

Inequality, social Expenditure and Development in Mediterranean Countries

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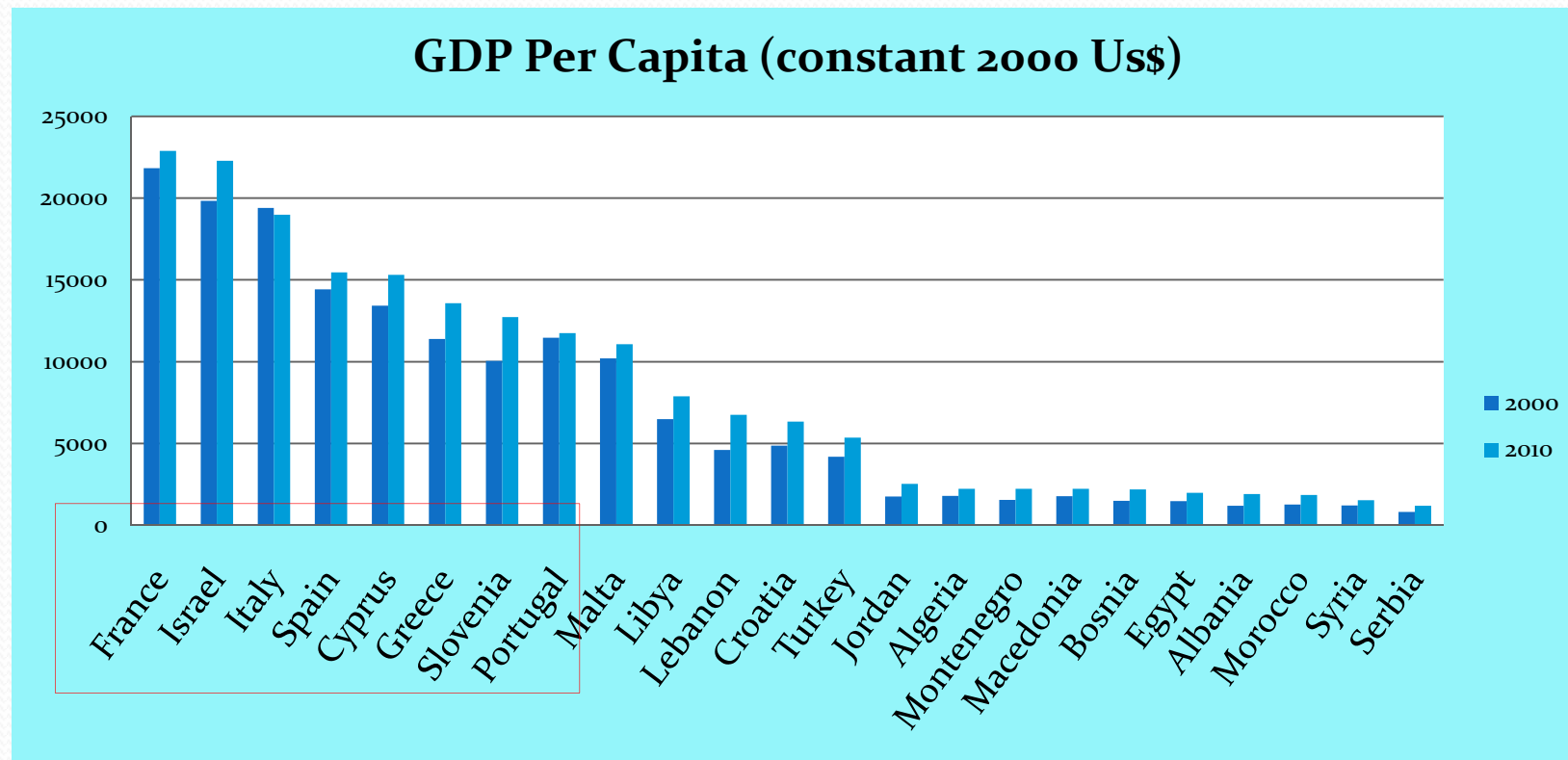
Plan of the Talk

- A Picture of the Area: Differences (reduced in the last decades) which can be translated into complementarities.
- The Financial crisis: It has closed the gap further.
- Convergence and development: inequalities between countries.
- Inequalities within countries reveal the real differences between countries: Social Expenditure.
- Agriculture and the Arab Spring

