

Revisiting global poverty, development and democracy. Evidence from 'sturdy' North African countries¹



Marco Zupi, CeSPI and FCC-Roskilde University

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1. Introduction

Today, there is a demand coming from Arab societies for radical change. Trying to address it, this paper examines shifts in the global context in which North Africa is integrated and asks what light they shed on today's North Africa.

From this point of view, we think that Post-Keynesian is not simply a "chronological marker" concerned with reproduction of Keynesian perspective after Keynes, but it implies also experience beyond (the logical sense of 'post') the world experienced by Keynes, as the world changed a lot.

Globalisation is changing (section 2) and together with a new wave of globalization, also the profile of global poverty is changing, with a concentration of the poor in a handful number of middle-income countries, with growing importance of inequality caused by political injustice within countries rather than the situation of 'fragile' states (sections 3 and 4). Having explored some relevant elements of these changes, concrete implications in the 'sturdy' North African countries are examined by describing the stylized facts of a combination of good economic performance registered in the last decade and persistent poverty with unjust inequality in Middle East and North Africa (MENA) (section 5), and by critically appraise the importance of demographic trends, the nature of agglomeration economy without job opportunities and the importance of migration as underlying structural tendencies to understand the situation (section 6). The final section concludes in terms of opportunities for rethinking the European strategy of Euro-Mediterranean partnership (section 7).

2. Entering into a new wave of globalization

After 25 years based on delocalization and subcontracting, a new wave of globalization is emerging². Current advantages of international delocalization through Foreign direct investments (FDI) based on low cost of production are rapidly decreasing, for two reasons: the increase of wages in middle-income countries and the increase of raw materials' prices. As a consequence, export (and delocalization) from middle-income countries is becoming less convenient. The new trend is to go to middle income countries to produce for local markets and not to re-export to OECD countries.

The centre of gravity of world economy has shifted to the middle income countries, Asia in particular. This process started in the last two decades, but in the mid of current international crisis the dimension is impressive. And the emergence of internal markets (and demand) within the Asian middle-income countries is the main driver.

The most evident and relevant case is represented by China, deciding to increase domestic consumption through higher wages. Wages increased by 15 per cent between 2000 and 2009³; internal migrants in China increased their wages in 2010 by 40 per cent⁴ and they are expected to increase by 20-30 per cent per year

¹ Invited paper to The Fifth "Dijon" Post-Keynesian conference, 13-14th of May, 2011, Roskilde University, Denmark.

² M. Panara (2011), "Imprese. Globalizzazione 2.0", *Affari e Finanza*, 14 March.

³ McKinsey (2010), "Building a second home in China", *McKinsey Quarterly*, No. 3, 2010.

⁴ Bloomberg Businessweek (2011), "China's Growing Income Gap", *BB*, January 27.

in the coming years. Moreover, Credit Suisse⁵ forecast show that in 2014 labour demand will be higher than labour supply in China.

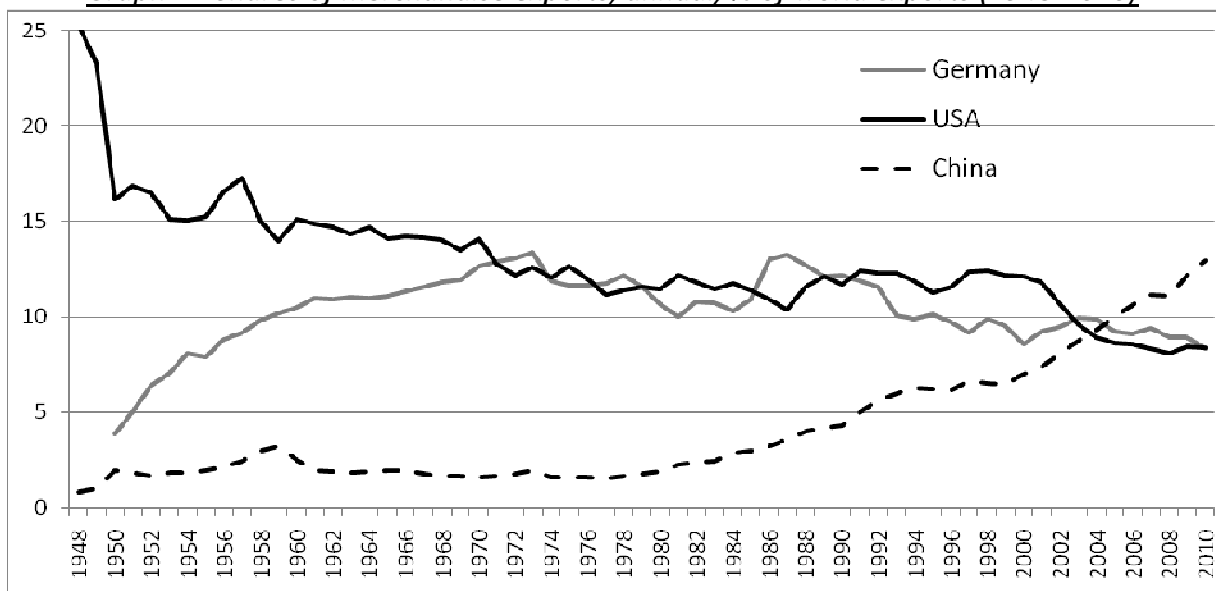
However, the changing reality is not only China. If we look at 2009 data, the middle class of emerging countries spends \$ 6,900 billion, and the expectations are of \$ 20,000 billion by 2020. As a comparative “mass market”, now in the US consumption expenditures is around 10,000 billion, being a market characterized by consumers who spend and operate above their domestic capacity (through the biggest public and private debt in the world). Asian (excluding Japan) middle-class spending is expected to surpass that of the US, EU and Japan combined in 2022. China alone will exceed the US in 2022 and pass the 27-country EU in 2027; India will surpass China in 2023 and by 2030 India will account for 23% of the projected \$ 55.7 trillion in global middle class consumption spending, China for 18% and the rest of Asia for other 14% (whereas Russia South Africa and also Brazil will not represent a significant share, despite the successful label of BRICS)⁶.

Today, another important feature – particularly in middle-income economies – is the existence and persistence of agglomeration economies: the concentration of economic activity through clustering of firms as a way to earn increasing returns to scale is growing. Increasing returns (technological economies of scale) and technical progress (anything that increases the productivity of factors other than increasing returns) occur at plant and firm scale as well as at industry scale due to a general industrial expansion benefiting all industries because each of them are part of “an interrelated whole”.

As a consequence, we can expect a shift from world-wide productive networks based on North-South vectors to South-North and South-South as well. This is true reality, not just a potential future outcome, as demonstrated by the economic interdependence between Brazil and China: China overtook the US as the Brazilian largest trading partner in 2009.

Recently, China overtook Japan as the world's second-biggest economy.

Graph 1 - Shares of merchandise exports, annual, % of world exports (1948-2010)



Source: based on UNCTADstat, online

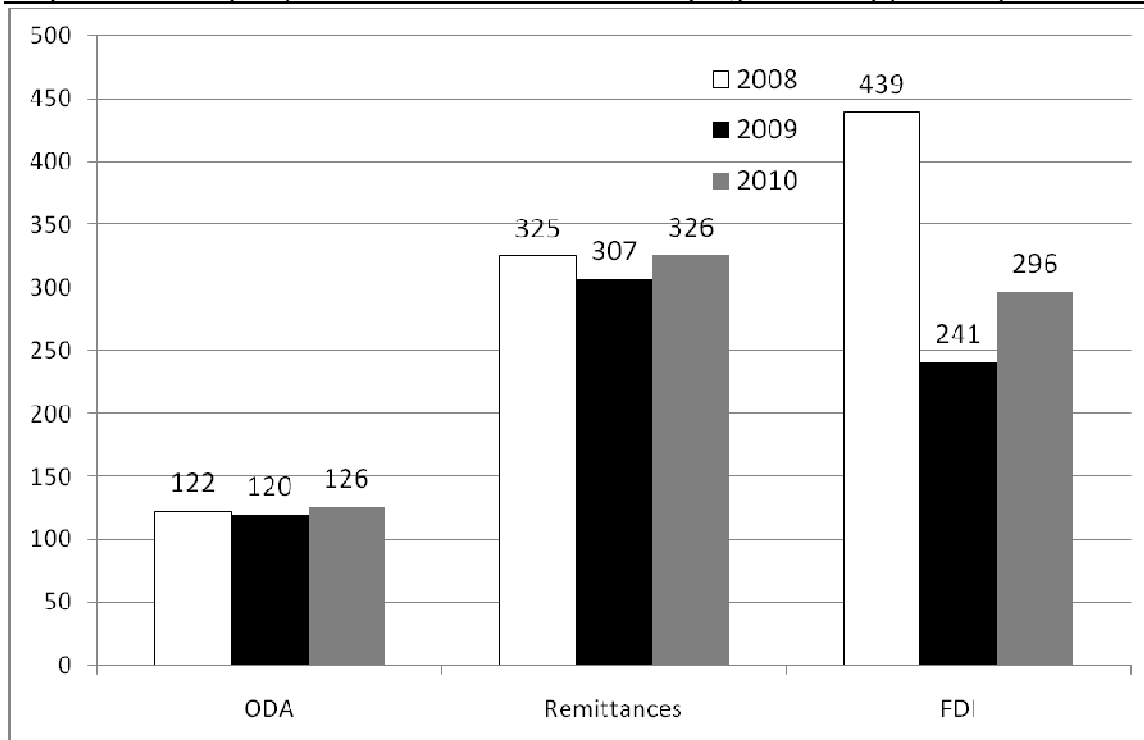
⁵ Credit Suisse (2011), “China in 2015”, *Asia Pacific/China Equity Research Strategy*, January.

