

## A Simple Model about Regional Economic Cooperation – A Multidisciplinary Approach

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### Abstract

*In this study had been investigated regional cooperation Middle East countries. This study includes, literature revive, historical background, comparison research and submitted to simple model. In this model dependent variables is economic and social development, independent variables are, population, education, culture, fiscal capital etc. Regional cooperation, which are includes social, economic and cultural are based for development. Middle East countries should be revised some economic and social cooperation in the world. These matters are important for countries. In responses to global competition their market (EU, Asia, China, North Africa) have started diversifying into new markets and production. Contrary to other economic cooperation MENA countries are differ from social and economic condition. My hypothesis is important this matter. For example, from port of Liverpool to port of Lagos distance between is 4576 mile. Time is 19.1 days. Nigeria gained independent from UK 1960, after that coined south and north. From port of Le Havre to port of Continuo distance between is 4290 mile .Time is 17.9 days. Benin gained independent from France at 1960. Many years had been some difficulties for trade two countries. Therefore regional cooperation is important .In fact, two countries Commerce City distance between is 85 mile. In this work a theoretical study and a model proposal are prepared about the information of an economic – social and political cooperation among 14 Middle- East countries and about the birth of the idea of a new cooperation (unity) while entering 21<sup>st</sup> century. The cooperation like EU, AET and NAFTA, BRIC-S, LAFTA, NAFTA, EEC, MERCESUR, SHANGAY-5, has brought some facilities to the economic life. It is impossible for a country today to live survive a closed economy to other countries in our globalize world. We would argue that the defining issue of economic geography is the need to explain concentrations of population and of economic activity: the distinction between manufacturing belt and farm belt, the existence of cities, the role of industry clusters. (Fujita, 1999, p. 4) Generally we talk about measuring development, in order to decision for future. So we can choose a series of indicators in different social fields, mainly economics, to describe how a particular society has progressed over the time. There are other phrases that have become important in the public debate trying to explain what development really means to a society. Among these we have: Well-being, Welfare state, Developed countries, Reducing poverty, Solution unemployment, Quality of Life, Human development, Social development etc. Classical sectors are changed today. Today society called "Knowledge society". Productive for work needs to quality education. Shortly, innovation policies criteria, globalization, WtrO rules, Wipo rule, Pisa scores requires new studies this field. Basically social and economic development has been result. I will explain reason and cause effect those reasons. Job creation is the first priorities in the MENA region. This model will be contributed to solution of unemployment. A free trade agreement (FTA) is a preferential arrangement among countries in which tariff rates among them are reduced to zero. However, different members of the arrangement may set external tariff for non- members at different rates (Krueger, 1997, p. 7) There are kind of agreement for example. Bilateral investment agreement, free trade agreement, regional investment agreement. I will try to my models similar to European Union. In sum up, according to Bell "Society can be viewed as three separate parts that, when integrated, create a harmonious relationship within society. The three parts: polity, market economy (techno-economic), and culture (human tradition) (Bell, 1976, p. 14) in addition to regional trade has impact of multiple effect some fields.*

**Keywords:** Regional Cooperation, MENA, Social Development, Unemployment, Social Structure, Basic needs.

### INTRODUCTION

In this work a theoretical study and a model proposal are prepared about the information of an economic – social and political cooperation among 14 Middle East countries and about the birth of the idea of a new cooperation (unity) while entering 21<sup>st</sup> century.

Regional economic integration has many names, shapes and forms, for example EU, NAFTA, ASEAN, SAFTA are differing from another. Regional cooperation are differ forms. Regional cooperation, number of country, rule of trade law, and rule of custom law, social structure, and economic structure etc. summarized that variable for my hypothesis

GAFTA is still in a nascent stage. The unemployment rates in Tunisia and Oman are about 14 per cent, among the highest in the world (UNDP 2010) Like most MENA countries, Tunisia exhibits the highest rates of labor force increase over the last three decades, making 40 per cent. Unemployment rates for young age groups a major concern (Drine, 2012, p. 10).

In 2010, the major exporters of commercial services were the European Union, the United States, Japan, China and India, which together represented around two-thirds of the world exports (WTO, 2011). The share of developing countries remained low, although the performance of some countries was significantly improved in many directions. For instance, in some Middle East and North Africa (MENA) countries, trade in services, rather than trade in goods, appears as the core of their development strategies. Countries of the Gulf Cooperation Council (GCC) have heavily invested in services to reduce their dependence on oil and further diversify their economy and exports. The Emirates of Dubai promoted tourism, which now contributes more than oil to the Emirates' GDP, as well as exports in information and communication technology, and media. Non-GCC countries are also performing well. For example, Morocco is becoming an important off-shoring center for high-tech enterprises.

Besides, the service sector has been an important source of value added growth and job creation in MENA countries during the latter half of the 2000s, irrespective of whether the country was an oil exporter or importer (from World Bank, 2011)( Sedighi, 2013, p. 11).

The corporations like EU, Nafta, Lafta; Asean, and EEC have brought some facilities to the economic life. It is impossible for a country today to live a closed to other countries in our globalize world.

