services including trade, of manufacturing, which, however, is still small, and of the public sector have all increased.
3. Within the manufacturing sector, the food and textile industries have remained the most important branch of industry, but their overall position has declined, while the role of the intermediate goods sector, which includes petroleum refining, has increased. A significant portion of the growth in manufacturing output has been achieved through increases in investment and physical capacity rather than increases in productivity. The Arab countries have made impressive strides in the development of human resources. Enrolment ratios have steadily increased and important professional cadres have emerged. However, while the stock of Arab technical skills has been expanding, serious gaps remain in the development of Arab technological capabilities, a fact that has limited the role of technology in the development process of the region. Further, the Arab countries have not made any significant headway in developing and applying information technology or in building an important endogenous technological base. The emerging Arab markets are gradually being developed, but remain relatively small and sparse in comparison with other emerging markets.
4. Most of the Arab economies have opened up in the sense that no restrictions are placed on international current transactions (current account convertibility has been established). Many allow free capital transfers, though the restrictions and controls regulating such transfers vary from one country to another. ESCWA member countries that are not Gulf States generally continue to maintain trade barriers, primarily in the form of high tariffs. In some ESCWA member countries, external liberalization has been accompanied in recent years by the slow diminution of the role of the public sector and, in a few of them, by a gradual process of privatization. The rate of absorption of new employees by the public sector has generally declined, though this sector continues to be a major employer.
5. The macroeconomic performance of the ESCWA region over the past 25 years is characterized by three phases: the pre-oil-boom period, which witnessed tolerable rates of inflation; the oil-boom period, which saw increasing inflationary pressures; and the post-oil-boom period. During this last period, the Gulf

economies managed, on the whole, to maintain relatively stable price levels and exchange rates. For the other ESCWA member countries experiences varied. While inflationary pressures have persisted, progress has been made in recent years in controlling inflation. During the period under review, balance-of-payment pressures arose and countries often had to resort to external borrowing. Recognizing the need to deal with fiscal and external debt problems, several ESCWA member countries implemented stabilization policies, including external liberalization measures and initiated structural reforms. Nonetheless, a serious fiscal burden remains, and additional efforts are required to bring the situation under control.

6. Economic relations within the ESCWA region and, more generally, within the Arab world, have been characterized by the lack of a systematic evolution towards the establishment of close intraregional ties. Trade between ESCWA member countries, and between Arab countries as a group, accounts for a small share (less than 10 per cent) of the total; Arab markets have long been fragmented and highly protected, which has inhibited the expansion of trade between them. Recently, however, most of the Arab countries signed an intra-Arab free-trade area agreement that calls for annual reductions of 10 per cent in tariffs and similar fees on Arab goods from 1 January 1998. In the area of intra-Arab official capital flows, oil-revenue trends have clearly influenced disbursement patterns. Bilateral aid has accounted for the largest portion of official Arab aid, and one of its major characteristics has been its generally large grant element. During the period 1993-1995, Arab aid averaged between 3 and 6 per cent of GDP in the individual non-Gulf ESCWA member countries. Prior to 1990, an intraregional movement of labour was primarily directed towards the Gulf countries, an arrangement that benefited both labour-exporting and labour-importing economies. However, the Gulf war and the subsequent fiscal strains experienced in the oil-exporting countries led to return migration from the Gulf. Lebanon, especially during the 1990s, has hosted a large number of Arab workers, mainly from the neighbouring Syrian Arab Republic.

7. The ESCWA region occupies a minor position in the global economy. In 1996 its combined GDP accounted for a little over 1 per cent of world GDP, even though its population represented 2.5 per cent of the world total. However, during the same year, trade in the ESCWA region constituted 7 per cent of total world trade owing to oil exports. The ESCWA region is highly dependent on the markets of the industrialized countries. The Gulf economies exhibit very high ratios of trade to GDP, oil being the key element in this regard. Jordan and Lebanon are also highly dependent on world trade; for the other countries in the region, trade ratios are lower. World Bank data for ratios of trade to GDP at the purchasing power parity exchange rate indicate that over the period 1986-1996 the ratios applicable to the Middle East and North Africa were higher than the combined averages for the lower and middle-income countries. The bulk of the trade in the ESCWA region is with industrialized countries. There have been no important Arab technological advances made in past decades, so the dependence of the Arab world on manufactured goods, especially equipment and products incorporating advanced technology, has remained high. The Arab economies have continued to depend heavily on the technological capabilities of the Western countries. In contrast with its trade flows, the net financial flows into the ESCWA region have not fared well. For the period 1991-1995, they averaged approximately 2.4 per cent of the world's total financial flows, declining to 1.7 per cent in 1996, compared with 29 and 32 per cent, respectively, for Latin America and the Caribbean and 6.4 and 4.8 per cent, respectively, for the South Asian countries. As a percentage of GDP, net financial flows in the first half of the 1990s were lower for the ESCWA member countries that are not Gulf States than for other developing regions, with the exception of South Asia. The share of foreign direct investment has been increasing, while the net outflows associated with long-term debt have been declining. Portfolio equity flows were negligible until the mid 1990s but have been increasing since then as a consequence of the growth of the emerging Arab markets, particularly that of Egypt. The level of the inflow of grants has fluctuated from one year to another, but grants continue to constitute the largest single source of inflows.

