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The Lisbon Strategy and the Southern Mediterranean

The Lisbon Strategy was a proposal made in 2000 at the European Council meeting in Lisbon to establish a "framework for action until 2010" designed to achieve economic, social and environmental renewal within the European Union. It was a deliberate attempt to meet the challenge of globalisation head-on by making the Union, in the words of Council members, into the world's "most competitive and dynamic knowledge-driven economy" by that date. The document made specific proposals to achieve this aim. It intended to create a knowledge-based society within the Union through policies directed towards creating an information society there, backed up by research and development involving expenditure of up to 3 per cent of GDP, intensifying structural reform to promote competitiveness and innovation whilst completing the linked project of completing the European Union's internal market.

Progress in the Lisbon Strategy

The Strategy also sought to modernise the European social model in order to prevent social exclusion and to apply appropriate

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macro-economic policies – although, given the prevailing liberal economic model on which the Union's economy is based, it could be argued that these two objectives were in implicit contradiction. Practical aspects of the policy anticipated achieving a 70 per cent employment rate for men and a 60 per cent employment rate for women. Entrepreneurship was also to be encouraged by reducing bureaucratic regulation.[1]

Mid way through the period during which the Strategy was to be in force, the progress achieved under it was reviewed at the March European Council meeting under the Luxembourg presidency of the Union. There was general disappointment that there had been relatively little progress towards the goals of the Strategy during the previous five years, as revealed by the Kok report which had been presented to the Council and the European Commission in the November of the previous year. This had highlighted that the disappointment was due to "an overloaded agenda, poor co-ordination and conflicting priorities" but it also emphasised that the primary failure had been due to the lack of political will in European Member States.

The European Commission proposed to the Council that the Lisbon Strategy be re-launched with a rigorous prioritisation on economic growth and employment, involving an action plan at Union level and national action plans from the Union's Member States. The Commission was to monitor progress and report back to the Council, with the Commission vice-president and commissioner for enterprise and industry, Günter Verhaugen, taking overall charge.[2] The following year, the European Commission's annual report, which also incorporated the commitments made at the Hampton Court meeting of European leaders in late 2005 and the proposal for a Community Lisbon Programme to refocus on the employment and growth objectives at national level through Commission action, was determinedly optimistic in tone but admitted that national actions still fell far short of the original goals.[3]

It has been suggested that the strategy itself might lend itself to the economic restructuring process in the South Mediterranean region. The states of the region have been committed to economic reform within a European framework ever since 1995, as

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[1] www.euractiv.com/en/agenda2004/lisbon-agenda/article-117510?_print

[2] www.euractiv.com/en/innovation/relaunch-lisbon-strategy/article-131891?_print

[3] European Commission (2006g).

a result of the Euro-Mediterranean Partnership's economic agenda. Now they have also committed to the European Neighbourhood Policy which requires them to, in effect, adopt the European economic acquis in order to gain access to the Internal Market and thus benefit from "everything but the institutions" that the European Union has to offer through an initiative that is designed to stimulate economic growth. Inevitably, this must imply that the objectives of the Lisbon Strategy should be integrated into their economic policies as part of this process. However, given the relative failure of the Strategy within the Union itself, it is worth asking the question whether the Strategy really has anything to offer South Mediterranean states or, indeed, whether they could adopt and realise its objectives.

Economic models in the South

At the founding conference of the Euro-Mediterranean Partnership in the city of Barcelona in November 1995, the policy had been lauded, through the Barcelona Declaration, as an attempt to create a region of shared peace, prosperity and stability in the Mediterranean basin. This normative objective, of course, which, incidentally, implied a removal of barriers and divisions between states, concealed the real purpose of the policy, which was to apply the principles of soft security to enhancing European security along its southern periphery. The soft security objectives were to be achieved primarily by stimulating economic development in South Mediterranean countries in order to minimise labour migration into Europe, seen at the time as a major source of internal social, political and economic tension in both Europe and the countries concerned, given the demographic pressures they faced.

The detailed policy anticipated the organisation of a series of bilateral free trade arrangements between individual South Mediterranean states and the European Union in industrial goods, thus exposing their industrial sectors – seen as the primary potential generators of growth and employment – to unfettered competition with European industry. This, it was anticipated, would force an optimal use of resources in the countries concerned and ensure appropriate economic reforms to meet the

European challenge by modernising their economies. It was an approach to the issue that recalled the principles behind the Europe Union's own construction, culminating in the Single European Market. It also, however, anticipated that the pressures of competition thus engendered would promote market integration in the south, thus creating greater economic efficiency and allowing Southern states to achieve the optimal outcomes from which the European Single Market benefited. To date, little progress has been made towards this goal.

The construction of this new "multi-bilateral" economic relationship was also paralleled by a series of multilateral partnership measures based on the confidence-building approach established by the Conference on Cooperation and Security in Europe, held in Helsinki in 1975 to initiate the process of *détente*, and repeated in the Italian-Spanish non-paper of 1990 which proposed a similar Conference on Cooperation and Security in the Mediterranean. These were to construct the shared zone of peace and stability whilst the integration of Southern markets would provide a shared prosperity. Thus the basket of economic measures was matched by two other baskets of measures.