In the world diminished by the technological developments, it is required for countries to cooperate among them and use the limited sources in an efficient way. In our age where some productions are determined with the photographs taken by means of satellites cooperation is inevitable for countries to have a word in the markets of the world.

Some factors like the change-taking place in the social and economic structures of nations due to some significant events. International competition, the change in the volume of world trade, the development and expansion of communication technology may cause the birth of economic and cultural corporation (unity) between nations and countries.

Another way outside Capitalism and Socialism is an opportunity for the third countries of the world. When the total labor power is more than the total employment or the total capital is more than the total investment, the use of money for the sources out of the country can lead to negative consequences.

If unity been this factor would be available.

The Middle-East countries are obliged to form a new model and to develop it because the gap between them and the developed countries is large. Through this model the poverty can be reduced in this area where raw materials, capital, labor power, supply and demand are abundant.

The fact that some countries like Japan have a word on the stage of trade and policy in the world stems from their economic power.

Some scientists of politics generally explain the concept "national interest" "as the interest of a country and vital things for its independence, life style, land unity and the economic welfare of the leaders of a government or in a wider sense, of a nation." (Lincoln Padelford, 1954, p. 309), (Ölçün G.A., 1958, p. 181).

MENA is experiencing a 'youth bulge' with more than 30% of the population currently between the ages of 15 and 29, and youth unemployment averages hovering around 25%. Women in the region still lag far behind their international counterparts, with fewer than 20% of adult women in paid employment. Up to 90% of government jobs in some GCC countries are held by nationals, with a staggering 10% of GDP being spent on the annual government wage bill and IMF and World Bank reports have stated that there is a significant 'skills mismatch' in MENA countries, with education systems not meeting the requirements of the market (The Economist, 2015)(The Economist (Dubai Edition), 2015).

Middle East and Mena region's important is well-being, reduce poverty, and future of Middle East. Over one hundred years this region has conflict, political and economic disaster. This model can be improve and contribute this regions. My approach is holistic and interdisciplinary view. "Neighbors makes zero problem" this motto was suggested, Turkey s neighbor countries. This means is called by win win policy.

The Arab world stretches from Morocco across Northern Africa to the Persian Gulf. The Arab world is more or less equal to the area known as the Middle East and North Africa (MENA). Although this means that it includes Somalia, Djibouti, and the Comoros Islands which are part of the Arab world. It can also be defined as those countries where Arabic is the dominant language. 22 Arab countries-areas, Algeria, Bahrain, the Comoros Islands, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Mauritania, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen. Iran and Turkey are not Arab countries.

Russia will become a founding member in the China-led \$50 billion Asian Infrastructure Investment Bank (AIIB) on April 14, according to the State Council of the People's Republic of China. At least 44 countries have applied for membership in the AIIB with the rights of founding countries. AIIB as a founding United Kingdom, France, Germany, Italy, Switzerland and Luxembourg. China's Ministry of Finance welcomed Kyrgyzstan's application to join AIIB on Tuesday. The country is expected to become a bank member on April 9. Sweden will also apply to join the bank, the country's finance minister said Monday.

Padelford and Lincoln examine the international relations limiting them to five matters: of these, the important three are shown below:

National interests of countries are similar on another

Although the interests are not exactly similar, they can be reconciled reciprocally.

The interests of two or more states may be opposite each other in some certain conditions even though they are not opposite each other completely (Ölçün, 1958, p. 181).

The approaches like these also support the idea of corporations.

After this integration of the Ottoman State, some main clashes in the Middle East influenced the region. Among these we can mention 1956 Suez Disagreements, 1958 Iraqi Revolution, the disembarkation of USA marines to Lebanon, the landing English soldiers to Jordan, the Iraq-Iran war.

If the permanent treaties like EU had been carried out and obeyed in this region, the clashes and conflicts would have been reduced to their least level and a rapid progress realized. USA succeeded in this foreign policy due to Monroe doctrine. The first beginning of the Baghdad Pact in the region is the Turk-Iraq mutual cooperation agreement between Turkey and Iraq on 24 February 1955.

England joined this pact on 5 April 1955, Pakistan on 23 September 1955 and Iran on 3 November 1955. The validity of the treaties, which are not being supported socially, economically and culturally, is being reduced.

## 1. Theoretical Background

Free trade and an unimpeded movement of factors are the first best policy in a world which does not have any distortions, but this is only a hypothetical scenario. The real situation is full of market imperfections that may be corrected and/ or exploited by the employment of an economic policy (intervention). The rationales for international economic integration exist. When one distortion (e.g. a universal tariff of a country) is replaced by another (e.g. the common external tariff of a customs union) the net effect may be obscure. Theory about regional economic integration (an introverted economic strategy, to a degree) is the analysis of second best situations. It is, therefore, not surprising that general theoretical principle may not be found. What matters, however, are not solely the predictions of theory, but rather what happens in real life (Miroslaw N., Jovanovic, 1982, p. 352).