8. The international environment has changed drastically, especially during the last decade of the century. Emerging globalization and the rise of economic blocs characterize the currently evolving world economic and financial system. As part of this process, the ESCWA region faces a number of challenges

related to two major trends: (a) the diminished position of oil resources and the generally declining growth rates and investment ratios following the oil-boom period; and (b) the decreasing role of official concessional capital flows. The challenges that the ESCWA region faces, which are discussed in the study, may be outlined as follows: raising the productivity level of national production, establishing a sound economic environment and enhancing the quality of governance, and putting in place an effective process for closer economic cooperation between the ESCWA member countries. The Arab free-trade areas may be regarded as an initial step in this direction. Meeting these challenges will create opportunities for the ESCWA region to maintain sustained levels of growth and prepare its economies to move ahead in the context of the rapidly changing world economic and financial environment.

Annex III

**A SUMMARY OF THE STUDY ON SOCIAL DEVELOPMENTS
IN THE ESCWA REGION**

1. The oil boom that began in earnest in 1974 with the steep rise in oil revenues in the Gulf countries affected not only the economic development of the ESCWA region but also its social development. In the Gulf countries themselves, one early consequence was the imbalance between the economic and the social aspects of development; per capita gross domestic product rapidly reached levels comparable to, if not exceeding, those found in the most developed countries, while social conditions remained typical of those found in developing countries. The great abundance of financial resources, however, permitted the adoption of a government policy under which social services were free and universal. Social services apparatus, particularly for education and health, were generally imported from the more developed countries, and large numbers of teachers and medical personnel were attracted to the Gulf countries with the promise of attractive remunerative packages. Educational and medical facilities were built at great speed. As a result, in the 25 years that followed (that is, the period under review), the people of those countries benefited from unprecedented improvements in the areas of education and health. By the end of the period, the socio-economic gap that had existed earlier had largely been bridged, owing to the economic slowdown and the continuing improvement in social conditions, and the balance between social and economic development came much closer to the norm found in other countries. This period was characterized by a transitional process during which wide imbalances between social and economic indicators were overcome and the balance between the two largely re-established, but at a higher level of development.

2. The non-Gulf countries of the region experienced a similar situation, but on a scale far less grand. Incomes rose in these countries mainly because of the large remittances sent home by those who had emigrated to the Gulf and because of the grants and concessional loans they received from the Gulf countries. The imbalance between social and economic indicators in those countries was more subtle and less apparent than that existing in the Gulf countries, however.

3. The transitional process characterizing the Commission's first 25 years was reflected in unusual trends in social development.

4. Fertility rates rose in most countries because of higher incomes and better health and because of the slow advances in education (higher educational levels tend to correlate strongly with smaller family size). High fertility rates resulted in very youthful populations. The decline in mortality rates was also significant, particularly in the Gulf countries, and life expectancy at birth rose rapidly. Crude death rates fell to unprecedented levels of 2 or 3 per thousand. Very low crude death rates coupled with very high birth rates resulted in unusually high rates of population growth for the region during the period under review; in fact, the rates of population growth in the area (excluding Egypt) surpassed those recorded for all other regions and subregions of the world.

5. The oil boom also intensified labour migration to the Gulf countries. Most of the migrants came from other countries in the region and from non-Arab Asian countries. For the Gulf region as a whole there was a major shift as non-nationals, who once constituted a slight minority, grew to represent a substantial majority of the labour force. At present, all Gulf countries have labour forces comprised primarily of non-nationals, with proportions varying between 65 and 95 per cent. Initially, most of the expatriate labour force in the Gulf subregion were Arabs, but Asians now form a clear majority.

6. The process of urbanization accelerated during the period under review. In the Gulf countries, the international migrant population was primarily responsible for urban expansion, which at times reached extremely high levels. In the more diversified economies, movement to the cities came mostly from the rural areas. In all cases, the capital cities (and for Egypt and the Syrian Arab Republic, the two major cities) were hardest hit and were forced to deal with problems of congestion, pollution and, at a more general level, the

primacy of the major city over other urban areas and over rural areas. The ethnic impact of the urbanization process was more acutely felt in the Gulf countries than in the other countries of the region. The problems in the latter related to the insufficient preparation of rural migrants to city life and to the limited capacity of the receiving cities to absorb immigrants, all of which tended to contribute to the creation and maintenance of slums.

