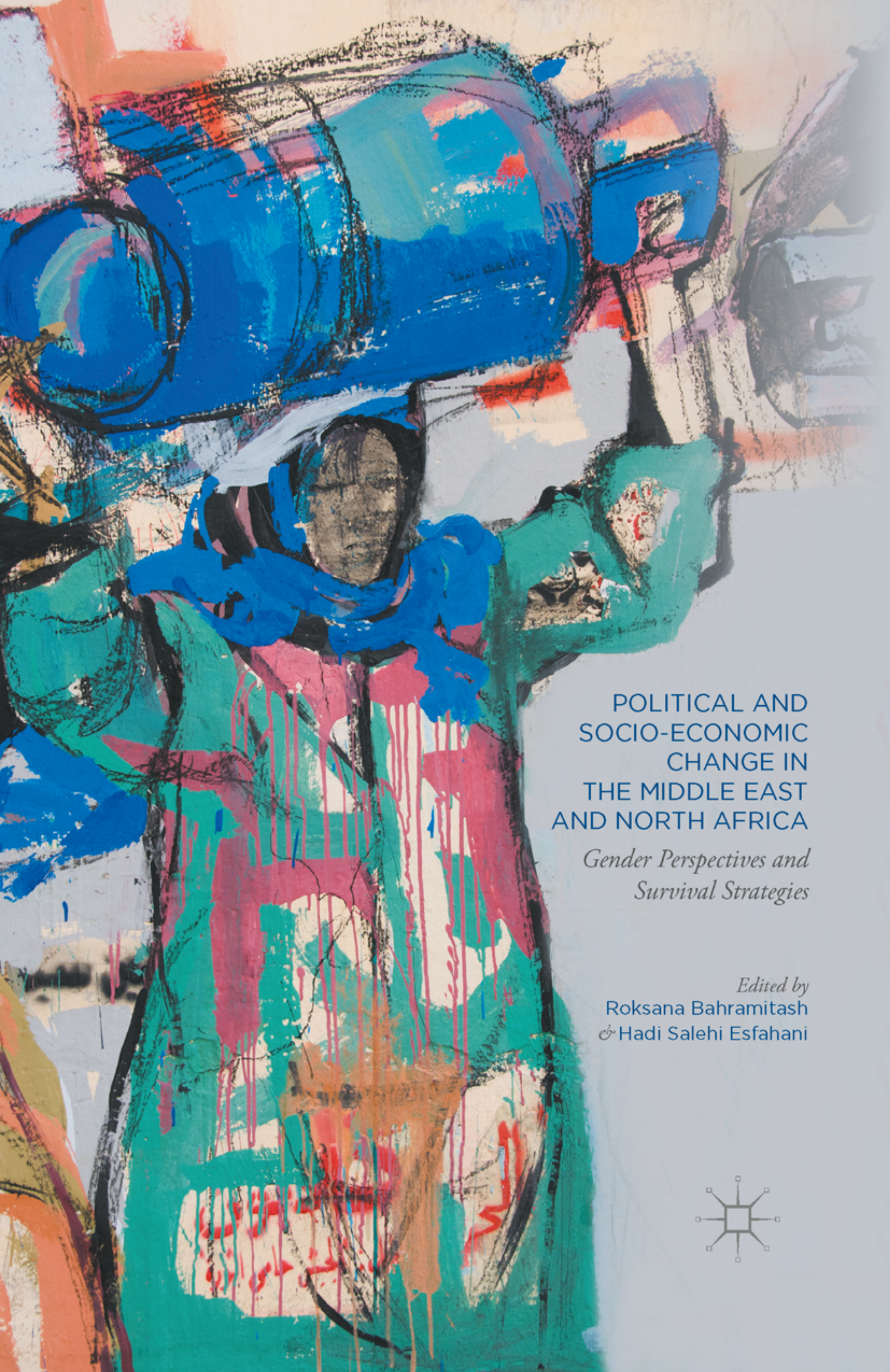

POLITICAL AND SOCIO-ECONOMIC CHANGE IN THE MIDDLE EAST AND NORTH AFRICA

Gender Perspectives and Survival Strategies

Edited by
Roksana Bahramitash
& Hadi Salehi Esfahani

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Contents

List of Tables and Figures

Tables

Figures

CHAPTER 1

Introduction

Roksana Bahramitash and Hadi Salehi Esfahani

Since 2011 there has been a fundamental political change in many parts of the Middle East and North Africa. The turmoil started with violence and civil unrest first in Tunisia and then quickly spread to Egypt, leading to the downfall of President Ben Ali in Tunisia and President Mubarak in Egypt. The events were precipitated by the self-immolation of a young man in public in the streets of Sidi Bouzid in Tunisia, followed by mass demonstrations demanding justice and dignity. The streets of both Tunis and Cairo were taken up by masses of people who became resistant to anti-riot police. As the violence escalated, the army was confronted with the choice of backing the regime or paving the way for the president to step down. The result was regime changes in both countries as the army declined to back the president. The movement then spread to other Arab countries. In Libya, the political upheaval took the form of an uprising by armed militias that toppled President Gadhafi with support from NATO air strikes but then started to fight violently among themselves over the control of the government and resources. In Yemen, civil unrest forced President Ali Abdullah Saleh to sign a power-transfer deal. But the change did not bring about peace, as Houthi forces that had been fighting the central government managed to gain control of part of northern Yemen and the capital, overthrowing President Saleh's successor and triggering a civil war that also involved intervention from neighboring countries. In Syria and Iraq also, political unrest was combined with extensive foreign involvement, and outside provisions of arms and other assistance created havoc and allowed free-franchise radical groups to be born alongside al-Qaida. The most powerful armed radical group, ISIS, continues to ravage these countries and has started to extend its violent presence in other countries, even outside the region. In Bahrain, the civil unrest took a sectarian form, as majority Shiites demanded a greater role in the country's politics, which is dominated by a Sunni minority. However, the uprising was violently suppressed with the intervention of armed forces from Saudi Arabia. The governments of other Arab countries also faced protests of various sizes but brought them under control, mostly with little violence. In some cases policy changes were promised to contain discontent, and in others, opposition leaders were given bigger roles in policymaking. For example, in Morocco, the leading Islamic coalition, the Justice and Development Party, was invited to form a government after winning 27 percent of the vote in the November 2011 parliamentary elections. Despite the waning of protest movements in many Arab countries, the roots of unrest seem to have remained alive and may spring back up before long, especially due to potential spillover effects from the ongoing wars in Iraq, Libya, Syria, and Yemen. Hence, to assess the likelihood that political troubles may persist in the region, it is important to ask what made Arab countries susceptible to political instability.

