FOOD AND THE ARAB SPRING

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By David Rosenberg

The Middle East and North Africa (MENA) has been experiencing deteriorating parameters for both food production and consumption for some time. Agricultural output is constrained by limited water resources, diminishing arable land, and poor public policy. Consumption is driven by high population growth and subsidies that encourage waste. The region is food insecure, both on the level of the individual consumer (high rates of poverty) and on a national level (reliance on imports). Rising food prices played a role in fomenting Arab Spring unrest but appear to have been quickly overtaken by other grievances. Nevertheless, MENA regimes–both the transitional governments emerging from the turmoil and incumbents seeking to retain power–responded by increasing food subsidies and adopting other economically unsustainable policies, thereby exacerbating the policies that contributed to the Arab Spring.

INTRODUCTION

TheMiddle Eastand North Africa (MENA) stands on the precipice of a food crisis many years in the making but now becoming more urgent as a consequence of the unrest of the Arab Spring. On both the production and consumption sides, the region's food industry has experienced deteriorating parameters over the last decades. There has been a widespread recognition of this on the part of MENA leaders, but they face enormous constraints to increasing harvests and, with the exception of the Gulf oil states, little has been done to address the problem. The Arab Spring threatens to exacerbate this situation by compelling weak governments more attuned to popular demands–both the new and/or transitional governments arising from the protests and older, established governments seeking to keep the opposition at bay–by adopting policies aimed at meeting short-term political requirements rather than adopting economic reforms and infrastructure development, which demand long-term horizons and finance that may not be available. Both market-based and government-directed solutions are in order, but neither can succeed in an atmosphere of instability. The likely absence of a sufficient policy response in the foreseeable future comes as food prices have been rising globally (and may have contributed to the Arab Spring unrest), thereby exacerbating an already difficult food security situation for the MENA region.

The nature of the food crisis differs between countries, with the most critical division between oil-exporting and non-oil economies. Yet virtually all the countries of the region are contending with a food crisis of one kind or another. On the production side, output has been constrained by persistent policy neglect in most countries. Agriculture in the MENA region suffers from low productivity even by the standards of the developing world, from poor utilization of severely limited resources and from urbanization that competes for limited supplies of land and water. Increasingly unfavorable global climatic conditions are likely to exacerbate the situation, both for domestic farming and for the extra-regional exporters MENA heavily relies on to supplement local harvests. On the consumption side, poorly designed social welfare policies have compounded the effect of rapid population growth to increase demand for food faster than domestic food production can be expanded.

Like the rest of the world, the MENA region faces an era of rising food prices as global consumption grows and climactic conditions becomes less reliable. However, the MENA region's non-oil states' populations are especially vulnerable to higher food prices and potential shortages due to their high rates of poverty and heavy reliance on imported food. Moreover, their uncompetitive economies fail to generate sufficient export earnings to cover the rising cost of importing food.

THE CRISIS OF AGRICULTURE

Except for the oil-exporting countries of the Gulf, agriculture is a key component of the MENA economies. On average, it accounted for about nine percent of gross domestic product (GDP) in the 2000-2004 periods.[1] The figure, however, understates the importance of the sector socially and politically. About 45 percent of the region's population is rural, i.e., is employed in agriculture directly or dependent on it through sectors closely related to farming. Thus, a large part of the population is highly sensitive to changes in farm prices and conditions. Moreover, in the most critical countries of the region, farming accounts for a larger proportion of GDP, most notably Egypt (13.5 percent of GDP, 32 percent of the labor force) and Syria (17.6 percent of GDP, 17 percent of the labor force).[2] The critical role of agriculture as a source of employment also applies to many of MENA's most important oil-exporting countries. Even though petroleum accounts for the largest portion of output, it provides relatively little employment. Thus, agriculture remains a key source of employment. InIraq, farming accounts for a relatively modest 9.7 percent of GDP, but it employs 21.6 percent of the country's labor force. InAlgeria, the comparable figures are 8.3 percent and 14 percent, respectively, while inIran they are 11 percent and 25 percent.

An important point in noting the critical role of agriculture in the economy is that nowhere in the MENA region has any economy succeeded (with the limited exception ofTunisia) in developing alternative sources of employment. While the percentage of the MENA region's population employed in agriculture has fallen, in absolute terms it continues to grow so that future constraints to farming present a serious challenge to policymakers.