While Middle East and Northern African (MENA) countries differ in terms of resource endowments and economic evolution, they share common history and cultural heritage. The MENA region has managed to maintain a unique geopolitical significance throughout its history. Situated at the junction point of three continents, the region was a thriving centre of trade. Control over main commercial networks helped to establish MENA as the world's leading economic power from the seventh to the thirteenth centuries. Compared to the rest of the world, including Europe, the region was very prosperous: according to Table 1, GDP per capita in the MENA region in the 10th century was the highest of the five country groups (Drine, 2012, p. 1).

The gains that international economic integration provides can be summarized as follows;

Integration extends, improves and secures the markets for a country's goods and services against abrupt changes in the trade policy of partners in the future. Hence, integration can be seen as an insurance policy' against sudden and unilateral economic actions by partners in the deal.

Creation of new technologies, goods and services.

Integration reduces the cost of a national import- substitution policy.

International action limits, to an extent, the possibility for unnecessary public intervention in the economy because it extends the scope of economic policy across several countries.

Wider and secure markets increase investment opportunities for both domestic firms and TNCs. Expectations may be established with an increased degree of security. Trade creation and trade diversion. Creation of the potential for monetary stability. Improvement in bargaining positions with external partners. Terms of trade effects and gains to exporters provide benefits from preferential trading agreements that are not available from unilateral trade liberalization policies. Stimulation of economic growth.

Given the above motives for regional integration, it is not necessary to resort exclusively to non-economic reasons for economic integration. However, there are still many unanswered and emerging questions regarding international economic integration (Miroslaw N., Jovanovic, 1982, p. 355).

"Large and developed countries depend a lesser degree on external relations than do small countries. In theory, these countries may have a diversified economic structure, which allows for an autarchic economic policy, while such a policy for small countries in a situation with economies of scale and other externalities does not have an economic rationale. If some production takes place, the consequences include short production runs, high prices and lower standard of living (Miroslaw N., Jovanovic, 1982, p. 355).

Most residents of industrialized nations have at some time been strata by the vast gap in wealth separating them from those who reside in the poor countries of the world. Whether they travel to those countries or visit them vicariously through television and film, the gap is probably the single most vivid impression the poor countries themselves, Two questions concern most social scientists that conduct research in the Third World, where they experience the gaps firsthand. First, what causes the gaps? Second, are they narrowing or widening? (Mitchall A., Seligsun-John, T. Passe-Smith, 1993 p. 18).

There is another gap separating rich from poor. Many developing nations are experiencing a growing gap between their own rich and poor citizens. Poor people, who live in poor countries, therefore, are falling further behind not only the world's rich but also their more affluent countrymen Moreover; precisely the opposite phenomenon has taken place within the richer countries, where the gap between rich and poor has narrowed. The world's poor, therefore, find themselves in double jeopardy. The consequences of these widening gaps can be witnessed day. The industrialized countries have responded with foreign aid programs that, by all accounts, can only hope to make a small dent in the problem (Mitchall A. Seligsun, 1993, p. 4).

The enormity and persistence of the Per capita income gap between rich and poor countries is the subject of this selection by David Marawetz. Using data gathered by the Word Bank, Marawetz shows that there are two gaps, the relative and the absolute. Although some areas of the world (China, East Asia, and the Middle East) have narrowed the relative gap in the 1950- 1975 period, others have seen it widen. For the developing countries as a whole, Per capita income equaled only 7.6 percent of the Per capita income of the industrialized nations (Dava Moravets, 1993, p. 9).

During the 1975- 1990 period, which captures much of the impact of the first oil shock, the second oil shock, the extended world recession, and the global debt crisis, the world growth rate dropped below 1 percent. All three-income groups suffered during this period, and the relative fortunes of the income groups began to change. It could be that middle - income counties have the highest potential for growth when global economic expansion is taking place but are not as able as the rich countries to protect themselves when economically difficult times arise (John T. Passe-Smith, 1993, p. 17).

Trade policy has become increasingly important within the international, regional, and national policy-making spheres. It expanded beyond mere tariffs' policies and exchange of goods to have immense effects on macro and micro economic policies, as well as social and cultural realities. Many countries have argued that the principles of national treatment are

not possible when considering investment and that there is no reciprocity in the services provision given that the service providers in developed countries are huge versus very small units existent in developing countries sectoral implication (The Arab Region And Trade Liberalization Policies , 2012, p. 31).

"In the past fifty years, various leaders of the Middle East have tried to make the newly independent states work. On the whole, they have not done very well in forging viable economies or in providing a modicum of social justice for their populations. To do better as the 21 st century approaches, they will need to improve the governance of their societies, which entail some measure of democratization and accountability. As the century draws to a close, one should reflect on what a remarkable era the Middle East has been passing through. Just a century ago, the Ottoman Empire was still intact and was struggling to find a constitutional formula to keep it increasingly assertive national groups together. That effort failed, in part because of World War I. Then, the imperial powers of the day, primarily Britain and France, intensified their domination over most of the area (William B. Quantit, 1996, p. 9).

