

Economic Analysis: Neoliberalism in the Arab World, Rural-Urban Migration and the Destabilisation of Agriculture

By [Dr. Ali Kadri](#)

Global Research, April 25, 2012
25 April 2012

Region: [Middle East & North Africa](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

Between 1980 and 2010 the share of the rural to total population in the Arab world dropped significantly from about 60 percent to around 40 percent. In absolute terms, an estimated seventy million people left the countryside to urban centres at home.¹ This conservative estimate is nearly equivalent to the total number of rural-urban migrants since the beginning of the twentieth century until 1980. While this exodus was occurring, the regional rate of unemployment was rising and the share of labour in the form of wages fell to around a quarter of national income.³ By 2007, the Arab League declared that more than half the Arab population was living at less than the two-dollar per day benchmark.⁴ Basic food production was decreasing and food imports were rising in this high per capita food dependent and scarcest-water area globally. Around half the population in the Arab world was spending more than half of its income on purchasing food.⁵ When speculation reached the commodity market and basic food prices rose, scuffles before bakeries in Egypt resulted in several fatalities.^{[6} The agricultural sector was shrinking relative to the economy. The productive economy, in turn, was de-industrialising and retreating relative to oil and geopolitical rents.⁷ The deconstruction sustained by the agricultural sector, in particular, led to massive dislocation throughout the neoliberal age.

The explanation of this phenomenon afforded by the class of neoclassical economy models are unfitting tools for understanding why and how this process could undergo unchecked for three decades. Mainstream models purport to provide an explanation of migration from the less developed rural sector in relation to modern sector productivity driven wages choice; however, in an Arab context, productivity growth was negative and the rationale for migration on the basis of individual choice between two competing sectors is irrelevant. The very idea that an individual residing in rural areas is afforded with the luxury of choice is insidiously ideological. Whatever choice was available to the individual was subsidiary to the choice that was made by the comprador/rentier class in respect to social and macro policy.

The comprador/rentier class in charge of development in the Arab world, which personified a cross border alliance of local and foreign capital, had a choice between a neoliberal pattern universalising and facilitating the usurpation of national wealth, and a strategy based on the recirculation of wealth and the redeployment of real resources for development within the national economies. It chose the former. By doing so, it set in motion a whole dynamic accelerating the disengagement of direct producers from the land. Peasants and farmers were forcibly dislocated; the choice left to any individual was that of the necessity of bare survival. The alternatives, with which the individual is afforded as a result of this macro policy context, are further narrowed by successive violent encroachments on the rights of

working people to two wretched conditions: the abjection of the countryside or misery of urban squalor.

Price and choice theoretic frameworks avert the study of migratory phenomenon not only by reconstructing a false reality from the summation of individual decisions, which is the common trap of the fallacy of composition, but because any reference to the development of the migratory phenomenon in real time may implicate the social class whose ends the neoclassical discipline serves. Neoclassical economics actually studies something else other than the migratory phenomenon; its subject matter is an arithmetic computation which bears no relevance to the fact that evictions and prices are socially construed. Had the neoclassical framework pursued the development of migratory phenomena in real time, it would have had to question two sacrosanct concepts: firstly, the terms of trade and power structure underlying the price system and; secondly, the social contradictions inherent in social systems. It would have had to tackle the kernel of the issue of proletarianisation, which is the creation of socialised and cheapened wage labour. The neoclassical framework analyses reality away so as not to incriminate the class in power to which it is subservient. The neoclassical object of study becomes individual choice in a world of free competition, voluntary unemployment and scarcity. Notwithstanding that goods are scarce only to those who cannot afford them, chimerical assumptions such these are elevated to the standing of science, when in actuality they either have no referents in real events or they simply do not exist.