7. The oil boom was responsible for impressive achievements in the field of education. Illiteracy was drastically reduced throughout the region and was virtually eliminated among the younger generation in most of the Arab countries. Enrolment rates increased significantly, especially for females, and in some ESCWA member countries, the secondary school and university enrolment of women eventually surpassed that of men. The demand for higher education grew, and the number of universities in the region jumped from around 30 at the beginning of the period under review to more than 80 at present. University enrolment increased, and the progress achieved in education was reflected in the upgrading of the labour force in the region, in terms of both skills and occupational structure. Economic participation among women increased considerably, though it remained below the levels recorded for developed countries.

8. Finally, this period has brought a new set of challenges to the Arab family. Marriage is taking place at a later age because of the spread of education and because of adverse economic conditions affecting youth in most of the countries of the region, in particular, the high rate of unemployment and the shortage of affordable housing. Women now tend to marry later, and a higher proportion of them never marry at all (though the figures are still modest in comparison with Western countries). The region's population is aging owing to the recent decline in fertility rates, and the burden of support within the family is shifting as a smaller number of children must support parents who now live longer than they did in the past. Even with the decline in family size, the economic burden of raising children has not diminished, since support is often provided for a longer period as these children seek to attain higher levels of education than ever before.

9. The oil boom and its aftermath has dominated a good part of the 25-year period since the establishment of ESCWA. During the latter part of this period, oil prices have fallen considerably and the economic development of the region has slowed way down. Oil revenues have dwindled, and the financial surpluses of the Gulf countries are now a thing of the past. The main social challenge for the ESCWA member countries now and in the near future is to maintain the social gains that were realized in the past, but under much less favourable economic conditions than those that existed previously.

Annex IV

**A SUMMARY OF THE STUDY ON THE DEVELOPMENT
OF INSTITUTIONS IN THE ESCWA REGION**

1. This study, which deals with political and institutional developments in the ESCWA region over the last quarter of a century (1974-1999), is based on the fact that such development may be explained in terms of a set of interrelated regional and international factors that have ultimately produced a model with generally consistent dimensions.
2. At the regional level, the Ramadan war in October 1973, with the rocketing of oil prices that immediately followed, led to deep structural developments. Although a remarkable military and strategic achievement by the Arabs, the outcome of that war fell short of securing a decisive military victory over Israel. The Egyptian leadership chose, therefore, to exploit that outcome in reaching a peaceful settlement with Israel, which led to a deep Egyptian-Arab rift for more than a decade (1977-1987). The attempt to reach a settlement with Israel, however, continued to reveal certain facts about the conflict.
3. Furthermore, the sudden rise in oil prices, starting in late 1973, led to real changes in the balance of power within the Arab system, which confirmed the transformation that followed the 1967 war. That system had embarked on a stage of power diffusion, rather than power concentration in Egypt, and multi-leadership roles rather than a single leading role for Egypt. This eventually had certain adverse effects on the Arab system, as none of the emerging roles encompassed the tasks previously entrusted to Egypt. Nor was it feasible to create an alliance capable of filling the vacuum left by the diminishing Egyptian role. A reduction in the level of joint Arab action by the institutions concerned, after the temporary awakening generated by the pride taken in the October 1973 achievement and the abundance of oil money.
4. Coinciding with this were international changes that swept away the existing world order, starting in the mid-1980s, together with the collapse of the Soviet Union, one of the two poles of that order, and its followers. This meant a victory for liberalism, both political and economic, and the rise of global capitalism, led by the United States of America. This had certain implications for the ESCWA region: a great momentum towards political pluralism, privatization policies and involvement in the international market-place.
5. Based on this background, the study traces the political and institutional developments in the ESCWA region from 1974 to 1999, focusing on five issues:
 - (a) Development of political systems: the tendency to, and constraints of, pluralism;
 - (b) Development of the Arab system: less cohesion, and the rise of subregional systems;
 - (c) Conflict issues: the tendency to settle the main conflict, and the outbreak of subsidiary conflicts;
 - (d) Economic development issues: the oil era, structural reform and the stumbling of integration;
 - (e) Social development issues: intricate implications of deep structural changes.
6. In part I, which deals with the development of political systems in the region, the study focused on establishing different indicators pointing to the tendency by the existing systems of government to practise, in varying degrees, political pluralism. The analysis explains, however, that such pluralism has not so far succeeded in creating a fully democratic system in any Arab regime.
7. In Part II, which deals with the development of the Arab system, the analysis focuses on the indicators pointing to a temporary rise in the number of joint Arab action institutions. A heavy blow was dealt to these institutions by the Egyptian-Arab rift over the settlement with Israel (1977-1987). No sooner had the effect of the blow lessened than the Gulf war began (1990). A sharp weakening was, therefore, observed in these institutions. This, together with other developments, such as the changes in oil prices, in the case of the Gulf, paved the way to the emergence of subregional Arab groupings: the Gulf Cooperation Council (1981), the Arab Cooperation Council and the Arab Maghrib Union (1989). At the time, it was said that these were not in conflict with joint Arab institutional action; and that they perhaps represented the right

