



When hope and history rhyme: making sense of a socially turbulent year

*History says, Don't hope
On this side of the grave
But then, once in a lifetime
The longed for tidal wave
Of justice can rise up
And hope and history rhyme.
(Seamus Heaney, 1991)*

The world was shocked, not only by the ever-evolving economic crisis in the developed world, but also by a wave of protests that shook up both the developed and developing world. As economic conditions deteriorated, a general feeling of powerlessness and anger over the unequal distribution of wealth and power triggered a widespread political and social crisis. This report tries to make sense of the social turbulence in the past year, while also considering its economic ramifications. Whether the hope for change will remain an illusion, or whether hope and history will rhyme, remains to be seen and will be discussed in the final section of this report, which looks at the political implications of the protests.

2011: a turbulent year

At the start of 2011, protests were already in full swing in the Middle East and North Africa (MENA), where, for the first time in decades, anger over repression and economic deprivation helped overcome fear of repercussions. We saw the first revolution in Tunisia, where protesters succeeded in overthrowing Ben Ali's regime. Not long after that, protesters in Egypt achieved similar results, as they forced out their leader, Hosni Mubarak. In Libya, it took a civil war to finally rid the country of Colonel Ghadafy. In Yemen, the political crisis still continues, despite the fact that former leader, Ali Abdullah Saleh, fled the country. In Syria, after nine months of heavy protests, Assad maintains his grip on power, despite thousands of casualties and

international sanctions. It is feared that the country is rapidly approaching a full-blown civil war. In Bahrain, protesters met with the likes of the Saudi Arabian army that clamped down on protesters and prevented a revolution from spreading. Also in Saudi Arabia protesters were unable to gain ground. Meanwhile, in neighbouring countries, a series of protests forced the ruling regimes to beef up social policies and subsidies and implement constitutional reforms.

Also outside the Arabic world, we saw an increase in social unrest. India's government saw itself challenged by activist Anna Hazare, whose hunger strikes encouraged widespread protests against rampant corruption in the country. In South Africa, citizens took to the streets, not to protest corruption, but to voice their anger over the acceptance of a secrecy bill that forbids journalist to report on corruption, unless explicitly approved by the state. Meanwhile in Chile, students organized massive protests against the highly unequal distribution of wealth and power in the country and the government's failure to provide affordable education for all. We witnessed the first signs of social unrest in China. The most notable protests included those against the government's attempt to cover-up a severe train crash in Wenzhou, as well as the uprising in the village of Whukan, where villagers protested against years of land grabbing. In addition, we saw numerous strikes in the country's manufacturing heartland, Guangdong, in response to the pay-cuts enforced by manufacturers in the face of slowing exports. At the end of 2011, it was the protesters in Russia that surprised the world, as we witnessed the first widespread protests since the fall of the Soviet Union. The rigged elections in November motivated voters to go out to the street and protest the United Russia Party, but above all, Putin himself. Years of corruption, nepotism and the lack of an (political) alter-

native appear to have taken their toll. Meanwhile, the western world saw its own leadership challenged by protesters of the Occupy movement. Although the movement lacks a clear agenda, its rapid spread clearly signals a feeling of frustration and powerlessness among large segments of the population. However, whereas the Occupy movement has so far been rather peaceful, youth in London took a different approach last August, when they looted various neighbourhood stores. Finally, Europe also saw a large number of protests against the various planned austerity measures. Protests took the form of strikes and riots and were most pronounced in central and southern Europe, where both the economic crisis and the reforms and austerity measures are having the largest impact.

Solidarity of the shaken

The trigger for many of the above-mentioned protests was a decrease in purchasing power, brought about by the economic downturn and increasing commodity prices, which put stress on existing social arrangements. When the economic gains became smaller, the unequal distributions of wealth became harder to swallow. As a result, specifically corrupt and autocratic politicians met with increasing resistance, as especially younger generations found their voice and embarked on a struggle for economic opportunity and political power. What became especially clear is that the combination of the economic downturn and the speed with which information travels the globe make for an very explosive cocktail. Social media, including Facebook and Twitter, allowed for a few sparks to light a fire unbounded by state lines. Because, even though social media are never the cause or trigger of protests, they do allow for a few to encourage and mobilize many. Thereby, social media helped establish the 'solidarity of the shaken'. In the words of the recently deceased former president of the Czech Republic, Havel:

"When Jan Patocka (...) used the term 'solidarity of the shaken'. He was thinking of

those who dared resist impersonal power and to confront it with the only thing at their disposal, their own humanity. Does not the perspective of a better future depend on something like an international community of the shaken which, ignoring state boundaries, political systems, and power blocs, standing outside the high game of traditional politics, aspiring to no titles and appointments, will seek to make a real political force out of a phenomenon so ridiculed by the technicians of power—the phenomenon of human conscience?" (Havel, 1984).

While side-stepping the question of whether or not a better future indeed depends on such a community, we should recognize that social media have enabled the coming about of sizeable movements. In addition, as they empower especially young, technology savvy generations, they provide a powerful tool in the youth's struggle to take over power from older elites. At the same time, the previous year also revealed the other side of social media. During and after all major protests, governments employed Twitter and Facebook to locate violent protesters, dissidents and/or instigators. However, even though governments are catching up with new technologies, the impact of social media is undeniable. And, although some governments have so far been successful in controlling their use and content, too much control may in itself become a source of frustration and unrest.

The economic repercussions ...

Social unrest not only threatens political, but also economic stability. Especially prolonged episodes of social unrest, be it in the form of strikes and protests or, civil war, often compromise economic activity. Moreover, deteriorating business environments deter investors, while riots and wars can also cause physical damage to production plants. Finally, international sanctions, as a result of unrest, can further add to economic costs. Of course, there are also the more accepted economic effects of protests, which come in the form of

increased wages, or social benefits, as a result of public pressure.