⁶ E. Kerschner, N. Huq (2011), *Asian Affluence: The Emerging 21th Century Middle Class*, MorganStanley SmithBarney, June.

China took off and started the relentless march at the beginning of the 1980s. A symbolic turning-point (associated to the new wave of globalization) occurs in the first decade of the 2000s: China becomes the world's top exporting nation, another milestone in China's successful rise. According to UNCTAD dataset, in 2010 world exports amounted to \$ 15 trillion, with China exports amounting to 1.6 trillion (13% of world exports). In the same years, China became the world's top manufacturing country with considerable room for improvement (because much of China is still unindustrialized); this is a way back in 1830 when the country was responsible for 30% of the global industrial output.

Trade is more important than FDI, international aid, remittances in terms of values: all combined these three flows do not reach \$ 1,000 billion. However a new trend is emerging today even in these 'minor' flows.

Graph 2 - Flows of aid, remittances and FDI to developing countries, \$ billion (2008-2010)



Source: based on OECD-DAC, World Bank and IMF datasets online

In the context of current crisis Official development assistance (ODA) and remittances are quite resilient and more counter-cyclical than FDI. In terms of size, remittances are much more relevant than international aid, also considering that official statistics on remittances underestimate total flows due to the fact that migrants use various transfer channels to remit their money that are informal and unrecorded. And for the first time in 2010 workers' remittances to developing countries, even if underestimated, outpace FDI.

FDI expanded much more rapidly than world trade and global economic output in the 1980s and 1990s⁷, but they are more volatile (particularly in developing countries) and they have been directly affected by current crisis: worldwide, FDI volume dropped 39% in 2009. Considering the world net FDI inflows, in 2009 the total amount was of \$ 1.2 trillion, with ten countries receiving almost half of the total (\$ 560 billion). Five of these top-10 recipient countries are non-OECD countries (China, Hong Kong, Russia, Saudi Arabia

⁷ But much less than the development and proliferation of new and complex financial instruments, such as derivatives. The foreign exchange trading has reached an average daily volume of US\$ 4 trillion, twenty times the 1986 figure and nearly quadrupled since 2001, making it the largest market in the world. See: BIS (2010), *Triennial Central Bank Survey. Foreign exchange and derivatives market activity in April 2010. Preliminary results*, Basel, September.

and India) and they now receive 25% of the world total FDI inflows. Combining China and Hong Kong, they represent the world's largest recipient of FDI. Moreover, based on a consultation with 350 TNCs interviewed, China is expected to remain the largest destination of FDI worldwide⁸ and will likely emerge as the second largest country for outbound direct investment, next only to the US.

Triggered by economies of scale and induced technical progress, a polarization process sets in between regions that engage in trade of manufactured goods, with a few regions increasingly gaining advantages over others⁹. A cumulative cycle of regional growth differences increases agglomeration and both trade and FDI contribute to it. This model of cluster-led growth creates spatial biases (proximity advantage) and disparities (connected areas versus lagging and marginalized areas) in the business environment. These biases become self-reinforcing factors, making regional catching up more difficult within countries. The divide between rich and poor is no longer a clear North-South divide, but one of unjust inequality within societies.

3. A new profile of world poverty

The new wave of globalization is also transforming the profile of world poverty.

Despite the opposite view and attitude on the issue of aid effectiveness, Jeffrey Sachs¹⁰, William Easterly¹¹ and Paul Collier¹² agree on the importance to address the need of the poorest countries of the world, the so called bottom billion. But the reality of world poverty is no longer always the same.

By looking at the most recent data on income poverty, a new bottom billion, consisting of 962 million poor people or 70% of the world's poor, lives in middle-income countries.

This is a dramatic change from 1990, when 93% of poor people lived in Low-income countries (LICs) and on the basis of which the whole MDGs narrative and Sachs, Easterly and Collier opposite views were defined¹³.

The poorest are no more concentrated in those poorest countries that missed the boat of globalization. Following China, since 2000 27 countries have upgraded from low-income to middle-income economies.

Today, there are 1,380 million people who live with less than \$ 1.25 a day and 2,536 million with less \$ 2 a day. And around 875 million poor people who live under \$ 1.25 per day live just in five (not fragile and conflict-affected) middle-income countries: India (481 million), China (212, probably underestimated), Nigeria (100), Indonesia (43) and Pakistan (38.3).

⁸ UNCTAD (2010), *2010-2012 World Investment Prospects Survey*, Geneva.

⁹P. Thirlwall (2006), *Growth and development with special reference to developing economies*, 8th ed., Palgrave Macmillan, New York.

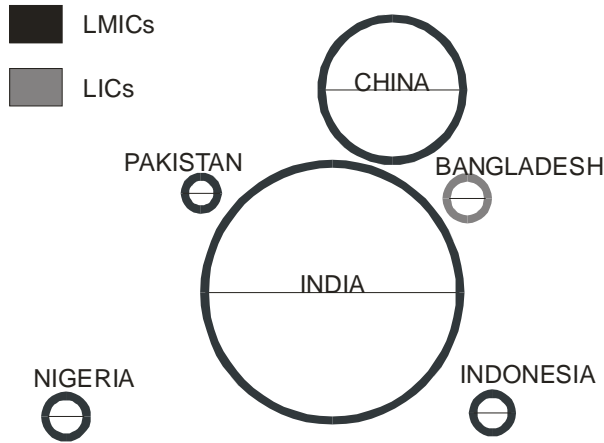
¹⁰ J. Sachs (2005), *The End of Poverty: Economic Possibilities for Our Time*, Penguin Press, New York.

¹¹ W. Easterly (2006), *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*, Penguin Press, New York.

¹² P. Collier (2007), *The Bottom Billion. Why the Poorest Countries are Failing and What Can Be Done About It*, Oxford University Press, New York.

¹³ A. Sumner (2010), "Global Poverty and the New Bottom Billion: What if Three-Quarters of the World's Poor Live in Middle-Income Countries?", *IDS Working Paper*, Brighton, September.

Graph 3 - The 3/4 in 5 (countries) law: A new 'bottom billion'



Source: based on WDI dataset online

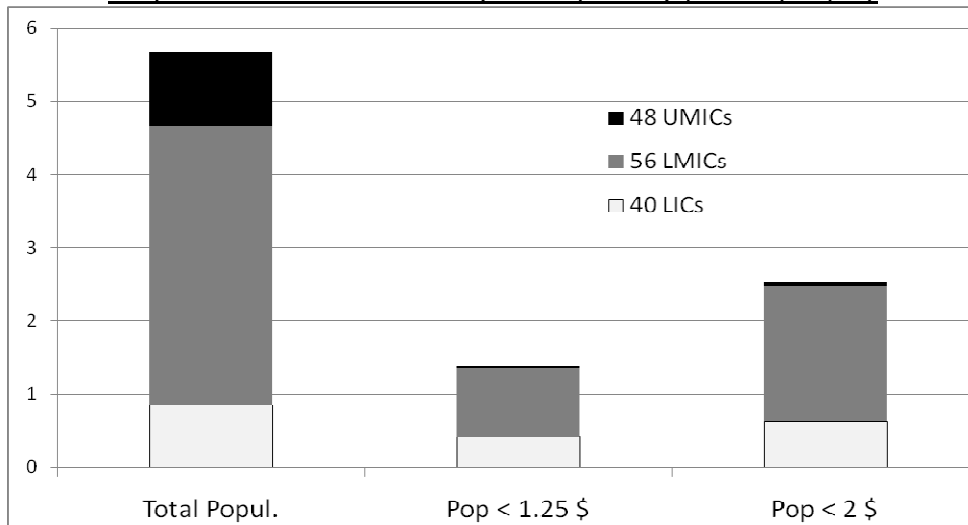
Their situation is even worse when we consider those people who live with less than \$ 2 a day: India (874 million), China (483), Nigeria (130), Indonesia (116) and Pakistan (102): 1.7 billion people live with less than \$ 2 a day in these five (lower-)middle income countries (LMICs).

Bangladesh is the sixth country to take part in the “club” of those with more than 100 million people living with less than \$ 2 a day. This is the only LIC included in this category, with 81 million people with less than \$ 1.25 and 132 million people with less than \$ 2 a day.

Using a slogan, three fourth of the poorest live in five LMICs. Additionally, three fifth of the poorest live in just two countries: China and India, with 695 millions living with less than \$ 1.25 and 1.36 billion living with less than \$ 2 a day.

As a consequence, nowadays the bulk of world extreme poverty is concentrated in a very limited number of middle-income countries. Extreme poverty co-exists as the reversal side of the coin in highly integrated economies; impressive economic growth of middle-income countries is characterized by agglomeration economies and spatial biases and disparities.

