

## **The Reasons and Economic and Political Consequences of Arab Spring**

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### **Why is Mena Region so Important for Other Countries?**

MENA has always attracted great powers due to its central location, bearing crucial waterways as well as housing divine places of three major religions (Islam, Christianity and Judaism). MENA region possesses 54% of world oil and natural gas resources. Natural gas is transferred from North African countries like Libya and Algeria to Europe through pipelines and ships.

Plenty of countries have crucial national interests in MENA region (Roberto, 2012). Europe Union (EU) states have a tendency to lessen their dependence on Russian gas by transferring the resources in the MENA region into Europe. In addition, being old colonies of European states, MENA countries still depend on European hi-tech and industrial products. Also, migration from African countries, mainly through and from Libya, into Europe forced Italy and other European states to take measures. In this respect, what happens in the region is of great concern in EU countries.

USA's approach to MENA countries is shaped by security concerns and energy needs. With 9/11 terrorist attacks, the relations between the West and MENA countries have become more troublesome and since then they have been considered to be a heaven for terrorist movements (Joffe, 2011). What is more, oil extracted in Saudi Arabia, Iraq and Kuwait is of great importance for USA.

Russia has got a great deal of investment in Syria (Hermida et al. 2012). Syria gets majority of its arms from Russia, which is her most important ally. Russian military investments in Syria have reached up to 26 billion dollars recently. Only in 2010, 15 billion dollar arms deals were made between the two countries (Colombo,

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2012). Moreover, Syria gains importance for Russia, which has sustained a desire to reach warm seas throughout its history. Russia is aiming at enhancing its strategically important Tartus Naval Base for bigger warships, which has existed since 1971, in Syria. The maintenance and improvement of the Base is of great importance for Russia in terms of its national interests and effect on the Arab world and its presence in the Eastern Mediterranean (Salt, 2012). In this respect, Russia stands as the major advocate of Syrian regime (Mirkin, 2013). Since international organizations such as UN, NATO and Organization of Islamic Conference cannot reach an agreement and the attitude of two regional powers, Turkey and Iran, differ; Russia is likely to sustain its current Syrian policy.

China backs the Syrian regime against opposition movements which might pose a threat for its energy security and raw material supply. Iran, which regards the developments in the region as a threat, supports autocratic regimes as a precaution. Iran opposed the NATO intervention in Libya on 19th March 2011 strongly for fear that same sort of action would be taken against Syria (Mirkin, 2013). It is concerned about what is happening in Syria, its ally, so the continuity of the Syrian regime is considered to be vital for its own survival (Hermida et al. 2012).

Turkey has historical and cultural links with MENA countries from Ottoman Empire and a number of citizens on South-eastern border maintain their family ties with people from Syria and Iraq. This region holds an important position for its economy and security (Wester and Goldstein, 2011). Particularly as a result of 2008 global economic crisis, Turkey, whose export rates declined significantly to USA and EU countries, guided its exporters to search for new markets. Consequently, MENA countries have become major alternatives.

Thus, the purpose of this study is to look into the reasons, and economic and political consequences of recent developments in the region. In part two, the reasons of Arab Spring and how it spread, in part three; its economic and, in part four, political impacts will be studied. The study will be completed with conclusion.

### **The Reasons of Arab Spring**

Arab spring was triggered by economic hardships and peoples' democratic aspirations (Stepan and Linz, 2013). The issue is based on imbalances in income, widespread poverty, corruption, corrupted administration (Desai et al. 2011) and nepotism; descend of governance from father to son and people lacking a word in governance. High rates of unemployment, particularly among the youth, led to

insurgencies in Egypt and Tunisia (Mirkin, 2013). For further information about the figures, check Table 1.