One basket dealt with common security concerns in the Mediterranean with the objective of constructing a cooperative security regime, an objective that, given the ongoing crisis in relations between Israel and the Palestinians, has remained stillborn. It also advanced the prospect of democratic governance and institutional respect for human rights as an essential part of the modernisation package. The other basket addressed measures directed at creating mutual public appreciation of cultures and societies, alongside others designed to stimulate the development of civil society in the South Mediterranean[1]. However, although the new policy was based on the principles of economic integration with the implied assumption of free movement of capital and goods, it remained faithful to its underlying purpose and did not include the essential third freedom, that of labour.

[1] There is now an extensive literature on the Euro-Mediterranean Partnership, the correct title for the Barcelona Process. Two short introductions to it and to its main activities over the past ten years are provided by the European Commission and the Euro-Mediterranean Human Rights Network. See:
http://europa.eu.int/comm./external_relations/euromed
www.euromedrights.net/english/barcelona-process/main/html

Partly because of the relative lack of success of the Euro-Mediterranean Partnership in the first ten years of its existence – economic tensions in the region have actually increased, not decreased as the promoters of the policy had hoped – and partly because of the implied competition of the United States own soft power initiative in the region – the US-Middle East Partnership Initiative[1] – a new policy initiative was proposed.[2] The issue began to be faced in 2002, at the Copenhagen summit of the Council of the European Union, just as the American initiative was being announced. A fully developed policy option was produced by the European Commission in May 2004[3] – the month of Eastwards Enlargement – directed towards the new frontier states of the Ukraine, Belarus and Moldova – Russia was excluded at its own request – as well as the ten remaining partner-states in the Barcelona Process – Turkey was excluded because of its imminent accession negotiations but Libya was included because of its expressed desire to join the Euro-Mediterranean Partnership. Finally, in June 2004, the states of the Caucasus also joined the new frontier policy[4] as a result of a decision taken by the European Union's Council on June 17, 2004.

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The policy is designed to create a "ring of friends" around the European Union and to respond to the problem that Enlargement cannot be indefinitely extended, although European security depends on political and economic change in neighbouring states, something which, therefore – as in the Barcelona Process – the Union would wish to encourage. As such, although much of the policy is copied from the Enlargement experience[5], its roots lie in

[1] See Joffé (2007).

[2] See the speech by Romano Prodi, then president of the European Commission, at the Sixth ECSA-World Conference (Jean Monnet Project), Brussels December 5-6, 2002, entitled "Peace security and stability – international dialogue and the role of the EU"

[3] See European Commission (2004b).

[4] Smith K. (2005: 760).

[5] See Kelley J. (2006).

the European Security Strategy, developed in 2003[1]. In other words, in security terms, the new policy is primarily concerned with trafficking of drugs and people, organised crime, terrorism and similar trans-border issues including the environment. This is, of course, inevitable, once the decision was taken in Brussels to limit future enlargement, although the fact that boundaries between the neighbour states concerned and the European Union are to be maintained is to be mitigated by encouraging cross-border cooperation.

The logic behind the policy is, however, unchanged from that behind the Barcelona Process or, indeed, behind the parallel American initiatives; namely that neighbourhood states must accept European values in terms of governance and economic policy to enable them to become "friends" and "neighbours" but that doing so only provides proximity to the European Union, not access. Thus the policy proposes that a series of individual bilateral relations be established between the Union and each state in which the non-European partner is encouraged to adapt its political and economic policies towards the norms of the European Union and, as this occurs, greater and greater access is provided to the instruments of the Union itself, except that participation in the actual governance of the Union will not be part of the agreement. In other words, through a process of positive conditionality, neighbourhood states are encouraged to apply the European *acquis communautaire*[2]. on the assumption that this will reduce potential security threats as, in effect, such states adopt the Copenhagen criteria which lie at the root of the Enlargement process.[3]

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[1] Aliboni R. (2005: 1).

[2] The body of European regulation that goes to make up the shared legal system of the European Union and makes access to the Single European Market possible, as well as, in the case of members, access to the Union's policy-making and administrative activities. The implications of this could be very costly! See Tocci N. (2005: 30).

[3] These were laid down at the Copenhagen summit in June 1993 as the basis upon which Enlargement could proceed as they determined the conditions Ac-

The policy itself is articulated through a series of Action Plans. These consist of bilateral agreements between the Union and individual states in which a programme of action, over three-to-five years, is laid out to achieve the overall objective. The state concerned, in negotiation with the Commission, determines the content of the Action Plan, thus establishing what it would consider a reasonable programme, whilst the Union monitors progress through a process of benchmarking and provides political, administrative and financial support. From 2007, the old Barcelona MEDA (Mésures d'Ajustement) financing programme which provided funding for the Euro-Mediterranean Partnership, together with the old programmes for funding political and economic change in the East, such as the TACIS programme, have been absorbed into a new financial instrument designed specifically for the European Neighbourhood Policy.[1]