"Everyone talks about the corporation, but in the words of Mark Twain, no one does anything about it, and for this there are some pretty good reasons. In the first place, something very like the modern corporation is the inevitable product of an industrializing society, whether that society follows a capitalist or a socialist trend of development. Lawyers love to describe the corporation, as a creature of the law, but law in a major manifestation is simply a device for facilitating and registering the obvious and the inevitable. Given the technologically determined need for a large stock of capital, the managerial requirements set by the problem of administering the efforts of many men, and the area of desertion demanded for the effective conduct of an entrepreneurial function, the corporation, or a reasonable facsimile thereof is the only answer (Edward S. Mason, 1970, p. 1).

We would argue that the defining issue of economic geography is the need to explain concentrations of population and of economic activity: the distinction between manufacturing belt and farm belt, the existence of cities, the role of industry clusters (Fujita, 1999, p. 4).

"In the second place the Business Corporation is so much our most important economic institution and it is so thoroughly integrated into our business culture that to suggest a drastic change in the scope or character of corporate activity is to suggest a drastic alteration in the structure of society. We look to the corporation for the technical improvements that spark our economic growth. The corporation recruits our youth from college and provides them with pensions in their old age (Edward S. Mason, 1970, p.1).

Comparison of the organization's role in both the East- West and the North- South conflicts seems to be particularly suggestive to conclude our interpretative analysis. The joint effect of the two rules suggests three problems and associated critical phases in the life of international organizations':

The first phase is characterized by the initial spirit of co-operation, which underlies the foundation of an organization. A second phase, primarily characterized by conflict processes with a view to both necessary institutional adjustments to the power relations of its environment and transforming the general goals of the organization into operational pursued by its individual members.

Third phase, where in a continuous political process varied tasks have to be performed as regards the substantive accommodation of competing values, related re-definitions of behavioral and distributive norms, and the eventual re-distribution of resources in accordance with these norms.

During this second phase the organization was driven into a marginal role as to the tasks of maintaining peace and security since a basic consensus regarding standards for exercising the regulatory function did not exist to a sufficient degree (Rudiger Judge, Annemarie Grusse- Gudde, 1981, p. 9). The European Communities emerged as a unique organization among other regional organizations formed to achieve economic and political integration in Europe after the Second World War. The evolution of European Communities on the basis on the treaties establishing them and of the amendments made to those treaties has created a dynamic integration process. The Treaty of Paris signed by Germany, Franc, Belgium, Luxembourg, Italy and the Netherlands on 18 again 1951 constituted the first step towards integration by setting up the European Coal and steel Community.

The three Communities formed a de facto unity finding excision in the fusion of their organs. The unity demonstrated by the European Communities Constituted the basis for the evolving integration process which has been preserved and developed through the direct effect and primarily of community treaties and the act of the Common.

Arab thought during the last century and a half has focused mostly on themes of change arising from (a) the internal dynamics of the Arab society, (b) encounters with the West, and (c) the onslaught of various challenges. Given this situation, it is naive to claim that Arab thought is always critical of the existing order and that Arab intellectuals constitute a group or even a class in them and for themselves (I. Ibrahim, 1993, p. 70-71. Halim Barakat 1983).

Dougherty and Pfaltzgraff summaries the common concerns of writers who use systems theory as follows: 1) the internal organization and patterns of complexes of elements hypothesized or observed to exist as a system; 2) the relationships and boundaries between a system and its environment and, in particular, the nature and impact of inputs from and outputs to the environment; 3) the functions performed by systems, the structures for the performance of such functions, and their effect upon the stability of the system; 4) the homeostatic mechanism available to the system for the maintenance of steady-state or equilibrium; 5) the classification of systems as open or closed, or as organismic or non- organismic systems, the location of subsystems within systems, the patterns of interaction among subsystems themselves, and between subsystem and the system itself (1981, p. 150) (A. Nuri Yurdusev, 1991, p. 110-111).

Clearing has many different meanings within the financial markets. In its broadest definition, clearing is a post-trade activity and aims to reduce risk. This often means using a central counterparty (CCP) to eliminate risks associated with the default of a trading counterparty. In the OTC derivatives markets, 'bilateral clearing' means two parties to a trade make their own arrangements to reduce their exposure to each other's default. All clearing arrangements are designed to help market participants manage various risks - operational, counterparty, settlement, market, and legal - between trade execution and settlement. CCP clearing means a CCP becomes the legal counterparty to each trading party, providing a guarantee that it will honour the terms of the original trade even if one of the parties defaults before the discharge of its obligations under the trade. (Euroccp, 2005)

When the trade potential of between Islamic countries is considered, the economic relations among the Islamic countries are seen to be insufficient. For the development of the mentioned relations and their Economic development and wealth level increase as a whole Islamic community, some handicapped are root of history. But Islamic countries must be economic and social cooperation especially economic cooperation. Islamic organization has 57 members, those of 22 members the Islamic, countries are defined to have a very low development and the economic successes of Islamic countries are under the sovereignty of a few countries.

Regional trade agreements (RTAs) have emerged as an alternative to achieve trade liberalization as multilateral efforts have faced political and economic obstacles. 2, 3 the difficulties of reaching agreements on sensitive issues like agriculture and services have been evident in the Doha Round. The previous rounds were also marked by complex and slow negotiation processes. For one, as the number of participants' increases, it has been more difficult to address each country's demands for special considerations (Euroccp, p.3).