Social scientists have generated a multitude of books and articles on this very topic, highlighting a host of drivers of political unrest and violent uprisings in the region. There are no misconceptions about the multiplicity of factors at work. Some scholars have emphasized the role of social movements and/or social media (Earl and Kimport 2011; Cotte 2011; Eltantawy and Wiest 2011; Wolfsfeld, Segev, and Sheafer 2013). Others have been more preoccupied with issues such as human rights violations, authoritarianism, and democratization (Droz-Vincent 2011; Owen 2012; Howard and Hussain 2013; Volpi 2013). Some studies point to demographic factors—a topic also examined in this volume. There were also some who returned to Bernard Lewis's conception of the "Roots of Muslim Rage" and Samuel Huntington's (1991) proposition of a "Clash of Civilizations," to ask whether the association between Arab regimes and the West may have mobilized Muslim publics (Berger 2014). This line of thinking has gathered more support as signs of democratization have dimmed and political instability and violence have continued in the region, raising doubts whether Islam and democracy are compatible. However, as Kongar, Olmsted, and Shehabbudin (2014) point out, this train of thought is based on a French anti-religion, secularist view that regards laïcité as an inseparable part of the democratization process and assumes that Islam is a fundamental barrier to secularism. This type of argument glosses over the fact that the majority of Muslims (who are incidentally not Arab) do live under democratically ruled states in Albania, Indonesia, Senegal, and Turkey (Stepan and Linz 2013).

Reflecting on the root causes of uprisings examined in the literature, it seems fair to say that, at least in the case of Tunisia and Egypt, political economy factors played a significant role, as evidenced by the dominant "Bread and Dignity" slogan. Issues related to social and economic justice arguably had created an atmosphere of general discontent on the part of the masses, who eventually brought pressure to bear on the ruling elite. This is indeed the line of argument that is the focus of the studies presented in this volume. However, unlike much of the literature, which tends to overlook the issue of gender, we tackle the question from a gendered perspective. For this reason, women's role and status in the economy is more closely examined. We highlight economic injustice from a gender perspective, bearing in mind that a fundamental element of social and economic justice is gender equality.

Any analysis of the political economy of the region needs to start with an overview of the development theories and their influences on government policies. For this reason the book starts with a comprehensive review of the unfolding of the development process within the context of political currents of the Middle East and North African (MENA) countries, particularly Egypt and Tunisia, where the uprisings first started.

Development Theories and Government Policies in the MENA Region

As a brief background, it is worth mentioning that the mainstream economic development theory and its policy outcome, formulated in the aftermath of the Second World War, emphasized the modernization theory and policy. This approach to development focused on the state as the central agent of change in the transition from a traditional agricultural society to a modern urban and industrial society, as a linear process modeled after Europe's historical experience. The policies implied by this perspective were embraced by many of the countries in the MENA region, and in the case of countries such as Egypt, it was coupled with other aspects of a modernization plan, such as import substitution.