alternative to its development. They, in their turn, however, failed in varying degrees to effect a qualitative change in the Arab system. Perhaps one of the reasons is that, in general, they do not constitute homogeneous groupings but rather are microcosms of Arab contradictions. Though the GCC may be regarded as an exception in this respect, it has nevertheless suffered from certain problems that have reduced its effectiveness.

8. With regard to conflict issues, the study focused on proving that the tendency is to favour a political settlement of the Arab-Israeli conflict. It is a highly complex tendency, and because of this, and of the regional and international intricacies of the conflict, is making extremely slow progress. So far, no significant institutional framework has resulted. In this connection, the study cites arrangements for institutions in the Middle East and how they have so far failed to come into being.

9. The study, however, refers to the escalation of certain conflicts which, from an Arab perspective, are secondary such as the Iran-Iraq war, the Iraqi invasion of Kuwait and a number of important instances of civil strife. The study focuses on the effect that the Iran-Iraq war had in reducing the relative importance of the Arab-Israeli conflict and on the Arab system. It also points out that, judged by a certain standard, it was a preparation for the Iraqi invasion of Kuwait which had, as is well known, highly negative effects on the cohesion and national security of the Arab system. The study is concerned with the analysis of the civil strife in Lebanon, Iraq and Yemen. Its institutional dimensions are stressed, as well are the role of regional and international factors in its escalation, settlement, freezing or eventual resolution.

10. Concerning economic issues, the study concentrates on three: the effect of oil on the economy of the region; structural reform policies; and the stumbling regional integration. Regarding the first issue, the study explains the crucial effect of oil on the economy of the region. It focuses on the emergence of Arab development institutions, the phenomenon of labour movement across political borders, from non-oil-producing, densely populated countries to oil-producing, sparsely populated ones. Regarding the second issue, the study reviews the dimensions of privatization and the progress of its implementation in the countries of the region. It also discusses the obstacles it encounters, and the effect of these obstacles on the rate of that progress. In connection with regional integration efforts, the study shows how such efforts have failed and the dangers inherent in this failure for the Arab system. Dogged by that failure, not to mention the lack of political cohesion, the Arab system still faces the need for involvement in the global marketplace within the framework of the World Trade Organization (WTO).

11. As for social issues, the analysis deals with the question of migrant workers from a social perspective, the social impact of structural reform policies and the development of civil society institutions in the countries of the region. Regarding the first issue, definitely negative effects have been shown to follow, as well as positive ones, from the phenomenon of migrant workers in the region, both in the sending and the receiving countries. The study observes the absence of any effective organizational framework for the movement of those workers. Concerning the social effects of the structural reform policies, reference is made to the controversy on whether such effects are incidental or structural, the negative nature of these effects in general in terms of the lowering of the levels of real income and the rise in unemployment, and the alleviation or postponement mechanisms that the countries concerned have used in confronting these effects, but without drawing up a comprehensive policy on the issue. As for the development of civil society, the study establishes the reasons for the creation, and the fields of activity, of the civil society institutions in the countries concerned, pointing out their differences, the challenges facing them, especially from the point of view of their relationship with government, and the efforts being made for the establishment of a pan-Arab network for such institutions.

12. In conclusion the study states that the region's capacity to adjust to current changes, nationally, regionally and globally, is incomplete; and that there is still a very urgent need for a great deal of effort to be made in the direction of political and economic development in the region, if a qualitative advance is to be achieved in the next quarter of a century, compared with the last 25 years.