Mediterranean: A frame of Differences

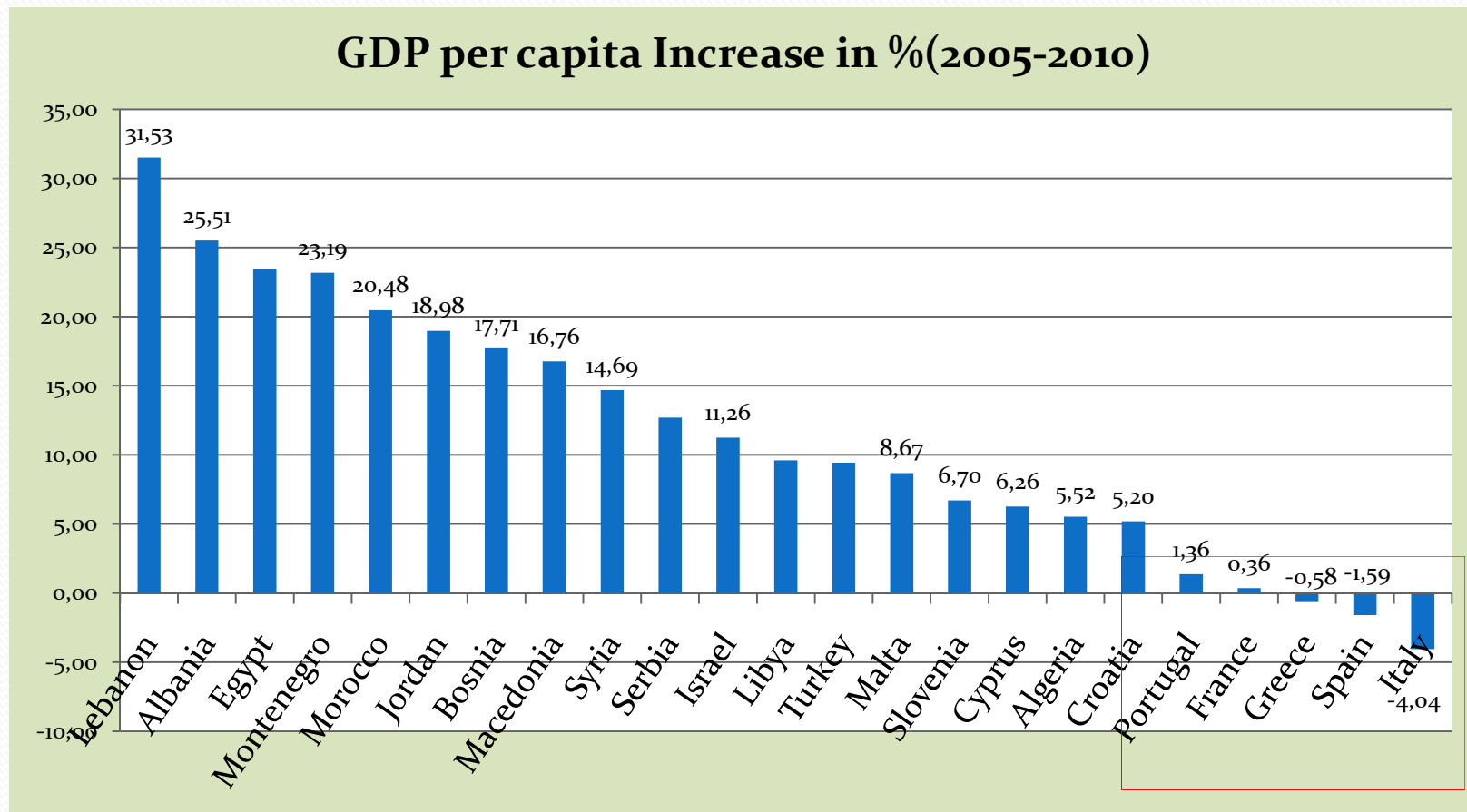
We know: Mediterranean countries are far from being homogeneous.

There is homogeneity, however, between Areas: North, South and East.



