

Economic Repercussions Of Protest Movements

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Abstract:

Purpose – Drawing on both classic and modern work, we propose to find out the economic repercussions and political implications of protest movements. Due to failure in experiment in social changes and development mass hysteria has developed among masses which are heavily burdened by state but does not profit from countries boom.

Design/Methodology/approach- A case studies of twelve different protests movements was developed taken from the protest movement from 2003-2011. Secondary data will be used to show its economic implications.

Findings- The economic repercussions of these social protests are huge. Prolonged episodes of this social unrest, strikes, civil wars often compromise economic activities and political implications takes time to become fully visible.

Research limitation and implication-The accuracy of the findings depend upon the authenticity of the source and information used in analyzing secondary data.

Practical implications-The result of this finding will help economists, research workers, sociologists understand the importance and impact of these social movements in changing and deciding world politics today.

Originality Value-This study is of its first kind which will establish the economic impact and its correlation with political ramifications of these social movements.

Key Words - Economic ramifications, political implications, social unrest, social protests.

Paper type-Research Paper

Fifty years ago, sociologists considered protest to be an undemocratic intrusion into politics. In the wake of the movements of the 1960s, protest is now seen as an important adjunct to democratic politics and a significant factor in the transition from authoritarian to democratic regimes.¹ Social movements' theorists see protest as "politics by other means," and it is now well recognized that extra-institutional and institutional politics are intertwined and interdependent.² In lieu of this particular paper research conducted brought out striking revelation that it was experiments in social change and development and muddled implementation coupled with dictatorial regimes that resulted in more oppressed and exploited which fired the protests to the extent of dragging dictators on the street to annihilate the individual who have been the face of this oppression from decades now. Experiment of Marxism was to liberate these very oppressed and to promote communal spirit in social life which inspired widespread social and political actions but unfortunately gave birth to the world threatening arms race between power for and against that change. This ideology have nowhere yielded a social order that does justice to the vision for such change have finally collapsed and left world in disarray.

On the liberal side it was the call for "development" that promised prosperity to the developing nations without any radical social upheavals. Foreign development assistance swelled to flow towards developing countries to deliver the promised prosperity; and state power swelled to deliver the product. Product whose definition was distorted and equated with macroeconomic indicators which included likes of GDP, GNP etc without little and sometimes horrifyingly

¹ **Emerging Trends in the Study of Protest and Social Movements** by Pamela E. Oliver, Jorge Cadena-Roa and Kelley D. Strawn

² Emerging ideology in the popular protests and grass root action research by Anisur Rehman

secondary consideration being paid towards the distribution concerns. In the aggregate no significant dent could be placed on the deplorable poverty in the world it worsened the situation by widening the gap between haves and have's not. Today there is little left of faith in development although national and international and mainstream economist continues to use the rhetoric promising now that while state efforts have failed 'Free Market' is the best way for nation to develop. Concerns for distribution have been virtually abandoned in the reverence of the pursuit of private interest. In its place we found loud concerns for "Poverty alleviation". The measure of poverty is based on set of presumed basic needs of life, an absolute measure that ignores human aspirations and misery derived from one relative material status in society.

When a **Tunisian** fruit vendor set himself on fire in late 2010, he ignited a mass protest movement across his country. What [Mohamed Bouazizi](#) likely never expected, however, is that the uprising would be followed by many others worldwide.

Tunisia protests: Removing President Zine el-Abidine Ben Ali from power is only part of the story. Remarkably, notwithstanding [isolated demonstrations](#) against the new government's failure to prosecute the ousted president's supporters, Tunisia has enjoyed a relatively smooth transition toward democracy. Contrast this with **Egypt, Yemen, Libya, and Syria;** where the early flowerings of Arab Springs wilted into brutal state crackdowns or civil war. The **Tunisian Revolution** was an intensive campaign of civil resistance, including a series of street demonstrations taking place in Tunisia.³ The events began in December 2010 and led to the ousting of longtime President **Zine El Abidine Ben Ali** in January 2011 eventually leading to a

thorough democratization of the country and to free and democratic elections which saw the victory of a coalition of **the islamist** Ennahda Movement with the Centre-Left Congress for the Republic and the Left-leaning Ettakatol as junior partners.

The demonstrations were precipitated by **high unemployment, food inflation and corruption**, a lack of freedom of speech **and other** political freedoms and **poor** living conditions. The protests constituted the most dramatic wave of social and political unrest in Tunisia in three decades and have resulted in scores of deaths and injuries, most of which were the result of action by police and security forces against demonstrators. The protests were sparked by the self-immolation of Mohamed Bouazizi on 17 December and led to the ousting of President Zine El Abidine Ben Ali 28 days later on 14 January 2011, when he officially resigned after fleeing to Saudi Arabia, ending 23 years in power. **Labour unions were said to be an integral part of the protests.** The protests inspired similar actions throughout the Arab world; **the** Egyptian revolution began after the events in Tunisia and also led to the ousting of Egypt's longtime **President** Hosni Mubarak and a full-scale civil war in **Libya** that led to the ousting and death of Muammar Gaddafi after 42 years of his rule; furthermore, uprisings in Bahrain, Syria and Yemen and major protests have also taken place in Algeria, Jordan, Morocco, Israel's borders, Iraq and Mauritania as well as elsewhere in the wider North Africa and Middle East.