By the end of the 1960s, and with the emergence of a worldwide economic crisis in the 1970s, the failure of the modernization process in many parts of the world had started to become evident. In the rich world, the mainstream policy approach broke away from Keynesian welfare-state ideas and shifted toward so-called neoliberal economics, emphasizing market-centric and minimal government policies. This new perspective soon found its way into the development policy circles and became the dominant view in international financial institutions such as the IMF and the World Bank. In that context, neoliberal policy prescriptions meant rollback of the developmentalist state and a shift toward a free-market economy, based on assumptions that the market is the most efficient way of ruling the economy. Examples from the successful newly industrialized counties (NICs) in Southeast Asia were presented as evidence in favor of economic liberalization, trade openness, and integration into the global economy. Though there were many scholars pointing out the central and extensive role of strong states in those countries, multilateral institutions dominated by the United States, especially the IMF and the World Bank, began to offer blueprints for retrenchment of the state in the economic arena through dismantling of barriers to foreign trade and domestic market activity. While many of those barriers had been established with little social rationale, there were many prudential regulations or protections of labor rights that had come about through years of experience and struggle. But the ideological lens of neoliberalism did not distinguish those nuances and prescribed sweeping deregulations that made many developing countries susceptible to economic shocks. Meanwhile, budget deficits incurred to finance the earlier modernization projects and other state-funded initiatives had to be met by cuts in social spending, which meant that economic shocks could quickly translate into deep crises with little protection for vulnerable parts of the population. Although the multilateral institutions offered financing for dealing with the structural adjustment and shocks, in many cases the borrowed funds were misused by corrupt politicians who ruled with backing from powerful countries. As a result, the foreign loans added to the indebtedness of those countries without benefiting the bulk of the population. Most MENA countries adopted such policies, and some of them, especially Morocco, Tunisia, and Egypt, came to be praised as champions of reform. Admittedly, those countries did experience tangible economic growth as measured by GNP per capita, though large segments of the population found themselves in increasingly precarious conditions, with no share in that growth.

There has been criticism of the neoliberal approach from different perspectives, some of it from within the discipline of economics (e.g., the new institutional economics approach) and some from other disciplines, such as the dependency theory and world system theory.[1] For instance, the IMF insistence on conditionality and budget cuts during the financial crisis of 1997–1999 in East Asia came under severe critique by a wide range of scholars, most prominently Joseph E. Stiglitz, who was serving as chief economist of the World Bank at the time (Stiglitz 2002). In Latin America, widespread liberalization took place in the 1980s under the auspices of multilateral institutions, with little tangible benefit, giving rise to the term "the lost decade" in the region. In Africa, the criticism highlighted the alliance between Western powers and corrupt heads of state who borrowed from international financial institutions and made their economies bankrupt (Jackson 1996).

Feminist economists have offered their own critique of the neoliberal perspective at different levels, from the basic theoretical grounds to empirical evidence and policy blueprints. At the level of theoretical underpinning, their critique is focused on the concept of *Homo economicus*. The mainstream neoliberal economics posit that the world has scarce resources and that profit- and utility-maximizing individuals reveal their rational choices in their supply and demand, which in turn determine the prices and quantities of goods and services. A key assumption of this framework is individual self-interest, which does not jibe well with the crucial role of community and social integration in well-being, particularly the role of women as mothers and family and community caregivers.[2] Challenging the concept of utility from a gendered perspective has been a central focus of feminist economists. The challenge has revolved around the basic assumption that individuals act as *Homo economicus* in contradiction with many common behaviors in communities, especially in the case of women (Benería et al. 2011b). The feminist critique then questions the claim of mainstream economics to be value-free, objective, and unbiased (Strassman 1993; Nelson 1995; Ferber and Nelson 1993; Peterson and Lewis 1999; Bahramitash 2005). It points to a fundamental flaw in the neoliberal framework: the absence of issues related to gender, race, and class. Furthermore, the critique argues that these limitations of neoliberal economics are not just theoretical shortcomings and that the policies derived from them have indeed had serious consequences for equality across gender, race, and class lines (Benería 1999; Berik et al. 2009).

The empirical claims based on the NIC experiences presented in support of neoliberal economics are also far from convincing. Indeed, there is ample evidence that all NICs have had developmentalist states with heavy hands in driving their economies, similar to the way the Chinese economy took off (Amsden 1989; Wade 1992; Benería et al. 2011a). Growth came about in those countries through conscious government planning and experimentation to find appropriate policies for specific conditions prevailing in each economy. Those policies also often took account of the roles that women could play in economic growth. For example, as Bahramitash (2005) and others have documented, export-oriented industrialization in many NICs benefited from a flexible supply of cheap female labor.

Ironically, the period when neoliberal economics became mainstream coincided with the shift of attention toward the role of women in development, both in theory and practice. The publication of Boserup's (1970) book, which made a powerful case that modernization had economically alienated women and had led to worsening conditions for millions of women in the world, marked a shift of attention toward women. Increasingly, academics and policy advocates documented the global worsening of women's conditions relative to men. This brought international pressure and finally led to the first international women's conference in Mexico in 1975, followed later by another international conference in Kenya in 1985 and then one in China in 1995, all of which helped put gender matters on the map. The first push for attention to gender issues came from liberal feminists in the rich world, but soon women from Third World countries brought their perspectives to the arena and, as the first international women's conference illustrated, showed that they had wider sets of concern. The second and third international conferences witnessed a change of emphasis and a demand for equality of opportunities that turned into pressure to change the development process altogether.

