

The popular uprisings associated with the Arab Spring, and recent and ongoing protests in countries such as Iraq, Iran and Lebanon differ in origin, but their underlying causes are similar. The reasons revolt does not lead to real political and economic change are also the same. The fundamental challenge for states in the region is the need to create a productive economy supported by political and social structures that reproduce and expand the welfare of their citizenry. Anything short of that perpetuates rot in the economy and guarantees more unrest and upheaval in the future.

The Arab Spring – revolts against an unfair system

The Arab Spring protests which swept across the MENA region in the early 2010s were a reaction to economic policy changes dating back to the 1970s and 1980s. Following economic and political crises, many Arab socialist dictatorships, encouraged by the West and international development organizations, introduced ostensibly liberal economic policies designed to entice foreign investment. This led to foreign-loan-financed consumption, little productive investment and, ultimately, external indebtedness.

To answer these challenges, the regimes imposed austerity on the citizenry to repay external creditors, and more gallingly, permitted privatization (and monopolization) which benefited only the elite in power. In Egypt, after President Anwar Sadat's "Infitah" (opening the door) policy, only business and military men handpicked by his successor, Hosni Mubarak, and Mubarak's son Gamal, were allowed to benefit from key sectors of the economy. In the 1980s, in Syria, following a process of liberalization, the Assad regime either directly or through relatives came to control important industries, international trade and finance. In Tunisia, Zine El Abidine Ben Ali restructured the economy to the benefit of his wife's family, while Libyan leader Muammar Gadhafi outsourced state funds to his sons. The generals in Algeria also gave up their socialist policies of the 1960s and handed out parts of the economy to themselves or their cronies.

While some "open door" policies did lead to a modest level of trickle down to a small middle class, especially in those states where oil rents gave governments larger budgets and sympathetic foreign governments gave generous aid packages or debt relief, by the 2000s economic stresses erupted in popular anger across the region.

Upheaval in reconstruction states

More recent protests such as those in Lebanon, Iraq and Iran today, have occurred in countries in the process of rebuilding their political economies following major crises – civil war, revolution and invasion – which toppled their old governments. But in these countries, too, system change has not led to anything more than new sets of elites apportioning for themselves state funds and control over critical parts of the economy, while vestiges of old conflicts and animosities weigh heavily on the present.

At the heart of the current protests in Iran is anger at [economic mismanagement by the regime](#), as falling oil revenues, a collapsed currency and the unavailability of important industrial inputs continue to shrink the economy and incomes. In the post-revolutionary period, Iran's war economy was supported by nationalizations and religious foundations made up of assets expropriated from the Shah. After the war, freer external economic relations led to a foreign debt crisis and crony capitalism, epitomized by former President Akbar Hashemi Rafsanjani and his son Mehdi Hashemi. Persistent foreign sanctions have "militarized" the economy under the control of the Islamic Revolutionary Guards Corps.

Popular anger in Iraq, meanwhile, is directed at a government which is perceived to have been hijacked by a corrupt political class. Hunger for economic restitution, particularly among the Shi'a majority, immiserated by Saddam Hussain's repressive policies, has led to a system of sectarian apportionment whereby, following elections every four years, political parties connected to sectarian groups share government ministries and budgets among themselves leading to the gross [neglect of Iraq's power, transport, municipal, health and education infrastructure](#).

Three factors have stunted Lebanon's economic development and led to the widespread demonstrations seen today. The sectarian apportionment system, created by the French in the 1930s and revived after the civil war, is deeply imbedded in Lebanon's political system. It has led to theft of state assets by key politicians, [underinvestment in infrastructure](#) and gross inefficiencies that have destroyed Lebanon's middle classes. Key sectors such as finance and tourism, which Lebanon regionally dominated in the 1960s, have migrated to the Gulf states, while the rise of Hezbollah has kept foreign strife alive, scaring away potential investors.

The path of change: three routes, one destination

When violent popular revolts persist in Middle Eastern states and the government's grip on power becomes untenable, political change seems to go in three directions.

One, the "real power" elites, or so-called deep state – possibly the military and security services (those with coercive means) allied at times with business owners – eject the ruling group or face of the regime and either institute direct rule or even partially open up the political system, but keep hold of the old economic system that benefits them. This pathway describes Egypt best.

Two, a revolution occurs, where the old oppressed ethnic, religious or regional groups take over and create new political systems that expropriate the country's assets and income for their particular benefit. Lebanon, Iraq and Iran are examples of this direction.

Three, the state collapses and civil war erupts, as various factions (usually based on primordial allegiances) fight to recapture state power in order to take control over the old rents. The post-Gadhafi direction of Libya and what may have happened in Syria if the Russians and Iranians had not saved the regime fits into this pattern.

Whichever pathway out of the old political system is taken, all roads seem to lead back to the economic system of rentierism and rent seeking. The old system underinvested in human and physical infrastructure and did not create the infrastructure, laws and socio-economic systems needed to build a new productive economy. Political revolutions are not the pathways to control or preserve a new economy because there is no new economy. Moreover, under the new regime little attention or resources are given to creating the conditions to build a more productive economy and an exit ramp to true revolutionary economic change. So, the same fundamental problems of economic stagnation and the lack of jobs and income reappear under whatever new political system materializes from the ashes of revolution. This sets up the conditions for the next round of political upheavals.

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