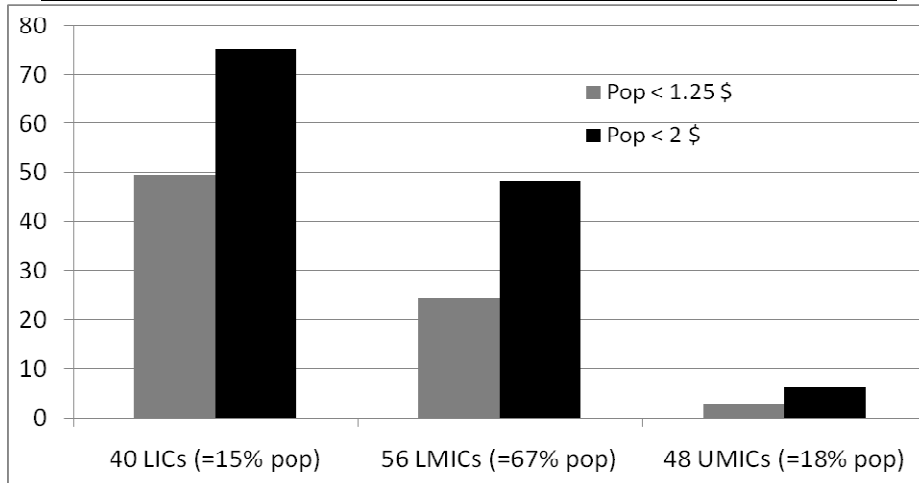
Graph 4 - The absolute size of world poverty (billion people)



Source: based on WDI dataset online

5.66 billion people live in developing countries: 846 million people (15% of total population living in developing countries) in 40 LICs, 3.8 billion people (67% of total population living in developing countries) in 56 LMICs and 1 billion people (18% of total population living in developing countries) in 48 Upper-middle income countries (UMICs).

Graph 5 - The relative size of world poverty (% of total population)



Source: based on WDI dataset online

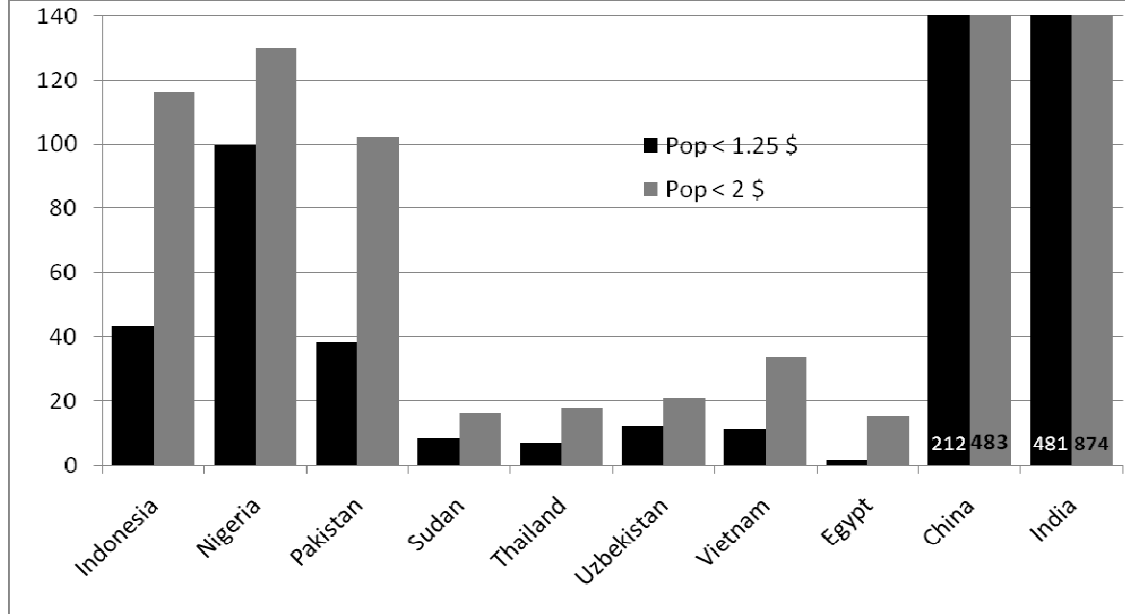
There are 418 million people who live with less than \$ 1.25 a day in the LICs, 934 million people in the LMICs and 28 million people in the UMICs.

When we look at those who live with less than \$ 2 a day, there are 635 million people in the LICs (75% of LICs population), 1,838 million people in the LMICs (48 per cent of LMICs population) and 62 million people in the UMICs (6 per cent of UMICs population).

In other terms, apart from “the three fourth in five countries” and “three fifth in two countries” evidence of high concentration of poverty, extreme poverty is a phenomenon spread across both LICs and LMICs, with the difference that LICs have a small middle class share (always less than 50% of population), limited in absolute size because they are much less populated. On average, each LIC has a population of 22 million people, compared to 43 million in LMICs, despite the fact that surface area is a little larger. And the fact that to be less-densely populated countries might limit economic growth in the context of capitalist agglomerative economies may confirm an inherent tension between market capitalism (led by the power of a minority and the need of a vast mass-market characterized by a growing consumers’ base) and direct democracy (more applicable on a small scale)¹⁴.

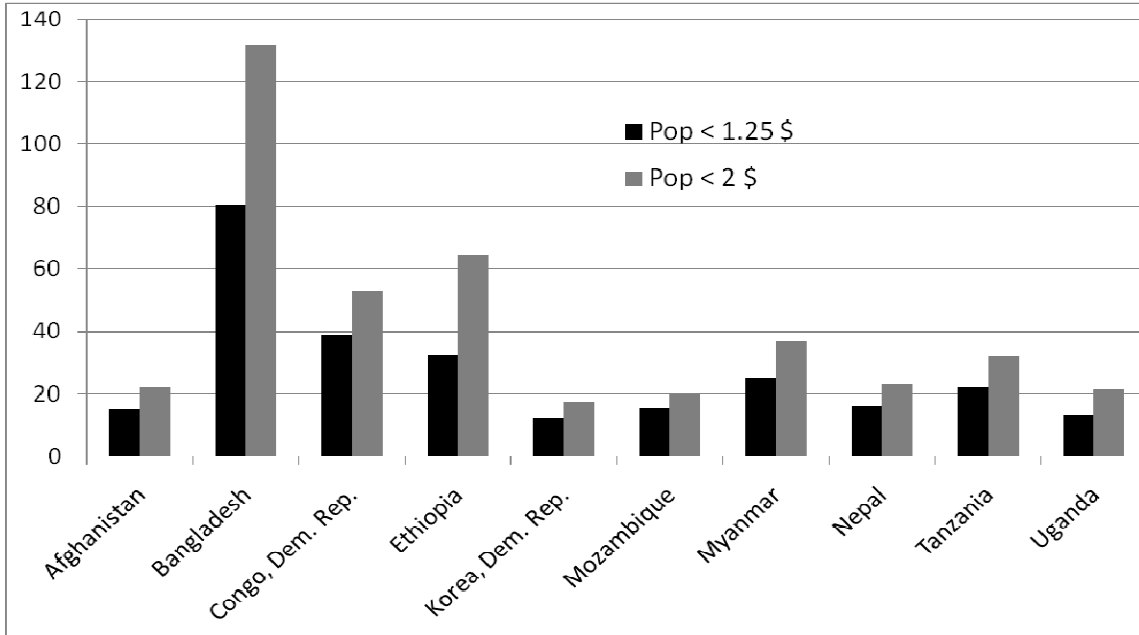
¹⁴ On the tension between community, local needs and modes of production versus global markets, economic marginalization and political destabilization of the planet, see: B. Amoroso (1998), *On Globalization. Capitalism in the 21st Century*, Palgrave Macmillan, London.

Graph 6 - The 10 LMICs with more than 15 millions people living with less than \$ 2 a day



Source: based on WDI dataset online

Graph 7 - The 10 LICs with more than 15 millions people living with less than \$ 2 a day



Source: based on WDI dataset online

To sum up, if the first MDG states that the objective is to reduce the percentage of the world’s population living in extreme poverty and hunger, more effective actions to accomplish this aim should be those focused on the five LMICs and, more in particular, in India and China, where the majority of the poor live. In fact, between 2009 and 2010 some 100 million people resulted out of hunger (even if there are still 100 million poor people more than in 1995), mainly thanks to the results obtained in China and India. Also in Brazil, between 2003 and 2009, 23 million people went out of poverty and shifted to middle class. According to the 2011 MDGs report, despite significant setbacks after the 2008-2010 economic crisis, exacerbated by the food and energy crisis, the world is still on track to reach the poverty-reduction target:

by 2015, it is expected that the global poverty rate will fall below 15 per cent, under the 23 per cent target¹⁵.

But this global trend is highly dependent on successful results in Eastern Asia, especially China. Between 1990 and 2005, the proportion of people living on less than \$ 1.25 a day has drastically fallen in China from 60.2% (1990) to 15.9% (2005); similarly it fell from 63.7% to 21.5 in Viet Nam. The poverty rate in China is expected to fall to under 5 per cent by 2015 and in India to about 22 per cent (from 51% in 1990 and 41.6% in 2005). In China and India combined, the number of people living in extreme poverty between 1990 and 2005 declined by about 455 million, and an additional 320 million people are expected to join their ranks by 2015.

At the same time, these top-performing countries in terms of poverty reduction have not been the main recipient countries of international aid. In China, India, Brazil, Viet Nam and Indonesia combined, annual international aid has never reached \$ 6 billion; on average it has been between 2.5 and 5 per cent of total ODA, despite the fact that they hosted half the population of developing countries and the majority of the poor. On the contrary, in 2009 these five countries received \$ 225 billion of FDI and 116 billion of remittances.

4. The importance of worsening inequality within countries

Today, differently from what Collier said, it is not the absence of globalization or economic growth, but the specific profile of a non-inclusive process of globalization, based on trade openness and FDI inflows, asymmetries between capital and human mobility across countries, unjust inequality between and within countries to determine extreme poverty.