What has really happened is that the Arab rentier/comprador classes deliberately eroded national agriculture and instilled food dependency in the rural sectors by unconditionally opening up trade, designing macro policy that accentuates unevenness and reducing investment in agriculture (see Table 1). Dependency on food imports was rising throughout the Arab world.⁸ Instead of shifting resources from uncompetitive farming into areas of comparative advantage, as per the neoliberal mantra, these biased policies added to unemployment in the urban areas. The national agricultural base is no match for the protected, highly productive, and subsidized agriculture of the North. Depriving people of the independence that comes from self-sufficiency in food production is both necessary to lower wages and wear down any potential social base for the organisation of labour. In that sense, proletarianisation became inseparable from of the process of socialisation under capitalism or the destruction of forms of petty-private property.

Table 1: The Agriculture Sector’s Contribution to Employment and as a share of GDP (%)

Selected countries and years

Algeria

Egypt

Jordan

Morocco

Syria

Tunisia

West Bank

& Gaza

Employment

1977: 31

1995: 12

1976: 47

2000: 30

1979: 11

1993: 6

1971: 58

1999: 44

1970: 50

1991: 28

1975: 39

2001: 22

1980: 23

2000: 14

Value Added

1977: 8

2000: 9

1976: 28

2000: 17

1979: 7

2000: 2

1971: 20

2000: 14

1970: 20

2000: 24*

1975: 18

2000: 12

1987: 19

2000: 8

Source: The World Bank 2004, MENA Development Report, Unlocking the Employment Potential in the Middle East and North Africa: Toward a New Social Contract.

* The decline of the Syrian agricultural sector began in 2000 with the onset of the second generation of neoliberal reforms introduced by amending law number 10 on investment and the possibility of repatriation of profits by foreign capital.

Table2. Distribution of Rural and Urban Poverty

Percentage of the poor in

Percentage of the poor

Percentage of rural poor

Country/territory

urban areas

in rural areas

on total

Yemen

21

40

84

Egypt

10

27

78

Iraq

16

39

..

Jordan

12

19

29

Palestine

21

55

67

The Sudan

27

85

81

Syrian Arab Republic

8

15

62

Sources: The World Bank (2008); for Iraq, COSIT and the World Bank (2010); and, for the Sudan, IFAD and FAO (2007).

In the past three decades, most Arab countries joined the WTO. This period represents greater openness in agricultural markets and, hence, greater susceptibility to price fluctuations and import surges. An FAO commentary on the impact of this liberal economic climate on the developing agricultural markets maintains that '[as] countries reduce tariffs and bind them at low levels, they become increasingly vulnerable to external agricultural market instability and to import surges that could destroy viable, well established or nascent production activity.'⁹ Intraregional Arab trade is at around ten percent of trade with the rest of the world despite a Generalised Arab Free Trade Agreement (GAFTA). A more interlocked and interdependent Arab food market provides an element to national and inter-Arab security that would shift the power platform making the base of international negotiations in favour of Arab countries. Neither the Arab comprador-class nor their international partners would support empowering working people in the Arab world with the freedom that comes from food independence. The comprador class and its cross border allies ensure that joint Arab developmental treaties are unmonitored for implementation and that all integration

efforts buttressing working class security remain ineffective.

In the poorer countries of the Arab world (Egypt, Yemen, Sudan, etc.) with around forty percent of the population already suffering problems of malnutrition, the slightest decline in the level of domestic supply runs the risk of being translated into a reduction of consumption per capita. Over the past twenty years, average basic food consumption per capita declined. Notably as well for the same period, the production of basic foods per capita exhibited a downward trend, and the slack in the level of domestic supply was covered by higher imports (see Table 3).¹⁰

Table 3. Developments in Arab Agricultural Trade,

In Millions of US dollars.

Year	Exports	Imports
2001-5	28894	32756
2007	15129	52535
2008	18367	65278

Source: Arab organisation for Agricultural development,

Statistical Abstract, no. 29.