Alongside social advocacy for gender equality within the academic circle, the failure of mainstream economics became the subject of a prolific body of literature by feminist economists from the 1980s onward (Waring 1988; Benería and Feldman 1992; Sparr 1994; Çagatay, Elson, and Grown 1995). A major objection to the mainstream was its focus on a narrow definition of economic growth, one that left out social and economic cleavages along gender, race, and class lines.

Within feminist economics, the core discourse has been largely focused on poverty and inequality, with an emphasis on the human capability concept developed by Amartya Sen (2001). The approach is normative as well as explanatory and focuses on development as a process that enables people to choose. The impact of Sen has been instrumental in the preparation of the Human Development Report since the 1990s. The capability argument seeks to measure development beyond GDP per capita and seeks to include human well-being.

As mentioned earlier, three international women's conferences finally put gender inequality on the map. The publication of the World Bank's *World Development Report 2006: Equity and Development* heralded the fact that gender inequality had officially become a significant mainstream issue. However, as a number of feminist economists such as Diane Elson (2009) noted, this adoption by the mainstream still missed the foundations of the conceptual framework and its methods of empirical deduction and policy conclusion. They argued that in spite of recognizing gender inequality as a barrier to economic growth, the *World Development Report* falls short of comprehending that the process of economic growth that it envisions can intensify existing inequalities or give rise to new forms of inequalities, even if it manages to lift the older ones. The key issue is that the policies and projects geared to individual profits are not necessarily to the benefit of the population at large, especially women from low-income households. This could, for example, be the consequence of privatizing public services and state-owned enterprises, which have been central components of the World Bank's structural adjustment programs (SAPs). As Berik et al. (2009) argue, cutting back on public health care, for instance, could translate into greater pressure on women, especially those in poorer families, to stay home and care for the sick and the elderly. As a result, the decline in social services for health and education, along with less access to clean water and sanitation, translates into increased burdens on the shoulders of women of low-income households. Curiously, as Waring's (1988) pathbreaking book argued, since this kind of work is outside of the market and is not measured, it does not appear as a major cost of public service cutbacks. As a result, based on mainstream economic calculations, SAPs seem "efficient" and make perfect economic sense on paper, despite the fact that they reduce the capabilities of many women to pursue more productive and fulfilling economic activities. In other words, the supposedly value-free and objective *Homo economicus* assumption easily overlooks the fact that women need to continue to look after their families' needs as unpaid care providers. These points will be elaborated further below in this introduction and expanded in other chapters of the book.

Mainstream neoliberal economics has also advocated other policy prescriptions to achieve a higher growth rate with potentially adverse consequences for women. A prime example is labor market deregulations that are meant to enhance labor productivity, but by separating concern for working conditions and labor protection, they put workers, especially women, in more vulnerable positions. For example, in the absence of appropriate regulations, removing policies such as affirmative action will threaten women's well-being even in times of high economic growth (Seguino 2008).

Naila Kabeer (2015) provides further important insights into the shortcomings of the mainstream paradigm in her analysis of the policies concerning the Millennium Development Goals.[3] She reminds us that even when gender was finally taken into account, much of the attention circled around the types of rights not rooted in inequality and poverty. As an example, she points out that there has been a focus on women's sexuality and reproductive rights (rather than a general concern with women's health issues) at the expense of fading out women's economic rights. She argues that the idea of contraceptives for women has been pushed forward more on the presumption that contraception is the best way to enhance development. Yet this is reminiscent of an old discourse that poverty exists and increases due to high fertility among the poor. This line of argument shifts the attention away from income inequality and poverty as the result of mainstream policies and blames women from low-income households in developing countries for having too many children.

Kabeer argues that in the aftermath of the Cold War and with the decline of the threat by socialist revolutions, rich countries reduced their aid, since there was no need to keep developing countries within the orbit of Western powers. Indeed, there has been a steady decline in funds for development assistance in the past few decades. Concurrent with this trend and with the neoliberal emphasis on the rollback of the welfare state, as Kabeer points out, there has been a tendency within the mainstream to emphasize civil and human rights with an individualistic interpretation, which resonates with the basic assumptions of neoliberal economics. This type of concern downplays socio-economic rights and, therefore, the state's responsibility to ensure them. The concept of the state's responsibility as primary welfare provider and its obligation towards its citizens fades as the state is forced to give way to market freedom (Wade 2003; Bahramitash 2005; Berik, Meulen Rodgers, and Seguino 2009). Yet, as argued before and based on the capability approach, there is a need for a more "positive role in building the capacity of citizens to participate in the affairs of their society" (Kabeer 2015: 391). Essentially, instead of a broadly market-driven agenda, one emphasizing the private sector, embedded in the formulation of the Millennium Development Goals (MDGs), there needs to be greater concern for the overall well-being of the population, including social and economic justice and equality in access to the society's resources (Kabeer 2015). This requires a greater role for the state, but one that is accountable to its people.