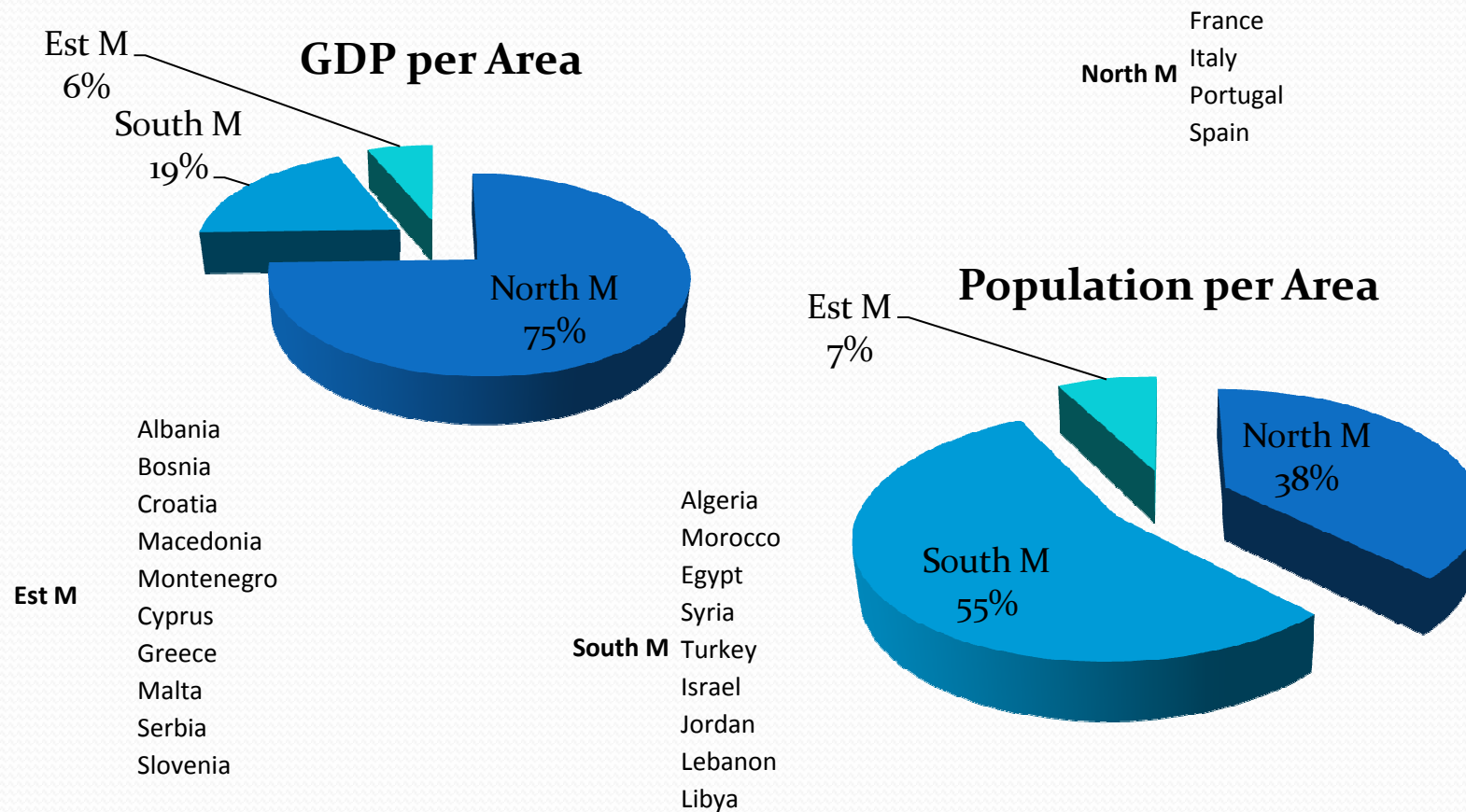
Mediterranean: A frame of Differences

The financial crisis has not been symmetric: the effects have been recessions, slower growth and even stagnation