For the majority of migrants, the choices were between two levels of historically-determined below decent subsistence living-standards. The historically relevant choices in respect to migration were not made by each individual at any one point in time. These important decisions were taken by the subject of history or the social class in power that decided to introduce violent and non-violent measures and policies aimed at eroding the very basis of the reproduction of rural life. For countries developing under the onus of conflict such as Iraq, the process of expulsion from the countryside was materialised by outright military aggression, hunger, and forcible dislocation.¹¹ Similarly in Palestine, conditions in the Gaza strip are sometimes so severe that as many as sixty percent of children can be classed as malnourished.¹⁶ Where outright occupation was not the case, trade openness treaties, dislocation-laws dispossessing farmers and macro policies allocating resources away from agriculture uprooted the peasantry en masse. Since 1980, the share of investment in agriculture from total investment fell continuously to reach a low 5 percent by 2009.¹³ In Syria, neoliberal policies reduced real incomes and the rolling back of egalitarian land reforms resulted in lower output and a higher farmer eviction rate.¹⁴ In addition to draconian laws de facto dispossessing farmers, in Egypt, the most populated Arab country, the decline in agriculture was drastic. Within a decade, the share of agricultural investment from total investment fell from around 10 percent to about 4 percent (see Table 4).¹⁵ The rates of malnutrition in Children in Egypt and Yemen reached 30 and 45 percent successively.¹⁶ These were the results of a concerted and premeditated policy aimed at reconstituting social value for grabbing purposes by absolute and violent means.

Table 4. Share of agricultural investment from total investment in Egypt (percentages).

2003	9.4
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2004	9.5
2005	7.6
2006	6.9
2007	5
2008	4

Source: National planning institute, 2009.

In most of the developing world, the proletarianisation process gained momentum as of 1980 or the onset of the neoliberal age.¹⁷ The more easily universalised value became through pricing by the dollar on one end, the more self-particularising and repressive became the labour process of value creation, on the other. Increasingly, the remnants of the declining rural economy became the social support mechanism for the peasant who is a potential wage earner but is unlikely to ever find a decent wage paying job. The failure of the rural sector to deliver sufficient social support raised the spectre of crisis, especially as freer food imports from the North degraded the basis for local sustenance and reduced the share of the consumption bundle which is produced by local means.¹⁸ There are social forces locked into a social relationship and shaping the process of lowering the amount of food produced for immediate consumption by the farmers and, subsequently, their removal from the land. These are unequivocally the autocratic regimes and their Western allies who, as value is held in the universal form of the dollar, become one and the same.

In the Arab world, national resources began their flight from the region pursuant to successive Arab military defeats and the adoption of a laissez-faire framework that smoothed the usurpation thereof. The conditions for surrender were cast in a structural and implicit way to guarantee the exposure of working class security and, consequently, diminution of state sovereignty. Depriving the labouring classes of security, including food security, represented a necessary component that would ensure long-term erosion of state autonomy over policy. The Arab working population through the medium of the state no longer owned its policies for development. There was more than just a commodity mode of integration with the Western world underpinning this relationship. The co-opting of the Arab bourgeoisie- its metamorphosis into a pure comprador class, by the western financial elite was by the time of the Arab Spring nearly complete and the resultant disarticulation within an Arab formation became acute to the point of explosion.

Around a third of inhabitants in Arab cities are newly arrived rural-migrants. Most of the migrants engage in informal and poorly paid activity. In the shanty towns, where the social services of the state were cut back, a selected group of NGO's caters to the migrants. These are for the most part civil society institutions of Islamic orientation. With the ebbing of social ideology, the migrants were subjected to the doctrine of political Islam that indicts corrupt individuals but not the context in which these individuals operate, which is capitalism. The security apparatus of Arab regimes, or the only effective state institution, was careful in its choice of malleable civil society operatives. More radical groups were constricted, while those who did not question the basis of peripheral capitalism were fully operative. In Egypt, for instance, it was Sadat who cohabitated with the more docile elements of the Moslem brothers pursuant to the bread riots of 1977 and, for some time prior to the uprising, Western compliant sections of the Moslem Brotherhood were fully functional under the