#### Trends in Foreign direct investment by major region, 1991-96 average Inflows

Europe	39.2 %
N.America	23.9 %
Non OECD Asia	21.5 %
Latin America	9.4 %
OECD Asia	4.6 %
Middle East & Africa	1.3 %

#### Outflows

Europe	45.9 %
N.America	30.4%
Asia	22.2 %
Latin America	0.8 %
Middle East & Africa	4.6 %
Middle East & Africa	0.7 %

Source: OECD (1997c) (OECD, 1998, p. 75)

As shown below on graphic, Middle East Countries has been little percent trade of the world. Middle East countries, especially 14 countries may increase trade amount themselves. Geographically Turkey is in a position of between Europe and Middle East and strategically situation has been Balkan Countries. Turkey is candidate EU and she is member of a lot of union. Now the superpower bloc system has been ended. Regional powers are very important today.

Consultation, coordination and communication are important among the Middle East Countries. Rich of countries depends on the rich of people. The aspect is supposed to the development five It's which are information-inspiration-innovation-interjection and integration. One of the major problems among the Middle East countries is industrialization social structure.

Regional Outcomes, A common indicator of regional competitiveness is GDP per head, which provides an, albeit incomplete, indicator of the average well-being of the population. For analytical, Purposes this can be decomposed as follows:

$$\frac{\text{GDP}}{\text{Population}} = \frac{\text{GDP}}{\text{Employment}} * \frac{\text{Employment}}{\text{Working pop.}} * \frac{\text{Working pop.}}{\text{Population}}$$

(EU commission, 2015, p. 46)

I applied this method for my support hypothesis compared with three countries results for economic development had been supported my hypothesis. Those countries are Turkey, S.Korea and Saudi Arabia. Turkey, per head GDP 11000 UDS, population 76000000, employment 35000000, working population 26000000 and Result is 1.40=1.44. S.Korea, per head GDP, 20000 USD, population 56000000, employment 29000000, working population 22000000 and result is 3.57=3.52. S.Arabia, per head GDP 18000 USD, population, 26000000, employment 14000000, working population 9000000 and Result is 6.92=0.00527. I applied this method for Spain, Egypt, and Ireland. Those result is supported my hypothesis, i.e. Economic, social cooperation and human power are effecting development. Reduced had been unemployment also. Spain's result is 4.89=0.00049, Egypt result is 6.2=0.48, and Ireland result is 0.0088=0.0086. Because in Ireland unemployment rate is lover.

Working employment in S.Arabia has foreign workers. Because of this result is differing from others. This Formula can be used for regional cooperation.

Merchandise trade flows within regions outperform flows between regions. Merchandise exports by region and destination 2011 (USD. Billion) (World Trade Organization. 2012.) Raw data from WTrO, adjusted by author's. From To Region US Dollar billion Region

North America	1103 Billion \$	North America
	476 Billion \$	Asia
	382 Billion \$	Europe
	201 Billion \$	Central South America& the Caribbean
	63 Billion \$	Middle East
	37 Billion \$	Africa
	15 Billion \$	Commonwealth of Independent States

Europe	4667 Billion \$	Europe
	639 Billion \$	Asia
	480 Billion \$	North America
	234 Billion \$	Commonwealth of Independent States
	199 Billion \$	Africa
	194 Billion \$	Middle East
119 Billion \$	Central & South America & the Caribbean	

Central & South America & the Caribbean	200 Billion \$	Central & South America & the Caribbean
	169 Billion \$	Asia

	140 Billion \$	North America
	138 Billion \$	Europe
	21 Billion \$	Africa
	18 Billion \$	Middle East
	8 Billion \$	Commonwealth of Independent States

Africa	205 Billion \$	Europe
	146 Billion \$	Asia
	102 Billion \$	North America
	77 Billion \$	Africa
	21 Billion \$	Middle East
	19 Billion \$	Central & South America & the Caribbean
2 Billion \$	Commonwealth of Independent States	

Asia	2926 Billion \$	Asia
	922 Billion \$	Europe
	906 Billion \$	North America
	242 Billion \$	Middle East
	189 Billion \$	Central & South America & the Caribbean
	152 Billion \$	Africa
110 Billion \$	Commonwealth of Independent States	

Middle East	660 Billion \$	Asia
	158 Billion \$	Europe
	110 Billion \$	Middle East
	107 Billion \$	North America
	38 Billion \$	Africa
	10 Billion \$	Central & South America & the Caribbean
6 Billion \$	Commonwealth of Independent States	

Commonwealth of Independent States	409 Billion \$	Europe
	154 Billion \$	Commonwealth of Independent States
	117 Billion \$	Asia
	34 Billion \$	North America
	24 Billion \$	Middle East
	12 Billion \$	Africa

This data's had been supported my hypothesis.