We find the most pronounced economic ramifications in the MENA, where protests severely disrupted economic activity in a number of countries. In Egypt, and to a lesser extent in Tunisia, continuing protests weigh negatively on economic growth and led to an increase in unemployment, a sharp fall in both foreign investments and foreign exchange reserves, as well as increasing budget deficits. This caused Tunisia's new president to call on the population to cease protesting, stating that continued protests and strikes would be no more than "collective suicide". Libya's economy, including the damaged oil fields, will have to be rebuilt, but the country can at least rely on a relatively educated work force. Yemen's economy is in a far worse shape. Economic activity came to an abrupt halt and the country has been coping with severe fuel shortages. Syria's economy is moments away from total collapse. Tourists have fled the country, while international sanctions isolate Syria's bank, as well as its (small) oil sector. The other MENA countries were less affected, as protests were less severe. Still, governments will have to finance the stark increase in social spending that they promised to their populations, in an attempt to silence protesters.

In other emerging countries, the economic ramifications of the protests were largely temporary. We saw an increase in social benefits in China, a temporary decrease in investor confidence in Russia and minor physical damage in South Africa, and Chile. In India, the economic impact was also minimal. Still, this is not to suggest that their governments can relax. As the underlying grievances have not been addressed, future protests seem likely and may prove far more disruptive.

With respect to developed countries, the most pronounced economic ramifications will stem from the protests in Europe, against the various austerity measures. While strikes and riots (such as those in Greece and London) carry

direct economic costs, also more peaceful protests could prove expensive, if they succeed in delaying or even discontinuing the various, much-needed¹ austerity measures.

... the political implications

Whereas the economic ramifications of the social unrest became clear rather quickly, their political implications will take some time to become fully visible. With respect to North Africa, and specifically Egypt, Tunisia and Libya, it is still unclear how the new political regimes will be organized and whether the process of democratization that has been set in motion will fully materialize. Many questions remain unanswered. For instance, will the military council that is currently ruling Egypt hand over power to a democratically elected government? And, will the Islamist parties, which are winning the elections in both Tunisia and Egypt, indeed prove as moderate as they have so far claimed to be? Finally, the future of Libya will depend on the temporary council's legitimacy, its ability to unify the country, as well as its ability to motivate the various rebel groups, which played a vital role in removing Ghadafy, to lay down their weapons. In the Middle East, we expect the political implications will be most pronounced in Syria and Yemen, but also here it is hard to say what they will be. Especially in Syria, a civil war seems likely and would be dangerous, as conflict could easily spill over to neighbouring countries such as Lebanon and Israel, or even Iran.

In Europe, increased social unrest showed that even though we share a currency, local politics matter. As citizens in many eurozone member countries are becoming increasingly reluctant to bail out their neighbours, solidarity between European countries is decreasing and politicians in Brussels are reminded that the success of the

¹ One could argue that the austerity measures themselves will be costly, since they could obstruct economic recovery. Still, it is generally accepted that in light of the debt positions of many eurozone governments, but also considering the costs attached to an ageing population the proposed austerity measures are indeed needed, now or in the future.

eurozone very much depends on their ability to convince their constituents back home. A related and worrisome trend is the emergence of nationalistic populist parties. Also in the US we see a rise of populism (the rise of the Tea Party movement).

The success and impact of the Occupy movement remains uncertain and will not only depend on the endurance and size of the movement, but also on its ability to penetrate traditional politics and unite behind a common goal. Of course, this will also depend on the movement's own ambition: does it hope to show discontent with the status quo, or to change it? Protests in China have so far been small and local, while their impact has been contained by rapid government interventions, which came in the form of handouts and repression. Still, slowing growth will put pressure on social arrangements in China and, as more corruption scandals are revealed, we should expect anti-government sentiments to increase. Eventually, such tensions could imply drastic political and social reforms. Still, for now, we do not expect any widespread revolts.

While the protests in Russia clearly signalled the population's demand for change, they can hardly be called a revolution. Moreover, protests against Putin should not be mistaken for protests in favour of more democracy, or a political system resembling that in West-European countries. Because, even though Putin has lost some of his popularity, few would vote in favour of true democracy, which is mostly associated with the chaotic years after the fall of the Soviet Union. Another reason we do not expect any drastic changes in the short term is the fact that Russia's lacks a large, politically active, younger generation. In addition, the country's harsh weather conditions make protesting difficult. Even still, it appears an era of relative stability has come to its end and we do expect that Putin will face increased resistance.

The protests in South Africa had little impact and the secrecy act remains in place, setting a dangerous precedent for other corrupt governments wishing to curtail their media. Also in India, the protests against corruption have so far been unsuccessful, as it is proving difficult to implement the needed institutional changes. Finally, it is hard to predict whether the protests in Chile will bring the desired change. A positive sign is the fact that protesters can rely on the support of the population at large and have so far shown little intention of giving up.

Conclusion

2011 was indeed a turbulent year. As economic conditions deteriorated and social grievance surfaced, social media helped mobilize the masses. But, since history is still being written, we cannot yet conclude that the hope for change that drove many of the protests will indeed become reality. Still, we witnessed the coming about of some unexpected revolutions, while a number of important issues were raised. Meanwhile, the economic impact of the social turbulence is far more visible. Especially in the MENA it is feared that the vicious cycle between economic instability and political unrest will prove extremely destabilizing. For 2012, we expect another turbulent year, as economic conditions are expected to deteriorate and many of the grievances underlying last year's protests are still to be resolved.

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