Branko Milanovic¹⁶ shows that current trend of global inequality is due to two different (and contrasting) phenomena: inequality between countries (the largest component of global inequality, with a decreasing trend) and inequality within countries (significant and with more than proportional increasing trend). Countries are not homogeneous entities composed of either rich or poor people only. The specific characteristic of those middle income countries that, differently from China and India, are not experiencing a dramatic fall of poverty rate is their integration into the world economy, without having developed a large middle-class (in both economic term of purchasing power and political power). North African countries are concrete examples of this category.

Combining these facts, on the basis of technological advance of the global production frontier, catch-up technology, capital accumulation and country specific demographic changes, Kharas identifies a typology of four groups of countries: (i) high income economies, with rather low rates of technological progress; (ii) converging developing economies closing the income gap (in particular, Asian Pacific countries); (iii) stalled, middle income economies with no convergence trends (including North African countries), and (iv) poor, low income economies with no convergence trends (Sub-Saharan Africa). In Sub-Saharan Africa there are very few middle class (about 32 millions), equal to 2 per cent of the global middle class, and this share is expected to remain the same by 2030 (with an increase in absolute size, being 107 millions, out of 4.9 billion people).

¹⁵ UN (2011), *The Millennium Development Goals Report 2011*, New York.

¹⁶ B. Milanovic (2009), "Global Inequality Recalculated: The effect of new 2005 PPP estimates on global inequality", *MPRA Paper 16538*, University Library of Munich.

In 2009, the World Economic Forum presented a report¹⁷ on innovative approaches through which companies across a broad range of industries could tap the economic potential of the “base of the pyramid” (BOP), defined as fast-growing markets. Based on the idea of the “Bottom of the Pyramid” introduced by Prahalad in a bestselling business book in 2005¹⁸, this term is used to develop new models of doing business that deliberately target the poorest socio-economic group of people living with less than \$2.50 per day.

Prahalad thinks that businesses, governments and donor agencies stop thinking of the poor as passive recipients of aid and start considering them as the middle-class of tomorrow, creative entrepreneurs, producers and value-demanding consumers of products and services. Mutual benefits to the poor and multinational and regional companies can derive from adopting strategies to serve these markets in ways responsive to their needs.

Following the same approach, the World Economic Forum has the goal of defining commercially viable business strategies that can help reduce hunger, by offering vital products, services and business linkages relevant to the food value chain. This strategy is intended to serve 3.7 billion people, earning \$ 8 a day, excluded from formal markets. As a consequence, these new perspectives should be translated into new business models, reconfiguring the product supply chain.

Among others, Aneel Karnani criticizes¹⁹ this view by saying that there is no fortune at the bottom of the pyramid and that for most multinational companies the market is actually very small. The BOP literature often confuses the emerging middle class for the poor. Several of the examples that apparently support the BOP proposition involve companies that are profitable by selling to the middle class in developing economies, although even these consumers seem poor to a Western businessman. Moreover, 60% of the BOP is concentrated in India and China. And, as said, those two countries comprised just over 5% of global middle-class consumer spending, but in 20 years they are expected to comprise 41% of global middle-class consumer spending, with Indonesia, Viet Nam, Malaysia and Thailand to follow.

The main critiques are that the BOP approach grossly underemphasizes the critical role and responsibility of the state in poverty reduction. Markets cannot flourish without the very visible hand of the governments, and there is a need to impose some limits on markets to prevent exploitation of the poor.

How this framework analysis can be applied in the specific circumstances of North Africa is the argument of the remaining part of this paper.

5. Economic growth with unjust inequality and poverty. The crisis in North Africa

The so called 2011 Arab Spring protests have been associated (particularly by Western mass-media) only to the request for more democracy, expanded liberties and civil rights in authoritarian countries. However, respect for North African people courage and democratic aspirations should not obscure political realities: both fair economic conditions (more equality and less poverty) and dignified conditions (respect of freedom and democracy) are appealing, having in mind the famous slogan "Bread and Roses". People are

¹⁷ World Economic Forum (2009), *The Next Billions: Unleashing Business Potential in Untapped Markets*, Genève, January.

¹⁸ C. K. Prahalad (2005), *The Fortune at the Bottom of the Pyramid. Eradicating Poverty Through Profits*, Pearson Prentice Hall, New York.

¹⁹ A. Karnani (2009), “The Bottom of the Pyramid Strategy for Reducing Poverty: A Failed Promise”, *UNDESA Working Paper No. 80*, New York, August; A. Karnani (2007), “Fortune at the Bottom of the Pyramid: A Mirage How the private sector can help alleviate poverty”, *California Management Review*, Summer.

not content with improvements in democratization of societies if they have no opportunity to enjoy decent condition of life and job.

Our interpretation is that structural social and economic conditions in MENA countries represent crucial determinants of current crisis and, eventually, future developments.

5.1. Good economic performance

First, MENA countries are heterogeneous but interlinked.

There are labour abundant and resource poor countries (Egypt, Jordan, Lebanon, Morocco, Tunisia) with high propensity to migrate. Some other countries are labour abundant and resource rich countries (Algeria, Iran, Iraq, Syria, Yemen), and there are also some labour scarce and resource rich countries (Saudi Arabia, Bahrain, Emirates, Kuwait, Libya, Oman, Qatar) destination of migrants. Based on these structural characteristics, there are some potential complementarities translated into intra-regional migration flows.

Moreover, all these countries are not poor countries: some countries are classified as LMICs (more than \$ 1,005), other are UMICs (more than \$ 3,976); and the rest are high income (more than \$ 12,276).

Table 1 - Interlinked heterogeneous economies (2010)

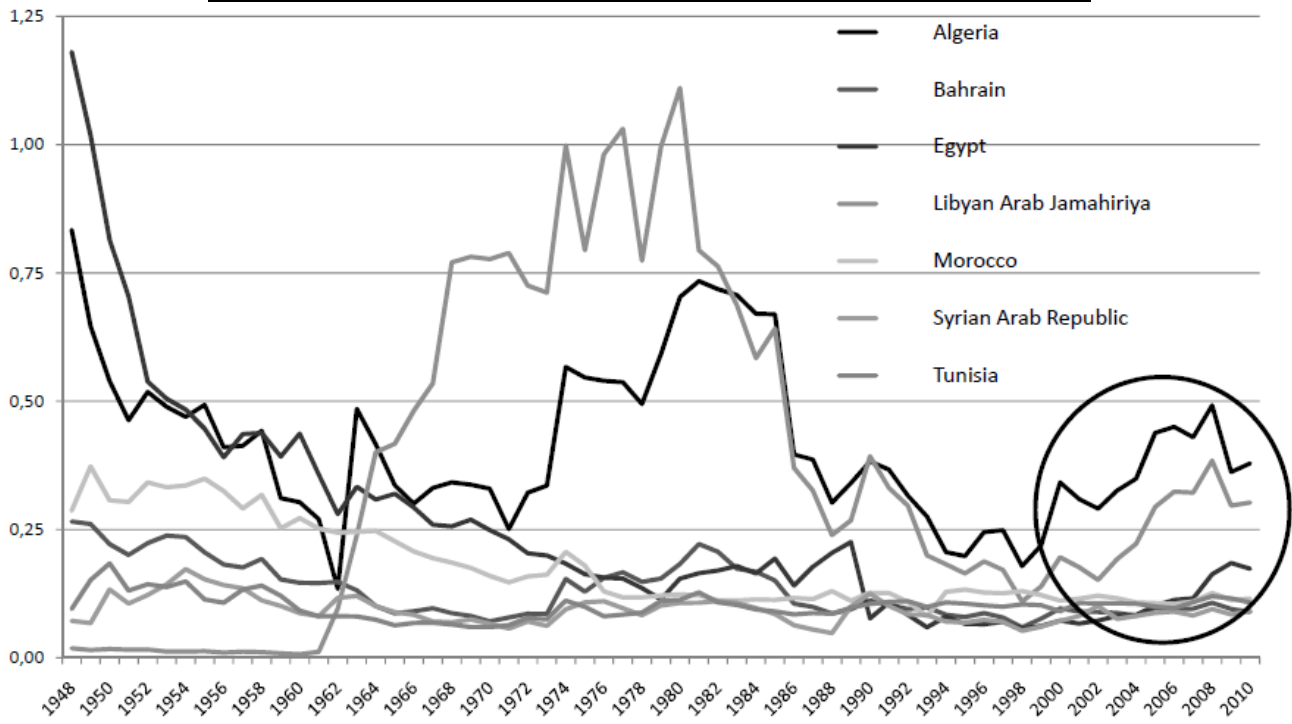
	GNI per capita, PPP	Hydrocarbon Exp. % of GDP	Migrant stock, % of labour force
Qatar	64,193	60%	0%
Kuwait	48,310	50%	3%
United Arab Emirates	38,436	71%	1%
Bahrain	34,310	30%	2%
Saudi Arabia	22,300	40%	0%
Oman	19,740	76%	0%
Libya	> \$12,275 11,630	60%	3%
Lebanon	9,600	0%	31%
Tunisia	6,490	6%	15%
Algeria	5,940	83%	10%
Egypt	4,940	11%	9%
Jordan	4,820	0%	4%
Syria	> \$3,975 4,110	16%	15%
Morocco	3,860	0%	17%
West Bank and Gaza	3,720	0%	2%
Djibouti	2,180	0%	2%
Iraq	2,170	56%	5%
Yemen	> \$1,105 2,090	53%	16%

Source: based on EIU, IMF and WDI datasets

These countries have recorded a positive economic performance in the 2001-2008 period. This fact is demonstrated by their shares of world’s merchandise exports. Combining all the shares of MENA countries during the period 1948-2010, their participation in global exports has increased, particularly thanks to the increase of oil exporting countries. But even if we select just a sub-sample of countries excluding many of oil exporting economies, this trend persists.