In spite of the sector's importance, agriculture suffers both from official neglect in many countries (principally the non-oil economies) while in others (the Gulf oil states) it has been the subject of expensive and misguided policies. The farm sector in most of the MENA region was state-dominated from early in the post-war era through the 1980s, with governments subsidizing and allocating inputs to growers (water, seeds, fertilizer, and machinery), limiting the size of holdings and acting as the primary purchaser of the resulting harvests. In line with the experience of other countries in other sectors of the economy, extensive state involvement hindered productivity growth in spite of extensive subsidies and investments. Output per hectare of arable land grew 2.24 percent in the 20 years to 1984, while labor productivity increased by just 0.87 percent annually.[3]

These policies began changing toward more freer markets during the 1980s, prompted less by changing ideology and more by the fiscal constraints imposed on governments as falling oil prices constrained the growth of MENA economies. Nevertheless, reforms caused productivity growth to improve, with output per hectare of arable land increasing 2.76 percent annually and labor productivity expanding 1.84 percent.[4] In 17 MENA-region states, harvests of cereals grew 17 percent from their average levels in 1991-2001 to their average in 2007-2009.[5] Among the 17 countries, onlySyria experienced a decline in output in during the period.

However, labor productivity in farming is low relative to the overall economy in at least three key MENA countries. Using figures for 2007, a study found that GDP per worker in farm productivity was $1,847 in Egypt, $3,407 in Turkey, and $4,795 in Iran, compared with $32,385 in Australia, $31,365 in Germany, and $71,659 in the United States. In Egypt, output per farm worker was 27 percent of output per worker in the overall economy. The comparable ratio of Iranwas 40.7 percent and 38 percent in Turkey. By comparison, GDP per agricultural worker in Australiawas 80.5 percent of overall per-worker output and was 93 percent in Germanyand 150 percent in the United States.[6] An important point that is rarely addressed directly is the low social status and educational levels of MENA-region farmers.[7] Combined with low incomes, a lack of infrastructure and services in rural areas, and the attraction of (mainly urban) government sector jobs, the agricultural sector fails to attract people with the skills, entrepreneurship, and motivation to seek improvements in management, marketing, organization, and technology.

The region’s agriculture is now facing serious constraints as evidenced by the more recent figures on cereal harvests: Taking the average for 2003-2005 and 2007-2009, they fell 10 percent. Of the 17 countries surveyed, 11 showed declines, although significantly Egypt, the region’s largest producer, registered a 7 percent increase.[8] The expansion of the MENA-region agriculture is testing the limits of the region’s limited resources. Mediterranean countries depend on sparse seasonal rainfall to grow cereal, legumes, and some arboriculture. Overgrazing of sheep and goats due to population pressures has led to pasture depletion.[9] Most critically, per capita water availability worldwide is 757 cubic meters in MENA, compared with 7,130 cubic meters worldwide. The MENA figure is projected by the International Food Policy Research Institute (IFPRI) to fall to 400 cubic meters per capita, taking into account forecast population growth alone. With agriculture accounting for close to 90 percent of water use, the sector will be most affected.[10]

IFPRI forecasts show Iraqsuffering the largest drop in water availability, at some 60 percent, but its projections show Djibouti, Jordan, Sudan, and Syriaexperiencing declines in availability in excess of 50 percent.[11] Egypt demonstrates the constricted conditions under which agriculture in the region operates. Total farm area has increased (by about 12 percent, taking the average of 1991-2001 versus 2007-2009 to about 3.1 million hectares)[12] largely due to a government program to cultivate desert areas outside the traditional Nile Valley.[13] Nevertheless,Egypt is losing prime agricultural land to urbanization, the intrusion of seawater into fresh groundwater, and desertification. Its share of its most critical source of water is under threat from other countries with which it shares theNileRiver basin.

The most proactive governments in matters of farm policy have been in the Gulf oil states, even though they have severely limited water resources and generate sufficient export revenues to pay for their imported food requirements. In fact, the absence of the key resources for farming has made the Gulf countries especially concerned about their food security. The rationale for the programs is explained in a statement entitled, “The Global Food Crisis: Middle East Dimensions,” by the Qatar National Food Security Program, a government initiative set up in 2008 aimed at ensuring food security.[14]

In 2007 and 2008, a sharp rise in agricultural commodity and food prices triggered grave concerns about food security and increased poverty throughout the world. While the threat of a prolonged food-price shock receded with the weakening global economy in the second half of 2008 and a relaxation of export bans, many of the key factors causing volatility in food prices and availability remain in play.

