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Abstract

The economic development of the Mediterranean countries, particularly those on the south shore, is the theme of this contribution and is closely linked to the issue of migration that has become an important problem in recent years with dramatic implications for the entire area. The policies promoted by the European Union towards the countries of the South shore have essentially failed their goal. Italy can play an important role in the Mediterranean context, given its geographic and political location, taking appropriate initiatives and promoting dialogue and a closer North-South relationship. This contribution addresses the issue of economic development and the problem of migrations in the countries of the Southern Mediterranean and the effects that these problems have on European countries, trying to identify the most appropriate policies. Specifically, the paper discusses the demographic issue and the migration issue affecting the countries on the southern shore of the Mediterranean. It also analyzes the Mediterranean economy and, above all, the theme of the economic development of countries on the southern shore, and it seeks to find solutions to improve economic conditions and use of resources in this Mediterranean region.

Keywords: Mediterranean, migrations, economic development

Jel Classification: F5, J1, O15

1. Introduction

The economic development of the Mediterranean countries, particularly those on the southern shore of this "sea between the lands", as defined by the historian Fernand Braudel, is the theme of this contribution and is closely linked to the theme of migrations that in these recent years have become an important issue with dramatic implications for the entire area. The peculiarity of the Mediterranean is that it has been, and still is, the cradle of different civilizations and cultures, a meeting point between different peoples, but, at the same time, it constitutes a complex reality with significant political, economic and religious differences. Nor should we forget that this sea is an important crossroads of commercial traffic and intense economic relations.

It is also true that the countries facing the Mediterranean Sea have a history of mutual conflicts and tensions. The reasons for these tensions are the most varied, starting with economic motives, different religious beliefs, the different cultures that often translate into forms of intolerance.

The present problem of migrations is aggravated from various situations of political instability and economic difficulties, among which certainly Libya, the Horn of Africa and several Sub-Saharan Africa countries are among the most significant. In particular, the failure of the transformation of Iraq into a democracy, the excess of enthusiasm that accompanied the early stages of the Arab Spring and ultimately the lightness with which some Western countries have decided to subvert for wrongdoing - the internal arrangements of Libya, represent some of the premise of the so-called "migration emergency" to which is linked the humanitarian and political division along the southern flank of the European Union.

Moreover, when analyzing the relations between the countries of the North and South Mediterranean, especially between Europe and the Arab world, it is noted that economic problems, in particular the energy issue (oil and gas production and distribution), the commercial trade and maritime traffic, migrations, and, more generally, issues related to development, they intersect with issues related to the security and stability of the area. The development and co-operation policies promoted by the European Union towards the countries of the southern shore of Mediterranean (i.e. the policies referring to the Barcelona Declaration of 1995) have essentially failed their goal.

No progress has been made towards the reconstitution of a Mediterranean as a place of meeting of cultures and peoples. Even relations within the whole region seem today more than ever conflictual. The situation in the Mediterranean is problematic and of concern. Meanwhile the profound economic, political and social gap between the two sides tends to widen more and more. Undoubtedly, Italy can play an important role in the Mediterranean's economic development, but also in the security and stability of the area, affirming its role as a medium regional power (De Leonardis, 2003). In fact, Italy is the natural candidate to act as a stabilizer in the Mediterranean region. Its geographical and political position in the area allows Italy to take the initiative, promoting a dialogue and a closer North-South relationship.

This contribution addresses the issue of economic development and the problem of migrations in the countries of the Southern Mediterranean and the effects that these problems have on European countries, trying to identify the most appropriate policies.

Specifically, section 2 discusses the demographic issue and the migration issue affecting the countries on the southern shore of the Mediterranean. Section 3 analyzes the Mediterranean economy and, above all, the theme of the economic development of countries on the southern shore, and it seeks to find solutions to improve economic conditions and use of resources in this Mediterranean region. Conclusions end the paper.

2. Demographic problems, political instability and migrations

The demographic issue is certainly central when it comes to the Mediterranean and the development problems of the countries of the southern shore. First of all, there has been the overtaking in terms of the demographic weight of the African and Asian part of the basin compared to the European one. In addition, there have been and there are still changes regarding the demographic dimension of the various Mediterranean countries, the result of the highest fertility of African and Asian countries compared to European countries. It is also considered the contraction of mortality, whose gradual convergence in the Euro-Mediterranean area, with its inviting temporal phases, is evidence of progress in the hygiene of the less developed countries. Finally, it is estimated that in 2050 the EU will have more or less the same number of inhabitants in 2010, while the population of the southern Mediterranean will be multiplied by 1.5. The demographic dynamism of the southern shore countries can be an opportunity for Europe or, instead, pose a serious problem. This depends on the policies that the European Union will be able to put in place to foster the economic development of these countries.