Annex V

**ESCWA (1974-1999)
TWENTY-FIVE YEARS OF SERVICE TO THE
REGION'S DEVELOPMENT**

Summary

1. The Economic and Social Commission for Western Asia (ESCWA) was established as a regional commission by the Economic and Social Council, of which it is a subsidiary body. It is the last of the regional commissions to be founded and has the fewest member States.
2. In contrast to the other regional commissions, ESCWA has the special feature of covering a culturally and linguistically homogeneous area, the Arab countries of the Middle East, although it is involved in other religious, economic and geopolitical arenas. ESCWA has its roots in the region and has manifestly suffered from the vicissitudes of the regional conflicts, which have had such a powerful influence. Now that ESCWA has been in existence for 25 years, it is legitimate to reflect on the way in which it has managed to carry out its initial mandate and adapt to the conditions of life in the region in which it works and on how it has altered those conditions, as well as on the role that ESCWA has come to play in the economic and social development of the countries of the region and in their economic and social integration.
3. The material presented in this study, limited by the availability of sources and indeed by the complexity and scope of its own ambition, is organized into five parts.
4. Chapter I presents the regional context in terms of a number of economic and social statistics. It highlights the diversity of the countries covered by the ESCWA mandate and in particular the rapid developments which propelled most of these countries, in less than a quarter of a century, from relative backwardness to rapidly increasing prosperity and then into an economic and social crisis. Today this crisis has generated severe tensions, accentuated by the structural adjustments introduced in several countries of the Western Asia region and by the dynamics of privatization and deregulation.
5. Chapter II analyses the circumstances of the Commission's founding and existence. In 1947, in order to assist the economic and social reconstruction of regions devastated by the Second World War, the Economic and Social Council created the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific. In 1948 Latin America too was equipped with a United Nations economic commission. In 1958, the Economic Commission for Africa was set up. However, the Western Asia region had to wait almost another 25 five years before it obtained its own regional commission.
6. The underlying idea of an initial proposal made in 1948 by the General Assembly of the United Nations was that collaboration between the countries of the Middle East would enable them to improve their economic and living standards and that close collaboration with the United Nations and its subsidiary organs, as well as with the regional organizations of the Middle East, such as the League of Arab States, would facilitate such collaboration.
7. However, the Israeli-Arab conflict invested the relations between the region and the international community with a political dimension that tended to relegate the question of the region's social and economic development to the background. It is nevertheless true that, while this conflict constituted a major obstacle, it was far from being the only factor of instability and tension in the Middle East throughout the period 1949-1973, which was also punctuated by many civil conflicts within and between Arab countries.
8. The United Nations Economic and Social Office in Beirut (UNESOB) was established by Economic and Social Council resolution 955 (XXXVI) of 5 July 1963 as an interim measure. The reasons for the failure to create a regional commission in 1949 were still there 25 years later, time had passed but relations between

Israel and the other countries of the region remained belligerent. However, in almost 25 years the Middle East had been transformed, and awareness of the region's economic interests had developed through the League of Arab States, Organization of Arab Petroleum Exporting Countries (OAPEC) and even UNESOB. Furthermore, the balance of power in the United Nations had undergone a profound change; from the 1970s the Western countries no longer controlled the voting in the General Assembly or the Economic and Social Council.

9. It was in this context, and largely through the efforts of Lebanon, that the Economic Commission for Western Asia (ECWA) was officially constituted in 1973; on 9 August 1973, thanks to the fighting spirit of the Lebanese delegation supported by the developing countries and the socialist countries, the Economic and Social Council established by its resolution 1818 (LV) the Economic Commission for Western Asia composed of the 12 Arab countries that had enjoyed the services of UNESOB: Bahrain, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, the Syrian Arab Republic, the United Arab Emirates, and the two Yemens.

10. Like the other regional commissions of the Council in their own regions, ESCWA is the regional link for the Middle East in the United Nations system. By reason of its regional status and its membership of the international community, ESCWA occupies a very special place in the United Nations system. Its location at the interface between the United Nations and its Member States entails duties and a broad mandate.

11. The essential purpose of ESCWA is to promote the economic and social development of these States by coordinating regional cooperation between them and the United Nations bodies and agencies operating in the region, while at the same time involving the many regional organizations.

12. The mandate entrusted to ECWA by the United Nations remained relatively unchanged from 1974 until the 1992-1994 restructuring. However, like the other regional commissions, ECWA underwent minor reforms in 1977 and 1985.

13. The questions of Egypt's admission to membership and the representation of the Palestinian people came up very swiftly. Egypt was already a member of the Economic Commission for Africa of the United Nations and its status as a regional power in the Middle East argued strongly in its favour; it became a member of ECWA in 1977. Where Palestine was concerned, the recognition of the Palestine Liberation Organization (PLO) by the General Assembly authorized the Council, by resolution 2089 (LXIII) of 22 July 1977, to accord to the PLO the right of membership in the Commission. Attention may be drawn here to the Commission's pioneering role, for it was the first international body in which the PLO became a member with the same rights and prerogatives as the States that were members. This brought the membership up to 14. In 1990 the reunification of the People's Democratic Republic of Yemen and the Yemen Arab Republic into a single State reduced the number of States members of the Commission to 13.

14. On the proposal of the members of ECWA, the Economic and Social Council was requested to adopt the title "Economic and Social Commission for Western Asia" in order to bring out more clearly the social dimension of development in the activities of ECWA. The Council endorsed this proposal in its resolution 1985/69 of 26 July 1985, by which ECWA became ESCWA. This change did not really alter the Commission's mandate but adapted it to a regional context in which social issues had come more to the fore since the onset of the economic recession and to the shifts in international and United Nations development preoccupations.