**Table 1: Unemployment Rate**

	2000	2007	2008	2009	2010	2011	2012
Egypt	9.0	9.2	8.7	9.4	9.2	12.1	12.3
Lebanon	8.9	6.5	9.0	5.4	6.0	5.8	10.3
Libya	13.0	13.7	14.5	17.5	20.7	25.3	19.5
Tunisia	15.7	12.4	12.4	13.3	13.0	13.0	18.9
Syria	13.5	9.2	10.9	8.1	8.6	Non-available	

**Source:** IMF World Economic Outlook Database, April 2013; For Lebanon and Libya is <http://www.tradingeconomics.com/libya/unemployment-rate>.

According to the Table 1, while unemployment rate was about 9% before the unrest in Egypt, it rose up to over 12% after it. On the other hand, it rose up to 25% with 2008 global economic crisis in Libya. One out of four people appear to be unemployed in Libya, which is one of the main reasons that triggered Arab Spring. In Tunisia, rates were about 13% at the beginning of the unrest; however, it reached 19% in 2012. Youth unemployment (between 18-29 ages), which served as the main reason for the revolution, was %30 in 2010 (IFAD, 2011). 40% of the overall population is between 10-29 years of ages according to 2006 census in Egypt. However, insufficient employment transformed “demographic gift” into a “demographic burden”. Unemployment rates among people aged between 15 and 29 was 16% in Egypt in 2009 (IDSC, 2010). This situation reinforced negative feelings among the youth for future and triggered disobedience and resistance against their governments. The unemployment rate for this age group rose up to 41.4% in 2012 (CAPMAS, 2012).

Egypt, Yemen, Tunisia, Syria and Morocco are relatively poor in natural resources. In 2010, food and energy prices increased considerably in the countries aforementioned, which lost a great deal of income due to 2008 global economic crisis (Moaddel, 2012). For further information on Gross Domestic Product Per Capita for each country, please check Table 2.

**Table 2: Gross Domestic Product Per Capita (U.S. Dollar)**

	2000	2007	2008	2009	2010	2011	2012
Egypt	1566	1771	2160	2453	2776	2930	3112
Lebanon	4842	6639	7795	8983	9501	9856	10311
Libya	7316	11239	14186	10071	11729	5513	12778
Tunisia	2248	3807	4345	4169	4198	4335	4232
Syria	1203	2014	2554	2557	2803	Non-available	

**Source:** IMF World Economic Outlook Database, April 2013

According to Table 2, Gross Domestic Product Per Capita for Egypt, Lebanon, Tunisia and Syria is remarkably low. According to World Bank classification; Egypt, Tunisia and Syria are low or middle income<sup>2</sup> countries for 2010. Another important point that needs to be taken into consideration is that income distribution should be balanced. Even though countries like Saudi Arabia, Libya and Algeria are rich in natural resources; large masses are deprived of the income obtained from these resources shared by those who are in close relationship with governments (Salt, 2012). Because of imbalanced income distribution, ongoing shortcomings in infrastructure, education and health services, negative feelings grew against governments in societies.

### **The Spreading Process of Arab Spring**

Initial protests broke out in Tunisia, which was tense due to allegations of corruption about the rulers on Wikileaks<sup>3</sup>. Self-immolation of a university graduate since he was not permitted to sell vegetables and fruits in the street, Mohammad Bouazizi who had to work as a street vendor because of unemployment, catalysed the revolution on 18th December 2010 (Beck and Hüser, 2012). Then, it spread to other MENA countries with a domino effect by means of cell phones, satellite TVs and internet (Dobra, 2012).

Since the countries in the region have different socio-economic and political structures, developments and outcomes of the riots vary. Protests spread to Algeria on 28th December 2010; to Lebanon on 12th January 2011; to Jordan on 14th January; to Mauritania, Sudan and Oman on 17th January; to Yemen on 18th January; to Saudi Arabia on 21st January; to Egypt on 25th January; to Syria on 16th January; to Cibuti on 28th January, to Morocco on 30th January, to Iraq on 10th February; to Bahrain and Iran on 14th February; to Libya on 17th February; to Kuwait on 18th February and to West Bank on 20th February (The Guardian, 2011).