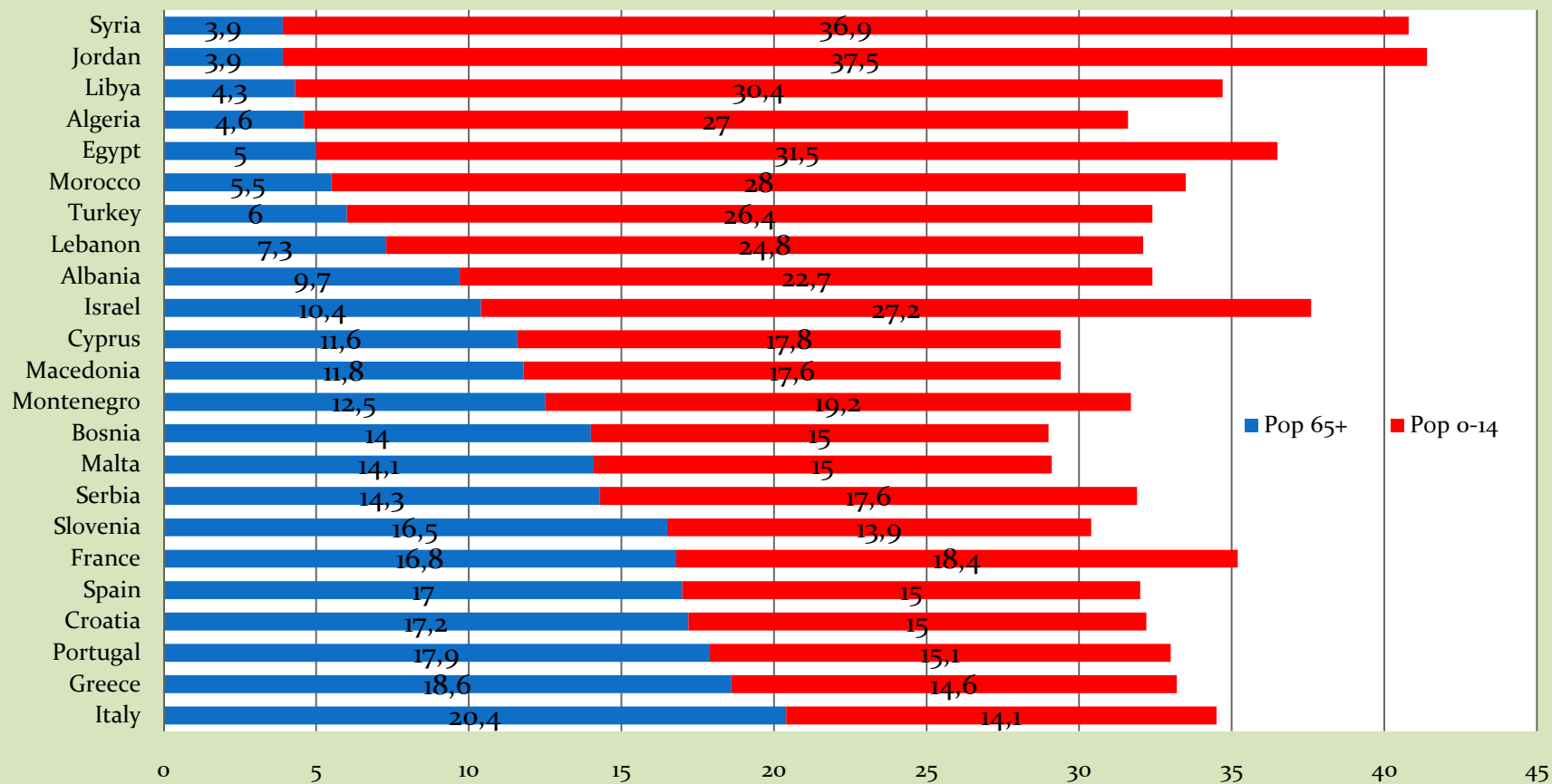
Differences can be Complementarities

A mature slow growth Area faces a more dynamic, younger Area



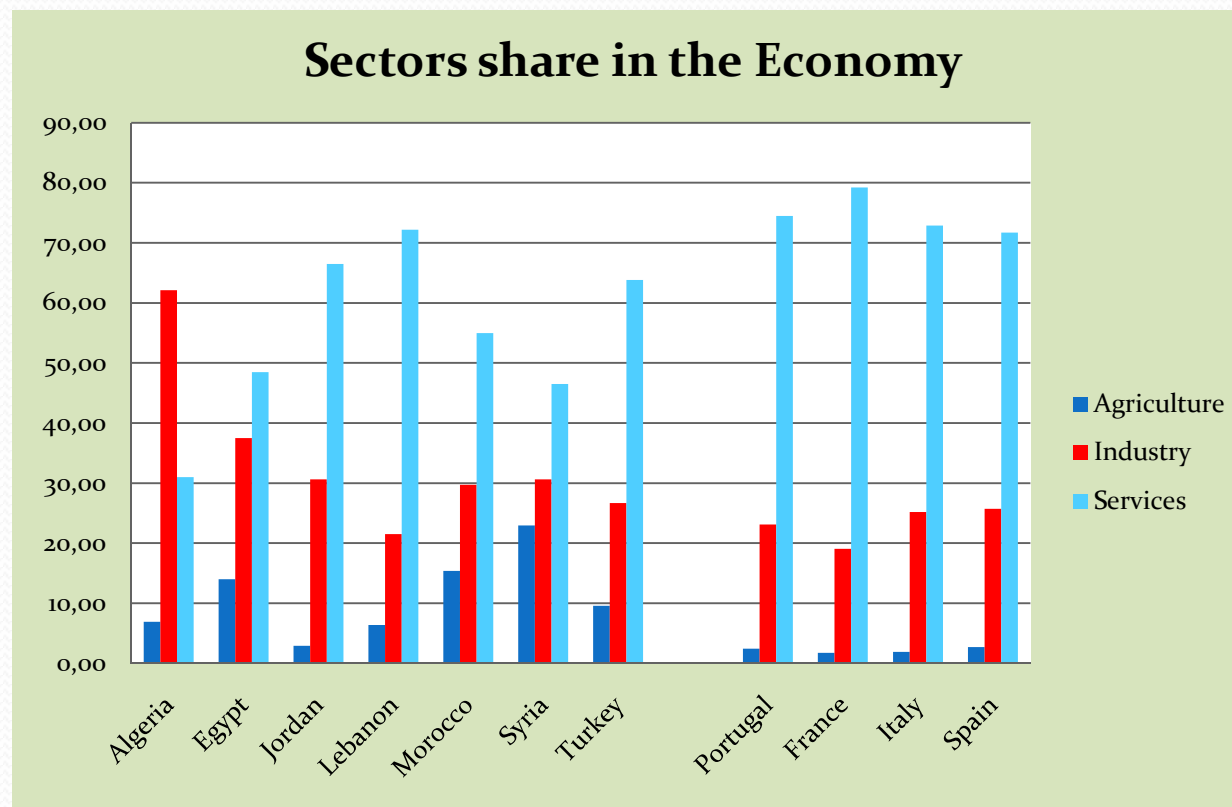
The South: a cradle of labour force

Population distribution (% total)