Industrialism requires and mobile workforce, large-scale production in large cities, together with political consensus for government intervention; a professionally of managers; work force participation in benefit of industrialism and political acceptance of this system. This system is regulated by a web rules. (Kerr et. al, 1960, p. 33-46.) Jacqueline O. Reilly. 1996 p :5)

The idea of cooperation to be based on recent years, which had been formulate some scholars, e.g. Duncan. Duncan had formulated international trade and cooperation in his survey research in 1938. (A.J Duncan Marshalls paradox and the direction of shift in demand *Econometrica*, 6, 358-360 October 1938). Richard E-Coves 1960 p. 202) my simple model will be offering a solution for under development countries for developments. In sum, what are the strengths of Member of Countries 1.Cultural and historical resemble 2. Geographical closeness, 3.Population, 4.Workforce, 6.Markets, 7.Capital, 8.Natural resources. What are the weaknesses of Member of countries, 1.Infrastructure incomplete 2.Lacking of Manpower, 3.Lacking of research, 4.Lacking of technical level 5.Lacking of industrialization?



Generally some scholar and political sciences especially social sciences talk about measuring development, so we choose a series of indicators in different social fields, mainly economics, to describe how a particular society has progressed over the time. Some empire and country is richer from other. There are other phrases that have become important in the public debate trying to explain what development really means to a society. Some concept debates between social scientist, those are: Welfare state, Social and economic well-being, social progress, social development, economic development, etc.

Another aspect this subject is social security. 7G and EU Countries have perfectly social security system. Underdevelopment countries should be improving social security system.

## II. Historical Background

"Sa'dabad pact, Sa'dabad pact of 1937 was signed by Iran, Iraq, Afghanistan, and Turkey in July 1937, Initiated by Iran's Reza Shah, Sa'dabad represented the first alliance entered into by Middle East states without European participation. His principal target was Great Britain, the dominant power in the Persian Gulf area and the most impressive imperial power in the Middle East at the time. Sa'dabad" alliance of Middle East states, but he was rebuffed because of his dependence on the United States, and because he was not a trusted figure (Lawrence Zinning, 1928, p. 343).

"Baghdad Pact the Baghdad Pact was a treaty of alliance entered into by Iraq and Turkey in 1955. Iran, Pakistan, and Britain joined the pact in the months that followed. The United States, although not a signatory to the pact, participated in all its activities (Lawrence Zinning, 1928, p. 343).

"Central Treaty Organization (CENTO) The Central Treaty Organization (CENTO) was the successor to the Baghdad Pact. In 1958, the Iraqi monarchy was overthrown and abolished. Iraq withdrew from the Baghdad Pact. The rest of the alliance, however, remained intact, necessitating a change in nomenclature. The name "Central Treaty Organization" was considered appropriate insofar as it seemed to follow the concept of the North Atlantic Treaty Organization.. The creation of CENTO attempted to formalize the alliance between Turkey, Iran, Pakistan, and Britain, and the Southeast Asia Treaty Organization (SEATO), assembled in 1954. CENTO was intended to organize the "Northern Tier" of states, two of which shared a border with the Soviet Union (Turkey and Iran) (Lawrence Zinning, 1928, p. 343).

"Regional Co-operation for Development (RCD) The Regional Co-operation for Development was proposed by the president of Pakistan, Ayub Khan, It was established in July 1964 and included Turkey and Iran as well as Pakistan. RCD's objective, according to Ayub Khan, was economic co-operation and cultural exchange between like minded area states. RCD was conceived as and promote trade, assist in joint enterprises, and generally enhance the well being of their respective citizenry. Cooperation is not competitions committees for agriculture, industry, banking, and shipping. Nevertheless, it never measured up to the intentions of its creator. From the outset, Iran was less than inspired. Turkey's economic interests were oriented more toward Western Europe, Little trade moved between the RCD countries, and Pakistan, of the three, had the least lately ignored the offer. The three member states were all identified with the Central Treaty Organization, and RCD was perceived as an extension of CENTO, Indeed, there were some observers who concluded that the United States had prompted Pakistan to form RCD, giving the organization the necessary support (Lawrence Zinning, 1928, p. 345).

It is well known that the Ottoman Turkish Presence in Palestine encompasses 402 years, beginning 1516 and extending down to the end of the First World War (Ataöv, Türkkaya, 1970 p. 15-71).

The Sa'dabad Pact of 1934 had in the meantime been followed by the conclusion of an agreement between Turkey, Iran, Iraq and Afghanistan, known as the Pact of Sa'dabad 1936. The effect of this was to guarantee Turkey and its Asiatic neighbors against the some attack.

## III. Simple Model

At our time when there a speedy social change, in the process that started in the Middle East in 1900s and continued approximately for 100 years, it is observed that conflicts rather than power unification are experienced.

Huntington says, "The speedy change of the social values, in general, emerges in the societies which have oriented towards modernization." (S.P. Huntington, 1976, p. 23).

The technological defeat and underdevelopment have yielded political and social underdevelopment. The Ottomans began to be defeated in the wars after the use of the firearms. They were unable to resist against the sailing ships with their steamboats. In the model, I offer that the Middle East countries have to eliminate the technological barrier, first of all.