ECONOMIC FACTORS LED TO ARAB UPRISING



By mid nineties Tunisia and Egypt gradually began to boost their economic growth, reduce public deficit and contain inflation. However while macroeconomic indicators were clearly improving, employment opportunities particularly among the educated youth worsened dramatically. In this case it is dramatic to note that in the last decade while unemployment at the national level has declined, this has not been the case with the two segments of the society: women and graduate youth. Moreover the informal sector has become the primary sources of employment for the masses. These jobs however tend to be grossly underpaid, unregulated and provide no social protection.

In spite of the adoption of market oriented reforms the economies of the three countries albeit with differences have continued to suffer from structural fragilities and weaknesses.

At the start of 2011, protests were already in full swing in the **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 Ghadafi. 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 reform

EGYPT-Economic Cost of Protest Movements

figure 2

figure 3

EGYPT-Political Cost of Protest Movements

In Egypt, strikers have been careful to strictly focus their demands on economic grievances. Political protest movements that flourished briefly around the 2005 parliamentary elections and then again during the 2010 elections did not reach out to the groups involved in labor and economic protest.. In terms of attitudes toward the formal political process, workers and young activists in Egypt have viewed opposition political parties as untrustworthy and obsolete organizations. Protest leaders have been careful to distance collective action from political parties, strongly denying any alleged links. This distrust is in part due to the perception that parties would attempt to impose their own agenda on the protests instead of advancing the workers' and the activists'

demands.

ALGERIA- Economic Cost of Protest Movements

One unusual outcome of the protest in Algeria was the formation of some independent labor unions, including among teachers. Even members of professional associations mobilized against economic liberalization measures introduced by the government, fearing they would lead to higher prices and inflation.

Syria- Economic Cost of Protest Movements.⁴

Tourism-most damaged sector since the protests began	Accounts for 12% in GDP and directly contributes 10% of the employment	
Foreign Direct investment	Several Persian gulf and foreign companies have announced their plans to cancel investment in Syria	
Budgetary Deficit	Bashar Assad, issued a decree increasing monthly salaries and wages by 1,500 Syrian lira (\$30), in addition to a 30% increase for monthly salaries under 10,000 lira (\$200) and a 20% increase for salaries at or above 10,000 lira. The government also reduced fuel prices by 25% to aid citizens' purchasing power and counter negative effects of the inflationary pressures accompanying the protest wave.	The cost of these measures, which were not anticipated in this year's fiscal law, is estimated at more than 2% of GDP. This means the budget deficit will expand and could surpass 8% of GDP unless tax revenues — and economic activity — rise.
Devaluation of currency	The Syrian lira has also recorded a drop in its value versus the dollar, falling up to 15% at times. There has also been an increase in currency trading in the unregulated (black) market.	

Jordan—the country experienced successive waves of protest for over twenty years, some sparked by economic conditions, others by political events.

⁴ The Economic Consequences of Syria's Social Unrest by [Lahcen Achy](#) *Los Angeles Times*, August 17, 2011

When protest started in January 2011, in part a response to the uprising in Tunisia, however, the government responded—not by relaxing political controls, as it had done in the 1990s, but by pledging U.S. \$283 million to reduce taxes on fuel and food products like rice and sugar.¹⁰ But state resources in Jordan are limited and it remains to be seen whether the government will be able to buy its way out of spreading protests with economic concessions alone.

Also outside the Arabic world, we saw an increase in social unrest.

Occupy Wall Street Contrary to its proclamations of “exceptionalism,” America suffers from the same inequality and corporate malfeasance that prevail elsewhere. This movement’s popular [“we are the 99 percent”](#) rallying cry finally forced US politicians to acknowledge that these problems resonate with large majorities of Americans. The movement also revealed that American progressives’ grievances about Washington’s excesses echo those of Tea Party conservatives, despite sharp disagreements on social issues.

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 pro-tests 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, 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'⁵

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 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 Patočka (...) 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 size-able 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 cat-ching 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 controlling their use and

content, too much control may in itself become a source of frustration and unrest.

The economic repercussions... Recent Trends in Inequality and Globalization

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

- World trade has grown five times in real terms since 1980.⁶
- its share of world GDP has risen from 36 percent to 55 percent over this period
- Trade integration accelerated in the 1990s, as former Eastern bloc countries integrated into the global trading system and as developing Asia—one of the most closed regions to trade in 1980—progressively dismantled barriers to trade
- Financial globalization has also proceeded at a very rapid pace over the past two decades.⁷
- Total cross-border financial assets have more than doubled, from 58 percent of global GDP in 1990 to 131 percent in 2004.
- The advanced economies continue to be the most financially integrated Asian economies (NIEs) and developing economies showing little evidence of convergence to the

⁶ Oil exports and imports are excluded from the trade measures but not from overall GDP.