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<sup>2</sup>According to the classification made by the World Bank, below 825\$ is considered to be low income, 826-3.000\$ is low middle income, 3.001-10.065\$ high middle income, and over 10.066\$ is high income.

<sup>3</sup>Wikileaks: A Swedish based international organization, which publicises confidential information of governments and organizations. In doing so it keeps its sources secret. In the papers, regarding the Tunisian government: "The ruling family is a mafia-like community which dominates all fields of economy. ZineEl Abidine Bin Ali is too old and the system lost its functions. There is nowhere to escape from this regime of theft. Rulers, who are likely to remain in power for the decades to come, are the ones who violate the rules most. Therefore, no system is available to monitor the management" (Beck and Hüser, 2012).

Egypt, where Arab Spring lasted longer, is one of the largest countries in Africa with its advantages such as its location, tourism revenues and logistics (Moaddel, 2012). Egyptian military is not only in charge of the defence of the country but also conducts almost half of the economic activities in the whole country. It acts as an employer in fields such as football stadiums, large factories and companies in service sector, bakeries, car repair areas and construction. About 8.5 million people (10% of overall population) depend on the army economically, which helps it gain additional privileges. What is more, the military possesses estates in cities, especially Cairo, and officers lead a wealthy life in luxury houses. It is assumed that it wouldn't renounce those privileges and act as a determinant on governments to come (Springborg, 2011), which poses a threat to transition to democracy in Egypt.

### Economic Impacts of Arab Spring

Insurgencies throughout the region brought about failures in macroeconomic balances (Khandelwal and Roitman, 2013). Changes in countries' economic growth rates are seeing in Table 3.

**Table 3: Economic Growth Rate (%)**

	2000	2007	2008	2009	2010	2011	2012
Egypt	5.4	7.1	7.2	4.7	5.1	1.8	2.2
Lebanon	1.1	8.4	8.6	9.0	7.0	1.5	1.5
Libya	3.7	6.4	2.7	-0.8	5.0	-62.1	104.5
Tunisia	4.3	6.3	4.5	3.1	3.1	-1.9	3.6
Syria	2.3	5.7	4.5	5.9	3.4	Non-available	

**Source:** IMF World Economic Outlook Database, April 2013.

According to the data in Table 3, these states' economic growth rates have been affected negatively during the unrest. While in 2011 Libyan economy declined by 62%, it grew by 104% in 2012, the base year. Recent data for Syrian economy has not been published because of the civil war; however, it is assumed that the situation is no different from Libyan economy. Changes in countries' export rates are given in Table 4.

**Table 4: Percent Change in Volume of Exports of Goods and Services**

	2000	2007	2008	2009	2010	2011	2012
Egypt	9.3	12.0	15.3	-5.5	-3.2	-5.4	-6.8
Lebanon	0.8	8.6	26.9	13.0	0.4	-8.0	1.8
Libya	8.7	3.5	-6.4	-7.0	-0.7	-69.1	225.3
Tunisia	6.4	14.6	5.8	-6.7	5.5	-7.7	6.7
Syria	9.7	53.0	6.4	-6.5	15.3	Non-available	

**Source:** IMF World Economic Outlook Database, April 2013.

According to the data in Table 4, Arab Spring revolutions which took place in the wake of Global Economic Crisis considerably decreased these countries' exports. Libyan export declined by 69% in 2011, which is a total disaster. In 2012, overall exports of the countries tended to rise; however, it kept falling in Egypt. Data regarding current accounts are given in Table 5.