The demographic issue naturally affects the labor market. We consider the countries on the southern shore of the so-called 'Enlarged Mediterranean'¹, which largely coincide with the countries of the MENA region (Middle East and North Africa), namely Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Malta, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, UAE, West Bank and Gaza, Yemen.

In these countries, the high unemployment rate can be considered the main challenge for the region. The presence of a high unemployment rate is mainly due to low private sector employment demand, which in turn suffers from the lack of a favorable business environment and economic and institutional conditions that make development possible (Acemoglu and Robinson, 2010; Schilirò, 2012). The obstacles to this development are, on the demand side, a restrictive regulation of the labor market. There are, in these countries, barriers to access to the labor market, which is more marked by the persistence of privileges than by transparent competitive mechanisms and insufficient levels of innovation. As far as labor supply is concerned, it is characterized by a demographic composition of the highly unbalanced population. Indeed, in all the countries of the region, the 15-24-year-old population is between 20 and 25% of the total population, against a world average of 18%.

This situation coupled with the characteristics of a labor market characterized by inefficiencies in the recruitment mechanisms of workers as well as the persistence of a large public sector, which enjoys large benefits to produce distorting effects on new entrants, and produce a level of youth unemployment higher than any other region in the world. In addition, the level of education achieved by young people in the area does not sufficiently satisfy the chances of finding a job appropriate to the level reached. The picture is even less comforting with regard to the female part of the youth population that suffers most from both the great difficulties in finding a job and the very limited entrepreneurial opportunities. Consequently, the gaps in terms of population growth and economic development gaps between the countries on the

¹ For the definition and meaning of the enlarged Mediterranean, see Schilirò (2007).

south shore of the enlarged Mediterranean² and also between the countries on the two sides of the enlarged Mediterranean include both the existence of substantial migratory flows according to the well-known "South -Nord " trajectory, and the presence of substantial and heterogeneous groups of foreign populations, especially in the countries of southern Europe. Certainly, migratory flows have been influenced by the failure of the "Arab Spring". It is well known that in 2011 many countries on the south side of the enlarged Mediterranean have been shaken by what has been termed "Arab Spring". Tunisia, Algeria, Morocco, Egypt, Syria, but also Bahrain, Yemen, Jordan, Oman, Iran, have had the experience of these revolt movements and population protests, demanding more democracy, with very different outcomes. In Libya, for example, the revolt became a civil war followed by the military intervention of France and England and then of NATO which led to the end of the Gaddafi regime, but left the country divided into factions and fighting groups among them. While in Syria the outbreak of riots in March 2011 has led to a severe repression by the ruling regime and led to a real war in 2012 that sees a clash between the men of the Caliphate Daesh against government forces, recently backed also from Russia. Overall, the phenomenon of democratic awakening of the populations of these countries has often turned into situations of greater instability. All this has encouraged new wave of migratory flows and has also made their control more problematic.

This is indicative of political and cultural difficulties, but also economic, which exist in the countries of the southern Mediterranean to create democratic systems similar to those of the European ones. This can be explained by the fact that these countries are often characterized by sectarian societies, which during the so-called "springs" have created a struggle between various groups, tribes and local militias who, in turn, sought to prevail over each other.

Consequently, the area has been living for several years as a continuous instability, which is mainly caused by factors such as the clashes between Islamists and anti-Islamists throughout the area, while the structural problems characterizing the societies of these countries on the south shore remain; in fact, illiteracy is still strong, youth unemployment is high so the masses of discontented can easily be manipulated. Only the restoration of the law, the creation of a legitimate authority and the guarantee of stability are in any case the preconditions for the pursuit of the economic processes leading to the growth of a nation (North, 2010; Acemoglu, Robinson, 2010, 2012).

Although Europe is directly interested in the Mediterranean affairs, the European Union has never been able to play a leading role in this area. However, the negative effects of the failure of the European Union to launch an overall area intervention are quite perceptible. This absence is mainly due to the lack of implementation of the main commitments established by the Barcelona process, namely the organization of a single free trade area in the Mediterranean and the creation of a genuine partnership with the countries concerned, while the prevailing bilateral initiatives by EU Member States had modest and limited successes.