Complementarities

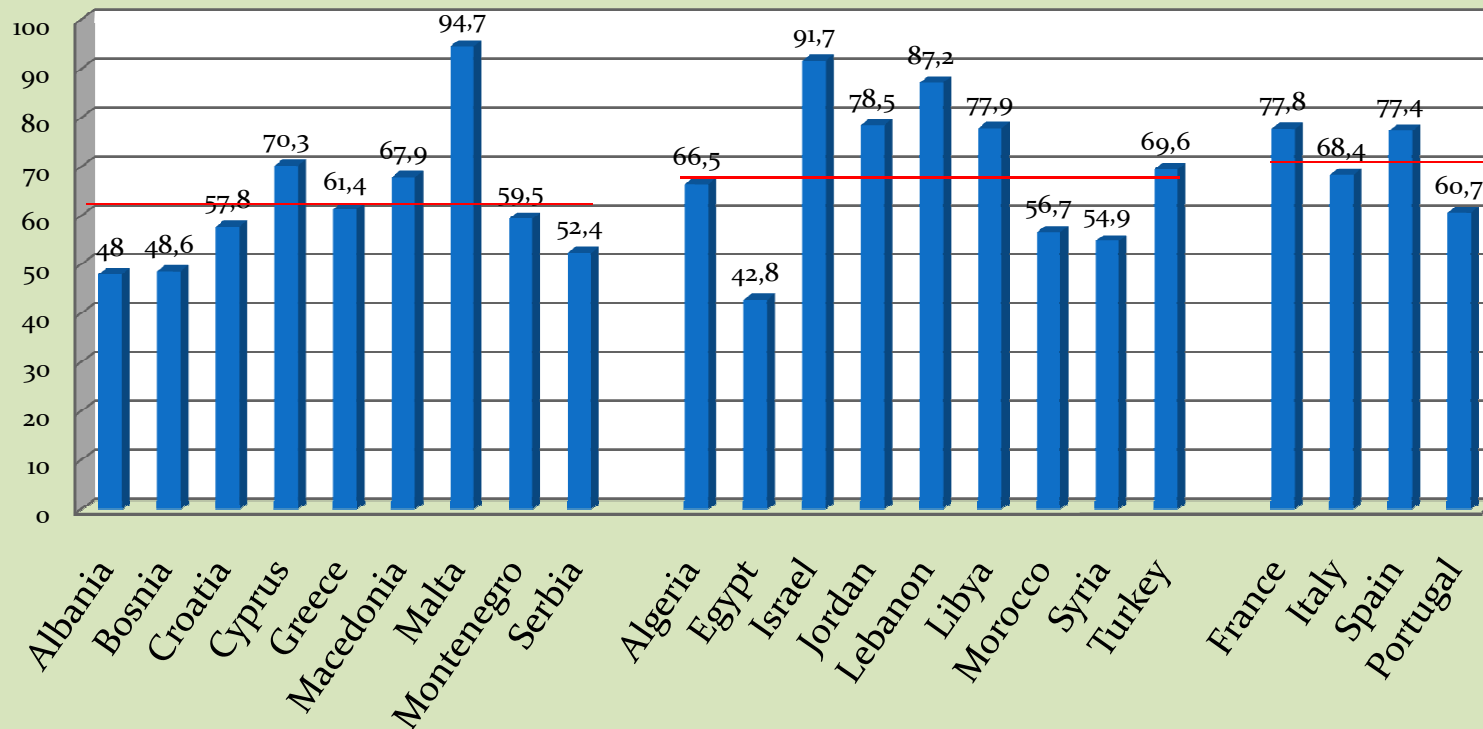
Differences in resources endowments and in the sectoral compositions are possible sources of beneficial complementarities.



Urban systems

Urban systems add homogeneity to rather different economic systems

Urban population (% of total)



Urban systems

Urban systems add homogeneity to rather different economic systems

Population in largest cities (in thousands)

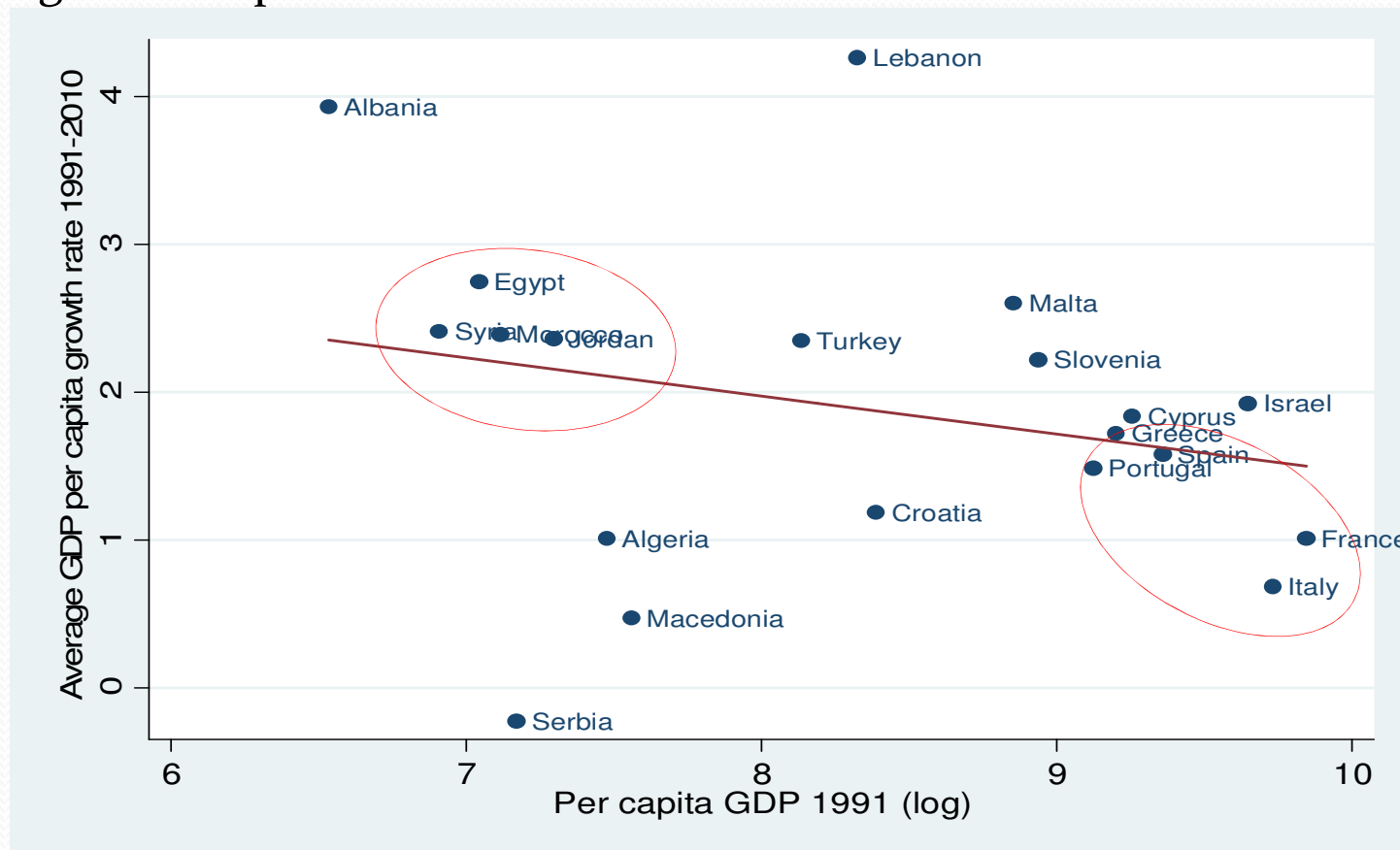
Albania	432.7
Bosnia	391.9
Croatia	685.1
Cyprus	239.9
Greece	3.257.20
Macedonia	480.4
Malta	199.3
Montenegro	143.9
Serbia	1.117.20