At the height of the recent shock some major wheat and rice exporting countries banned exports for fear of not being able to feed their people. These bans contributed to the rapid escalation of global market prices. Due to its small size,Qataris particularly vulnerable to food security risks.

The Qatari program is supposed to present formally its recommendations in 2012. Although many of the Gulf countries embarked on food security programs years earlier, the 2007-2008 run-up of food prices proved to be a milestone event for the region's policymakers. Global food prices rose to a then record of 257 points in June of 2008, according the Food and Agricultural Organization (FAO) Food Price Index.[15]

The causes of this sharp increase have been much debated but are usually laid to increased demand for more and higher-quality food from the emerging economies ofChinaandIndia, diversion of certain crops for use in biofuels, higher energy costs, and what many observers believe were speculative purchases. However, a particular worrying element for Gulf policymakers was the decision by many countries in 2008 and subsequent years to ban exports temporarily, in order to ensure their own populations were adequately provided for and protected against global price rises. Although no disturbances occurred in the Gulf countries, food concerns in poorer MENA countries sparked riots.

Saudi Arabiaembarked on a systematic effort to produce food domestically during the 1970s and 1980s, despite extremely unfavorable conditions, with a program of subsidies and land distribution. The ambitious program turned the country into a net exporter of wheat, but at very high costs both in monetary terms and in the squandering of scarce water resources. Moreover, the kingdom had to import fertilizer, equipment, and even labor–all of which effectively undermined the goal of food independence. The initiative formally came to an end in 2008, and under what is called the King Abdullah Agricultural Initiative, wheat harvests are scheduled to fall by 12.5 percent annually to nil in 2016.

In spite of the Saudis' disappointing experience, other, smaller Gulf statesare embarking on similar programs. In Qatar, the government unveiled plans in August 2011 to develop some 1,400 farms over 45,000 hectares as part of its strategy to achieve self-sufficiency in food production. The president of the Qatari program, Muhammad bin Fahd al-Attiya, said the farms would employ state-of-the-art technology backed by institutions that teach and conduct research on innovative agricultural technology.[16] The program may even include importing soil from Iran, according to local media. Al-Attiya said in February 2011 that the country's goal was to provide for 70 percent of its food requirements in 2023, compared with 10 percent in 2011.[17]

Abu Dhabi, the largest of the United Arab Emirates (UAE) constituent states, has also commenced a multifaceted program to ensure its food security. The Abu Dhabi Food Control Authority (ADFCA) was set up in its current form in 2007 to take over responsibility for the entire food sector, including agriculture and food security in particular. Although subsidies for some products were ended in 2010, Abu Dhabi's general thrust has been increased state intervention. The government provides free irrigation to the 24,097 farms in its region. ADFCA service centers provide annual assistance to farmers of 100,000 dirhams (about $27,250) in cash and access to high technology irrigation, seeds, technical expertise, and training.[18] A commodities trading house, Abu Dhabi Source (ADS), was established by the government at the end of 2010, with one of its aims being to ensure supplies of imported food, while it is building silos in Fujairah, a neighboring UAE state.[19]

After abandoning its domestic-growing program, Saudi Arabia accelerated controversial programs that had been underway earlier to acquire agricultural land overseas (principally in Africa but in some instances in Asia and eastern Europe), which would be used to grow crops exclusively for their own populations. The kingdom is not alone in this venture: Other Gulf states, including the UAE, Qatar, Bahrain, and Kuwaitas well as Libyahave made confirmed or reported land deals. One interesting aspect of it is that the programs rarely invest in or develop farms in the Arab world. This has been attributed to political and security issues,[20] which could refer to offending the sensitivities of hosting countries by taking land from indigenous growers and/or exporting food rather than serving domestic needs, but it could also be understood as an indicator of the region's poor prospects for substantially increased output.