The limitations of the mainstream approach and lack of progress in terms of justice and equity have been costly, even by neoliberal measures. This has been shown, for example, in the case of gender inequities, by Klasen and Lamanna (2009). In a cross-country and panel regression, they found that gender gaps in education and employment reduce economic growth. This has important implications, particularly for government policy in the MENA and South Asia regions, where gender gaps are among the highest in the world. To achieve higher economic growth rates, it is crucial that the governments in those regions put inequality reduction and justice for all at the heart of their policies.

The gender gap is a pivotal part of socio-economic rights and social justice. It has played an important role in the perceived decline in social equity, acting as a barrier to economic development and growth and creating a breeding ground for the kind of political unrest and violence that the MENA region has experienced since 2011. When gender matters are pursued based on individualist rights, this may mobilize resistance in many societies. For example, Kabeer (2015) documents how separation of the two types of rights and pressing for individual rights for women have energized the conservative interpretation of Islamic religious doctrine and led to an alliance between conservative Catholics and Islamists.[4] Addressing gender inequality in the broader context of social injustice can change gender relations and support alliances for a more egalitarian society, instead of causing resistance by taking a contradictory approach that focuses on reducing some types of inequality, such as women's reproductive rights, while other types (e.g., inequality between the haves and the have-nots) are treated as acceptable. The broader vision can help to advance women's causes without falling into the trap of religious radicalism.

The issue of inequality in access to resources as a breeding ground for radical political and violent movements has been argued for a long time (see, for example, Piazza 2006). In the case of Egypt, Zahid (2010) and Harrigan and El-Said (2009) have discussed the link between the economic failure of neoliberalism and the rise of the Muslim Brotherhood. This provides insight into the ways in which rising poverty and income inequality may threaten women's rights, in this case through the rise of religious conservatives. It shows that there may be a serious danger in separating women's rights from other inequalities.

Overview of the Chapters in This Book

This book starts with a review of the mainstream policy recommendations for economic development prescribed by multilateral agencies, such as the World Bank and IMF, in the context of MENA. In the second chapter, Karen Pfeifer offers case studies of the political economy of Egypt and Tunisia and examines the role of international financial institutions in their policy choices. She highlights the irony that both Tunisia and Egypt, where the political unrest occurred first, were examples of success of neoliberal policies during the 2000s, prior to the uprisings. In these two countries, the economy was opened up, and the private sector was encouraged to grow as markets were deregulated, the welfare state shrank, and social services such as health and education were curtailed. While it is true that at least up to the 2008 global crisis, GDP growth showed an increase in wealth, a closer look at the micro-level details suggests a more troubling picture. Per capita consumption declined for the absolute majority of Egyptians between 2000 and 2010, while the regime's cronies were pocketing extraordinary profits as a result of their access to the policymaking process, particularly after 2004 when a cabinet of technocrats had been appointed to steer the economy toward neoliberal ideals. In both Egypt and Tunisia, cronies used the context of neoliberal reforms and their access to policymakers to significantly expand their control over productive assets of the economy by channeling privatization, subsidies, and easy loans toward themselves, while implementing labor market deregulation that enabled them to hire labor at lower costs. Pfeifer rightly points out that what had been given as aid or had been borrowed with interest had only a marginal impact on the well-being of the masses, and that far from improvement in the standard of living for all, inequality and poverty had risen.[5] The persistence of high unemployment and poverty rates is a clear indication of the failure of neoliberal policies and shows that the wealth generated had not trickled down to the poor.

Pfeifer points out that the political crisis at the start of 2011 had other causal factors as well, but the choice of policy regime played a crucial role. In particular, the international financial crisis of the late 2000s had led to a reduction in the demand for exports, in foreign direct investment, and, to some extent, in tourism and remittances. While this was an external shock caused by sources outside the region, the increased reliance on foreign trade and capital flows had made Egypt and Tunisia more vulnerable to external shocks, especially the turmoil in European economies. Pfeifer argues that it was such failings of the economy that ultimately led to mass dissatisfaction with the regime. This in turn prompted the heads of state to try to preserve their power through fraudulent elections and violent repression of opposition groups, which ultimately triggered the uprisings that led to the downfall of presidents Ben Ali and Mubarak.

The chapter digs into how liberalization and economic failure unfolded, offering concrete examples. For instance, in the case of

Egypt, it highlights how construction businesses related to the minister of parliament had benefited from public services to subsidize their ventures, using public funds earmarked for infrastructure. Politically, Gamal Mubarak seemed to be replacing his father in the ruling National Democratic Party, giving little or no room to opposition inside or outside the party. In the case of Tunisia, by 2010, the Ben Ali family was in control of one-third of the Tunisian economy and was in charge of key sectors such as banking, telecommunications, and foreign trade, to name a few. Being connected to state power was linked closely with economic benefits. The fact that liberalization was only serving the cronies and was not bringing any benefit to the majority of people became a major contributor to the political unrest in December 2010.