Because after the theoretical framework of the model is discussed, its chance of being put under implementation increases. Monnet's thought of a single Europe in 1950s and its recognition and (ECSC, European Coal and Steel Community) the use of a significant raw material has affected on the idea of such a unity. French Minister of Foreign Affairs of the time proposed that the European states should unite around a federal system in the year 1929. In my opinion, this model too is to be discussed and put under implementation.

Since the European Community is not solely a political unity and shelters a number of sub-unites in its structure, in the model I propose, functionality will emerge through technical and social unity to a greater extent. Among the sub-unites included in the European Union are the European Council, European Free Trade Area (EFTA), OECD (partly), West European Union, Benelux States Union, Scandinavian Countries Council, 1951 GKT Agreement, 1957 AET and agreement.

In spite of the fact that Turkey is strong in textile in the global markets, she is constrained due to the quotas applied. If there were a powerful union, Turkey's rights would be protected.

In the model I propose, emphasis has been put on the basic elements of the classical economic approach. Furthermore, a discussion entails through the modern economic approaches, which are as follows:

Natural Resources: Different Middle East countries have different raw materials. Technology: The idea of union will complement this significant deficiency. Capital: Most of the 14 countries have sufficient capital. Labors: Those countries, especially like Turkey, that have a young population. I believe that this is an advantage to be used. Market: The member countries, Islamic countries, Africa and the global market. Social environment: Cultural, historical and social unity. In addition to all these, the other factors such as the modern economic approach, private property, freedom, the profit ratio, competition are to be taken into consideration.

In Table 1, in which my MODEL is presented, the following basic conditions are to be met:

- Independence of the countries (like those of the EU) will fully be kept ,
- Economic good will be looked after like EU – NAFTA,
- Balance will be protected in such matters as Participation – Responsibility – and – Management.

Another issue that interests the World and the Middle East countries is that the fact that without industrialization, it is impossible to become an information society. Although Importation – Substitution in information and technology provide a temporary ease, without industrialization, an information society is impossible to reach. In this model, it is targeted to provide resources for the solution of the basic and difficult issue of the industrialization process. In this scope, it will be possible to meet the main infrastructural expenditures.

Custom union is an agreement between nations through which tariff on all goods and services produced by member nations are traded tariff free, while the member nations agree on common tariff rates on imports from all non-member countries.

We should be separate regional economic cooperation with sub field cooperation. For example; PTA, Free Trade Area, customs union, common market, monetary union-complete integration. Trading blocks is differ from economic integration. Some economic block below. PARTA-EEA-CARICOM-AEC-SACU-GAFTA-NAFTA-LAFTA-ASEAN-CEFTA-EFTA-AEC-SAFTA-ŞANGHAY-BRIC+S-. A country can be both member of a lot of trade block and cooperation members. And a country can be signed bilateral free trade agreement.

My regional cooperation model is differing from another. My hypothesis is occurs four pillars. Those are firstly, this region has been cultural, religion and geographical neighbour, secondly, knowledge based economy is primary sectors. India and China achieved reduce poverty this sectors. Thirdly Turkey is donor country; In sum up my model is all member of country equal.

METAU Region includes: 1.Algeria 2.Bahrain 3.Djibouti 4.Egypt 5.Iran 6.Iraq 8.Jordan 9.Kuwait | 10.Lebanon 11.Libya 12.Morocco | 13.Oman 14.Qatar 15.Saudi Arabia 16. Syria 17.Tunisia 18.United Arab Emirates 19.West Bank and Gaza 20.Yemen 21.Turkey,.Some economic union had been submitted below.

AMU: (Arab Maghreb Union): Tunisia, Morocco, Algeria, Libya, Mauritania

GCC: (Gulf Cooperation Council): Saudi Arabia, Kuwait, Bahrain, Qatar, Oman

GAFTA : (Great Arab Free Trade Agreement): Syria, WBG, Lebanon, Iraq, Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, Sudan, Yemen, Jordan, Egypt, Tunisia, Morocco, Libya

ECO: (Economic Cooperation Organization) Turkey, Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkmenistan, Uzbekistan, Iran

COMESA : (Common Market for Eastern and Southern Africa) Egypt, Libya, Djibouti, Burundi, Comoros, D.R. Congo, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe

EFTA : (European Free Trade Association) Morocco, Tunisia, Egypt, Jordan, Lebanon,

Agadir: Jordan, Egypt, Tunisia, Morocco,

Bilateral Agreements with Regional Agreements:

United States: Morocco, Singapore, Oman, Bahrain, Lebanon

Efta: Morocco, Tunisia, Egypt, Jordan, Lebanon,

European Union: Syria, WBG, Lebanon, Jordan, Egypt, Tunisia, Morocco, Algeria

Turkey: Egypt, WBG, Syria, Tunisia, Morocco,

Singapore: Jordan

The Arab countries have been developing regional economic integration plans through the Greater Arab Free Trade Area (GAFTA), which came into force in 2005. Twelve of the Arab countries are members of the WTO (Bahrain, Egypt, Jordan, Kuwait, Morocco, Oman, Qatar, Tunisia, United Arab Emirates, Djibouti, Saudi Arabia, and Mauritania) while six are negotiating accession (Lebanon, Libya, Iraq, Sudan, Yemen, and Algeria).<sup>9</sup> Under the Euro-Mediterranean Partnership, Algeria, Tunisia, Morocco, Egypt, Jordan, Lebanon, and Palestine have signed association agreements, while Syria is still negotiating with the European Parliament. By 2010, a free trade area between all members of the Euro-Med agreement (15 EU countries originally in the agreement, 12 new EU countries after its recent enlargement, and 10 Southern Mediterranean countries) is to be established. Moreover, the EU and the Gulf Cooperation Council<sup>10</sup> (GCC) have accelerated negotiations during the end of 2005 (Mohamadieh, 2007, p. 1).