The size and scale of these programs as well as the details of their operations and the terms under which they acquire land in host countries are rarely made public.[21] In some instances they involve direct land acquisitions; others seek to insure food supplies through contract farming and investment in agricultural and rural infrastructure, such as irrigation and roads.[22] In other cases, the host country offers land on long-term leasehold in exchange for discounted oil or infrastructure development.[23] An example of this kind of transaction was announced in December 2008, under which Qatari Emir Shaykh Hamad bin Khalifa al-Thani would provide a $2.5 billion loan to build a second deep-water port in Kenya in exchange for 40,000 hectares of farmland in the Tana River Delta.[24]

While the majority of these transactions are government-to-government, such as the Qatar-Kuwaiti agreement, state-sponsored private enterprises are also engaged in the business.[25] Among such private sector deals, the Dubai firm Abraaj Capital acquired 324,000 hectares in Pakistan during 2008 in coordination with the UAE government,[26] and in March 2011, Saudi-based Menafea Holdings said it would invest $125 million to develop a 5,000-hectare (12,400 acre) pineapple farm and processing plant in Zambia.[27] Saudi Arabia encourages private sector investment in foreign agriculture, offering a total of $5 billion in soft loans.[28]

Controlling agricultural land abroad is a risk-laden solution to food security.[29] Such arrangements have provoked protests from host-country populations, especially in Africa, where food is in short supply. The Qatar-Kenya agreement generated significant backlash from environmental activists, local political leaders, and non-governmental organizations.[30] Other threats include changes in government in the host country, war or domestic unrest, and the likelihood that in the event of a global food shortage or price inflation the host country would confiscate or restrict exports of its foreign-owned harvests for relief. Private investors, even if they are nationals of the country seeking to secure food supplies, will likely sell their harvests at prevailing world prices rather than a concessionary rate to their home markets.

THE CRISIS OF CONSUMPTION

The challenges of increasing harvests in the MENA region are made more difficult by the relatively high rates of population growth. Between 1950 and 2010, the region's population climbed 335 percent (roughly double the worldwide increase) as rapidly declining death rates more than offset the slight decline in fertility rates.[31] Population growth will slow further, by about 31 percent to about 583 million by 2030 and by 52 percent to about 680 million in 2050, according to the UN projections. Nevertheless, the region will continue to run well ahead of global population growth, which is forecast to increase by 21 percent between 2010 and 2030 and 35 percent between 2010 and 2050. Exacerbating the problem is that many of the region's lowest-income countries will also experience the largest population growth in the decades to 2030, among themEgypt (31 percent),Syria (36 percent),Jordan (36 percent),Yemen (72 percent), andIraq (74 percent). For most of the MENA region, the challenge of feeding their populations is compounded by high levels of poverty, unemployment, and income inequality.

Although no country in the region has yet to evolve into a "tiger" economy by developing competitive, export-oriented industry, the MENA economies in aggregate posted respectable rates of GDP growth since the 1990s.[32] In 1990-2000, the region averaged 3.8 percent annually, less than half the pace for the East Asian-Pacific region but close to the average of 3.9 percent for middle income countries. This was the decade of stagnant oil prices, which depressed MENA region growth, but some of the most important non-oil economies outperformed the region (Egypt 4.4 percent,Syria 5.1 percent andTunisia 4.7 percent). From 2000-2009, the overall MENA rate improved considerably to an average of 4.7 percent, as a result of higher oil prices and economic reforms. However, the gap in rates widened both with all middle income-countries (6.4 percent) and with the East Asia-Pacific region (9.4 percent).

What has become increasingly evident since 2000 is that although the non-oil economies of the MENA region were freeing markets, reducing the role of government, and encouraging private enterprise, they were achieving little progress beneath their top-line GDP growth figures. In many of the countries, a state-dominated economy was replaced by "crony capitalism" and reforms did little to spur an efflorescence of new businesses. The economies of the region were not creating globally competitive industries nor were they generating enough new jobs or raising incomes for most of their populations.

For MENA's food requirements, the quality of economic growth the region was achieving had two negative outcomes in terms of failing to 1) reduce poverty significantly and more broadly the affordability of food for consumers and 2) to generate increased exports and therefore the ability of the region's non-oil economies to pay their growing food imports.

