

VL Srinivasan
Chief Reporter

The unrest in Middle East (ME) is more economical, which is fuelled by other factors including political reasons, says noted economist and US-based International Institute of Management (IIM) President Med Jones.

He is among the few experts who warned about the global financial crisis in 2008. His predictions were the most accurate and comprehensive among the experts who warned about the crisis.

In an exclusive interview with *DT*, while analysing the reasons behind the uprisings in different countries in Europe and in Middle East in the last one year, Mr Jones also dismissed media reports that the trouble in Bahrain is sectarian. Following is the first of the three-part series of the interview. Excerpts:

Q: What are the driving forces behind the Middle East unrest?

Answer: Although the protesters in Egypt and neighbouring countries are calling for democratic reforms, in reality they are calling for better economic life. Democracy is only a means to an end. I believe the driving forces behind the Tunisian and Egyptian uprisings are economical. A chronic high unemployment combined with the inflation in food prices is a volatile mix that can lead to major civic outbursts.

Q: Do you think the conflict in Bahrain could spread to neighbouring GCC countries?

A: Though on the surface, it appears that what is going on in Bahrain is sectarian, in reality it is economic. Egyptian ex-President Hosni Mubarak alleged that the unrest was incited by external forces.

However, he missed the real causes of the unrest and now he is out of power. Many analysts are confusing the cause with the effect. The cause is the economy and the distribution of wealth; the effect is sectarian, political and national divisions and unrest.

From a psychological point of view, when people go under pressure in life, be it economical or otherwise, they seek support from the people closest to them, usually religious or ethnic groups. They also start blaming other groups who have more control over the national resources.

If the gap of power is wide, this will eventually create deep divisions in the nation which can take on new forms of conflict such as class warfare, ethnic, religious, political unrest and at times civil war. The only effective protection against national divisions is an open socioeconomic system with a

'ME uprisings are for better economic lives'

This wave of unrest did not start with the Middle East and will not end there. The unrest could spread to other regions around the world, although at different pace and in different forms. The spread of the unrest is determined by the rate of the economic decline and inflation in each country.



large and growing middle class.

The same thing happened in Lebanon during the civil war in the 1970s. The conflict was between the poor majority and the ruling rich minority. People on both sides of the conflict used sectarian slogans to amass support to win the fight.

To the outside world, the Lebanese civil war looked like a conflict between Christians and Muslims. Initially the people in power said that the Palestinians caused the civil war in Lebanon, but when the Palestinian forces left the country, the war continued. In the end, Christians were fighting against each other and Muslims ditto.

Israel has the same problem, about 20 per cent of the Israeli population lives under the poverty line, the reason you do not hear about their problems yet, is because they are focused on an external enemy and they get generous annual US economic support.

Sustainable prosperity and stability of the nations in the

region cannot be realized without re-engineering their state models to more open socioeconomic systems allowing equal access to national resources and opportunities instead of the current closed systems based on tribal, ethnic, and religious quotas.

Q: How will Middle East developments affect the world?

A: Most analysts think this is a Middle East problem and people are demanding democratic reforms. I see it differently. I see it as a global problem requiring global monetary and economic reforms.

This wave of unrest did not start with the Middle East and will not end there. The unrest could spread to other regions around the world, although at different pace and in different forms. The spread of the unrest is determined by the rate of the economic decline and inflation in each country.

Just look at what happened in Greece, we saw similar unrest by the citizens against

their government. The country would have failed, if it was not for the massive bailout by the European Union (EU). Similar protests happened in UK by students in response to the proposal of the government to increase tuitions. These are all the after effect of the global financial crisis and wrong economic policies.

Q: Is there a way out of this imbroglio?

A: If the economic engine is restarted and inflation is controlled, the instability can be limited. If the recovery experiences new setbacks and inflation becomes hyperinflation, many countries will see civil unrest and we could even see more international conflicts under different disguises.

To understand what is happening and what is going to happen you need to look at inflation as a force of pressure. If the socioeconomic system of a country is open and democratic, the pressure will dissipate through the elections and

peaceful change of government.

On the other hand, if the system is closed, it might be able to contain the pressure for a while, but the pressure will build up with time and at a certain point, it will exceed the strength of the system causing it to crack. We saw it in Tunisia, Egypt and other countries before them. In other nations, this pressure release may take other forms such as racial, ethnic, or religious conflicts.

Rulers who learn from history and create a socioeconomic system that is open will achieve stability and continuity. Those who fight against the socioeconomic laws may win some battles in the short term, but they will lose the war.

From a global perspective, what is happening today is simply part of the process of moving towards the new world order and part of the shift of power from the West to the East. The Middle East is at the center of that change.