Between 1980 and 2000, during the period of structural adjustment programmes, characterized by privatization, deregulation and liberalization of the markets and trade and by a growing interdependence between national and global markets, these countries did not keep pace with growing world exports. But during the first decade of the new millennium there was an increase of their participation, with a more positive trend in terms of macro-economic aggregates.

Graph 8 - The shares of world's merchandise exports, % (1948-2010)

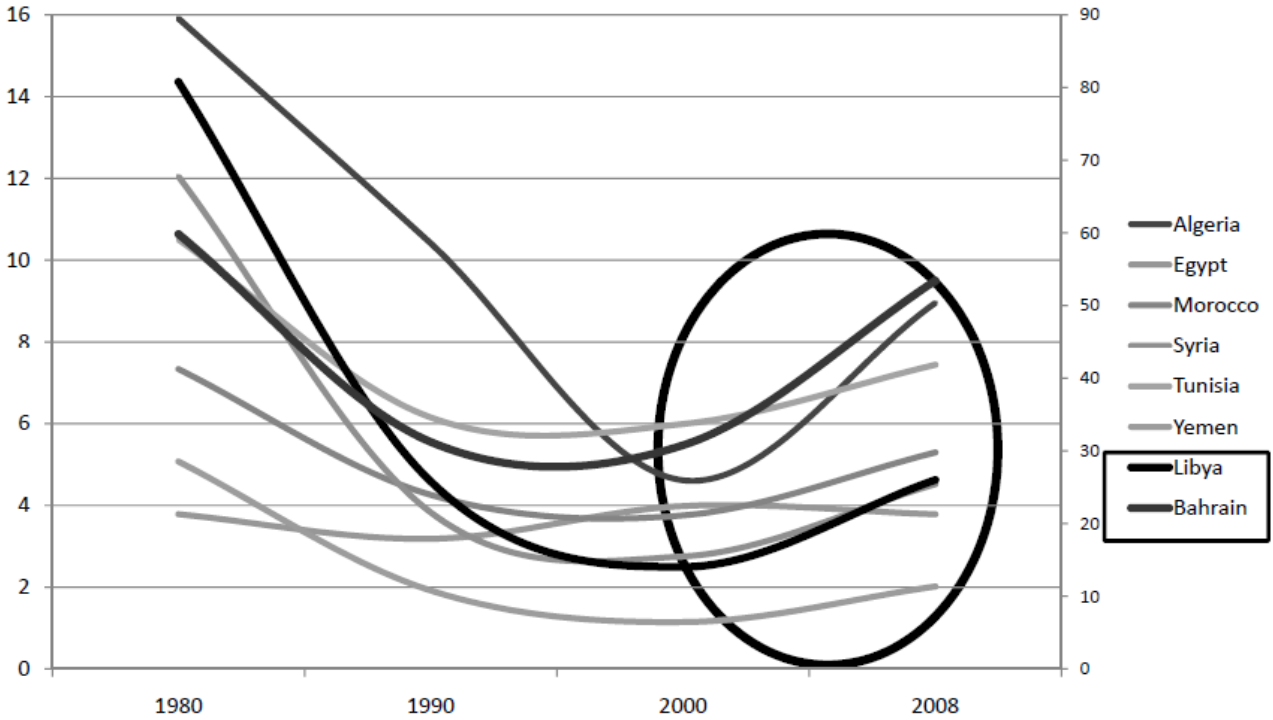


Source: based on UNCTADstat, online

A confirmation of the relatively positive economic phase occurred in MENA countries in the 2000-2008 period come from a very simple value to compute. Rather than looking at traditional measures of β -convergence and σ -convergence within a study of cross-country income dynamics²⁰, we can calculate GNI per capita (converted to U.S. dollars using the World Bank Atlas method) as a percentage share of the US GNI per capita. The basic evidence is that economic convergence with the US standard of living can be easily rejected for the 1980-2000 period, but an impressive increase occurred during the decade 2000-2008 across the entire region: the graph suggests that both the cases of those oil economies with standards of living close to those of the US (Libya and Bahrain, on the right axis) and those other middle-income economies (on the left axis) have experienced an economic convergence for the decade preceding current crisis.

²⁰ Based on the neo-classical growth models' assumptions, a negative relationship between the growth rate of income per capita and the level of initial level of income defines the presence of β -convergence, whereas the decrease of the dispersion of (the logarithm of) per capita income between countries means a σ -convergence. See: Q. Wodon and S. Yitzhaki (2001), *Growth and Convergence: An Alternative Empirical Framework*, World Bank, Washington, D. C.

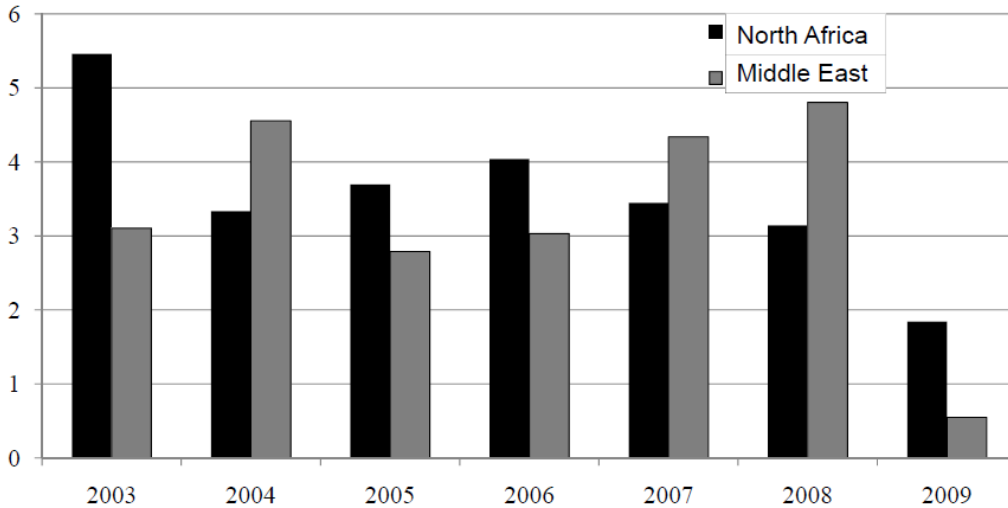
Graph 9 - GNI per capita as a share of the US GNI per capita, % (1980-2008)



Source: based on WDI, EIU and CIA The World Factbook online

Between 2003 and 2008 per capita GDP growth was much above the average of the US or the EU countries, despite high demographic growth.

Graph 10 - Economic performance of MENA countries: per capita GDP growth (2003-2008)



Source: based on WDI online

5.2. Poverty and unjust inequality

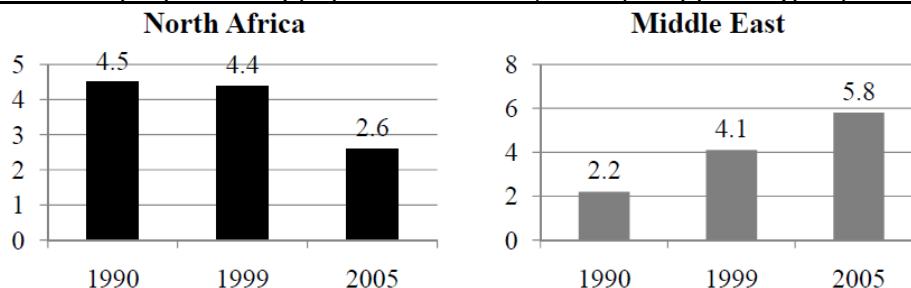
Despite economic growth, extreme poverty is still there. It is true that Tunisia and Egypt were placed in 7th and 8th place for improvement in their Human development index between 1980 and 2010²¹, but there is still much room for improvement, given that Tunisia ranks number 81 and Egypt 101 out of 169 countries.

It is also true that the situation does not appear very negative in terms of the proportion of population below \$ 1.25 (PPP) per day (that is MDG 1, Target 1a): in MENA countries the share of population is very

²¹ UNDP (2010), *Human Development Report*, New York.

low. Between 1990 and 2005 an improvement occurred in North Africa, whereas Middle East, despite the fact that with international migration, income from remittances and public employment became “the most equal region in the developing world” in 1980s and 1990s²², has been the only region in the world in which the situation worsened.

Graph 11 - the proportion of population below \$ 1.25 (PPP) per day, % (1990-2005)



Source: based on UN (2011)

The regional situation becomes much worse by adopting a \$ 2 threshold (rather than 1.25), which is not taken into account in the MDGs context. Unfortunately, there is a serious problem of missing data with inequality and poverty below a \$ 2 threshold, but the range based on available data is from 15% to 47% (Yemen) of population, quite a high proportion of people who are poor or near-poor. Last sentences are very difficult, but the situation of those who live with less than 2 dollar a day in a middle income country may be even worse than living with less than 1.25 dollar a day in a LIC.

In the 2000-2008 period with good economic performance there has been no significant improvement in the living conditions of the majority of population (who live on only from 2 to 10 dollars a day). Then, with economic de-growth experienced in the period 2009-2010 (due to the fact that economic crisis has had a magnified negative effect on trade) the precarious living conditions of the majority of population became unsustainable, associated to the fact that the substantial increase of education level in the region improved expectations of revenue, the absence of middle class exacerbated frustration and the increase of food prices was the last straw. In other terms, when a stage of economic growth with worsening distribution (2001-2008) is followed by a stage of economic de-growth (2009-2010) the cost become unsustainable for the vast and vulnerable majority of people in countries without a large middle class. Unsustainability is the consequence of both an objective difficulty to face the increase of food prices and the subjective perception of being deprived relatively to those with strong power and affluent assets.