Insofar as the purpose of European economic policy in the South Mediterranean region is now to recreate the economic circumstances of the European Union itself in order to ensure prosperity and hence stability and security, it must follow that the principles of the Lisbon Strategy, now an integral part of the European prescription, should apply in the South Mediterranean region as well. In addition, quite apart from whether this becomes a declaratory part of European policy in the region, it is legitimate to ask whether the national governments in the region have independently endorsed policies that would lead in the same direction and whether they are capable of implementing them. There are also questions of both the capacity to do so and of the will to achieve such outcomes, given that most of the governments in the region are not democratic and may resist the implications

cession state would have to fulfil to actually join the Union. They are:

• political: stable institutions guaranteeing democracy, the rule of law, human rights and respect for minorities;

• economic: a functioning market economy;

• incorporation of the Community acquis: adherence to the various political, economic and monetary aims of the European Union
http://europa.eu.int/scadplus/glossary/accession_criteria_copenhague_en.htm

[1] The figures for the new financial instrument, known as the European Neighbourhood and Partnership Instrument (ENPI), in constant 2004 prices, are taken from Smith *op.cit.* and appear in the Statistical Appendix below. They can be compared with the budget for the East and the Mediterranean in 2004 (€1,420 million with €953 million for the Mediterranean) but the figures are not fully comparable.

of such policies because of the threat they pose to governance. And, finally, in answering both questions, it is important to remember that policy articulation is not merely an act of will, it is also a question of the resources available to ensure that such policies can be applied with a reasonable and meaningful possibility of success.

The relevance of the Lisbon Strategy in the South

There is no doubt that, within the Euro-Mediterranean Partnership, the Lisbon Strategy has an obvious relevance for it will render market integration in the South more effective and thus increase competitiveness with other external markets, including the European Single Market. In so doing, it will clearly improve the possibilities of genuinely creating a zone of shared peace, prosperity and stability as foreseen by the Barcelona Declaration in 1995. Its relevance for European Neighbourhood Policy is not quite so clear because of the nature of the Action Plans with their North-South bias and only positive conditionality to support the willingness of Southern states to engage in a European-proposed agenda for change. Admittedly, improved and improving access to the European Single Market would argue for such changes but other domestic imperatives may impede such choices.

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There are two further areas of uncertainty as far as the Lisbon Strategy is concerned as well. Firstly, the Euro-Mediterranean Partnership and the European Neighbourhood Policy are being merged during 2007 and this raises questions as to how the requirements of the Strategy could be included in both the Action Plans and projects to continue and strengthen South-South economic and market integration. In addition, there will be very complex questions of how implementation will be funded through the financial instrument that will succeed the MEDA financial programmes (see footnote 3, pp. 160-161 above) and how effective research and development can be funded on a region-wide level. Secondly, the structural factors within the region militating against a successful application of the strategy need to be considered.

It is clear that, for the South Mediterranean, the creation of an information and knowledge-based society will ultimately be the key by which it will be able to penetrate the charmed ring of states for whom economic development has become a virtuous circle[1]. However, for this to be achieved, certain prior conditions must be met to ensure that the human capacity to realise such plans is available. Capacity-building in terms of literacy levels, educational reform and funding, and access to equipment will be vital, for access to internet cafes and basic levels of literacy will no longer suffice if social and economic division is to be overcome. Beyond this, too, there will be a crucial need for a change in official attitudes in many countries, given the restrictions on internet access for political purposes.

There is also an innate contradiction within Europe's own strategy for growth, quite apart from the implications of the Lisbon Strategy. On the one hand, the European Single Market is predicated on the neo-liberal assumption of the efficacy of the free market environment in determining economic efficiency. To this extent it shares the assumptions of multilateral organisations, such as the International Monetary Fund (IMF) and the World Bank enshrined in the Washington Consensus. This implies a lack of external intervention in all aspects of economic operations, beyond the essential role of regulation to avoid threats to competitiveness, and also implies that penetration of the private sector as an actor within the sphere of social provision as well.

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At the same time, there is constant pressure – in some countries more than others – to preserve Europe's complex social

[1] See Grasland C. and Beckouche P. (2007) for a very interesting discussion of the definition of European space and the socio-economic implications of different models, including the relevance of the Lisbon Strategy for the archipelagic model.

model involving the direct implication of the state into social provision for the public good. This means that, to a greater or lesser extent, the state's role of direct intervention in service provision is preserved, even at the expense of outraging the convention of the efficacy of the market dynamic. In some countries, such as Britain, it is true, there has been an attempt to apply market principles to social service provision, either by outsourcing the state function to the private sector under state regulatory supervision or by creating an internal market within the sector concerned, in which different components of state-controlled service provision compete to provide the service against each other or against private sector service providers. In a third variant, the private sector is ceded a particular activity under a long-term contract with a guaranteed rate-of-return competitive with – usually superior to – alternative investment returns. Here a time-limited monopoly is granted after an initial stage of competition to determine the successful bidder in what are known as Public-Private-Partnerships or Private Partnership Initiatives.

Many countries, however, prefer to maintain direct state intervention, on the assumption that private-sector objectives – maximising legitimate profit – and public sector objectives – maximising the public good – are irreconcilable. Whichever approach is adopted, the intended outcome is still the same; effective service provision but the fact that a major debate still rages over the way in which this can be achieved, as well as the results of the British model, suggest that the two different objectives in economic and social matters – economic efficiency and effective service provision – cannot be fully reconciled. Perhaps the most successful way that this has been done is embodied in the Scandinavian model or in Holland where effective service provision depends on highly egalitarian democratic societies and high levels of taxation. Egalitarianism and democracy are essential components because, without them, popular consent to the costs involved and the way in which they are covered cannot be guaranteed.