The question regarding the control of migration flows is, however, considered to be of fundamental importance by all European countries since more than 20 years. The main objectives of European migration policies include, in particular, the reduction of flows, the fight against illegal immigration, the conclusion of agreements with the countries of origin concerning readmission and the possible introduction of entry quotas.

At the same time, along with this increased interest in the migratory phenomenon, the European Union has also begun to focus more on security. The Barcelona Conference itself was born in the wake of some previously drafted agreements concerning this theme. After the terrorist attacks of September 11, 2001 in the United States, the theme of terrorism and migration became priority on the agenda of Western countries but also overlapping. Consequently, migration and security policies are coming substantially fused together. While the two issues (terrorism and migrants) should be distinguished conceptually and addressed each with tools and targeted policies.

Overlapping of the two problems is also the case in Europe, as evidenced in the documents approved by the European Union (see in particular the Action Plan prepared at the Valencia Conference in 2002 and subsequent agreements). In these agreements, in the name of the war on terrorism, there is a justification for the tightening of migration policies. It follows that security has become one of the key themes of the Euro-Mediterranean Partnership. Moreover, it is true that terrorism since 2001 has become a constant phenomenon at a global level³, and Europe continues to suffer attacks with many victims of terrorist, although often the spotlights are turned off too quickly on the phenomenon. Nevertheless, in many European citizens, the feeling of insecurity and the awareness that the national states, and the European Union with its institutions are not able to protect them sufficiently. Although the strategy followed by Europe on the issue of migrants imposes readmission agreements on the southern shores of the Mediterranean and the commitment to stricter control of their borders, this closure climate affects the migratory phenomenon without affecting significant impact on the perception of security by European citizens. In fact, Europe intends to protect itself against threats from the South of the Mediterranean, especially with regard to the Islamic and demographic threat, because it considers these important

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² Of course, among the countries on the south shore of the enlarged Mediterranean, we also have very rich countries such as those in the Gulf area (Saudi Arabia, the UAE, Kuwait, Qatar) which are oil and gas producers and exporters.

³ For an analysis of terrorism and violence as a constant presence in international relations, see Schiliro (2007).

phenomena for security and somehow linked to the danger of terrorism. All this is reflected in the tightening of policies migration of the European Union, which puts the focus of its policies on the respect of borders, in a narrow logic of inclusion / exclusion. The European Union's policies, including the Partnership, seem to have as its aim the creation of a relative mobility basin, limited to countries and social groups of the southern shore that have more human capital.

However, migrations are a complex social phenomenon. The economic, political, cultural and religious problems that this phenomenon raises and the challenges dramatic events that make for national and international communities are remarkable. It certainly impresses the amount of people involved in it (Schilirò, 2012a). Population revolts, triggered by Arab Spring in several southern Mediterranean countries, have in fact increased the phenomenon of migratory flows and the perception of the danger of such flows by European citizens.

To these were added the flow of migrants who fled the war in Syria and those from the political difficulties, economic and climatic coming mainly from sub-Saharan Africa and the Horn of Africa. This has determined an increasing number of arrivals in Italy since 20114, especially on the Sicilian coast and in Lampedusa in particular. Migrant flows, although in the current situation are not such as to upset the demographic and social situation in Italy, are, however, relevant and pose no doubt management reception problems, also placing fears on possible integration into the medium to long term period. Moreover, we must recognize that we are faced with an epochal phenomenon that is likely to explode further. It requires a strong and far-sighted international cooperation policy as no country can be considered capable of solely coping with today's migratory problems, as already stated in Schilirò (2012). A comprehensive immigration strategy is therefore needed which not only addresses reception but also integration policies that address the problem of migrant employability, the skills they possess and those they need to work and integrate. Migrant flows are defined by some economists in a somewhat euphemistic human capital mobility. But, as the theory of human capital claims since Becker's (1963, 1975) and Schultz's (1961) contributions, to develop the economy of a country it is necessary to invest in human capital and hence in its formation. Moreover, the higher the level of skills, the greater will be the economic benefits and income levels of those who have been able to acquire and develop these knowledges. In the case of migrants, this requires a knowledge of the labor market of migrants that the European Countries intend to integrate. Also, the ability to first understand and then develop the skills of this people. In addition, such a strategy needs a project and effective work for the development of that labor market.

We are all aware that there is currently no such strategy and we do not see a political will to elaborate it soon. Last but not least, it is necessary to take account of the cultural challenge and also the challenge on the values that migrants pose to the inhabitants of European countries.