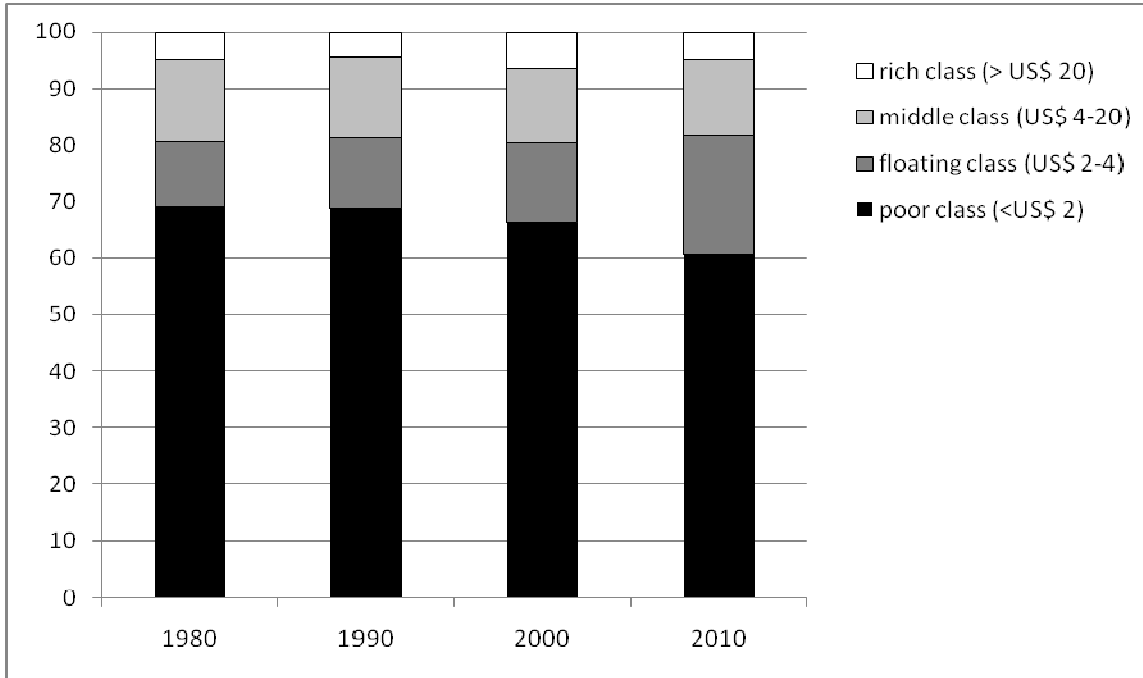
The fact that strong economic growth over ten years was not accompanied by the emergence of a sizeable middle class and a significant reduction in poverty is also associated with worse governance and - from an historical point of view - an obstacle to social transformation²³. This is somehow linked to the fact that across the entire African continent about 60% of the middle class (approximately 180 million people) remain barely out of the poor category; they are in a vulnerable position and face the constant possibility of dropping back into the poor category in the event of any exogenous shocks²⁴. And two third of what is classified by the African Development Bank as middle class earn less than 10 dollars a day, whereas the only class who increased relative size in the past decades has been the floating class (\$ 2-4).

²² J. Page, (2007), “Boom, bust, and the poor: Poverty dynamics in the Middle East and North Africa, 1970–1999”, *The Quarterly Review of Economics and Finance*, N. 46.

²³ K. Marx (1997 [1852]), *Il 18 Brumaio di Luigi Bonaparte*, Editori Riuniti, Roma.

²⁴ African Development Bank (2011), *The Middle of the Pyramid: Dynamics of the Middle Class in Africa*, Market Brief, April 20.

Graph 12 - Distribution of the African Population by Classes (1980-2010)



Source: African Development Bank (2011)

In Algeria, Egypt and Morocco around one third of total population in 2010 were classified as middle class; whereas in Tunisia almost half of the population is classified as middle class. But in these Northern African countries the huge majority is represented by those classified as floating category, living on less than \$ 4 per day.

Here is where "Bread and Roses" explanation works. Together with a phase of economic growth and integration into world economy, a phenomenon of more social stratification and economic polarization with a worsening within-country inequality occurred in the region: this can be inferred from the fact that during the last 15 years, Gini coefficient worsened in Egypt (.32), Morocco (.41), and Tunisia (.41)²⁵. And when asset distribution worsens, the effect of the world crisis and dramatic food price soaring at the end of 2010, determined by the combination of bad weather conditions and growing demand from emerging markets (and their increasing middle classes) and for biofuel production, hit the most vulnerable segments of the population, those who mostly spent their income on food and were less resilient to exogenous shocks.

A worsening economic segmentation and the commodification of food (due to the fact that access to food is not a right but is mediated by market rules) makes democracy an urgent need, differently from the situations in which resource abundance (such as in some oil economies) facilitates a partial distribution and makes the collection of taxes less important, so that there are limited incentives for a permanent and effective democratic control over governmental actions, and check and balance mechanisms are inadequate²⁶. Only when the government substantially increases the prices of public services or living conditions become unsustainable does the pressure for democratic change increase²⁷.

²⁵ Unfortunately, there is no data for other countries such as Algeria and Libya.

²⁶ M. Moore (1998), "Death without Taxes: Democracy, State Capacity, and Aid Dependence in the Fourth World", in G. White e M. Robinson (eds.), *Towards a Democratic Developmental State*, Oxford University Press, Oxford.

²⁷ M. Ross (2004), "Does Taxation Lead to Representation?", *British Journal of Political Science*, 34.

On another side, alternative explanations start from the critical role played by institutions and the quality of governance in determining growth and development. A trap of bad institutions creates an unfavourable environment and critical bottlenecks to economic development, in terms of corruption, lack of transparency, accountability and independence of administrative and policy-making bodies, rent seeking and bad regulatory policies, barriers to the entry and functioning of firms, bad contracts. In brief, the failings of growth are ascribed to weak or missing institutions, which result in lower than desirable levels of savings and investments and misdirection of investment.

The emphasis placed on institutions that affect market functioning and, as a consequence, on the microeconomics of growth, reflects the significant change in orientation, from macroeconomic and structural issues, occurred in current thinking on development economics since the mid 1990s. A problem is that institutions mean different things (rules, regulations, customs and organizations) to different people, and while it is easy to identify the outcomes of good institutions, it remains far from clear how to go about creating good institutions²⁸. Somehow as a consequence of these limitations, any significant relationship between good governance and growth indicators is not easy to be found in MENA countries as well as in the rest of the world²⁹. Moreover there is disagreement among those scholars who emphasize the political and institutional nature of the main determinants about which political mechanisms are most important³⁰.

Aghion and Howitt³¹ emphasize that institutions and policies mutually interact and are both important without any clear causal relation between them. But an international political economy perspective should imply that, rather than focusing on strictly economic phenomena (their correlations and causations), domestic and international social and political factors ought to be included and analysed as crucial determinants linked to economic and institutional facts. Low economic growth, rentier behaviour, lack of democracy and conflicts interact in North Africa, and rather than being limiting the analysis to greed (when priority is given to the economic determinants of violence) versus grievances (when priority is given to the social-political causes of violence) approaches³², it is important to integrate them and look at the international and external factors as well. From this perspective, international trade regime is also important.

Two other facts must be considered³³. First, even if economic growth tends to be distribution-neutral, relative poverty and inequality worsen with economic growth (the variance of income across people increases if everyone gets the same fixed percentage of income growth).

Second, income is an attribute, whereas age is a structural demographic characteristics: if the youth population are the large majority in a country, then inequality dynamics can be attributed to two different components: (i) the change in the age composition; (ii) the change in the conditional distribution of income given age. Unfortunately, in North Africa we have no enough data for adopting a counterfactual

²⁸ J. Stiglitz (2000), "Introduction", in C. Gilbert and D. Vines (eds.), *The World Bank: Structure and Policies*, Cambridge University Press, Cambridge

²⁹ M. G. Quibria (2006), "Does Governance Matter? Yes, No, or Maybe: Some Evidence from Developing Asia", *Kyklos*, 59, 1, pp. 99-114.

³⁰ A. Rosser (2006), "Escaping the Resource Curse", *New Political Economy*, 11:4, pp. 557-570.

³¹ P. Aghion and P. Howitt (2009), *The Economics of Growth*, MIT Press, Cambridge.

³² B. Kamphuis (2008), "A Curse with no Cure? Natural Resources and Violent Conflicts", *The Broker*, Issue 11, December.

³³ L. Hao, D. Q. Naiman (2010), *Assessing Inequality*, QASS, N. 166, Sage, London.

decomposition method to analyze the concrete combinations (and weights) of changes in these two components, with the correlated different types of injustice.

Is therefore the phenomenon of rapid economic growth and integration into world economy associated to worsening inequality a common rule in the region? We can mention the result of the analysis conducted by Benar in 2007 on 10 MENA countries (Algeria, Egypt, Iran, Kuwait, Israel, Jordan, Morocco, Syria, Tunisia and Turkey): income inequality has been positively correlated with trade and FDI (i.e. globalization)³⁴.

Given these facts, MENA countries demonstrate that poverty and unjust inequality are dramatic problems in countries that are not 'fragile', despite increased emphasis placed on 'weak' and 'fragile' states during last decade as key areas of international attention³⁵. Many 'sturdy' MENA political regimes should also be considered as a proof of the fact that no political unrest had happened if battle for freedom were not associated to other key issues, such as unequal income distribution across provinces and historical centre-periphery tensions (which authoritarian regimes try to subdue in an imperious tone).