In terms of actual malnutrition, the MENA region does not stand out as a particular problem area. The 2010 Global Hunger Index[33] categorized the region as a whole at the low (better) end of "moderate" hunger, with an average score of 5.1 on a scale of 0-14. The figure represented a considerable improvement in MENA from a score of 7.5 in 1990 and is lower than the world average of 19.8. All countries in the region, excluding Yemen and Libya, had lower scores than would have been expected based on their gross national income,[34] which is presumably due to the relatively generous social welfare programs in place (see more below). However, the improvement largely reflects a significant reduction in rates of child undernourishment for the wealthiest oil states such asSaudi Arabia andIran. Among non-oil states, many saw no change and some (Iran,Lebanon,Libya,Turkey, andYemen) showed a higher rate after 20 years.

The more serious problem facing the MENA region is the matter of affordable food, a problem that is felt most keenly in the non-oil states but is a sensitive issue on many of the oil states as well. The percentage of the MENA region population living under $2 a day varies considerably but is high in some of the most populous and/or politically important countries, namely Yemen (46.6 percent), Morocco (24.3 percent), Egypt (18.5 percent), and Syria (16.9 percent).[35] All told, about a fifth of the region lives below that level of income,[36] and while the percentage is not changing the absolute numbers of poor defined by this standard, it is rising due to the high rate of population growth. The economic growth that non-oil countries have been enjoying over the past decade failed to trickle down to the lowest income groups either in the form of new jobs or higher wages.

The lowest income groups spend a large part of their income on food, making them vulnerable to relatively small increases in its price. In Egypt, the two lowest quartiles spend more than 50 percent of their income on food (20 percent on staples such as wheat, cooking oil, and sugar), and in Morocco, it exceeds 60 percent (15 percent on staples).[37] Thus, when food prices increase (or subsidies are reduced), the impact on household spending is enormous. Its effect is magnified politically and socially in two ways.

The first is that higher prices are felt disproportionately by the urban population, which may enjoy higher incomes than the rural poor but do not share in the extra income growers receive from rising food prices.[38] Cities like Cairo and Amman are home to large numbers of poor that can easily assemble into mass protests close to the centers of government power and the media. The second is the less severe, but politically more critical, vulnerability of the MENA region's middle class. With per capita gross national income in the largest non-oil economies ranging between $3,330 in Iraq to $7,810 in Tunisia,[39] middle-income wage earners are more sensitive to changes in food prices than their rich-economy peers. The fact that universal subsidies are the main component of social welfare policies in most MENA countries means middle class as well as poorer consumers are hurt when they are cut.

The oil-exporting countries, principally in the Gulf–where high per capita incomes belie high levels of income inequality and high costs of living–are not exempt from the impact of rising food prices. An editorial during the 2007-2008 round of food price inflation in the Saudi daily *Arab News* articulated the problem in Saudi Arabia and officials' concerns:[40] "Saudi Arabia is not, despite fantasies abroad, a land of billionaires. Most Saudis and expatriates working here are on fixed salaries and struggle to keep up with rising prices. They are failing. The government understands the dangers only too well. Soaring inflation is as potentially dangerous as soaring unemployment."

No international comparative data for the poverty rate in Saudi Arabia exist, but the Ministry of Social Welfare said in April 2009 (without defining its criteria) that the rate was close to 22 percent, or 3 million people.[41] In Saudi Arabia, the biggest and most important economy of the Arab Gulf, food accounts for a quarter of household costs–more than anywhere else in the region due to high retail prices. Food subsidies became an important element of the MENA economies in the 1950s, as socialist governments sought to encourage the loyalty of the masses. They were part and parcel of political strategies that also encompassed free education, massive public-sector hiring, and confiscation of private assets, in many cases. In spite of these socialist antecedents, food subsidies were adopted by the conservative oil-exporting governments in the following decade. Thus, although the agricultural policies pursued by Gulf governments to secure food supplies are usually portrayed as a national security or macroeconomic issue, there is considerable evidence that the region's leaders recognize that food (as an issue of affordability rather than actual access) is a potentially sensitive political issue.