Algeria	2.799.70
Egypt	11.001.40
Israel	3.271.70
Jordan	1.105.40
Lebanon	1.937.00
Libya	1.107.60
Morocco	3.283.60
Syria	3.086.70
Turkey	10.524.60

France	10.485.30
Italy	3.362.30
Spain	5.851.30
Portugal	2.824.00

Convergence: inequality between countries

In the last two decades there has been a convergence between Mediterranean economies. Part of this is due to growth reduction in richer countries, part to higher growth in poorer countries.



Social Mobility: Inequalities within countries

The last decades have witnessed a decrease in inequality in the North and South M Area: effect of growth and development.

	1940-1969	1970-1979	1980-1989	1990-1999	2000-2006
Portugal	-	40,10	35,70	35,90	37,16
Spain	35,47	34,76	30,26	31,98	32,11
France	49,73	37,37	34,91	29,30	27,60
Italy	40,30	38,60	33,36	33,84	33,85
Slovenia	-	-	21,88	25,99	26,07
Croazia	-	-	26,10	29,19	29,68
Bosnia	-	-	-	32,88	30,90
Serbia - Montenegro	-	-	-	26,99	30,09
Macedonia	-	-	32,22	31,17	32,56
Albania	-	-	-	29,30	29,59
Greece	42,99	41,68	36,33	34,65	33,27
Turkey	54,13	48,94	46,76	45,66	43,60
Cyprus	25,60	-	-	29,00	28,33
Israel	31,51	36,55	39,56	38,92	38,05
Jordan	-	39,08	36,58	40,68	38,84
Egypt	37,45	35,80	35,50	37,72	36,11
Tunisia	48,87	44,58	40,64	40,55	40,60
Algeria	-	-	39,90	35,40	-
Morocco	52,40	56,75	40,97	37,51	-