3. The Mediterranean economy and its economic development

Economic activity within the Mediterranean area (both on the south and the north) is almost 15% of the world GDP. It is a significant percentage, second only to that of the United States. This confirms the importance of the Mediterranean for the global economy. The United States remains the first partner in the Southern Mediterranean, which confirms the economic, but not the only interest in the area of the world's first power. The second partner is Germany, which in turn confirms its importance as a commercial power not only in Europe but worldwide. For Italy, trade with the Mediterranean area has a lower value than that recorded by the United States and Germany, but it is still relevant.

Between 2001 and 2014, the interchange between Italy and the southern Mediterranean countries grew by about 65%, and fell only in 2006, in 2009, at the height of the international economic crisis and in 2011, mainly as a result of the drop-in oil imports from Libya. Energy products account for 40% on trade between Italy and the Mediterranean area, twice as much as France. This exposes the Italian economy to the risks of the region. In particular, for South Italy, oil is worth more than 70% of trade, which, however, is downhill since 2010.

In recent years, with the expansion of the emerging economies, especially the economies of India and China, the Mediterranean has returned to occupy a central position to connect the continents surrounding Asia, Africa and Europe. Indeed, the processes of globalization involve the countries of the South Mediterranean shore. In particular, the role of the Mediterranean in the field of global maritime traffic is growing. Maritime traffic in the Mediterranean is increasing despite the political tensions in the area, and the growth of Suez Canal traffic is a confirmation. But globalization poses different challenges for countries facing the Mediterranean, especially those linked to technological change and the effects that this change has on human capital.

⁴ Actually, in 2012 migration pressure in Italy has fallen sharply, to strengthen again in 2013, 2014 and above all in 2015.

If we look more specifically at economic performance, over the last decade, the entire area of the southern Mediterranean countries recorded an annual average increase of 4.2% above the average rate of mature economies (in particular, EU area), albeit lower than the average growth rate of emerging countries, as evidence of the untapped potential that exists in the region. If we focus on the countries of North Africa, they still have a modest economic dimension. Overall, Algeria, Egypt, Libya, Morocco and Tunisia represent 1.5 percent of the world GDP. These countries produced in 2014 just over 6 per cent of the total income generated in the Mediterranean basin, while hosting about one-third of the region's total population and workforce. There is still a difference in per capita income between eurozone countries and those on the South shore, which has been reduced to a very marginal extent since the 1990s. In addition, the economies of the countries involved in the "Arab Spring" revolts have had negative economic effects during the 2011-2012 period. But despite the political and social instability of the region, several economic indicators show positive signs.

The southern shore of the Mediterranean is certainly not just migrants and oil, it is also manufacturing, renewable energy, agriculture, trade and logistics. Particularly, the commercial exchange has grown steadily towards this area. Sea trade has increased, market shares of many ports in the South Mediterranean have increased, in fact, between 2005 and 2014, the market share in container shipping of the south shore ports has risen from 18% to 27%. Agriculture is also growing in terms of the greater extent of cultivated land and employed workers, while the productivity of the sector remains low. With regard to foreign direct investment (FDI), which are important for underdeveloped countries with limited financial and technological resources, they remain modest, but have been growing in the last decade. For this reason, a strategy based on co-petition between European countries and countries on the south shore, where the variables to be co-operated are foreign direct exports and investments (Carfi, Schilirò, 2011, 2015) can benefit both. In addition, since the early part of the 1990s, with the exception of Libya, the south shore countries have privatized several state-owned companies to reduce public interference in financial markets and in the bank; So, over the years, they have been strengthening their banking and financial system. In the recent years (2011-2014), however, the macroeconomic picture of the southern shore countries, despite the negative reflections of the political crisis, also shows higher GDP growth rates than European ones. But GDP growth, albeit positive, is unable to absorb unemployment - especially the youth - that in these countries remains too high and socially unacceptable. The greatest human capital supply in the countries of the southern Mediterranean shrinks with a productive structure concentrated in the primary compartments, in refining, in simple manufactures, in tourism. These sectors do not require particularly specialized labor; they also offer low-quality jobs and non-proportional wages for the qualifications held by of these young people (Ansani, Daniele, 2012). Of course, the level of development achieved by individual countries on the southern shore of the Mediterranean varies from one country to another, depending, for example, on the fact that they are exporters or importers of hydrocarbons, more or less open to the outside. with infrastructure levels, and more or less economic governance.

In this context, the European Union should look to this area of the Mediterranean with a not short-term perspective but aiming at achieving an ever-increasing level of economic integration. Integration based on the free movement of goods and services, but by conditioning its contribution to a full affirmation of the principles of freedom and democracy.

