The Economic Crisis in Middle East

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**Introduction**

The Arab spring in the Middle East brought an economic winter in the Middle East region. From Egypt to Syria and Saudi Arabia to Qatar, all major countries in the Middle East are under an economic crisis. The political crisis, civil wars, and the regional wars further add up to the economic crisis of the Middle East1. The region of the Middle East has witnessed major conflicts over the past few decades. The Middle East has been the most unstable region of the world in the last few decades and continues to suffer a devastating amount of human toll. These crises have resulted in economic instability in the region.

**Discussion**

The global economic recession has intensified the regional economic crisis of the Middle East. The existence of militant fundamentalist groups like ISIS prohibits the reemergence of political-economic stability2. The socio-economic instability has generated an unprecedented refugee crisis with more numbers of immigrants than any of the World Wars. The conflicts in Syria, Yemen, and Lebanon have resulted in inflation, loss of millions of human lives, political crises, and immense economic damages. The turmoil of Yemen and Syria has crossed the borders and spread over the region in socio-economic forms. A great number of human displacements in the Middle East occurred as never before in history3. The social institutions in the region have disintegrated over the last few years and hence cannot undertake the necessary economic reforms.

The region needs an effective economic policy that is focused on protecting the economic institutions, increases the budget space, and stresses upon the basics needs of the public. The usage of monetary and exchange rate policies should be implemented for boosting up the confidence of the investors4.

Unconventional economic measures will be required for the implementation of these policies. The central banks of Yemen and Libya have put extraordinary efforts into boosting their economies5. Once the conflict gets resolved, well-functioning social and economic institutions will be required for successful economic rebuilding.

To prevent further violence in the region, countries need to implement reforms inclusive of economic growth and to reduce economic inequality. The IMF and other external economic partners have supported the region to prevent an economic fallout. They have helped to raise the humanitarian aid for meeting the immediate economic needs of the affected people in conflict zones6. They have also raised the developmental aid for infrastructural rebuilding and strengthening economic and social resilience in conflict zones of Syria and Yemen. However, the region still needs additional concessional loans and grants so that the region does not get overburdened with debts7.

**Conclusion**

IMF has addressed the impact of the Syrian crisis on the neighboring countries, particularly in Jordan and Yemen. The bank has prepared projects for assisting the communities which are hosting the Syrian immigrants. Satellite imagery and social media analytics have been set by the bank in Syria to assess the damages in the six major cities and sectors. The bank has also developed a mechanism for suitable financial aids on concessional conditions. The majority of the population in Jordan and Lebanon belongs to the middle class. These countries cannot afford such a great inflow of immigrants. Hence, the IMF has developed projects to help these countries for greater education and health infrastructure to host the refugees.

The recent downfall of oil prices has increased the economic downturn in the Middle East. The crisis proves that the region requires structural economic reforms that should be beyond the oil-based economy. The above debate proves that the region of the Middle East needs major economic reforms to come out of its recent crisis. Socio-political stability is basic for the economic progress of the region.

End Notes

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