15. Against the background of the general reform of the United Nations launched in the early 1990s in an effort to revitalize the Organization in the economic and social spheres, and following a visit by the Office of Internal Oversight Services (formerly the Office of Inspections and Investigations), ESCWA initiated a restructuring process. Its secretariat identified three basic priorities for the Commission's work: management of natural resources and the environment; improvement of the quality of life of the peoples of the region; and creation of a favourable environment for the development of regional economic cooperation.

16. In order to complete the restructuring of its programme of work, ESCWA integrated its 15 or so divisions into 5 interdisciplinary thematic subprogrammes. This reorganization deliberately placed emphasis,

from a structural and formal standpoint, on interdisciplinary work, imposing a need for coordination and collaboration, which it is not always easy to incorporate into working methods.

17. In the view of many observers, ESCWA has never truly established itself anywhere. This instability is a true reflection of the region itself. But in no case has this nomadic existence been the fault of the United Nations or of the Commission. The successive relocations of the ESCWA headquarters were dictated every time by events in the region. Its nomadic way of life is an accurate reflection of the chronic instability which has afflicted the region since the Second World War and has certainly been the main constraint on the qualitative and quantitative development of the Commission's work since its creation in 1974. These various moves without doubt affected the continuity of the work.

18. Chapter III deals with the relations between ESCWA and its parent body, the United Nations. It describes the Commission's structure and the evolution of the financial and human resources allocated to it, as well as its role vis-à-vis the big themes promoted by the world conferences organized by the United Nations. It also shows how over the years the Commission has forged diverse forms of cooperation with the various international specialized agencies and organizations.

19. ESCWA is first of all a United Nations body and its activities are determined by its mandate and by the resources furnished to it by the Economic and Social Council and the General Assembly. It is also this system that generates the big global development themes that guide the Commission's work.

20. ESCWA has three main components: the ministerial session, attended by representatives of the member States, who act as the Commission's parliament; the Technical Committee, responsible for determining the Commission's general policy; and the secretariat, which is the Commission's executive arm. The Executive Secretary directs the secretariat and all of the Commission's administrative and professional divisions. He is appointed by the Secretary-General of the United Nations in consultation with the States Members of the United Nations.

21. The Advisory Committee was created by the Commission in 1989 to enhance the performance and role of ESCWA; its members are the heads of diplomatic missions of the member States of the Commission. Its task is to study the main points of interaction between the member States, the region and the ESCWA secretariat.

22. The Commission's financial resources determine to a very large extent its policies and work capability. It has three main sources of funding: the regular budget, which is voted by the Fifth Committee of the General Assembly for each biennium; extrabudgetary resources consisting of the financial contributions of other United Nations bodies, such as the United Nations Development Programme (UNDP) and (UNFPA); specialized agencies; bilateral donors; and voluntary contributions of the member States.

23. One of the peculiar features of the regional commissions of the United Nations is that they are regional intergovernmental bodies that operate on the democratic principle of one member, one vote, whereas many of the other programmes and specialized organizations of the United Nations are governed by the shareholding principle of the Bretton Woods institutions, where the amount of each State's financial participation (its assessed contribution) determines its power in an organization, in UNDP, for example. One specific feature of the regional commissions, which sets them apart from other United Nations organizations, is that they are also governed by an intergovernmental body, the ministerial session, which can genuinely represent the region.

24. Like its fellow organizations in other regions, ESCWA has a mandate to coordinate the activities of these various specialized organizations and subsidiary organs in order to prevent any duplication and try to create a little synergy in the region's economic and social development.

25. This report does not claim to paint an all inclusive picture of the collaboration between ESCWA and the multitude of organizations of the United Nations system, which would have to include ad hoc and small-scale activities, but to describe the various forms of cooperation by means of a few fruitful examples:

cooperation with UNDP, UNFPA, the UNIFEM, UNCTAD and UNEP from among the United Nations bodies, FAO and UNIDO from among the specialized agencies, and WTO from among the organizations that cooperate with the United Nations. From the institutional and formal standpoint, the forms of collaboration between ESCWA and the United Nations organizations have been fairly varied.

26. As a regional link in the United Nations system, one of the Commission's functions is to keep United Nations bodies informed and coordinate their activities at the regional level. The ESCWA policies and programmes of work are largely determined by the decisions of the Economic and Social Council of the United Nations.

27. The life of the United Nations in the economic and social fields is punctuated by world conferences on specific themes, which mobilize the system for the preparation of the meetings on, and especially for the implementation of the programmes of work and priorities adopted at each of them. The organization and follow-up of such meetings mobilize funds and redistribute them to United Nations bodies and agencies, enabling the regional commissions to work on catalyst topics with earmarked financial resources. In relation to these big international conferences, ESCWA, like the other regional commissions, acts as a sounding board of what interests the international community, and as a mediator between it and the region.