**Table 5:** Current Account Balance (Percent of GDP)

	2000	2007	2008	2009	2010	2011	2012
Egypt	-1.2	2.1	0.5	-2.3	-2.0	-2.6	-3.1
Lebanon	-17.1	-6.8	-9.3	-9.8	-9.6	-12.5	-16.1
Libya	31.6	44.1	42.5	14.9	19.5	9.1	35.9
Tunisia	-3.8	-2.4	-3.8	-2.8	-4.8	-7.4	-8.0
Syria	5.4	-0.2	-1.3	-2.9	-2.9	Non-available	

**Source:** IMF World Economic Outlook Database, April 2013

According to the data in Table 5, it is obvious that significant impairments took place in the current account balances of those countries in the process. Especially in Lebanon, current accounts deficit reached to 16% of its GDP, which is rather high and risky. Changes in the countries' tourism revenues are given in Table 6.

**Table 6:** Tourism Revenues (Percent Change)

	2000	2007	2008	2009	2010	2011	2012
Egypt	6.8	27.0	17.2	-2.9	16.0	-31.5	-
Lebanon	10.3	6.2	9.0	13.3	14.3	-13.6	-
Libya	115.4	-59.4	0.0	60.6	6.9	-	-
Tunisia	-6.7	12.5	15.9	-9.8	-1.4	-27.3	-
Syria	4.9	40.7	6.9	19.0	66.8	Non-available	

**Source:** Worldbank, International Tourism Receipts (2013).

According to the data in Table 6, the tourism revenues of those countries declined considerably during the unrest. The loss reached up to approximately 30% particularly in Egypt and Tunisia. Given that one out of seven people in Egypt is employed in tourism sector, this loss is vital in terms of countries' revenues and for nation's welfare.

### **Political Impacts of Arab Spring**

During the unrest, while no riots took place in Israel, Iran and Turkey, whose rulers are considered to be legitimate by their peoples, strong popular movements happened in countries like Egypt, Libya, Yemen and Syria, whose governments lacked legitimacy. It seems that the will of the ruled is likely to override that of the rulers. A wind of change is likely to transform the political structure of MENA region. Local actors are inclined to act more independently while global and regional powers will have to adapt their former policies to new circumstances (Khandelwal and Roitman, 2013).

In Tunisia, 23 year-long Ben Ali rule ended in 14th January 2011 and his political party was abolished. Annahda, the political party set up by Muslim Brotherhood in Tunisia, won the 23rd October 2011 elections, receiving 41.47% of the votes (EIU, 2011). Nevertheless, it is hard to claim that post-revolution process is proceeding properly. Tunisian Government has not managed to achieve much in social and economic grounds (Moaddel, 2012).

Hosni Mubarak had to resign following the popular protests, which broke out on 25th January 2011. A referendum for the new Constitution on 19th March 2011 and parliamentary elections on 28th November 2011 was conducted. Mohammad Morsi gained 51.73% of the votes and won the presidential elections held on 16-17th June 2012. Nevertheless, economic growth rates could not be improved, national and Foreign Direct Investment (FDI) was not attracted, as a result, markets couldn't be stabilized. The Morsi Government couldn't take necessary steps to cope with unemployment, especially among the youth, and improve social justice. Therefore, anti-governmental protests restarted on 30th June 2013 and the Egyptian military ousted the Morsi government with a coup d'état on 4 July 2013.

The popular protests in Libya, which was supported by NATO intervention led by France, started on 17th February 2011 and ended when Qaddafi was slaughtered on 20th October. On 23rd October, National Transition Council was established and 7th July 2012, democratic elections were held. However, conflicts between tribes are still going on and the unity of the state is at risk (Masetti and Körner, 2013).

In Tunisia, Egypt, Libya and Yemen anti-democratic governments were toppled as a result of the protests while some economic and social rights were granted to nations in Oman, Saudi Arabia, Morocco and Bahrain (Stepan and Linz, 2013). In Syria, the death toll exceeded one hundred thousand from the beginning of the insurgency till July, 2013 (Carpenter, 2013).