From this point of view, the category of 'fragile' states should be reconceptualized, adopting a Gramscian approach similarly to what used by the Egyptian Nazih Ayubi³⁶ who described the MENA political regimes as strong models of government coercion oriented to repress dissent and, at the same time, to be considered fragile because unable to develop systematically what the French Marxist philosopher Louis Althusser called Ideological State Apparatuses (ISAs). ISAs are those institutions such as the family, the media, religious organisations and the health and education system that are needed to propagate moral ideas, representations and dominant values needed to impose an ideological hegemony (and social cohesion, adopting a core value of the European Union). According to Gramsci, the success of a hegemonic project is measured by the extent to which other subaltern social groups accept the new 'settlement' around the dominant elite, who represents its own interests as those of the whole nation³⁷. The lack of ability of the dominant class to project its own way of seeing the world so that those who are subaltern accept it as 'common sense' implied that strong political and economic control of MENA regimes did not convert into real hegemony and a national-popular bloc. And this has made available room for the Society of the Muslim Brothers in countries such as Egypt to continuing to rise in influence among potential middle classes and the poorest, merging and making material social and economic claims subordinated to the cultural and religious reclaim of an Islam's empire³⁸. And today in Egypt no real change of power has taken place, the military's own interests matter very much and the apparatus behind the scene remains the same³⁹, the convergence of reactionary interest against a real process of economic transformation in Egypt is a possible outcome, demonstrating that believe in reform, democracy and freedom can be more formal and purely tactical rather than substantial.

Anger at elite corruption and raising prices go together: privileges are unacceptable when inequality worsens. In Libya protests broke out in Cyrenaica, the poorest area, with the most marginalized tribes in

³⁴ S. Acar, F. Dogruel (2010), *Sources of Inequality in Selected MENA Countries*, University of Texas Inequality Project Working Paper No. 60.

³⁵ An example is the first European Report on Development (ERD), focused on "fragile" African countries as the first priority to be addressed because considered those most at risk from the effects of the economic crisis. See: European University Institute (2009), *European Report on Development 2009, Overcoming Fragility in Africa*, Robert Schuman Centre for Advanced Studies, Florence.

³⁶ N. Ayubi (1995), *Over-Stating the Arab State: Politics and Society in the Middle East*, I.B. Tauris, London.

³⁷ A. Gramsci (1975), *Quaderni del carcere*, 4 voll., Einaudi, Torino.

³⁸ D. Atzori (2011), "Gramsci e le primavera arabe", *Il Manifesto*, 26 June.

³⁹ A. Jacobs (2011), "Revolution without change of power", *Development and Cooperation*, Vol. 38, N. 7-8.

economic terms; In Algeria and Tunisia protests erupted at the beginning of January as the Couscous Revolt, and the increase of food prices in international market worsened rapidly the crisis in those countries.

Finally, despite the absolutely wrong dichotomous Huntington's thesis of clash of civilization and of the incompatibility between democracy and Islam, North Africa people have a plurality of identities, just like everywhere else⁴⁰. This makes it necessary to refuse the reductionist view and labels of Arab revolutions as the Muslim or, alternatively, Facebook generation, radical or women revolutions as well as to abandon the euro-centric tendency to consider these transformations as mainly pro- or anti-western sentiments. The reality is more complex, and it might be useful to take a look at some structural factors behind the process that is changing North Africa.

6. Some structural factors that contribute to understand North Africa

6.1. Rapid growth in population, lack of job and agglomeration economy

Economic performance in the region has been particularly good in considering that MENA countries have been experiencing high rates of population growth. The magnitude of the annual increase in population can be seen in the fact that the region increased from 150 million people (1980) to 359 (2010) and is expected to arrive soon at 395 million (2015). In particular, Egypt had 18 million inhabitants in 1945, rapidly increased to 85 million in 2010 and is expected to reach 111 million in 2030.

Considering the dramatic effects of food prices increases, one cannot underestimate the risks associated to the scarcity of arable land and water in the MENA region (the lowest in the world in per capita terms and with 44 million people without access to drinkable water) or the fact that with 57% of world oil reserves and 41% of natural gas, 28 million people are living in the area without access to electricity and 8 million being dependent on biomass.

In this situation, the rapid increase of (more educated) women pressure in the labour market is creating additional tensions⁴¹, because this is the region with the lowest employment rate in the world: only 47% of working age population is employed. More than 40 million new workers entered in the market between 2000 and 2010, with the peak registered between 2005 and 2010 (over 4 million per year). The employment needs are expected to be still high between 2010 and 2020 and, based on these projections, at the end of the 1990s the World Bank explicitly mentioned the need of 100 million new jobs between 2000 and 2020 to improve the situation in the regional job market.

The region certainly faces huge unemployment rates, particularly associated to young pressure. In the region, 60% of population is less than 25 years old: the average age is 24 years old in Egypt, 29 years in Tunisia; in Libya, 50% of population is less than 15 years old.

There is another correlated structural problem of MENA regional development: a very high concentration of business in geographical terms. 92% of population live in 3% of densely populated areas (with more than 50 people per sq. km.), and less than 10% of land surface is economically 'active' and integrated into the world economy. According to a World Bank report⁴², it is not just the phenomenon of high concentration in

⁴⁰ A. De Vasconcelos (2011), "The Post-Huntington revolutions", *ISSues*, N. 35, May.

⁴¹ In general, the presence of more women into the labour force tends to determine higher inequality if other factors are kept constant, since women are usually paid less.

⁴² World Bank (2010), *Poor Places, Thriving People: How the Middle East and North Africa Can Rise Above Spatial Disparities*, MENA Report, Washington, D.C.

geographical terms, because above all North Africa is the region with the highest population concentration (53%) in the coastal zones. This high concentration of people in coastal regions is a constant in the Mediterranean basin, but the implication in political and environmental terms (also associated to climate changes) are much more dramatic in North Africa, characterized by rapid urbanization (regional urbanization growth rate is 3.3% per year, that is higher than the rapid demographic growth rate being 2.6%).

On average, rural population in MENA countries was 65% in 1960 and now is 35%; 86% of land surface is “distant” (more than 3 hours from cities with more than 500,000 people) and highly concentrated population (61 people) live in lagging areas within 3 hours from major cities. The marginalization of people who live in rural areas is demonstrated by the fact that they have less access to phone and Internet; 31% of rural population and 21% of urban population live in areas without mobile phone coverage.

These facts should suggest a more cautious approach to present the revolts that surprised local and international security and intelligence structures, diplomats and analysts, as the Facebook or Twitter Revolution. It has been a mass protest and, by definition, it is led by young people given the specific demographic profile of this region. But it has been mainly a protest with people, and not technologies, as the driving forces. However, this ‘legend’ of Internet generation should not surprise us: since the French Revolution, the reality of the conflicts and wars used to be transformed into what George Mosse called the (not entirely fictitious) legend of the middle class volunteers in the war⁴³: the myth that the majority of active participants were educated people from middle class, simply due to the fact that they were those able to communicate and write documents (and have frequent access to Internet, today) on the wars.

In Egypt, Tunisia and Libya Satellite television and mobile phones have had a stronger effect on events than Internet⁴⁴, with a group of young urban middle class intellectuals using the power of digital social networking to take the lead and disseminate information across the world. Demonstrators have still used the traditional call for protests after Friday prayers out of the mosques or in old suqs and when Egypt's Internet and mobile phone services were shut down, protesters still found ways to communicate. And it was urban planning that created the physical space for having a face-to-face contact in public square in Egypt and Tunisia as well as other countries also affected in varying degrees by the revolts. Tahrir Square in Egypt as well as central Bourguiba Avenue in Tunisia or the ancient plazas of Syrian cities as well as Pearl Square in Bahrain are the symbols of the 2011 protests in the ancient cities of MENA countries. Symbolically, beginning with Haussman's Renovation of Paris in the second half of the XIX century, wide avenues and squares were created as a of bourgeoisie standing and because of its symbolic value, the important squares in the urban centers have often been a site of celebrations of military might, theatre for resistance, arbitration of social conflicts and revolutions take place. This is what happens also today.

Rather than an excessive reliance on the role played by Facebook in the Arab Spring, an important open question is if and how the leaderless and grassroots revolutions led by young people with a cosmopolitan nature⁴⁵ (including the propensity to use Internet) but without a strong national-popular vision (in Gramscian terms) and linkages with the poorest who live in the slums and in rural areas can lead to a successful emergence of really transformative changes.

⁴³ G. Mosse (1990), *Fallen Soldiers: Reshaping the Memory of the World Wars*, Oxford University Press, New York.

⁴⁴ M. Zupi, A. Mazzali, S. Hassan (2011), *FOCUS Migrazioni internazionali. Osservatorio trimestrale N. 1*, CeSPI-Italian Parliament, Rome, April.

⁴⁵ For an interesting review article on the basic concepts and questions of cosmopolitan democracy, see: D. Archibugi (2004), “Cosmopolitan Democracy and its Critics: A Review”, *European Journal of International Relations*, Vol. 10, 3.

Some policy implications can be derived from the specific MENA countries' spatial disparities and demographic profile. Policy approach in the region has been typically national, as demonstrated by the very low percentage of decentralized public expenditure compared to other regions. But economic and social problems are mainly local: more rural than urban, more in isolated zones as economies grow and are agglomerate.

