



Mission Viejo High School Model United Nations
29th Annual Conference
“Through the Fire the Spirit is Forged”



Organization of Islamic Cooperation

Maintaining Economic Stability in the Middle East

I. BACKGROUND OF TOPIC

The Middle East has long been unstable. The region has experienced many major and volatile conflicts in the last four decades: the Yom Kippur War of 1973, the Iranian Revolution, the PKK-Turkey conflict, the Iran-Iraq war and the two American invasions of Iraq (the first and second Gulf Wars). Much of this instability can perhaps be analyzed in the economic perspective and any solution to the region’s instability must take into account the financial and economic facets of the region.

Many of the states within the Middle East have either been overly dependent upon energy industries and or have not possessed fully developed economies with wide and ranging industries being active. This basic condition has led to wide and deep divides in almost the entire Middle East. The wealthy elite in these countries have traditionally concentrated resources in their own hands and have constructed socio-economic institutions and barriers that prevent social and economic mobility. However, on the other hand, there is great variation amongst the individual states of the Middle East with some having advanced/developed economies (Turkey, Israel, arguably Iran) on the whole; the region lags behind Europe, East Asia and North America. Yet overall, the governments of the region, especially Egypt, Libya, Iran and Syria have largely been unable to control rampant unemployment and increasing economic gaps. Demographic shifts in the region have created a large and young labor force while the industry and service sectors have not been able to expand at adequate levels to absorb their numbers. Many middle class youth have been educated for years at universities only to enter a jobs market that is virtually nonexistent. Chronic mismanagement and bureaucratic corruption has only exacerbated



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the problem. The despotic and authoritarian nature of many of the governments of the region have also discouraged and prevented private investment into these nations. Populist policies and promises, especially those made by the Secular Arab movements/leaders (incl. Baath Party of Syria, Hosni Mubarak and Moammar Qaddafi) have not been properly realized.

With the exception of Turkey and Israel, the region has not kept up to pace with the other developing areas of the world such as Latin America. GDP growth and wage growth have both lagged. Oil prices, for those nations with high oil reserves, have not alleviated the situation. Price fluctuations have created increased instability and the nature of the industry has meant that the wealth has been concentrated in the hands of a few. Furthermore, millions upon millions of rural villagers have migrated to the larger cities and population patterns have been near exponential. This has created much poverty for the lower classes. In the last decade, the powder keg has gotten even more explosive as food and energy prices have rapidly and almost-exponentially increased all the while real wage growth has decreased. The 2008 Global Financial meltdown has essentially acted to “overflow the dam” of frustration and lead to the current revolts/revolutions.

Additionally, there has been long-overdue “under the radar” frustration building up over perceptions that the corrupt governments have been hoarding wealth and depriving the public. Coupled with exaggerated and unrealistic promises by the leaders throughout the last few decades, there has been a fundamental structural divide between the government services and economic growth that the public expects and that which the governments are able to provide. Mismanagement has further lead to the Middle East becoming “the only region in the world to Exhibit a net drop in productivity from 1960-199” (Cordesman, 1999).



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In summary, historically, the Middle East has experienced economic instability for a number of reasons: the lack of a vibrant and fruitful private sector, the focus on irrational and “impractical education,” large bureaucratic growth without supportive tax base, corrupt and lack of regulation, problems with “rule of law”, overspending on military and defense, “lack of diversification,” and acting as “rentier states.” This has been coupled with public expectations, unemployment, wage decrease, price increases and general frustration to lead to the revolutions of the “Arab Spring”.

II. UNITED NATIONS INVOLVEMENT

The United Nations has long provided economic aid to the Middle East. Many UN agencies are involved in advancing the region’s industry and agriculture. The World Bank has provided many loans to the countries of the region for the purposes of developing their economies. ECOSOC, UNDP, and other agencies have all played a role in helping the area develop

III. POSSIBLE SOLUTIONS

Most of the solutions are long term structural changes to the economies of the region. To involve and encourage private investment, the nations might lower taxes and increase free trade. Furthermore, education might focus on more applicable pursuits and work to create future productive members of society. Overall price controls might alleviate some of the immediate food and energy concerns. Bureaucratic reform and watchdog regulatory agencies might also increase trust in the government while also increasing efficiency. Decreased military spending



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would leave more and more fund for the general public. The application of law to all regardless of authority or position might also increase trust in the governments. Another possible approach is to integrate the economies of the region into a free-trade zone much like the European Euro Zone. This future zone might facilitate the transfer of capital, resources, labor and business across borders and thus allow for increased prosperity. Economic integration might allow for long term peace and prosperity. Good governance, freedom of press, freedom of trade and increased competitiveness might have the same effect as in Europe: the creation of wealth for the society as a whole.