In the complex and prosperous European environment, such complexities can be maintained and the contradiction between economic efficiency and public good can be dissolved away or, at least camouflaged. Matters in the South are much more inimical to such outcomes. Firstly, taxation systems are far less effective, with large elements of the population escaping direct taxation altogether, either because of poverty or through avoidance, although the introduction of value-added tax systems means that indirect taxation is far more efficient. Secondly, there is little democratic consent to the creation of effective social services and private sector alternatives are sought by those who can afford them and, increasingly, by many who cannot.

Thirdly, societies are not egalitarian and are becoming increasingly less so as a result of the imposition of structural economic reforms, often dictated by external monitors, such as the IMF. And, of course, such structural economic change is accompanied by pressure, particularly from the World Bank but also from the official development assistance arms of many governments in the developed world, to reduce state sector engagement in service provision, to the benefit of the private sector on the spurious grounds of its greater efficiency in service provision. Finally, simple economic adversity, particularly over terms-of-trade and competitive advantage, may force a government in a similar direction. The result is that one aspect of the original Lisbon Strategy – the modernisation of the social model to prevent social exclusion – is simply irrelevant.

This means that the only relevant components of the Strategy are those directly linked to economic improvement; the improvement of competitiveness and innovation alongside structural reform for economic efficiency and the creation of a knowledge-based society to accommodate and exploit globalisation. The former elements are not inherently novel, they have, after all, been inherent in the construction of the Single European Market since it was introduced through the Maastricht Treaty in 1993. The really novel aspect is the construction of a knowledge-based society, with the implications of the provision of the physical and human infrastructure to construct it as the key initial stage. It is in this respect that the Lisbon Strategy really has relevance for the South Mediterranean region and, beyond it, the wider Middle East and the Muslim world.

Such a conclusion raises, in turn, the question of to what degree the Southern region is prepared to meet such a challenge and here the indicators are mixed. A generational change is taking place within the leaderships of most Middle Eastern and North African states and this implies a greater willingness to embrace the assumptions that govern the strategy of the developed world. Thus countries such as Jordan and Syria, where the leadership changed at the end of the last century, have declaratory policies that reflect the concerns of their new rulers and suggest an awareness of the need to build a knowledge-based society.

Other countries – Algeria and Libya spring to mind – have actually undertaken practical steps to achieve such an outcome. In the Gulf, most of the Arab Gulf states have been committed explicitly to such change for some time and have made significant steps towards the realisation of knowledge-based national communities. Qatar and Dubai, for example, have created dedicated facilities for research and development with their "knowledge villages" and new media centres, attracting foreign investment and foreign companies to widen their potential. There remain, however, tremendous hurdles to be overcome if such policies are to succeed.

Constraints upon the Strategy

If indeed the Lisbon Strategy is relevant to south Mediterranean states in encouraging them to create knowledge-based economies alongside all the other prescriptions of the neo-liberal model[1] considered essential to economic development, then it will also be in promoting the growth in the use of information technology in such societies. The details of internet use and information technology availability, in Tables IV and V (see Appendix) indicate the latest available figures. They suggest that, as might be expected, Israel and the Gulf states are best positioned to take

[1] The term "neo-liberal" is used here to denote a developmental model that proposes that economic under-development is a consequence of the inefficient use of resources because of the application of inappropriate pricing policies for the most efficient use of those resources. Thus, if appropriate pricing policies were to be used, this would maximise economic efficiency and this can best be done by allowing the global market to price resources. Thus openness, transparency and accountability are essential to ensure market efficiency, as is the removal of the state from direct interference or control of the economic environment. Surpluses – the consequence of resource use efficiency within the global market, allied to the exploitation of comparative advantage – will then trickle down through the economy and improve general prosperity whilst creating jobs as entrepreneurial dynamism is released. See Todaro M. (1989: 83).

advantage of access to a knowledge-based society. There are, however, some surprising and counter-intuitive additions to this group. Thus Iran, Lebanon and Turkey also seem to be on the threshold of significant expansions in access to information technology, whilst Syria has been undergoing an explosion in internet use, despite its political system, as has Iran and Yemen. In North Africa similar positions as far as expansion in internet use is concerned are reflected by Algeria, Morocco and Libya.

What is striking is that the actual system of government does not seem to determine enthusiasm for internet access, even though many governments control access to information technology, especially towards access to the internet. Thus, Iran and Syria show the greatest rate of growth in internet use in the Middle East and Algeria and Morocco do in North Africa. At least two of these four governments openly control internet access but this does not seem to have impeded their populations! This suggests that free access, in itself – as implied by a democratic political system – is not the sole necessary condition and is certainly not the sufficient condition to ensure rapid growth in technological applications.

It could, of course, be argued that such rates of growth in illiberal regimes reflect a desire to circumnavigate state repression designed to coordinate and control information. The problem, however, with this argument is that it ignores the fact that regimes have rarely been concerned to exclude dissenting views, merely to ensure that they do not become a threat. It is partly for this reason that, despite the complaints of governments all over the Middle East, relatively little effort has gone into blocking satellite television in recent years – regimes know that they can live with information, what matters is political control!