28. Chapter IV takes up the fundamental question of the Commission's regional foundations. It sets its relations with the region's organizations in the historical context of the difficulties experienced in bringing coherence and integration to a region beset by many tensions. It also tries to assess the interest taken in the Commission by its member States, especially in the form of technical cooperation. It emphasizes in particular the remarkable progress of the integration of the Commission into its regional environment and the resulting increase in its credibility and legitimacy.

29. The Commission's main tasks include the representation of its member States and defence of the region's interests. This paper examines the various forms of the Commission's involvement in the promotion of regional integration, in particular its collaboration with the region's other intergovernmental organizations. Since its creation in 1974 the Commission has developed its relations and has concluded agreements with the main intergovernmental regional organizations in Western Asia, including the League of Arab States and its satellite organizations, the Council for Arab Economic Unity and OAPEC.

30. It is a permanent endeavour of the Commission's staff at the national level to have ESCWA taken over by its member States, to make it truly their Commission. Since 1982 when the Technical Committee was created, and even more so since the 1990s when the various technical thematic committees were set up, ESCWA has redoubled its efforts to involve its member States more closely in the formulation and follow-up of the work programmes. This is a good illustration of the secretariat's constant concern to improve the participation of the member States so that they will look upon this intergovernmental institution as a regional agency serving the cause of their region's economic and social development.

31. The interest shown by the member States in technical cooperation has increased sharply since the end of the 1980s; in less than 25 years ESCWA has become a genuine regional centre of reference in the field of technical consultation both with the various United Nations bodies and with member States and regional organizations, where ESCWA consultants frequently play a part in training seminars and courses. The great concern in this sphere is to be operational and capable of reacting to the requests from States; such activities also constitute a very good means of communication to improve the Commission's image in the eyes of its member States and the United Nations.

32. In order to finance regional projects the Commission has sought additional means of gathering funds to supplement those provided under the United Nations regular budget and as extrabudgetary resources. At the 1976 session a voluntary fund was created to finance the biggest possible number of economic and social services and projects for the region's least developed countries. It was decided at the 1980 session to expand the scope of the activities that may be financed from this fund to include statistical and analytical studies, training sessions, and consultant services in the various economic and social spheres. The fund was initially

intended as a channel through which the region's rich countries could demonstrate their solidarity with the poor countries and as a means of compensating for the paucity of the credits allocated by the United Nations for operational projects. It has mainly been the oil-exporting countries such as Iraq, Kuwait, Qatar and Saudi Arabia that have contributed to this fund, but the sums made available have been small.

33. Chapter V, which is the last chapter, deals with the many different ESCWA activities, mainly as reflected in its publications and in the conferences and seminars it has organized. It throws light on the extent to which its research and expert advisory work have fitted in with the big international development preoccupations and with the region's economic and social evolution.

34. This study, of 25 years' written output, based on lists of documents, brought out a first general trend: during the first 15 years of its existence the Commission was firmly committed to the promotion of economic development, with a marked technical bent and a determination to encourage the capital formation and planning, both vehicles of progress and modernity. The economic publications of the most recent past reflect the adjustment of this vision of development to the theory and the reality of the world economy: they deal with the impact on the region's economies of structural adjustment, trade liberalization, privatization and the peace process.

35. Furthermore, from the end of the 1980s there has been a greater awareness of the questions of human capital, institutions and social development. This reflects both the regional economic crisis and an international awareness, conveyed by the big institutions (World Bank and United Nations), of the need to adopt a new development perspective. Since 1992 this change of direction has been manifested in restructuring, with the creation of the Social Development Issues and Policies Division.

36. Thus, the Commission's social function, embodied in 1985 in its change of name (from ECWA to ESCWA), has taken some time to establish itself and even remained, apparently, unstructured and poorly adapted up to recent years. It was incorporated in the structure by the 1994-1995 reorganization. Beginning in the 1990s, studies have been made of the impact of the crisis and structural adjustment on social development, of the problem of drugs and crime, and of youth and other problems; the 1995 World Summit for Social Development in Copenhagen certainly stimulated this interest.

37. A second general trend is the involvement of ESCWA in regional cooperation: in 1974 it was a question of an Arab common market, but later approaches focused instead on regional cooperation in fairly well-targeted fields: technology, industry, trade, and the harmonization and improvement of statistical and accounting methods or methods of international comparison (purchasing-power parities, for example). To begin with, these topics were treated as part of the development cooperation among the developing countries, but from the early 1980s the context was the debate over globalization and strengthening of regional poles. In the 1990s they drew part of their justification from the progress of the peace process, closely linked to economic cooperation.

