

Opening Remarks in International Summer Conference of MEEA with Center For Research on the Economies of the Mediterranean (CREMed), European Institute of the Mediterranean, Barcelona. Spain (June 23, 2011).

The Arab Spring in the MENA Region: it is not the economy!

José García Montalvo

Academic Director, CREMed and Professor of Economics,
Universitat Pompeu Fabra

During the first weeks of the Arab Spring of 2011, many analysts argued that the bad economic situation of the countries in the MENA region was enough to explain the popular rebellion. Spanish analysts were not an exception. Two articles in the best selling Spanish newspaper El País claim that it was the economy what explained the social uprising in the Arab countries.

“It is the economy, again”! However, even if we adopt a Spanishcentric view of the world, it is very difficult to accept this explanation. Analysts and writers have emphasized heavily the high youth unemployment in the MENA economies. But, if the explanation is the high youth unemployment, then how is it possible that we do not observe an even larger rebellion in Spain? The Spanish economy has an unemployment rate of 45.3% (young people below 25 years old). With the exception of Yemen, there is not any country in the countries of the uprising with such a high level of youth unemployment. It is true that the measure of unemployment is only an approximation in the countries of the MENA area because of large proportions of underemployment but there are also problems of measurement in Spain. In terms of general unemployment, the Spanish economy has also a higher level than the MENA with the exception of Yemen.

“It is the lack of education of young people” claim some others as the cause of the revolution. However, the countries of the region have spent more than 5% of GDP in education during many years. This percentage is clearly higher than the average developed country. The increase in the average years of education, corresponding to the investment in education, has been very large. Certainly, the quality of education is still questionable in many cases. But, in any case, the first stage when claiming the education ladder is improving the quantity.

“It is the lack of growth”, some others claim. Wrong again. The countries of the region were growing faster than Spain and many of the developed countries. Other pundits claim that the origin of the revolt is the high level of inequality. But the Gini index of the countries in the MENA region is not so high. The Gini index of Egypt is very similar to the Spanish Gini. Most of the countries in the regions have Gini indices between .35 and .40. Countries with a high level of inequality reach Gini indices between 65 (South Africa) and 57 (Brazil). In addition, may empirical studies have shown no relationship between inequality, measured using the Gini index, and social conflict.

The final explanation is poverty: the countries in the MENA region are poor and, therefore, they have a high probability of social conflict. In general, it is correct to claim that countries of the region are poorer than the average country in the developed world. For instance, and following with the Spanishcentric view, while the GDP per capita in PPP of Spain is around 29,000 dollars, the countries of the region reach levels well below that mark. Still, we should make two comments. First, Bahrain has been the focus of many demonstrations, up to the point of canceling the Formula 1 race. But, the GDP

per capita in PPP of Bahrain is clearly higher than the same magnitude in Spain. Secondly, recent research has cast doubts on the relationship between poverty and conflict. Traditionally, the empirical literature has claimed a connection between poverty and conflict (Collier and Hoefer, 2004). However, the most recent research finds no evidence of a causal relationship between poverty and conflict. Djankov and Reynal (2011) show that once institutions are included in the regressions, the effect of poverty on the probability of conflict disappears. The reason is simple: if the regression includes only poverty and not the quality of institutions then there is an omitted variables bias. In particular, the quality of political institutions can have a simultaneous effect on poverty and the probability of conflict and, therefore, the relationship between poverty and conflict is not causal.

The poor quality of institutions is another characteristic also shared by the countries of the MENA region. Measuring institutional quality is a quite challenging endeavor. However, researchers have dedicated many efforts to this task. The most commonly accepted measure of political institutional quality comes from the Polity IV project (Marshall and Jaggers, 2005). One representative index (the so called Polity2) is constructed mixing measures on several subcomponents: how competitive and open is the recruitment of the chief executive; the method of election of the leader; institutional constraints on the executive (checks and balances); control of the military by the executive; and competitiveness of political participation. This index ranges from -10 (worst) to 10 (best). Several researchers, for instance Reynal-Querol (2002) and Hegre et al. (2001), have found an inverted U shape in the relationship between the level of quality of political institutions and the likelihood of conflict. For low values of the index, the level of repression is so high that the likelihood of conflict is very low. For

very democratic countries the probability of a conflict or a civil war is also low since citizens have the possibility of choosing their political representatives and those have limited powers, constrained by others independent institutions of the state. The highest likelihood of conflict and civil uprising is associated with average levels of institutional quality. In those regimes the level of repression is not high enough to deter concentrations and demonstrations. A look at Table 1 shows that this inverse U shape theory is quite applicable to the Arab Spring of 2011. Countries like Tunisia, Egypt or Yemen, with an intermediate to low level of political institutions quality, have had successful revolts with not many fatalities. By contrast, in countries with lower level of institutional quality than those three (Syria and Libya), the revolt is being much more dramatic in terms of lost of human lives. Finally, in countries with a very low level of political quality (Saudi Arabia or Qatar) the Arab Spring is absent. Obviously, I am not claiming a deterministic relationship between conflict and the index of political quality. This is just another case study that gives support to the inverted U shape theory.

Table 1. Polity2 Index

Polity 2 index	
Tunisia	-4
Libya	-7
Yemen	-2
Bahrain	-8
Qatar	-10
Egypt	-3
Syria	-7
Lebanon	7
Jordan	-3
Saudi Arabia	-10
Kuwait	-7
Morocco	-6
Algeria	2

Therefore, we could summarize graphically the previous paragraphs: it is not the economy, stupid! It is the desire of democracy and good political institutions which explains the Arab Spring of 2011. The role of Internet (Twitter, Facebook, etc.) was

important in the revolts although it has been a bit overemphasized. It was more important as a window for citizens of the MENA region to look at life in democratic countries than to gather people for demonstrations. It was the desire of having a political regime “like them” that counted the most for the critical mass of demonstrators in the Arab Spring. But, we should be realistic: when and how a dictatorship ends is decided by the military. Therefore, demonstrations were a factor but the side taken by the military has been decisive in the resolution of each of the revolts.

A final note of caution: the success of the political transition from dictatorship in Spain has led to Spanish politicians to go to Tunisia and other countries of the regions to “teach lessons” on how to perform a peaceful transition to democracy. However, the particular experience of Spain is not easily translated to other countries, and even less to Arab countries. We know of other experiences of traumatic imposition of democracy that have failed in the region with dramatic consequences. Healthy democracies are constructed with a bottom-up approach and not by imposition from top to bottom.

REFERENCES

- Collier, P. and A. Hoeffler (2004), "Greed and grievance in civil wars," *Oxford Economic Papers*, 56, 563-595.
- Djankov, S. and M. Reynal-Querol (2010), "Poverty and Civil War: Revisiting the evidence", *Review of Economics and Statistics*, vol. 92 (4) November.
- Hegre, H., Ellingsen, T., Gates, S. and Gleditsch, N.P. (2001), "Towards a democratic civil peace? Democracy, political change and civil wars, 1816-1992," *American Political Science Review*, 95 (1), 33-48.
- Marshall, M. G. and Jaggers, K. (2005), Polity IV project, <http://www.systemicpeace.org/polity/polity4.htm>.
- Reynal-Querol, M. (2002), "Ethnicity, political systems and civil wars," *Journal of Conflict Resolution*, 46 (1), 29-54.