Interestingly enough, only two countries openly censor the net – Saudi Arabia and Tunisia, both of which have seen significant increase in internet and computer use. Iran, which is also at the forefront of capitalisation of information technology, is believed to do so as well, particularly over issues of pornography, even though its attempts to block satellite television have utterly failed. In this respect, of course, all three countries mirror the experience of China which also controls internet access but has not been hesitant to exploit information technology with enthusiasm. At the same time, there is no doubt that such controls do eventually hinder the development of a knowledge-based society and they are inefficient and inefficacious so that they will probably be abandoned in the not-too-distant future, as was the case with satellite television. States, even repressive states, can live with information provided they can control the potential consequences! Conversely, even liberal states have introduced legal and other sanctions against certain kinds of internet use, such as paedophilia.

There is, however, one specific area in which all Middle East and North African countries agree that monitoring and control is necessary and that is over the web-based *salafi-jihadi* movement. Yet, even here, there is ambivalence, even amongst governments that appear to be most threatened by it. Thus Saudi Arabia and several Gulf states have been strangely hesitant over trying to block radical theoreticians of political Islam, partly because of popular sympathy with them, even from the orthodox religious elite[1]. It has been governments such as Syria, Egypt and Algeria that have been far more aggressive in responding to such threats. One reason for this, no doubt, is that most South Mediterranean states lack the technical competence to undertake control effectively, although, for the Euro-Mediterranean Partnership members, the European Union is increasingly providing them with the means![2]

Capacity-building

If the problem hindering the rapid spread of information technology and internet use is not the question of bad governance and repression, then other explanations for the relative tardiness of the growth of knowledge-based societies in certain Southern

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[1] Thus Shaykh Bin Baz, the chief mufti in Saudi Arabia, endorsed Abdullah Azzam's call to jihad, "In defence of Muslim lands". Abdullah Azzam is conventionally considered the mentor of Usama bin Ladin.

[2] This reflects the growing securitisation of external policy by the European Union in the aftermath of the events of September 11, 2001. Thus security cooperation across the Mediterranean has been dominated by the expanding number of European institutions dedicated to a security agenda which engage in a process of externalisation (third-party adoption of internal EU decisions to avoid executive exclusion) of the Justice and Home Affairs agenda and of bilateral institutions engaged in intensive externalisation of trans-governmentalism (autonomous intergovernmental agency interaction outside the control of national governments). The cases of Britain and Algeria and Libya and Italy are highly instructive in this connection! See Schmitter P.C. (2003) and Lavenex S. and Wallace W. (2005).

Mediterranean countries must be found. One obvious one is the lack of capacity, both material and human, that exists in such societies. There are serious deficiencies in education, equipment and funding that will need to be countered before acceleration of computer and internet usage towards developed world levels can be expected. Another, however, which undermines all attempts at trying to build capacity, is migration, particularly of those people with the skills to create the intellectual capacity needed to overcome the chronic lag in the Middle East and North Africa.

The lack of capacity, in terms of educated and trained personnel, for access to a knowledge-based economy, is not a consequence of a want of trying. Between 1993 and 2004, the economies of the Middle East and North Africa have devoted 14 per cent of their government expenditure to education, compared with 5 per cent in the rest of the world. That should be compared with the amounts they devote to health – 5 per cent compared with 13 per cent in the rest of the world – and defence, to which they devote 13 per cent of central government expenditure, compared with 11 per cent in the rest of the world. The disparities shrink somewhat when average gross national income per capita between 1993 and 2004 is considered – $2,308 in the Middle East and North Africa compared with $6,298 in the rest of the world.[1]

If the problem hindering the rapid spread of information technology and internet use is not the question of bad governance and repression, then other explanations for the relative tardiness of the growth of knowledge-based societies in certain Southern Mediterranean countries must be found.

Despite the disparity in national income, it is clear that the states of the region have made considerable efforts to overcome their educational deficiencies. Their success, however, has been not as great as might have been expected.[2] Thus literacy rates in the region between 2000 and 2004 only ran at 67 per cent, com-

[1] www.unicef.org/sourc06/pdfs/regional_stat_sum_s21_mena.pdf

[2] Interestingly enough, rulers in the Gulf are well-aware of the problem and seek to do something about. The ruler of Dubai, Shaykh Mohammed bin Rashid al-Maktoum, has just created a development fund with a $10 billion endowment to raise educational standards in the Middle East, in order to create a knowledge-based society. (*Guardian* 21.05.2007)

pared with 78 per cent for the rest of the world. Within this, there are wide variations, as the components of the Human Development Index (HDI) for 2004, as published by the United Nations Development Programme, reveal in Table IV. If Israel is set aside, there is a correlation between the HDI and the Education Index (EI) which is a component within it. However, this does not reflect the growth in computer access and internet use shown in Tables IV and V.

Almost certainly the reason for this is the issue of preferential elite access to education for it seems to be elites and urban populations that have the greatest access to literacy and hence to information technology and the internet. In other words, it is not the issue of gross provision of education that counts, it is the issue of access to specialised education that seems to play the major role. Unfortunately, quantifying such factors is extremely difficult and such conclusions can only remain speculative.