For the MENA region's non-oil economies, the subsidies impose enormous fiscal and social costs. In 2010, Egypt spent about $3 billion on bread subsidies, money that could have been spent more effectively on agricultural investment or on health and education for the poor. Subsidies are widely recognized as an inefficient way of helping the neediest since they are given to everyone regardless of need, they encourage waste and spawn corruption, but they are simpler to administer than more sophisticated anti-poverty programs and they are popular with the public. Indeed, Larbi Sadiki sees the subsidies as the heart of a social contract, the “democracy of bread,” between the region’s dictatorships and their citizens to ensure peace and stability.[42]

For the non-oil economies of MENA, the costs are high and have grown intolerable during period of rising global food prices. However, efforts by governments to roll these programs back over the years have largely been frustrated by strong public resistance (see below). For instance, when a five-fold increase in bread prices led to rioting in 2008, the government responded with $2.5 billion in new bread subsidies, banned rice exports, and ordered the army to bake and distribute bread to the poor. When governments and economists have succeeded in reducing the extent of subsidies, they are done in the context of an economic malaise that leaves the poor without the compensating factors of economic growth and job creation. Stepping into the void often are Islamic movements that provide food as well as healthcare and education in place of the government.[43]

The food insecurity experienced by individuals is paralleled on the macroeconomic level by the persistent and massive food-trade deficits in the MENA region. As noted above, the national security threat of reliance on imported food has been recognized by many of the Gulf governments, but for much of the rest of the region, the problem of food insecurity on a macroeconomic level is principally an economic one: They do not export enough to provide sufficient cover the costs their food imports. The standard measure for this relationship is the ratio of total exports to food imports, which measures an economy’s vulnerability to changes in global food prices–both its ability to pay for food if its price rises and its impact on consumers. The average ratio for 178 countries around the world is 11.3. In other words, 8.8 percent of export earnings are used to pay for imports. In the MENA region, food imports equal 11.5 percent. Only 3 of 16 MENA countries surveyed by the International Food Policy Research Institute exceeded the worldwide average in 2009.[44]

The food security issue reflects two problems. The first is the lack of competitiveness of the region’s agriculture. Like many free-market reforms undertaken in the MENA region since the 1990s, trade liberalization had a perverse impact on agriculture. Rather than making domestic farming more efficient, it opened up the door to subsidized wheat from the United States and Europe and turned traditional wheat exporters like Egypt and Morocco into net importers of the grain.[45] In 2010, eight of the world’s top 20 grain importers were from the MENA region, led by Egypt, the world’s largest.

The shortcoming of the farm sector could have been offset by other segments of the economy, most particularly industry. Yet the MENA region has failed to make other segments of their economies globally competitive and lift the export side of the food-security ratio. The oil-exporting economies of the region enjoy better ratios, but as recent events have demonstrated (see as follows), they are also sensitive to food security issues by virtue of the fact that they are so reliant on a single commodity (petroleum) and subject to fluctuations in its global price and demand.

FOOD AND THE ARAB SPRING

Food, or more specifically its price, has played a recurring role in the domestic politics of the region. Since the 1970s, food inflation and/or reductions in subsidies prompted violent protests in Egypt in 1977, Morocco in 1981, Tunisia in 1984, Jordan in 1996, and across the Middle East in 2008. The latter was in response to the rapid acceleration of food prices on the eve of the financial crisis in the United States, which would eventually lead to the deepest global recession in the post-World War II era. At its peak, the FAO's global had climbed 77 percent in the two years to June 2008 (cereal prices increased at nearly double that pace during the period).

None of these events led to regime change, but they did have the effect of reinforcing the unsustainable policies that prevail today, especially on the consumption side. They also illustrated how deep and wide poverty remained in economies that had enjoyed considerable economic growth in the previous years. It is also notable that that bread riots constituted a rare expression of popular anti-regime protest. In spite of that, the fiscal constraints of the region's economies were such that Egypt, Iran and others were in the process of paring back the subsidies on the eve of the Arab Spring.

At the end of 2010 and the start of 2011, as protests erupted first in Tunisia and then in Algeria, Yemen, Jordan, and Egypt, the price of food was widely seen as a significant, if not principal, factor in the prompting the unrest.[46] (Oddly, in Syria, where harvests have fallen since 2006 due to severe drought conditions, causing large-scale internal migration and widespread shortage, food issues have not emerged as a stated issue for the opposition protestors.[47]) The Food Price Index had been rising since the beginning of 2009, and by the time it peaked in February 2011, the index had registered a 68.3 percent increase. Its Cereals Price Index rose an even sharper 75.5 percent in a shorter period of time, from a low in June 2010 to a high in April 2011.[48] Subsidies provide only partial protection because they do not cover all foods and even in categories where they do, their impact is mitigated by corruption and black market sales.

