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“Development on the margin”

Economics of the Arab Awakening — From Revolution to Development and Food Security

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Abstract

Few observers would have predicted the dramatic changes that are bound to transform the Arab world. Arab governments appeared to be in tight control, and many Arab economies were growing around or above world average over the past years. Official poverty rates in most Arab countries are lower than in many Asian and Latin American countries, and people generally associate historical sites and beaches rather than poverty and malnutrition with Egypt and other countries in the Mediterranean region. However, slow progress in economic diversification, lack of job creation, social inequalities and persisting food insecurity have long been identified as major development challenges for Arab countries.

In this paper, we use fresh data from Gallup World Poll and the Global Database on Child Growth and Malnutrition to shed light on the role of economic factors in the run-up of the revolutions. The findings confirm the notion that the dissatisfaction of people with their standards of living and food security likely contributed to the uprisings. We also show a growing disconnect between economic growth and alternative social indicators (such as child malnutrition) over the past years in countries like Egypt; a trend that is not obvious when looking at traditional indicators such as poverty and GINI coefficients. This finding raises important questions about the underlying causes as well as the suitability of the typical (income based) poverty indicator.

A key message of this paper is that in addition to giving people a voice and tackling governance failures of the past, rapidly getting the economic fundamentals right should be a top priority for any new Arab government. There is a real risk that people may get disillusioned quickly with political achievements of the revolution when the revolution fails to improve their daily living standards. Solutions need to be found urgently for key questions such as a) Which actions can be taken to stabilise countries in the aftermath of the uprisings and improve living standards and food security of the people rapidly? b) How can economies be transformed and patterns of growth be changed so that growth creates jobs and reverses growing disparities?

Keywords: Arab world, economics, Egypt