In a similar fashion, it appears that the kind of tertiary education offered is crucial in determining both access and enthusiasm for access to a knowledge-based society, yet the educational effort in the Middle East and North Africa has been primarily devoted to combating illiteracy. The justification for this is simply that, unless the gap is bridged, a dual society of the literate and the excluded will appear, a view that is not justified by a comparison of age pyramids and literacy age patterns would demonstrate – youth is far more literate than their parents. However, official impatience has set in over the technology lag and there have been constant complaints in the recent past that tertiary education, traditionally directed towards the social sciences, law and history, is ill-adapted to the modern world and the information society.

The second aspect to capacity-building, alongside literacy and education, relates to resources. The simple fact is that average income determines access to computers and information technology. Thus, apart from Israel, the oil-rich states of the Gulf, together with Syria, Jordan and Iran, in the Middle East and, surprisingly, Morocco in North Africa that have the highest internet usage rates. Similarly, it is the oil-rich states of the Gulf and Iran that have the highest computer density. Because of this, two states – Libya and Algeria, admittedly oil-rich states in North Africa – have undertaken specific programmes to counter their relative lack of capacity in information technology. Of course, it is at present impossible to determine how successful the programmes really are or to what extent they are merely rhetorical, without real content. Nevertheless, they are in operation.

In Libya, the al-Qadhafi Charitable Foundation, run by Colonel Qadhafi's second son, Saif al-Islam, has cooperated with an American foundation in the "Operation One Million Computers". This seeks to provide one million cheap laptop computers to Libyan school children and to equip Libyan schools with radio modems and hubs to improve public use of the internet. The programme has been in operation during 2006 but the results it achieved are unknown. It has to be said that, given the Qadhafi regime's ambivalence to satellite television, it seems peculiar, to say the least, that the regime would embrace the internet! It must be assumed that it will seek, as in Tunisia, to control access until the reverse is demonstrated.

The Algerian project, Projet Ousratec, is quite different. Here the Algerian state has demanded that Algeria's banks should offer cheap loans to families to allow them to purchase a computer. The banks, most of which are state-controlled, have been laggardly but government pressure has been maintained. It also hopes that the programme will basically make Algeria computer-literate within a matter of a few years as part of its determination to bring the country into the computer age. There is also considerable pressure on Algeria's state-owned telephone fixed-line supplier to provide broadband access countrywide as quickly as possible as part of this process. This reflects a widespread problem throughout the Middle East and North Africa in that fixed-line provision – currently essential for broadband although radio-based systems will soon supplement them – is generally static as mobile telephone use explodes throughout the region. Once again, determining the success of the Ousratec programme which began in 2006, is difficult.

Nonetheless, it is clear that regional governments are well-aware of the difficulties and dangers they face and are prepared to take bold steps to counter them – in some cases at least. The question is to what extent the means exist to realise such ambitions as a means of accelerating computer and internet access. There is also a question of what policies governments should adopt to encourage such developments. Although the predominant neo-liberal development paradigm requires governments to step back form engagement in determining strategy in the developmental process, multilateral observers of the Middle East and North African scene consider a more pro-active policy is essential. Thus the World Bank seems to espouse a much more intrusive approach in that, "In a knowledge economy approach governments play a primary role in their function as orientating authorities." They must be "visionary", taking a motivating role in promoting the knowledge economy whilst still promoting structural reforms[1]. This is an approach similar to the indicative planning of South-East Asia in the 1980s, in which the state determined development strategies, creating conditions which the private sector could exploit.

It is at this point that the European Union, if it really wishes to see the Lisbon strategy adopted in the South, must be prepared to act. There are two aspects to such initiatives; funding and adopting policies to limit out-migration from the MENA region; in other words there is a need for financial inputs and for limiting the loss of human capital. Without this, there can be no effective development in the region towards knowledge-based societies for the losses in human capital cannot be easily replaced. There is also a fundamental consideration for the European Union to address, namely it needs to consider the relevance of its own assumptions about the developmental process, as embedded inside the Euro-Mediterranean Partnership and its latest variant, the European Neighbourhood Policy. It needs, too, to reconsider its attitude towards aid, if the funding deficits that dog attempts to create knowledge-based societies and economies are to be resolved.

The key problem, however, is migration, or rather certain aspects of migration, particularly those which involve the emigration of highly-skilled personnel. The Middle East has long exported its surplus of highly skilled individuals, mainly into the Gulf, although this has declined since the 1990-91 Gulf war when Gulf states turned towards South-East and South Asia for its skilled immigrants. Some 50 per cent of emigrants from the Middle East have tertiary education, compared with between 10 and 15 per

[1] Aubert J-E. and Reiffers J-L. *eds* (2003: 15-16).

cent of emigrants from North Africa.[1] The problem is that North Africa has far fewer graduates to lose! The Algerian government is so anxious about the loss of skilled personnel that it has recently started a programme to attract some of the 30,000 postgraduates working abroad in Europe, America and Canada back to Algeria itself. Morocco numbers the losses of skilled personnel in hundreds per month – some sources have suggested at a rate of 400 per month.