⁷ For a comprehensive discussion of financial globalization and its implications, see IMF (2007).

more open capital account regimes in advanced economies,

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... Politicization of protest

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 neighboring countries such as Lebanon and Israel, or even Iran.

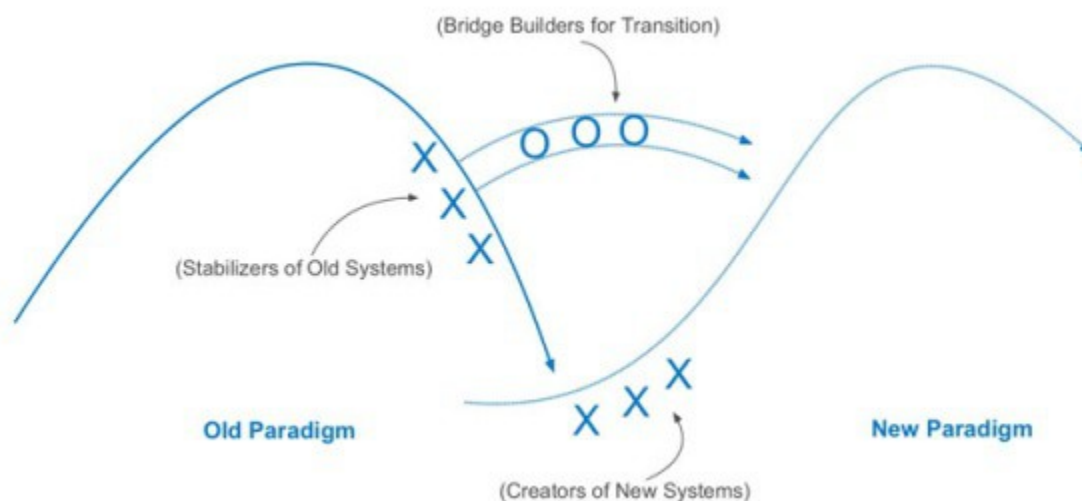
In **Europe**, increased social unrest showed that even though we share a currency, local politics matter. As citizens in many euro zone member countries are becoming increasingly reluctant to bail out their neighbors, solidarity between European countries is decreasing and politicians in Brussels are reminded that the success of the euro zone very much depends on their ability to convince their constituents back home.

It is increasingly clear that the institutions of yesterday are inadequate for the challenges of tomorrow. Multinational corporations bent toward the myopia of quarterly returns are ill-fit

for extended periods of volatility and turbulence. Centralized governments, with an opacity built in to ensure secrecy, cannot keep pace with the speed-of-light communications of 21st Century internet-based and mobile technologies. They must be opened up and redesigned with agility and integrity as guiding principles.

What is needed now is nothing less than the wholesale redesign of civilization. Our banking institutions must be reconnected to the thriving of human communities. Our schools and universities must cultivate a creative resilience that enables massive-scale innovation. Our businesses must produce positive social impacts alongside healthy revenues. And our governments must successfully provide the supports through which well-being is sustained and spread across the entirety of nations, cities, and villages.

This schematic captures the essence of what is needed:



This concept of bridge-building across paradigms was developed by the [Berkana Institute](#).⁸

8 Toward the Global Transition — 2012 and Beyond In [Economic Patterns, Global Integration, Social Change](#) on January 27, 2012 .

On the left is the old paradigm with its food production, governance, commerce, and civic capabilities. As these old systems continue their decline *it is absolutely essential* that people remain in them as Stabilizers of the Old. Teachers must continue to educate our youth. Farmers must continue to grow our food. Utility companies must continue to protect us against the elements. And so on.

At the same time, there is a vital role for social innovators! These Creators of New Systems will design hybrid organizational forms that combine the economic strengths of for-profit companies with the social values and integrity of non-profit missions. They will decentralize energy production and invent clean technologies. And they will build the integrative institutions of government, education, and civil society that are capable of evolving in the complex ecosystems of our 21st Century planet.

Yet, another vital role is that of Bridge Builders for Transition. Those who can translate the new paradigm into the operational settings of legacy organizations will create new job categories that enable the stabilizers to keep paying their mortgages and put their kids through college while increasingly directing their productivity toward resilient design.

Are you a stabilizer who seeks stability and order for our chaotic world? Or perhaps a social innovator whose creativity the world so desperately needs? Or is your place in the transitional management of people who lack a bridge across the divide?

Conclusion - Given the turbulence that we have seen in the past so many years in terms of protests ,I think it's a warning signals of the storms that have been brewing from ages now between haves and haves not .Arab spring ,wall street protests are just a tip of the ice berg. Macroeconomic indicators are just figures and they do not feed the hundreds of thousands of hungry people.

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