

# Global forces driving Middle East uprisings

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The spread of the uprisings in the Middle East, starting with Tunisia in January, followed by Egypt and now extending across the region, is sometimes seen as a kind of contagion.

No doubt the workers and youth in one country have drawn, and will continue to draw, inspiration and strength from the mass social movements in others. But the rapidity of these events is, in the final analysis, the outcome of deeper processes rooted in the world economy—processes that are at work in every corner of the globe.

The most obvious common feature of Tunisia, Egypt and Libya—the three principal storm centres so far—is that a far-reaching program of neo-liberal “free market” restructuring has taken place in all of them in the recent period. These policies, including large-scale privatisation, the winding back of national economic and financial regulation, the destruction of tens of thousands of jobs and cuts in state subsidies, have been overseen by the International Monetary Fund (IMF) on behalf of global finance capital.

Last October, the IMF issued a report in which it bewailed the general “lack of competitiveness in the Middle East and North Africa.” It pointed, however, to two “success stories.”

Tunisia had become the “outsourcing hub” of the region, with “simplified regulation, modern infrastructure, government incentives and commitment to a knowledge-based economy that generates well-trained, low-cost workers.” The self-immolation of a young unemployed worker last December was the trigger for the Tunisian uprising.

As for Egypt, it had attracted considerable global IT investment with recent “structural reforms” leading to “improvements in the business environment.”

Libya has also been the subject of glowing reports. On October 28 last year, the IMF commended Libyan authorities “on efforts to enhance the role of the private sector in the economy”. It hailed “efforts to deepen the financial markets” as “commendable” and pointed out

that there were no more government-owned banks and that “foreign partners” were involved in six of the country’s 16 operating banks.

The IMF report also noted that “progress” had been made in reducing civil service employment, pointing out that of the 340,000 public services employees transferred to a central labor office for retrenchment, about one quarter had found other sources of income. It called for the retrenchment program to be “accelerated.” As recently as February 9 this year, just a week before the uprising against Gaddafi began, the IMF pointed to the “ambitious program” to privatise banks and “develop the nascent financial sector,” and hailed structural reforms in other areas and “far-reaching laws” passed last year as boding well for “fostering private sector development and attracting foreign direct investment.”

The IMF directors had “commended the authorities for their ambitious reform agenda” and for the many important laws passed last year, “complemented by policies aimed at adapting the labor force to the economic transformation.”

Viewed against this background, the uprisings in the Middle East assume a broader significance. They are the first revolt against the “free market” program that has had such a devastating impact on the social position of the working class in the past 20 years. Privatisation, deepening social inequality, growing youth unemployment, the lack of opportunities for university and college graduates, falling real wages and the accumulation of vast amounts of wealth, much of it the result of what can only be described as criminal looting operations—these are not Middle Eastern, but global phenomena.

While the “free market” program of finance capital laid the objective economic foundations for the uprisings, the actions of financial authorities in the wake of the global financial crisis provided a significant initial impulse.

Confronted with the greatest economic disaster in eighty years, the response of the Obama administration and the Federal Reserve Board in the US has been to continue

with the same policies that led to the crash, while savagely attacking the conditions of the working class. Far from being regulated or controlled—let alone nationalised or having their chief executives brought to trial for their criminal activities—the banks and financial institutions have been provided with ultra-cheap credit by the central bank, so that they can continue to amass profits through speculation and financial manipulation.

As Federal Reserve Board Chairman Ben Bernanke stated explicitly in an article published in the *Washington Post* last November, the aim of the so-called “quantitative easing” (QE) policy, in which hundreds of billions of dollars are pumped into the financial system, is to boost stock market prices. Not just shares, but all assets, including real estate, land, commodities and food have now become targets for vast amounts of finance capital seeking to accumulate profit through speculation.

A recent study by staff at the United Nations Children’s Fund (UNICEF) found that the number of futures and options traded globally on commodity exchanges quadrupled between 2005 and 2010, with trading in food accounting for a “small but fast-growing share.” Increased speculation has helped to fuel price hikes. A Food and Agriculture Organization (FAO) price index for an international food commodity basket comprising dairy, meat, sugar, cereals and oilseeds jumped by more than 30 percent between June and December last year. The price of cereals, a food staple that accounts for more than two-thirds of dietary calories in many developing countries, jumped by “a staggering 57 percent over the same period.”

The study found that food prices did not subside markedly after their peak in 2007-2008, and in November 2010 were about 55 percent higher, on average, compared to May 2007. The report pointed to one of the key factors driving the uprisings. “Since 2008,” it noted, “poor households have exhausted coping strategies, such as eating fewer meals, cutting health expenditures, increasing debt and working longer hours in the informal sector, and their capacity for resilience is very limited in 2011.”

Rising food prices and inflation generated by the crisis of global capitalism have already had explosive consequences in the Middle East. They threaten even more far-reaching consequences in China. Here, the regime lives in daily fear of an eruption of the working class, far larger than that which developed in response to the inflation of the late 1980s and led to the Tienanmen Square massacre in June 1989.

Rising food prices are only one of the effects of the “restructuring” emanating from the global financial breakdown. Another is the sweeping spending cuts being carried out in Europe, and by state governments in the United States, in order to unload the costs of the trillions of dollars in bank bailouts onto the backs of the working class.

And a further flow-on effect is now looming, threatening to impact directly on those countries, such as Australia and Brazil, which have so far escaped the worst impact of the global economic crisis because of their commodity exports, especially to China.

Much of the increased demand, especially for iron ore, has come from the real estate and construction boom in China, fueled by the cheap money policies pursued by its financial authorities and the US Federal Reserve’s QE policy. However, the longer this bubble continues, the greater its consequences. This week, Australian macroeconomist and Reserve Bank of Australia board member Warwick McKibbin warned they could be even bigger than the consequences of the crisis of 2007-2008. With Australian gross domestic product (GDP) around 13 percent higher than it would have been if not for the export commodity boom, the impact of the bubble’s collapse will be devastating.

Whatever its particular form, the situation in each country is, as Leon Trotsky explained, “an original combination of the basic features of the world process.” Consequently, he insisted, the struggles of the working class in any given country, whatever their initial form, can only be taken forward on the basis of an international program and through the construction of the world party of socialist revolution. That is the perspective of the International Committee of the Fourth International today.

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