

Middle East Thoughts  
February 23<sup>rd</sup>, 2011

It is certainly a messy situation. The countries in the Middle East/North Africa are often grouped together but they are very different and frequently, away from the cameras, have not always got along with each other.

The uprising in Egypt was by general Egyptians rather than a religious or tribal grouping. The root cause was probably inflation. Food prices have been rising rapidly all over the world. This is only a nuisance in the West where food costs are always below 20% of the average person's budget. In the poorer Middle Eastern countries including Egypt and Jordan, food costs are over 40%. When people are suffering and simultaneously see a corrupt ruling elite enjoying a luxury lifestyle, trouble is not far behind. The protesting Egyptians were rebelling against the autocratic corruption that they believed was part of the economic problem in the country. The protestors were not particularly Muslim Brotherhood individuals. The army was composed of Egyptians from top to bottom. This made it difficult for Hosni Mubarak to use his armed forces to control the masses as we saw with the army refusing to fire upon the protestors which likely composed their friends and family. The result was always going to be either a resignation by Mubarak or a slow fizzling out of the protest. Egypt will still be Egypt. A country not particularly blessed with natural resources but then not devoid either. It has a large semi-educated population with an economy that is domestic dominated. Whoever is in power, it will continue in its reasonably steady progress. Any new government will be greeted with relief and a political honeymoon. No new government, however, can fulfil the aspirations of the masses who imagine a quick fix. As disappointments sets in later in 2011 or 2012, the Muslim Brotherhood might appear with a new solution and then we will have problems. It is a worrying development that Iranian Warships are presently passing through the Suez Canal for the first time in decades.

The protests in Tunisia have the same general composition.

Libya is very different. Here is a backward country of three main tribal groups held together by a strong man with terror. Wealth from oil is not evenly distributed. Food prices have been rising, stretching the average person's ability to feed his family. All Libyans know that their country is wealthy and want to know why with such oil wealth they are not benefiting themselves. But they also knew that any dissent is put down with an iron fist. The security forces are foreign - primarily African mercenaries who will do what they are told. The police and regular army are Libyans generally. Once the riots reached critical momentum, it was predictable that they would turn very ugly as the Gadhafi clan would know that a loss of control would lead to trials, hangings or worse for them. The best they could hope for would be a life on the run perhaps in Venezuela or maybe Iran. The orders were given for the army and security forces to fire upon the general Libyans. The African security forces obeyed and the army general melted away. Gadhafi says he will fight to the last bullet. Laughable. He will fight until he knows he will lose and then will take a luxurious private jet to some location with his stolen wealth hidden in some accounts. His security forces will be left to their own devices.

If we put to one side our own humanitarian/religious thoughts, the net result will be good for the world. Some new government will be formed of amateurs but their only asset is oil which they will sell. Foreign companies and governments will help this new Libyan government. Many Libyans will be personally harmed by the events, but as a whole the country and the world will benefit.

I see the most dangerous development in Bahrain. Here the protestors are not a uniform group of Bahrainis but rather they are predominately Bahraini Shiites. The country is maybe 60-70% Shiite and 30-40% Sunni. The ruling hereditary Al Khalifa's are Sunnis. No one

could compare the King as a tyrant. Rather he and his immediate ancestors have created a western leaning relatively liberal prosperous Arab country. Bahrain is surrounded by countries with immense oil and gas wealth yet it has only meagre energy resources itself. The country has prospered as a location for Middle East corporate headquarters, financial operations, Arab tourism and property development. All of its success depended upon being seen as a stable liberal safe society with secure reliable leadership. It is true that it is a monarchy with the top jobs in both commerce and government going to its "aristocracy". Other top jobs are held by Sunni well connected individuals. It is not corrupt in a Egyptian/Libyan sense. The Bahrainis Shiites were second class citizens but they were still citizens which gave them many advantages ahead of the ex-pat population. The security forces and military are ex-pats or could be called mercenaries. Where is the solution? The Royal Family will not give up their country and the Sunnis will not allow a Shiite majority rule. (Think Catholic-Protestant in the 1600s for an understanding). Bahrain has damaged itself significantly as it is hard to restore an image of stability following riots. The full Shiites demands cannot be met. Probably the Al Khalifas will offer some concessions of consultation or more openness. The question is how far the majority Shiites will agree. An international dimension is here with Iran Shiite, and desirous of making mischief in the Gulf.

Going forward Bahrain is degraded in international ranking and prospects.

They have no oil and are not internationally significant BUT they do provide US Naval facilities.

The big worry here is the Eastern province of Saudi. The kingdom is really three cobbled together areas - Jeddah and the old Hashemite Kingdoms in the West, Riyadh in the centre as the base of the Al Saudi and Wahhabis and the Eastern Province containing the oil. Unfortunately all the oil is in the Shiite majority Eastern province. These Eastern Shiites feel that they have been left out of the Saudi wealth distribution and believe they should have a lot more. The world should hope (not for justice reasons but for blunt economic reasons) that the Eastern Saudi Shiites do not follow Bahrain's lead.

Other Gulf Countries do not contain the seeds of revolution as they are generally solidly Sunni and the local population is relatively wealthy. The extreme is the UAE with 85% expats doing the work and 15% nationals enjoying the situation.

Jordan is very complicated with a hereditary excellent Hashemite King yet a 60%+ Palestinian population. The King tried to dance between all the conflicting influences. One could write many case studies on Jordan.

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