auspices of American NGO's. Political Islam eschews the notion that peripheral capitalism develops in severe crisis and that the process of disengagement and expropriation are inherent to it. The peasant property, which was forcibly expropriated and had become the property of the elite, will acquire under democratically elected political Islam a divine right and become sacrosanct. The principal policy tools that would rebalance the demand side of Arab economies, which are redistribution and land reform, have been subjected to a coup de grace by 'divine fiat.' A democratic process bereft of economic and social rights has delivered a post US-invasion Iraqi type democratisation. Redressing extirpation of the countryside, therefore, remains chiefly a matter of political struggle.

Al Kadri is a Senior Research Fellow at the Middle East Institute, National University of Singapore

NOTES

1 Summary of essay presented to workshop on 'Agriculture & Food Production in the Shadow of the Arab Oil Economy,' Amman, Jordan, 28 Jan., 2012

2 These are very conservative estimates based on fixed coefficients of population growth and rates of rural-urban migration. These estimates do not include migration outside the Arab world. A middle range estimate would put this figure at around one hundred million. The rationale for my calculation has to do with the constancy of certain rural population characteristics. 'In most Arab countries, there has been little change in rural fertility in the past and the prospects of its appreciable drop in the next 10 years are remote; despite a fall in infant mortality rates in rural areas, life expectancy is not projected to increase significantly in most rural populations of the region, and major declines in both fertility and mortality in Arab countries have been largely limited to urban areas; and in the absence of reliable data, the best and perhaps the safest course for making rural population projections by age is to assume a constant rural population age structure for the period 1980-2015.' The Demographic profile of Arab Countries Ageing Rural Population, United Nations, 2008.

3 KILM, ILO, various years.

4 Unified Arab Report, League of Arab States, 2007.

5

http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2011/05/27/00001843_20110601143246/Rendered/PDF/P126506000AWIFS000PID000Concept0Stage.pdf

6 Fifteen deaths around the bread queues were reported.
<http://www.dailystaregypt.com/article.aspx?ArticleID=12537>
http://www.nytimes.com/2008/01/16/world/africa/16iht-bread.4.9271958.html?_r=1

7 Boudroua, Ahmed, Outlook for Industrialization of the Arab World, [Journal of Asian and African Studies](#), Volume 21, Numbers 1-2, 1986 , pp. 32-43(12).

8 FAO statistics, various years. <http://www.fao.org/economic/ess/countrystat/en>

9 From the discussion paper 'A special agricultural safeguard: Buttressing the market reforms of developing countries.' FAO, Rome, 2001.

10 FAO Stats, *ibid*.

11 Louise Rouge, Times Staff Writer, June 16, 2005. Iraqis Endure Worse Conditions Than Under Saddam, UN Survey Finds, by Chris Shumway, The Standard, 2005-05-18; and, Daily living conditions in Iraq dismal, UN survey finds, UN news Centre.

12 UNESCWA, 2008.

13 Arab Labour Organisation, Workshop on agricultural rebirth, Damascus, 23-25 November, 2010, p.57.

14 _ Ababsa, M., 2006. Contre-réforme agraire et conflits fonciers en Jazîra syrienne: 2000-2005. Revue des mondes musulmans et de la Méditerranée, No.115-116. *La Syrie au quotidien. Cultures et pratiques du changement*, Décembre 2006, pp. 211-230.

15 Bush, RC (2007), 'Poverty and neoliberalism: persistence and reproduction in the global South,' Pluto Press.

16 <http://mrzine.monthlyreview.org/2009/irin081109.html> .

17 <http://monthlyreview.org/2011/03/01/structural-crisis-in-the-world-system>

18 According to H. Kishk (National Centre for Social Research, Cairo), less and less of the dietary intake of the peasants in Egypt was produced on the farm. As a higher share of food was to be bought at world set prices, the peasantry, forced by this measure along with other draconian laws de facto dispossessing it from ownership of farming, undertook a gradual exodus from the land.

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