Arab Spring affected Turkey-Iran relations negatively due to the conflict in Syria. While Turkey positions itself beside democratic opposition movements, Iran has been supporting Esed regime with both military and political means.

There is no doubt that Arab Spring has been affecting Turkey. “Zero problem policy with neighbouring countries”, which was conducted by Turkey in its relations with Iran, Syria and Iraq before the conflicts broke out, is not applicable any more. However, it helped relations between Turkey and Arab Union gain new dimensions and become stronger (Masetti and Körner, 2013). The sensible and responsible warnings made by Turkish politicians to their Syrian, Egyptian and Libyan counterparts since the beginning of the popular protests enhanced the sympathy and interest among those peoples towards Turkey (Salt, 2012). Because of its liberal, Islamic, democratic and secular outlook, Turkey has become a role-model for those countries (Haynes and Ben-Porat, 2013).

Arab Spring weakened the obvious dominance of the USA in the region. USA considered revising its policies in the region leaving its unquestionable support for Israel and improved relations with regional powers like Turkey. As in Libya, USA shared leadership and responsibility in humanitarian intervention with its allies in Europe.

Its weakening leadership enabled other actors such as Russia and China behave more confidently in the region. China set up better relations with Iran and Saudi Arabia while EU adapted its former policies to new circumstances (Khandelwal and Roitman, 2013).

## **Conclusion**

In this study the reasons of Arab Spring, how it spread, its impacts on countries' economies and political shifts it brought about in international relations was studied. As a result, it is considered that Arab Spring has changed/is going to change the balances to a large extent. International organizations such as UN, Arab Union and Organization of Islamic Conference must support peoples' aspirations and help insurgencies end at once so that democratic transition is embedded in MENA region. It is vital for world peace that the region be stabilized through diplomatic means without a need for military intervention. However, in doing so, the unique inner structures of each country should be carefully studied.

After stability is secured, there is a need for practices to raise national incomes, to improve employment rates and to balance income distribution. Otherwise, the expectations of these peoples will not be met and counter revolutions as well as other methods will threaten the democratization process like in Egypt.



So as to help improve Egyptian economy, investments in agriculture and irrigation ought to be made in the rural areas so that poverty and employment could be overcome (ILO, 2013). Tourism, which provided employment for one out of seven people in Egypt, is of great importance for Egyptian economy. With the onset of the unrest, the tourism revenues declined by 80% (EIU, 2011). After the civil war broke out in Libya, Egypt was deprived of worker remittances when approximately 200000 Egyptians employed in Libya had to flee the country (Springborg, 2011). Moreover, natural gas export stopped after the sabotages to pipelines in Sina peninsula. The problems mentioned above had a negative impact on employment and led to a decrease in national income (Galal, 2011). Tourism revenues and natural gas export could rise, after security and stability is provided in the country.

In oil-rich countries like Libya, resources must be kept public. People should be able to get more from the revenues from these resources and public spending on health, education and other expenditures must be increased. Transparency on how revenues out of oil resources are utilized must be improved. Otherwise, international pressure and sanctions must be applied.

In addition, solutions to the issue of refugees, which is the outcome of the unrest in the region, must be found so that the burden it brings to neighbouring countries can be eased. Given that the unrest in Egypt and Syria is not to settle soon, refugees ought to be provided with better conditions improving their health, education, nutrition and security needs. Civilized world and international organizations must take charge of the steps to be taken.

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## Summary

### The Reasons and Economic and Political Consequences of Arab Spring

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A great many states have economic and political interests in the Middle East and North Africa (MENA) region. This area has suffered from instabilities, autocratic regimes, economic hardships and radical movements as well as rich natural resources. In this study, the reasons and political and economic consequences of Arab Spring were studied. As far as we are concerned, this study is supposed to contribute to the related literature at a time when the democratic government was toppled with a coup d'état in Egypt and ongoing civil war in Syria.

**Key Words:** Arab Spring, reasons, economic, political consequences