Social Expenditure: a big gap between Areas

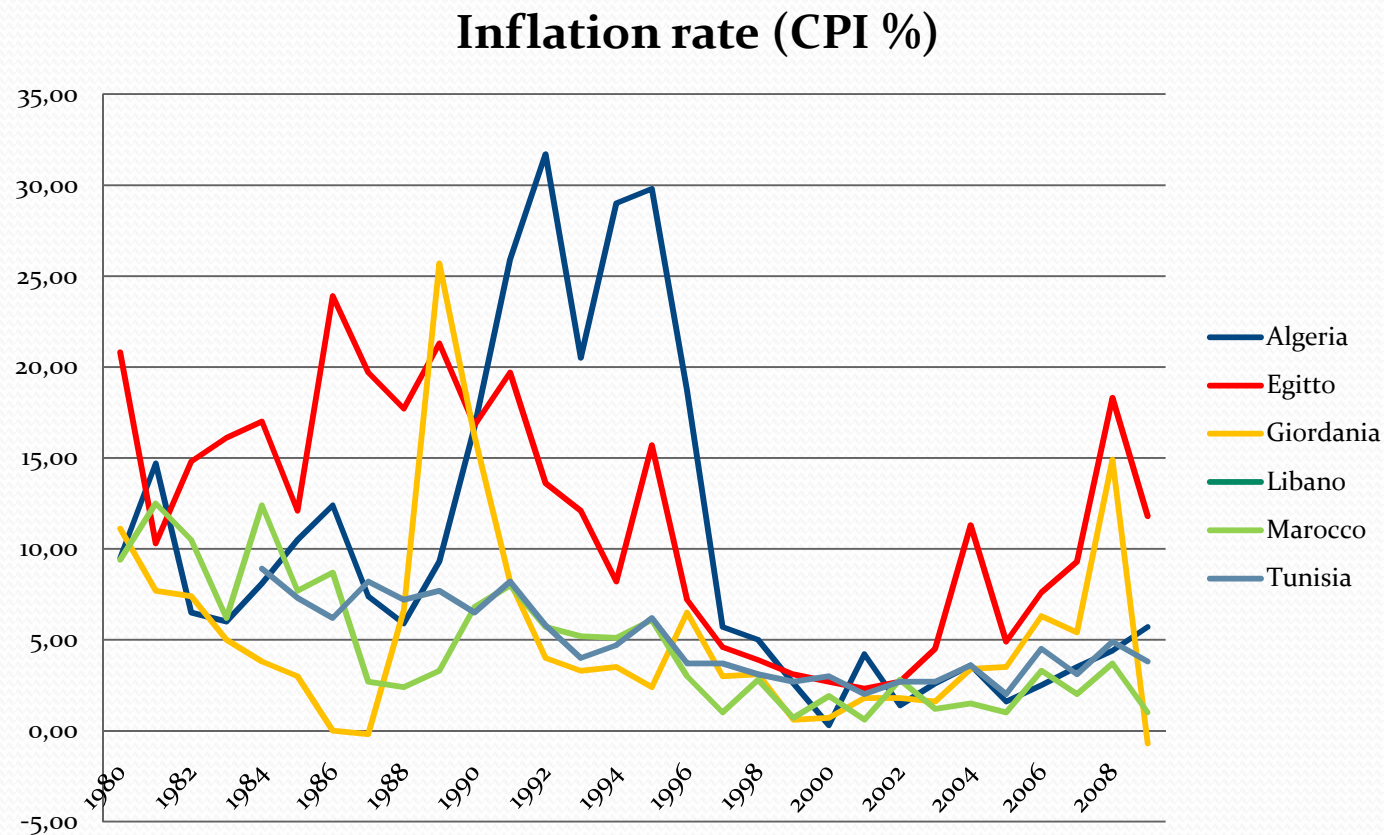
Social expenditure as a percentage of GDP varies markedly between the North Area and the South. The reason: different labour markets. Social expenditure is not conceived to reduce inequalities.

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Portugal	25,1	25,7	26,6	26,2	25,6	26,2	29,1	29,1	28,4
Spain	21,7	22,0	22,2	22,0	22,4	23,9	27,3	27,9	27,5
France	33,0	33,0	33,1	32,9	32,6	33,0	35,4	35,6	35,6
Italy	28,1	28,2	28,7	28,7	28,6	29,4	31,7	31,6	31,3
Malta	21,5	22,5	22,1	22,4	21,8	22,5	23,8	23,9	23,8
Slovenia	27,3	27,1	27,0	26,3	24,7	25,4	28,4	29,5	30,0
Greece	22,4	22,2	23,5	23,9	25,1	26,9	28,9	28,8	29,6
Cyprus	20,3	20,3	20,8	20,5	19,2	20,0	22,1	23,0	23,3

	2003	2004	2005	2006	2007	2008	2009	2010
Syria	-	-	0,6	-	0,35	0,33	0,36	
Lebanon	4,8	4,3	4,5	5,1	4,38	4,59	4,26	
Jordan	0,8	0,6	13,0	9,7	10,53	5,72	6,61	5,46
Egypt	7,1	7,6	7,8	14,8	12,5	14,57	13,58	11,13
Tunisia	6,9	7,1	7,3	7,3	7,4	7,54	8,13	8,63
Algeria	3,4	3,5	3,0	-				
Morocco	4,0	3,7	3,3	3,6	3,82	3,99	3,76	3,79