Thus, it is crucial to develop a new architecture of relations between the European Union and the countries of the Southern Mediterranean. This new architecture should aim at the creation of a true Euro-Mediterranean community, which, however, presupposes, first and foremost, the political strengthening of the European Union, which has strongly suffered under the burden of the euro crisis, the debt of Greece and the economic difficulties of other southern Eurozone countries, as well as the lack of effective governance (Schilirò, 2013). The new strategy should also aim at pursuing a greater degree of economic and political integration at the intra-regional Mediterranean level and, above all, it should lead to a renewal of the instruments to be adopted and of the methods of intervention in the countries of this region of Mediterranean. A genuine policy of cooperation with the countries of the South shore should go first through the creation of partnerships. In addition, in order to launch a virtuous development process in the region, action is needed to support private initiative, in particular small and medium-sized enterprises, as well as the implementation of a massive investment plan in the areas of urban, water and infrastructural networks, able to improve the outlets with Europe, but above all to foster integration between the countries of the region, which are scarcely developed today.

If we look at the energy issue, countries like Libya and Algeria export significant quantities of oil and natural gas to the countries of Southern Europe: Portugal, Spain, France, Italy and Greece, which are heavily dependent countries in terms of energy. For this reason, relations between these countries, but also towards other EU countries, should be increased and improved in order to allow Europe's distribution of the fossil fuel wealth that North African Mediterranean countries export.

The intensification of these exchanges would lead to greater wealth for exporting countries of the southern shore of the Mediterranean and to increase the security of energy supplies for European importers. Another issue is the resources that should be targeted not only on infrastructures but also on "institution building" because the importance of institutions is crucial to development (North, 1990; Acemoglu, Robinson, 2012). Furthermore, the education sector is certainly aided and supported, because human capital investment, as we have already stated, remains one of the key factors for innovation and growth and can play an essential role in countries that have a certain plenty of human resources⁵.

Lastly, there is the proposal to create a Mediterranean Investment Bank, on the model of the European Investment Bank (EIB). This bank should have the purpose of operating specifically in the southern Mediterranean region by financing investment projects and thus channeling the resources needed to start a process of lasting and sustainable development. But the key point is that the Mediterranean should become structurally the absolute priority for Europe, what is still not. The advantage of this strategic vision is to be able to create the conditions for reviving the economies of the south shore countries and to help solve the problem of migrants and unemployment in these countries with obvious benefits also for European countries on the north shore. It is therefore necessary to pursue a coopetition strategy, as already mentioned in other contexts⁶, which is capable of leading to win-win solutions for all actors involved. Throughout this, Italy can and must play a primary role in stimulating development in the Mediterranean while at the same time playing its role as a regional medium player to ensure border security, limit migration landings, and diplomatic activity at the South Mediterranean countries and North Africa to help them contain the phenomenon of migration. This policy seems to be the most promising way to bring Italy, through the pursuit of being a regional medium power and a Mediterranean state, at the heart of a renewed network of diplomatic, economic and cultural relations in the region.

4. Conclusions

The Mediterranean remains at the center of a very important economic system and international relations. This contribution addressed the issues of economic development and migration in the countries of the Southern Mediterranean and the reflections that these issues have on European countries, while at the same time trying to identify the most appropriate policies.

This paper discusses the demographic issue and the migration issue, which is mainly concerned with the countries of the southern shore of the Mediterranean. The Mediterranean economy was also analyzed by focusing on the economic development of South Coast countries, and by looking at some of the solutions to improve the economic conditions and use of resources in these countries.

The scenario presented by the Mediterranean today is far more complex and delicate, so it is necessary to develop a clear political and economic strategy towards the countries of the South shore aiming at open and constructive cooperation on the part of the European Union and Italy in particular. In fact, in this context, Italy can and must play a primary role in stimulating development in the Mediterranean while at the same time playing its role as a regional medium player to ensure security and stability. A strategy based on cooperation is the only farsighted alternative that can offer win-win solutions for all involved actors.

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⁵ In economic literature is widespread the belief that the accumulation of human capital today is crucial to sustaining economic growth and strengthening social cohesion. In fact, human capital is considered indispensable to introduce technological and organizational innovations that depend on the productivity of the factors (Lucas, 1988). As for the relationship between economic growth, knowledge and human capital, see Schilirò (2006). Schultz (1961) and Becker (1962; 1975) were the first to propose to consider education as a form of investment in human capital.

⁶ Carfi, Schilirò (2011, 2014).

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