Pfeifer also highlights the problem with capital flight and estimates its value for the period of 1970 to 2010 to be close to 27 percent of Egypt's 2010 GDP and 88 percent of Tunisia's. Taking into account the interest that this capital could have earned raises these figures substantially. For example, if one assumes the interest rate to be equal to the return on the United States Treasury bills, then the total value for Egypt amounts to about $110 billion and about $45 billion for Tunisia. These figures are striking in relation to the foreign debt stocks of the two countries: $34.8 billion in Egypt and $21.6 billion in Tunisia. Such massive capital outflows seem to be among the many reasons why the trickle down did not happen. This was indeed a matter of concern behind the political discontent, since these funds were viewed as part of the debt these countries had incurred and left the public to repay when the international financial institutions demanded that their government budgets be cut. In the eyes of the public, pushing the mass of the population to pay the debt incurred by regimes backed by Western powers was a major violation of social justice. Many political and social activists had their eyes on actions similar to the "Dakar Declaration for the Total Unconditional Cancellation of African and Third World Debt" in 2000. Indeed, this demand was a centerpiece of the World Social Forum when it convened in Tunisia in March 2013.[6]

The third chapter tackles a very important aspect of the political economy of Arab uprisings by focusing on the problems of youths in the labor and marriage markets. Edward Sayre examines the impact of demographic transition in the region, where there was an increase in the share of youths in the population during the 1990s and 2000s, with many of them ending up in the ranks of the unemployed. He shows that this problem has been much more serious for women compared to men. The chapter documents the emergence of the "youth bulge" in the region and how Arab countries have been suffering from the highest youth unemployment rates in the world. It further argues that the bulge created imbalances in the marriage market, where the ratio of men to women in the most active marriage age had risen sharply. As a result, the unemployment problem and imbalance in the marriage market reinforced each other to generate high levels of dissatisfaction among youths. The chapter reviews some of the underlying factors, such as the failures of the educational system. But more importantly, it provides insight into the reasons why educated unemployed youths were a major force behind the mass social movement. This is documented through a comparative analysis of the experiences of older and younger workers. The chapter argues that even when new jobs were created, those with more security went to the older rather than the younger workers. This left the youths dissatisfied with their economic and social conditions. However, the outcome was not a demand for the return of the welfare state and a new social contract. Rather, as the chapter documents, youths indicated a longing for the return of the old social contract whereby the government offered secure jobs.

In the next chapter, Andrea Martinez focuses on the case of Moroccan female workers in the textile and garment sector and connects their experiences with the economy's macro performance. She points to some of the challenges of focusing on female labor force participation alone and leaving out the type of employment and labor conditions. The case of female employment in export-oriented manufacturing in Morocco contextualizes the impact of free trade from a gender perspective in a country where there has not been a regime change, but instead a rather quiet political shift with an uncertain future in which the Islamists may push to grab more power and clash with the regime and other constituencies.

The importance of this chapter lies in its attention to two important missing links in the literature on the MENA region. First, it contextualizes research on women in the Muslim world, particularly in the MENA region, within development literature. Second, it provides micro data analysis of a qualitative nature that complements the analyses based on macro data. While macro analysis is crucial and assists researchers to zoom out and develop an understanding of the general picture, micro data brings into the picture insights that are crucial for policy design and assessment.

Women's employment in Morocco has been celebrated by some as a sign of improvement in women's status in the country. Yet, as Martinez shows, the general picture of female employment in Morocco is more complex, and in the case of those working in the competitive, export-oriented textile firms, the experience may be far from liberating. While women's cheap labor has indeed brought greater prosperity for the country and for women's households, there have been costs that cannot be overlooked. The chapter documents how this outcome has been achieved largely by abandoning the protection of labor rights, following the approach emphasized by the international financial institutions. The interviews that Martinez has conducted with the women employed in the export textile sector clearly indicate that for the majority of those workers, the hard-earned cash and the double burden of working outside as well as inside the house leaves nothing to praise. The findings of this chapter set the stage for the last chapter, where an emphasis on female employment comes with some insights into ways of improving not just the employment rates for women, but also the types of jobs available to them.