Some Fragilities of the South: Price instability

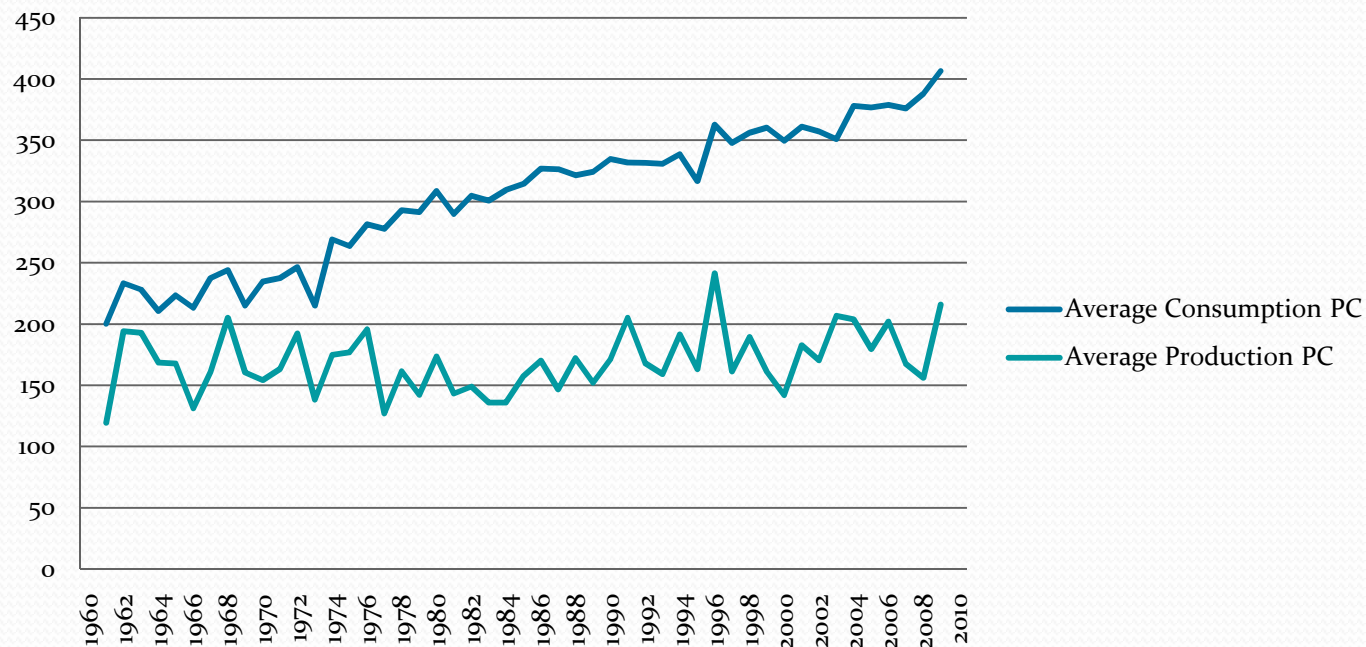
Inflation and in particular the sudden increase in the rate of inflation can indeed be very destabilising: History matter.



The Arab Spring has “real” roots

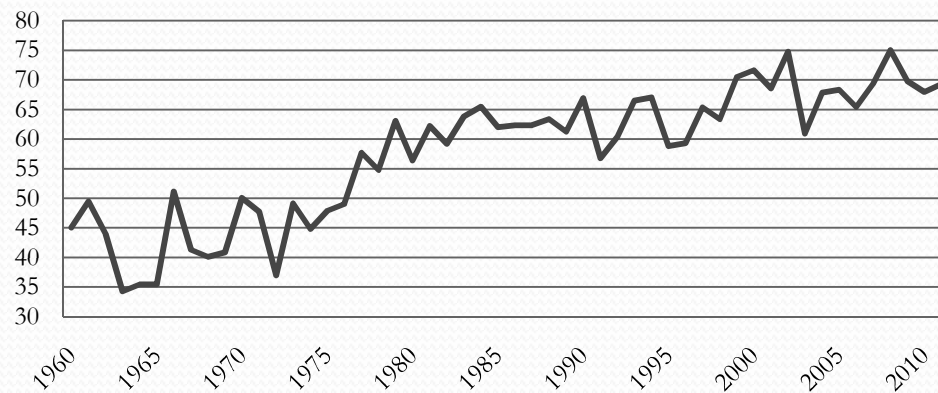
Increasing needs...

**Consumption and Production of Cereals (kg) in
South Mediterranean Countries**

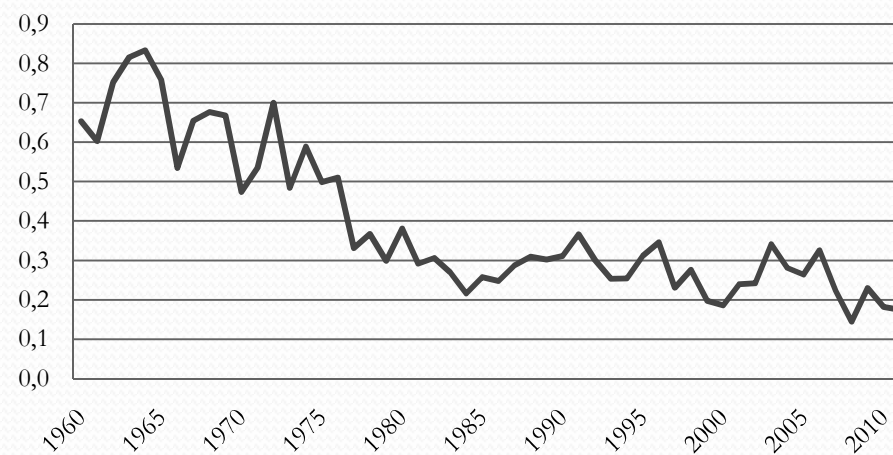


The Arab Spring has “real” roots ...and increasing costs lead to instability

Share of consumption covered by imports



Self Sufficiency Index





Some lessons to be learned...

Development need not to involve divergence and asymmetry.

Some asymmetries mean complementarities.

Growth requires Stability.