Regardless of the role of food prices in fomenting the initial unrest, the focus of the protests rapidly evolved into more explicitly political grievances. Nevertheless, governments across the region–including those that were not immediately threatened by protests–sought to alleviate pressure by the customary method of increasing subsidies and raising public sector salaries and pensions. The measures suggested that those in power believed that stated political grievances either masked underlying economic problems or at least could be assuaged by addressing those problems. These policies were put into effect across the MENA region, four examples of which follow:

Egypt

Egyptian President Husni Mubarak ordered the government on January 30, 2011, to reverse a plan that had been underway since the year before to scale back food subsidies. Far from reversing this, Egypt's transitional military government has slated an increase in spending on subsidies and higher public sector salaries totaling $15 billion, or 7 percent of GDP, for the 2011-2012 fiscal year.[49] The package includes increasing minimum wages for public sector employees, boosting spending on subsidies by 26 percent, and increasing state pensions. While the governments of the Gulf can afford this largesse, thanks to rising oil prices and substantial reserves, the governments of the non-oil economies cannot. If spending for 2011/2012 stays on target, the fiscal deficit could reach 11 percent of GDP.

Jordan

In Jordan, the government responded to disturbances in January 2011, announcing $550 million in subsidies for food staples and increased salaries and pension for civil servants and military officers.[50] The initial round of extra spending was expanded in August 2011 by an additional 584 million dinars ($824 million) for social-welfare payments and food subsidies.[51] The budget for 2011 projected a deficit of 5.5 percent of GDP, a figure that would be much higher except that Amman has been the recipient of especially large foreign grants in 2011.[52]

Morocco

Although the Moroccan government faced only limited pro-reform protests, it raised food and fuel subsidies in 2011 by 48 billion dirhams ($5.8 billion) from 17 billion dirhams originally budgeted. Public sector wages were increased by 11 percent to 95 billion dirhams.[53] The Moroccan government's budget deficit is expected to increase to between 5.5 percent and 6 percent of GDP, compared with 3.5 percent originally projected by the government.

The Gulf

As in 2008, Gulf governments were also quick to act with expanded social spending, including food subsidies. Kuwait's ruler, Emir Shaykh Sabah al-Ahmad al-Sabah, ordered the cabinet in January 2011 to provide free food for 14 months to its citizens and a distribution of $3,500 in cash at a total cost of $4 billion.[54] In the UAE, the Ministry of Economy took a different tack by forcing retailers in May 2011 to keep prices fixed on as many as 400 commodities until the end of the year. Some of the retailers have agreed to lower prices to the same level as the wholesale costs, while other will cut prices by up to 50 percent.[55]Other governments, such as Saudi Arabia and Bahrain, raised subsidies, though not specifically for food. Iran, in December 2010, just prior to the onset of the Arab Spring, actually reduced subsidies on food and fuel and has thus far refrained from reversing the controversial decision. In fact, there may have been some truth to the notion that economic grievances were the chief concern of most demonstrators. In Jordan and Morocco, demonstrations have remained sporadic as of September 2011 and not presented any immediate threat to their governments. The Egyptian and Tunisian leaders were ousted within weeks of unrest but their successor, transitional governments, enjoying the benefits of increased subsidies and other measures taken during the heat of the turmoil, have thus far enjoyed relative quiet. The wealthier states of the Gulf have experienced no unrest at all, with the notable exception of Bahrain, which has uniquely among the Gulf emirates, a long history of sectarian tensions.