Conclusion

The simple fact is that North Africa and the Middle East are being drained of their skilled personnel. In other words, the current relations between the South Mediterranean region and Europe imply an intellectual pauperisation and proletarisation of the South to the benefit of Europe and other parts of the developed world. Alongside this the inherent tension between structural economic reform, as currently understood, and the construction of a knowledge-based economy, as proposed in the Lisbon Strategy, has not been resolved, largely because the Strategy itself refuses to recognise that such a tension exists. According to the Strategy, if the first objective is not realised, the second cannot occur. Yet analyses of the situation in the South, including those produced by the World Bank, suggest that a more sophisticated approach will be necessary in the South.

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As things stand at present, the likely outcome seems to be to recreate the dual economy that characterised the colonial experience. On that occasion, a modernised sector integrated into the metropolitan colonial economy was encapsulated in a traditional subsistence economy which supported the majority of the population, shut out by lack of skills from the benefits of the modern economy. Now it is those with access to the knowledge econ-

[1] Özden, Cağlan (2006).

omy who are privileged by their access to a wider world and their ability to physically enter it whilst the majority are held back by their lack of skills and access. For the unemployed there is only the uncertainty of illegal economic immigration into a Europe that both needs their labour but denies its own needs.

Such divisions imply their own risks of the impoverishment of the populations of the South, because of inhibited development and thus a growing discrepancy between employment expansion and demographic growth. And that, in turn, implies growing insecurity in the South and thus further tensions with a security-obsessed Europe. The Lisbon Strategy has nothing to say about this conundrum and does not address the growing labour problems within Europe as the upper percentiles of the age pyramid worsen and pension provision becomes ever more difficult. Proposals for an increased length of working life are one solution[1] but this will only be temporary as the dependency ratio of pensioners on the employed continues to decrease. In the end, Europe will have to turn to immigration, skilled and unskilled, but its utility will depend on the success of strategies like the Lisbon Strategy in creating appropriate development in the South.

Yet, as at present constituted, the Lisbon Strategy has little to offer South Mediterranean states for it resolutely builds on the European experience and makes no allowances for the very different conditions that exist in the Middle East and North Africa. It also ignores the very real security problems that exist there, apparently assuming that the political and economic spheres can be decoupled despite sixty years of evidence to the contrary. It overlooks the immense problems of inadequate capacity in the South and offers no initiatives to help resolve these problems. Yet there is no doubt that the South Mediterranean and Gulf states must engage with the modern, knowledge-based world; the only problem is how this should be done and what role Europe should play in achieving it.

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[1] Eberstadt N. and Groth H. (2007), "Healthy old Europe", *Foreign Affairs*, May-June, 2007; 55-69.

APPENDIX

(A) EUROPEAN UNION AND AMERICAN SOFT POWER FUNDING IN THE MEDITERRANEAN

Table I: European Union Meda Support

€ million

	MEDA-1 (1995-1999)	MEDA-2 (2000-2004)	MEDA 1 & 2 (1995-2004)
Bilateral funding			
Algeria	164.0	232.8	396.8
Palestine	111.0	350.3	461.3
Egypt	686.0	353.5	1,039.5
Jordan	254.0	204.4	458.4
Lebanon	182.0	73.7	255.7
Morocco	660.0	677.1	1,337.1
Syria	101.0	135.7	236.7
Tunisia	428.0	328.6	756.6
Total bilateral	**2,586.0**	**2,356.1**	4,942.1
Regional funding	471.0	739.8	**1,210.9**
Total funding	3,057.0	3,095.9	6,153.0

Source: Europe Aid

Note: According to the MEDA budget projections, funding under MEDA I (1995-1999) was set at €3,435 million, with an additional €4,808 million in soft loans from the European Investment Bank. Funding under MEDA II (2000-2006) will have totalled €5,350 million, with European Investment Bank loan funding up to 2007 of €6,700 million.

Table II: Financial Support under the US MEPI Programme

$ million

	2002	2003	2004	2005
Economic development	6	38	32	23
Political development	10	25	20	22
Educational development	8	25	22	14.4
Women's empowerment	5	12	15.5	15
TOTALS	29	100	89.5	74.4

Source: http://mepi.state.gov/mepi

Table III: Funding under the European Neighbourhood and Partnership Instrument

€ million

Year	2007	2008	2009	2010	2011	2012	2013	Total 2007-2013
Amount	1,433	1,569	1,877	2,083	2,322	2,642	3,003	14,929

(B) INTERNET AND COMPUTER USAGE IN THE MENA REGION

Table IV: Internet Usage in the Middle East and North Africa

Middle East	Population (2007 est.)	Usage (end 2000)	Usage latest	% national penetration	% Middle East	%user growth (2000-2007)
Bahrain	738,874	40,000	155,000	21.0	0.8	287.5
Iran	70,431,905	250,000	7,500,000	10.6	38.6	2,900.0
Iraq	27,162,627	12,500	36,000	0.1	0.2	188.0
Israel	7,237,384	1,270,000	3,700,000	51.1	19.0	191.3
Jordan	5,375,307	127,300	629,500	11.7	3.2	394.5
Kuwait	2,730,603	150,000	700,000	25.6	3.6	366.7
Lebanon	4,556,561	300,000	700,000	15.4	3.6	133.3
Oman	2,452,234	90,000	285,000	11.6	1.5	216.7
West Bank	3,070,228	35,000	243,000	7.9	1.3	594.3
Qatar	824,355	30,000	219,000	26.6	1.1	630.0
Saudi Arabia	24,069,943	200,000	2,540,000	10.6	13.1	1,170.0
Syria	19,514,368	30,000	1,100,000	5.6	6.7	3,568.7
UAE	3,981,978	735,000	1,397,000	35.1	7.2	90.1
Yemen	21,306,342	15,000	220,000	1.0	1.1	1,366.7
Total	**193,452,727**	**3,248,800**	**19,424,700**	**10.0**	**100.0**	**491.4**