In the fifth chapter, Özlem Altan-Olcay focuses on female employment in Turkey, which is often viewed as a success story of free trade and open-market policy. She argues that "the last decade's economic growth owes much to short-term capital inflows with little ability to create jobs" and demonstrates the jobless growth patterns in the case of Turkey. She starts her chapter by indicating that there has been widespread dissatisfaction with neoliberal economic policies in many parts of the world; in the case of the MENA region, the popular slogan "Bread and Dignity" is a reflection of escalating dissent against not just economic injustice but also political authoritarianism. Altan-Olcay notes that the concern of these movements with economic injustice did not take into account gender discrimination, despite the fact that women's participation in the movements was high. Even though some activists attempted to bring attention to gender inequality issues, their voices were silenced and omitted. She argues that separating issues of social (gender) justice and economic justice from each other is fundamentally problematic. She then sheds light on this proposition by exploring the case of Turkey, which has been considered as a success story due to its major economic advancement and its electoral system of government, but it has little to show in terms of reduction in gender inequality. The chapter documents how participation of women in the labor force had declined until recently from an already low level in the 1980s. The case study shows vividly that economic growth can leave out an entire segment of society—in this case, women. Furthermore, the chapter points to some serious political challenges that may cause instability in Turkey in spite of the tangible growth in GDP per capita. The recent clashes over the development in Gezi Park and the tensions over corruption claims against high officials seem to be manifestations of those political rifts.

In the last chapter, we examine women's economic roles across the MENA countries in the years leading to the Arab uprisings. The chapter goes beyond the usual statistics of low participation rates of women in the labor force and inspects the structure of their employment. The results highlight the relatively low rates of female presence as the owners of small and medium-size enterprises (SMEs), even though they do not seem to lag behind the rest of the world as owners of large firms. Given the fact that SMEs generate a great deal of employment and that female-owned SMEs tend to employ women at higher rates, dealing with the constraints on the formation and survival of such firms may be an important means of dealing with unemployment and inequality, especially for women. It is true that the rate of SME survival can be highly varied and their life in some cases short; nonetheless, once they survive, they have high potential to generate employment. In the context of MENA, female-owned SMEs may also offer greater possibilities for socially segregated work spaces and all-female firms, which could address the concerns over sexual harassment and conservative family pressures that discourage women from participating in the labor force. Furthermore, encouraging female entrepreneurship in innovative and higher productivity SMEs, such as those in technology sectors, could create more jobs for the increasingly educated female labor force. Support for such firms may also shift female employment away from reliance on cheap unskilled labor in sectors such as textiles that are at the mercy of vagaries of the global economy. The chapter ends with a set of policy recommendations that provide a point of reference for the possibility of female-owned SME growth and the kind of support that national and international organizations may be able to offer to them.

At the end, we wish to reiterate our starting point that multiplicities of factors must have contributed to the Arab uprisings and continued political instability in the region. But when there is a young, educated, but unemployed labor force facing political exclusivity and limited access to resources, the mixture can become highly combustible. Though violent eruption of political discontent may help focus attention on the underlying social and political problems, such events do not necessarily lead to better political and economic outcomes, as witnessed by the unfolding of events in Bahrain, Egypt, Iraq, Libya, Syria, Tunisia, and Yemen. More ominously, the ensuing political instability could give rise to terrorist organizations such as ISIS that may cast long shadows. Bringing some type of improvement in people's economic conditions through policies that bring about more inclusive growth may also ease the carnage that has led to the Arab Winter.

Notes

1. Dependency theory, coined by Andre Gunder Frank, argued that the world was divided into the core (rich countries) and the periphery (poor countries) and that the latter was made dependent on the former through international trade and within the context of a postcolonial world. Later, the world system theory developed by Immanuel Wallerstein argued that the core-periphery division overlooked the divisions within the periphery in a context of a global system, whereby the rich countries specialized in skilled and capital-intensive production and had hegemonic power both politically and economically.
2. The literature on the role of social context in well-being is quite vast and has many branches. For a recent multidisciplinary collection of contributions and surveys, see Addison, Hulme, and Kanbur (2009).
3. The Millennium Development Goals (MDGs) are eight international development goals that were established following the Millennium Summit of the United Nations in 2000, where all United Nations member states and a couple of dozen international organizations committed to help achieve the following objectives by 2015: to eradicate extreme poverty and hunger; to achieve universal primary education; to promote gender equality; to reduce child mortality; to improve maternal health; to

combat HIV/AIDS, malaria, and other diseases; to ensure environmental sustainability; and to develop a global partnership for development.

4. Objecting to lopsided treatment of inequality is a broad concern and not confined to Islamists. As Smith argues, the Left in Latin America mobilized through the Church, and this gave rise to what is known as liberation theology. Although the Vatican tried to disown liberation theology, it has sided with concerns over inequality. Indeed, during his visit to slums of Rio de Janeiro, Pope Francis condemned inequality in Brazil and in his own home country, Argentina. He expressed solidarity with the poor, calling for an end to the "culture of selfishness" (*The Guardian*, July 25, 2013).
5. According to the World Development Indicators, Egypt's headcount poverty rate rose from 16.7 percent in 2000 to 19.6 percent in 2005 and to 21.6 percent in 2009.
6. http://www.fsm2013.org/en.