Main lesson is that a combination of economic, demographic and territorial asymmetries are intertwined and mutually reinforce unbalances, and inequality across territories is worse than in other regions in the world. Demographic transition occurs in the region, but with huge geographical disparities, linked to agglomerative economies: fertility rates decreased a lot, within each country, just in integrated areas. As a confirmation of these "anomalies", agricultural labour force is growing more than what economic growth may suggest, as shown by comparing the situation of MENA countries with the rest of the world having the same per capita GDP, and this is due to the growth rate of young population (higher than in countries with similar level of GDP).

Egypt is an example of enormous differences within country: there is Upper Egypt (in the South) with 40% of population but 80% of the poor. In this case it is not economic geography by itself to explain the gap with Lower Egypt (in the North), as 62% of consumption gap is caused by high demographic dependence. Also Morocco is an example: in rural areas per capita consumption is the half of that in urban areas. Another example is Yemen, with differences mainly due to the combination of demography and education.

6.2. The waves of migration

MENA region receives 26 million migrants (12% of world migrants). In 2010 MENA countries host one third of migrants who live in developing countries. Migrants represent 7.2% of total population living in the area. Between one and two third of migrants in the Gulf arrive from the same region, with an increasing migration from Asia. Differently from the rest of the world, the profile of migration is not feminized: two thirds are men, given the gravitational force represented by oil sector.

There are also more than 9 million refugees (56% of world refugees) in this region.

Migration is a structural phenomenon, both internal and intra-area (towards oil economies) as well as in asymmetric relationship with Europe. 4 million Egyptians, 3.2 million Moroccans, 1.2 million Algerians, 1 million Tunisians live abroad. Some 43,000 doctors have migrated abroad (1 out of 5) and reached OECD countries. Apart from intra-regional mobility, France, Italy and Spain are the main destinations, and 4.5 million immigrants in OECD countries come from this region.

In the recent past, Libya became the regional pole of attraction for migrants, with an estimated stock of more than 2 million immigrants (being between 10 and 20% of Libyan population), also acting as a transit country for irregular migration movements originated in Africa towards the Mediterranean region and Europe. However, now the main routes of migration characterised by key hubs and points of border crossing have been dramatically affected by current military crisis in Libya: (1) people who were not migrants have been forced to become migrants; (2) many migrants have been transformed into refugees in need of many forms of protection, (3) nomadic and semi-nomadic population have been affected by more severe restriction on freedom of movement, (4) transit migrants have more difficulties to move, (5) irregular migration becomes a more practical option. Libya is a corridor, but passing through during a conflict is not easy, there is no migratory chain on which migrants can rely on and cost of travel are very expensive.

Dramatic situation of Libya, with international military intervention, is determining a new wave of migration. As of the mid of July 2011, cross-border movements statistics referred to migrants fleeing Libya show that Tunisia is the most affected country by arrivals from Libya: in less than five months almost 420,000 people who escaped from Libya entered in Tunisia (some other 350,000 Libyans re-entered their country), being equal to 5% of Tunisian population⁴⁶. It is as Italy had received an inflow of 3 million immigrants rather than just 20,000!

Migration is the issue which most affected Europe in the last decade, with the bulk of policies being inclined to approach it as a security concern, by evoking the fear of invasion and the need to find containment measures rather than incorporating migration into a more comprehensive strategy of development and partnership. This is probably one of the main weaknesses of a wrong strategy implemented by Europe in the last decades, as the objectives of integration into the world economy and more democracy, given the above mentioned issues related to youth, lack of jobs and regional unbalances cannot be reached without addressing migration issues, a missing factor that limited the effectiveness of the Euro-Mediterranean partnership.

7. *The need for a different European policy*

In MENA countries, as well as in the rest of the world, (capitalist) market, considered the source of democracy and freedom, concentrated wealth in the hands of a few people, whereas democracy is aimed at empowering political voice of the impoverished majority: here is the short circuit.

Exporting free market and democracy does not work if a clientship capitalism of dominant minorities prevails, despite the fact that with this sort of capitalism FDI and trade flows increased. This is what classical political economists like Smith and Ricardo explained: electoral power of the majority fights against concentrated power of property.

A neoliberal capitalism without redistribution prevailed in the MENA region and in the rest of the world. Competition increased by reducing cost and wages; the welfare state emerged in Europe after World War II is considered wasteful and inefficient on the times of crisis which stimulate its containment rather than its promotion abroad. But without welfare, the risk is that inequality worsens.

Countries without strong tradition of rule of law are experiencing political transition in the form of radical crisis in the MENA region. Redistribution of wealth and Welfare State may be important to reconcile the power of voters (democracy) and of property rights and market (capitalism). But in political terms, the fall of autocratic regimes create a political vacuum, a defeat of radical Islam in the short term. In the absence of a hegemonic - in Gramscian terms - political project, the shape of the future Arab world is difficult to perceive. The emergence of democracy and development (social transformations), with the creation of an effective rule of law and development of a middle class is a chance. But over-optimism is dangerous and counter-productive, as disenchantment may follow persistent high unemployment among the young and increasing food prices despite the presence of free election. And disenchantment may be exploited by reactionary forces and ruling elites.

In this context, the key political question is: is still the EU giving priority to the stability in energy provision and stability rather than substantial democracy and development?

From Barcelona 1995 onwards, European narrative has been based on economic transition as a way to get social and political transition. The key idea of free exchange zone and leadership of FDI and trade,

⁴⁶ IOM (2011), *Daily Statistical Report. Migration Crisis from Libya*, IOM Middle East North Africa Operations, July.

combining the strength of market and centralized states and presumed Euro-Mediterranean complementarities (with Europe providing technology and North Africa manpower) has demonstrated its failure. Middle classes are very vulnerable (to food price volatility), there has been no particular focus on territories and their specificities, no key attention to the interests and involvement of the majority of the young population as well as on the need of migrants and local SMEs.

Together with the need to adopt a different migration policy, a very critical issue and an emblematic case in the Euro-Mediterranean Partnership was and still is agriculture. Despite the fact that agriculture is at the centre of the development process for the countries of the region and that Europe must be one of the main actors, agriculture in the MENA countries is encountering a number of difficulties. The MENA region is the world's most food import-dependent region, and the ratio of food imports to food exports makes these countries vulnerable, as shown in the graph summing up the values of the five Northern African countries.

Graph 13 - North African food imports & exports, \$ billion (1987-2007)



Source: based on African Development Indicators and FAOStat datasets online

North African countries rely on imports to meet about 50% of their food needs; Yemen imports 80% of cereals under a difficult financial situation.

Given the region's high dependency on food imports and projected increases in food price volatility, food security in the region is a serious concern. Since the 1970s, as a consequence of both the European protectionist Common Agricultural Policy (CAP) and MENA liberalization programmes, Europe increased food export, whereas MENA countries became food importers (from the beginning of the 1980s), with a significant decrease of the total area of cultivated land in corn and with more intensive large-scale agriculture associated with decreased soil quality. Egypt, Algeria and Morocco, with the largest proportion of people who live on less than \$ 2, are also the countries in the region with the highest proportion of undernourished people.

Moreover, MENA is the most water-constrained region in the world, and water scarcity will become even more severe with increased population growth and climate change⁴⁷. Among net importers (in 2050) North

⁴⁷ IFPRI (2010), *IFPRI's Strategy for Middle East and North Africa*, Washington D.C.

Africa will be by far the most impacted by climate change, with net imports 230 to 480% higher with climate change than with perfect mitigation⁴⁸.

Based on IMF Government Financial Statistics Yearbooks, Fan, Omilola and Lambert⁴⁹ show that considering 1980-2005 trends in government expenditures in developing regions (expressed in US dollars), North Africa was the region with the lowest value at the beginning and no increase at the end of the period. If the value is expressed in percentage terms of GDP, it was the highest value in 1980 (around 40%, almost twice the value of all the other regions) but it was the only region decreasing it as time passed (less than 30% in 2005, a value reached by all the other regions). And when the value is referred just to trends in government spending on agriculture, the situation is even worse: North Africa was by far the region with the lowest value expressed in US dollars, together with Sub-Saharan Africa, but in 2005 it was even lower than Sub-Saharan Africa. If trends in agricultural expenditure are expressed as a proportion of total government expenditure, North African value was 6% in 1980 (the lowest across developing regions) and decreased to 3.5% in 2005.

As the FAO has repeatedly declared, the volume of food production cannot explain the persistence of hunger: food security depends more on socio-economic conditions than on agro-climatic ones, and on access to food rather than the production or physical availability of food⁵⁰. The dramatic changes occurring in North Africa, creating social and political unrest in the region, derive – among other determinants – from the global food crisis and rises in prices because these countries are large net food importers. Obviously, much of the food problems and solutions have to be found in the MENA countries themselves, but the protectionism of the EU agricultural policy and the emphasis and support to MENA trade liberalization significantly impeded efforts to transform and make effective agricultural and food policy in the region. Europe has a chance to reconsider its approach to North Africa and to start to make concrete progress on the ground of development, poverty reduction and food security. To be optimistic, the end of this age requires an extra portion of responsibilities and despite all political failures in North Africa there is still an enormous room for innovative partnership.

⁴⁸ IFPRI (2010), *Food Security, Farming, and Climate Change to 2050: Scenarios, Results, Policy Options*, Washington D.C.

⁴⁹ S. Fan, B. Omilola and M. Lambert (2009), *Public Spending for Agriculture in Africa: Trends and Composition*, ReSAKSS Working Paper, No. 28, April.

⁵⁰ FAO (2008), *Climate change and food security: a framework document*, Rome.