North Africa	Population (2007 est.)	Usage (end 2000)	Usage latest	% national penetration	%Middle East	%user growth (2000-2007)
Algeria	33,506,567	50,000	1,920,000	5.7	5.8	3,740.0
Egypt	72,478,498	450,000	5,000,000	6.9	15.0	1,011.1
Libya	6,293,910	10,000	205,000	3.3	0.6	1,950.0
Mauritania	2,959,592	5,000	20,000	0.7	0.1	300.0
Morocco	30,534,870	100,000	4,600,000	15.1	13.8	4,500.0
Tunisia	10,342,253	100,000	953,000	9.2	2.9	853.8
Total	**156,115,690**	**715,000**	**12,698,000**	**8.1**	**100.0**	**277.3**

Regional use	Population (2007 est.)	Population % world	Usage latest	Penetration % pop.	% users in world	Use growth (2000-2007)
ME Total	193,452,727	2.9	19,424,700	10.0	1.7	491.4
Rest of world	6,381,213,690	97.1	1,094,849,726	17.2	98.3	206.1
NA Total	156,115,690	2.4	12,698,000	8.1	1.1	277.3
Rest of world	6,418,550,727	97.6	1,101,585,426	17.2	98.9	207.3
World total	**6,574,666,417**	**100.0**	**1,114,274,426**	**16.9**	**100.00**	**208.7**

Source: www.internetworldstats.com/stats5.htm

TABLE V: Information Technology in the Middle East and North Africa

	Population (million)	GDP $ billion (ppp)	Telephone Lines/100 persons	Telephone subscribers (million)	Internet Hosts/10,000 persons	Computers/100 persons	Corruption Perception Index*	Expectancy (yrs)	Literacy (%)
Algeria	32.0	196.0	6.93	2.20	0.27	0.77	97	69	68
Bahrain	0.7	11.2	26.76	0.18	19.20	15.90	34	72	88
Egypt	76.0	295.0	12.70	8.73	0.49	2.19	77	68	55
Iran	69.0	478.0	22.30	14.50	0.76	9.05	87	72	77
Iraq	na	na	na	na	na	na	129	na	na
Israel	6.2	121.0	45.30	3.00	644.00	24.30	26	79	95
Jordan	5.6	23.0	11.30	0.62	5.70	3.75	37	70	90
Kuwait	2.3	41.4	19.80	0.49	11.00	12.00	44	76	82
Lebanon	3.7	17.8	19.80	0.68	21.50	8.05	97	73	86
Libya	5.6	35.0	13.60	0.75	0.12	2.34	108	72	81
Mauritania	3.0	5.2	1.18	0.03	0.09	1.08	na	52	41
Morocco	32.2	128.0	4.05	1.30	1.18	1.99	77	69	50
Oman	2.9	36.7	9.22	0.23	2.79	3.74	29	72	74
Palestine	3.6	1.7	8.73	0.32	na	3.60	108	72	90
Qatar	0.8	17.5	28.90	0.18	3.40	17.80	38	72	84
Saudi Arabia	25.8	287.0	15.50	3.50	7.00	13.70	71	72	77
Syria	18.0	58.0	12.30	2.10	0.01	2.00	71	71	82
Tunisia	10.0	68.2	11.70	1.16	0.27	4.00	39	72	73
Turkey	68.9	458.0	27.70	46.80	52.60	4.46	77	70	86
UAE	2.3	57.7	28.10	1.13	139.00	12.00	29	74	77
Yemen	20.0	15.0	2.78	0.54	0.07	0.74	112	56	49

Source: www.caslon.com.au/dividesprofile6.htm

Note : * Transparency International ; all figures for 2004, except telephone lines and subscribers which are for 2003

TABLE VI: Human Development Index

Middle East				**North Africa**			
Country	Rank	HDI	EI	Country	Rank	HDI	EI
Israel	23	0.927	0.95	Libya	64	0.798	0.86
Kuwait	33	0.871	0.87	Tunisia	87	0.760	0.75
Bahrain	39	0.859	0.86	Algeria	102	0.728	0.71
Qatar	46	0.844	0.85	Egypt	111	0.702	0.73
UAE	49	0.839	0.71	Morocco	123	0.640	0.54
Oman	56	0.810	0.77	Mauritania	153	0.486	0.49
Saudi	76	0.777	0.82				
Lebanon	78	0.774	0.86				
Jordan	86	0.760	0.86				
Turkey	92	0.757	0.81				
Palestine	100	0.736	0.89				
Syria	107	0.716	0.74				
Yemen	150	0.492	0.51				

Source: UNDP (2006)