38. Among the main topics, agriculture and rural development constituted a major axis of ESCWA programmes of work until the early 1990s. ESCWA has done much for the region's industrialization in collaboration with UNIDO and various regional partners, in particular with the Arab Industrial Development and Mining Organization. It has endeavoured to promote regional cooperation, especially in the fields of industrial joint ventures, capital goods and industrial planning, but the results have been limited, for many projects have not moved beyond the stage of feasibility study. ESCWA and the UNEP have also done much to increase awareness of environmental problems in the region, especially with regard to drinking water, sea water and the fight against desertification.

39. The evolution of the treatment of social questions in the Commission's written output offers a case study of the extent to which its work stands at the interface between, on the one hand, the United Nations themes, with a rallying in support of campaigns launched by decades or world conferences and, on the other hand, its roots in regional developments and the interests of its member States. This evolution also underlines

the integration of the social component in the Commission's work, in areas where its mandate had originally been conceived only in economic terms.

40. Since the World Conference of the International Women's Year, held in Mexico in 1975, ESCWA has done much work with UNIFEM to improve the participation and integration of the women of Western Asia in economic and social development. The main priorities set by ESCWA in this area include the traditional themes of United Nations bodies: employment, poverty, elimination of illiteracy, and promotion of women's non-governmental organizations as representatives of civil society.

41. On the question of Palestine, ESCWA has focused on the production of studies on the situation in occupied Palestine, assistance, implementation of practical measures to improve the living conditions of the Palestinian people, and support in search for solutions to its problems.

42. Over almost 25 years the Commission has published a large number of studies and research papers, and it has organized more than 150 seminars, conferences and training workshops and sent some 40 technical cooperation missions to member States every year. This huge volume of work, often done under difficult conditions, has made a big contribution to improving the knowledge of the region's economic and social problems among the member States and regional organizations and among the international community at large.

43. Its role of interface between the international community and the region is far from negligible. The end product of the meetings held, the studies produced on the main topics of concern to the region and their linkage to the world situation, is considerable. The Commission constitutes an essential source of reference on the region in a number of fields such as statistics, water and demography, and in the consideration of social issues such as poverty, women and the disabled. In some areas the Commission has managed to move beyond the fashionable international preoccupations and produce in-depth long-term work that has given the region's Governments a true awareness of certain situations.

44. In this sense, in some areas ESCWA has acted as a centre of excellence, yet there are very few sectors in which it has been truly able to perform its function of coordinator of regional policies among its member States or even in the United Nations system.

45. Since its outset, the Commission has been confronted by two big and persistent problems: the region's instability and the paucity of operational financial resources.

46. For 25 years the Commission has also provided a clear reflection of the evolution of international models in economic and social development. In its early days it was strongly influenced by the ideal of the new international economic order, but through the 1980s, and more particularly as the 1990s progressed, it gradually moved away from this ideal towards a greater pragmatism, in which the influence of the Bretton Woods institutions was felt. The history of ESCWA thus intersects with the evolution of the concept of economic and social development in the United Nations.

47. And the roots of the Commission are undeniably those of a regional institution, by virtue of its intergovernmental status, its work to bring the States of the region together, sometimes to adopt common statements on this or that topic, and its technical cooperation activities.

48. Over 25 years the vicissitudes of the United Nations and the region's chronic instability might have shattered the institution; and some commentators hold that its principal merit is to have resisted and survived.

49. The restructuring carried out since 1992 is designed to correct the Commission's defects. While it is still too early to assess the results, it can nevertheless be emphasized that today all 13 of the States of the region feel themselves more closely involved in the Commission's work, as can be seen by the increasing number of requests for technical cooperation consultations or by the higher level of representation of the member States at the Commission's sessions.

50. Since ESCWA returned to Beirut in 1997 the first effects of the restructuring of the work programmes and the revival of a clear interest in ESCWA on the part of the rich countries of the Gulf have been arousing a new enthusiasm for the Commission. Today it seems better armed to support the Western Asia region as it takes up the new challenges of globalization and the rebuilding of a shattered region in the aftermath of the conflagration of the two wars in the Gulf region.

51. At a time when ESCWA, like the other regional commissions, is being subjected to a number of criticisms, this introspective review of its history will certainly help it to identify the challenges awaiting it at the dawn of the 21st century. In fact, the parts of the world that are proving most successful in dealing with globalization are those with the most developed structures and advanced economic integration. The issue of the construction of a common market in the region is therefore more relevant than ever at a time when the region is suffering a deep economic recession that is rattling its political regimes and prompting the reordering of alliances. As the efforts made by other intergovernmental organizations on the issue of regional integration have run into the sands, ESCWA must act as the spur in relaunching operational multilateral cooperation.
