

**Chapter 4: Chapter exercises**

**The socio-economic changes in the Middle East following the end of the Cold War**

The Cold War period witnessed an unprecedented growth in both industrial and economic expansion in the Gulf economies, a trend that was accompanied by increased rates of military spending throughout the region. After the Cold War, the Middle East and North Africa experienced increased globalization and increased mobility of ideas and people. This has resulted in a rise in particularistic ethnic and religious identification, and a deepening gap between rich and poor. Thanks to the growing demand for oil from Arab producing countries, with record prices of more than \$135 a barrel in 2008, one can see the increased development of infrastructure of influence of Gulf states like Dubai and Qatar. This factor has contributed to the uneven development of the region's economy in the contemporary globalized era.

Following the events of 11 September 2001, fears over the activities of domestic and transnational terrorist networks were added to concerns about international conflict. The Arab–Israeli conflict remains unresolved and continues to influence the rise of the national security state and makes MENA one of the most militarized regions in the world. Average military spending as a percentage of government expenditure for some individual states is very high. Between 2000 and 2012, the figures were 12% for Israel; 30% for Saudi Arabia; 13% for Turkey; 8% for Iran; and 9% for the United Arab Emirates (Cammett, 2015). The Arab Spring has led to a severe breakdown in regional cohesion. With the rise of so-called Islamic State (IS) and the encroachment of western forces, events have also brought with them political instability and added to perceptions of risk in the region, while concerns over internal unrest and external threats in places such as the Gulf fuel greater defence spending.

The demographics/resource gap in MENA has another aspect: the region's 'youthening' dilemma where 40% cent or more of the population is aged 14 or younger. This age bracket is certainly a potential asset, but at present it is taxing the system in terms of educational needs and job opportunities. Often unemployed, these young people are easily recruited to protest ideologies and militant pseudo-religious organizations, such as so-called Islamic State (IS). The region failed to compensate for its resource gap by attracting foreign resources through trade or FDI (Foreign Direct Investment). For the period 1980 to 2000, the FDI gap between MENA and the rest of the world was a large one, though this improved over the following decade. Whereas MENA's exports rose by 5%, the rate for Latin America-Caribbean (LAC) was about 350%, for South Asia-Pacific more than 400%, and for East Asia 550%. This worsening economic situation—with all its facets—has increased societal stress and has led to a situation of overall insecurity of both society and state. Between 2005 and 2007, Egypt—where official strikes are not allowed—went through 21 labour strikes and 124 sit-ins, a precursor of the 2011-political explosion in Tahrir.

Islamic movements are on the rise throughout the region and have tried to destabilize states. For example, in Egypt, about 1,200 people were killed following terrorist action or police repression between 1990 and 2002, and such losses rose after the military deposed the elected Muslim

Brotherhood president and replaced him with one of their own in 2014. Press reports indicated 1,641 'terrorist' acts in the first quarter of 2015, equal to one incident every 1.5 minutes (El-Sherouk newspaper, 17 March). But such underlying societal insecurity cannot be camouflaged for ever and has to come out in the political arena. In this situation, political conflict comes to the forefront and the legitimacy deficit increases. Moreover, this opposition can spill beyond state borders. This was the case with the Afghan Arabs and Osama Bin Laden (deprived of his Saudi citizenship in 1994) who constituted an extreme and bloody example of uncivil society contesting global governance.

***Do you agree that the growth in military spending throughout the Middle East has had a detrimental effect on the long-term sustainability of the MENA economies?***

***What impact has the rise of Islamic movements had in the region?***

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