WTrO has 160 members since 2014. WTrO has 24 Observer governments, those are: Afghanistan, Algeria, Andorra, Azerbaijan, Bahamas, Belarus, Bhutan, Bosnia and Herzegovina, Comoros, Equatorial Guinea, Ethiopia, Holy See (Vatican), Iran, Iraq, Kazakhstan, Lebanese Republic, Liberia, Republic of Libya, Sao Tomé and Príncipe, Serbia, Seychelles, Sudan, Syrian Arab Republic, Uzbekistan. 6 countries are MENA region

#### MIDDLE EAST DEVELOPMENT UNION

A – Research Institutes: Centre.:country.a

B – Financing Council: Centre.:country.b

- a. It will provide resources for the basic infrastructure investments,
- b. It will provide resources for industrialization,
- c. It will meet the financing needs of the SMEs (Small and Medium Size Enterprises),
- d. For urgent situations, there will be a financing capability in the Emergency Fund.

C – Financial Council: Centre.:country.c

- e. It will make regulatory arrangements in the customs legislation between the member countries,
- f. It will make regulatory arrangements in the importation – exportation legislation,
- g. It will meet the expenses made by the Secretariat.

D – Technological Council: Centre.:Country.d

- a. It will provide access into the available technology and create new technologies,
- b. It will ensure communication,
- c. It will establish information units.

E – Political Council:Centre.:Country.e

- d. It will ensure the exterior security of the member countries,
- e. It will prevent conflicts,
- f. It will protect the interests of the member countries.

F – Social Security Council:Centre.:country.f

- g. It will ensure the social process of helping one another,
- h. It will use the fund to be distributed,
- i. It will put the attached formula into practice.

Related to some of the activities conducted in the scope of the regional economic cooperation, details to this end are presented below (Bayraktutan Yusuf, 1997, p. 9):

Regional integration (or national integration) means the integration of various regions in the borders of a national state as the smallest scale of the economic integration. Substantially, this category is a matter pertaining to the regional economy and regional science. International (economic) integration expresses the subject of economic integration of various countries in a bloc. As a classification frequently met, regional – international economic integration is the integration process of the different nations within a geographical bloc or territory. Global integration is the integration experienced worldwide. Commercial theory separates, in general, the ways of the economic integration into six categories (Bayraktutan Yusuf, 1997, p. 16):

H.J. Harrington says “Measurement is the first step that leads to control and eventually to improvement. If you can’t measure something, you can’t understand it. If you can’t understand it, you can’t control it. If you can’t control it, you can’t improve it.” This motto’s means is some countries should be coined WTrO.

## CONCLUSION

This model may be multiple effects and contribute to some interdisciplinary fields. Those are Sustainable development. Sustainable development includes economic, social and environmental areas. This model is contributing sustainable development.

In this interdisciplinary researcher especially economic scholars trust economy, green economy. Mena region and Muslim countries should be protecting some value. For example green economy, trust economy. Usury is forbidden in the Quran. In 2015 some Middle East countries 250 billion USD reserves are out of country. This model offers this fiscal capital can be use industrialisation. Unemployment especially, young unemployment people are Mena region. These countries must be solving unemployment problems.

Pisa examination is international exam. But this regions student score are failing. For the future this exam should be prepare this countries. Social structure is differing from others. These countries cannot be separate (like Sudan) if artificial state is occurs, this area economic and social structure may be domino effects.

Sciences are methods. To compare with some data's requires WTrO data's. Therefore some countries, which are 6 country should be coined WTrO.

Economic growth bears importance for any Middle East and North African countries with different levels of development. It is seen that various theories of economic growth give a different importance to technological development, social development and human capital. This model will be contribute analytical framework..Because regional economic integration mainly dependences on other countries, which has been effected other countries. This means that multiple effects. For example Eu and Usa signed custom agreement therefore Turkey had been effected. Since beginning the XIX century regional economic integration has been goal pursued by middle income countries. A free trade agreement, which is easy for MENA countries, is preferential agreement among countries in which tariff rates among them are reduced to zero. In sum up, this model is interdisciplinary model. Those are green economy, Islamic economy, ethical economy etc. Concept will be considering.

Public administration and trade culture are important for development. Meritocracy and organisation culture impact of development. In history this region has not industrialisation reevaluation. In addition to pressing of has been colonisation. Therefore those countries are called as underdevelopment countries. E U is perfect model for countries' is economic, social and political organisation in the

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