The governments of the region may have also been helped by the fact that the rapid increase in food prices began leveling off or falling in the winter and spring of 2011, even as the Arab Spring turmoil spread and deepened to include Syria and Libya. According to FAO data, the Food Price Index had fallen from its February high by 2.8 percent by August 2011; the Cereals Price Index had fallen 4.9 percent from its April 2011 peak.[56] For ordinary consumers in MENA, however, prices remain high. For instance, in Egypt, the FAO reports that nominal wheat prices were 16 percent higher in May 2011, meaning the prices of non-subsidized wheat flour and products that use flour will increase.[57] The weakening of the Egyptian pound as a consequence of the country's broader economic problems increases the domestic cost of imported wheat and other farm products. On the other hand, in Morocco the year-on-year inflation rate in the food sector was estimated at just 3.1 percent.[58]

It would be wrong to dismiss wholly the political grievances expressed by the various opposition movements, and despotic regimes are naturally inclined to palliatives that do not entail democratic reforms. Yet it seems evident that the greater mass of people was influenced by economic concerns. In that respect, that in line with Sadiki's democracy of bread, it could be said that the MENA governments' failure to ensure affordable food for a second time in a two-year period effectively broke a social contract. The increase in subsidies, for many, signaled that the government had honored its obligations even if it was not accompanied by further political or economic reforms.

For most of the countries of the region experiencing in one form or another the political trauma of the Arab Spring, harvests in 2011 are expected to be better than in the previous year, according to FAO forecasts, thus offering some relief to consumers and policymakers. The exception is Syria, where wheat and barley production was expected to fall 9 percent in 2011, according to FAO estimates from May 2011.[59] However, even with the bigger harvests, all the economies of the region remain highly dependent on food imports and their ability to pay for them is constrained. Egypt illustrates the problem. While the FAO expects wheat imports to fall slightly in 2011 thanks to good harvests,[60] higher global prices and a weaker Egyptian pound will raise those costs considerably.

The Arab Spring has left the non-oil economies of the MENA region in a precarious state. Economic activity has slowed, with little immediate prospect for a recovery. Strikes and protests have deterred economic activity for a period ranging from weeks in the cases of Egypt, Tunisia, and Bahrain to months in the cases of Yemen, Syria, and Libya. This situation has not appreciably changed with the coming to power of transitional governments: The Arab Spring economies continue to operate under a cloud of political uncertainty that has discouraged investment and incoming tourism.

In addition, as of September 2011, it appeared that the global economy's precarious recovery from the 2008-2009 financial crisis is in jeopardy. The International Monetary Fund in September 2011 revised downward its GDP growth projections for MENA oil imports–which includes the Arab Spring economies, except Bahrain–to 1.4 percent in 2011 (compared with a projection of 1.9 percent in April) and 2.6 percent in 2012 (from a previous 4.6 percent).[61] Among the most critical economies, Syria will see negative growth, Tunisia nil growth, and Egypt growth of 1.2 percent in 2011. On a per capita basis, growth will be negative.

Against this background, the expansionary fiscal policies adopted by the Arab Spring governments will help mitigate the impact of slower economic activity in the private sector. However, this creates two problems that relate to food. The first is that they exacerbate the policies that encouraged waste and consumption of food without addressing the underlying causes of poverty.[62] The scope of these outlays in unsustainable,[63] except in the case of the Gulf governments that can draw on their oil revenues and financial reserves. Nevertheless, they can do considerable damage to their economies in the meantime. Second, neither the incumbent leaders of the MENA region nor the transitional governments have shown any inclination to undertake the kind of structural reforms that would address the food crisis and other fundamental macroeconomic problems.

As noted above, there has been little effort to undertake reforms during periods of political quiet. The Arab Spring has made the governments of the MENA region acutely aware of how precarious their situation is. The street has become emboldened by its successes to date. Neither transitional nor many incumbent governments enjoy wide popular acceptance. Given a period of sustained political uncertainty and unrest, the MENA governments seem even less likely to address structural reforms. Together with the unsustainability of fiscal measures in place, they risk another round of food riots or more generalized anti-government protests when they will inevitably be forced to retrench. In sum, the Arab Spring has deterred governments from managing the food crisis at a time when the crisis is growing more severe.

**David Rosenberg is Senior Fellow on Economic Issues at the GLORIA Center. He has written on Israeli economics, business, and high-technology for the past two decades for the* Jerusalem Post*, Reuters, and Dow Jones. He was also Israel bureau chief for Bloomberg News and is the author of* Cloning Silicon Valley *(Pearson-Prentice Hall, 2001). He has been published in the* Wall Street Journal *and the* New York Times *and writes a column on economics for the* Jerusalem Post*. He holds a B.A. government and an M.A. in modern Middle East history from Columbia University.*

NOTES

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