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CHAPTER 2

Neoliberal Transformation and the Uprisings in Tunisia and Egypt

Karen Pfeifer

By the lights of the international financial institutions, Tunisia and Egypt were the celebrated success stories of the "Washington Consensus," or neoliberal reform, in the Arab Mediterranean and participated fully in the worldwide economic boom of the 2000–2008 period. Neoliberalism promised to shrink government and promote private enterprise as the engine of growth and new job creation. While fewer resources were provided to public investment and services like health and education, private investment did not fully compensate, even as most benefits of growth, liberalization, and privatization were concentrated in the hands of a class of crony capitalists led by the ruling families. Throughout the 2000s, the underside of neoliberal growth became more glaring, including capital flight, the limited contributions of foreign direct investment (FDI) and open trade to domestic development, growing regional disparities, multidimensional poverty, multidimensional inequality, and malfunctions of the labor market.

Social movements grew in opposition to this neoliberal polity and economy among both the middle and working classes. When the economic crisis of 2008–2010 caused a slowdown in economic growth and aggravated unemployment and poverty, the opposition movements grew stronger and more interconnected. To hold power, the ruling elite intensified electoral fraud and the often-brutal repression of opposition movements. The final insult was the maneuvering by the ruling families to convert their presidential systems to dynastic rule. By the end of 2010, these forces converged into a perfect storm that led to the overthrow of presidents Ben Ali and Mubarak.

The IFIs' Approach through 2010: Neoliberal Reform

Egypt and Tunisia were vaunted stars of neoliberal reform in the Arab world from the 1990s through 2010. They were praised for the policy changes they undertook under the guidance of the International Monetary Fund and the World Bank (the international financial institutions, or IFIs), aid agencies such as USAID, and the European Union's Mediterranean Partnership Agreements. Following standard "Washington Consensus" advice, IMF-supervised stabilization programs supported monetary policy that reined in the money supply, raised interest rates toward international market levels, and curbed inflation. Structural adjustment programs supervised by the World Bank and other Western agencies supported shrinking of the financial, regulatory, and productive roles of the state in the economy, reduction of public spending, liberalization of international trade and investment, and privatization of publicly owned enterprises and public services. With little concern for political autocracy and repression, the IFIs heaped praise on the acceleration of privatization in the 2000s, the growth of exports, especially manufactured exports, overall economic growth, and a sharp rise in foreign direct investment, as seen for example in IMF consultation reports from the last boom year before the financial crisis struck (IMF 2007a: 3; IMF 2007b: 3).[1] Figures 2.1a and 2.1b illustrate the rates of real aggregate and per capita GDP growth, and Figures 2.2a and 2.2b illustrate the sources of foreign exchange revenues and growing shares of exports and FDI through 2008. Figures 2.3a and 2.3b indicate that Egypt and Tunisia were paying down external debt and reducing their debt service burdens, and their current accounts were either in surplus or had small deficits through 2009, as shown in Figure 2.4.

While the IFIs took credit for these macroeconomic successes, the agencies, as well as many academics, continued to admonish the governments of Tunisia and Egypt for not doing enough to pursue

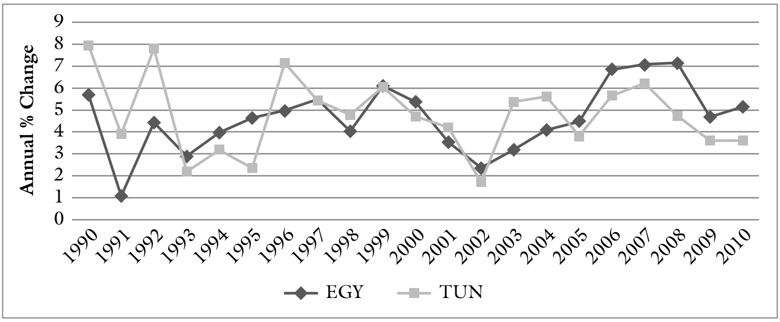

Figure 2.1a Real GDP Growth, Egypt & Tunisia, 1990–2010
Source: World Development Indicators, accessed 8/28/14.

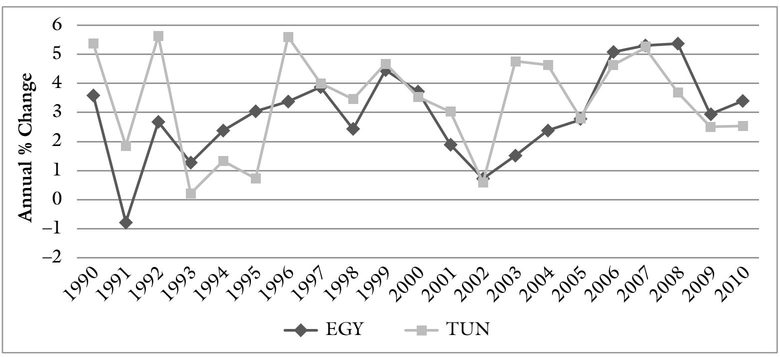

Figure 2.1b Real GDP Growth per Capita, Egypt & Tunisia, 1990–2010
Source: World Development Indicators, accessed 8/28/14.

economic liberalization, to provide transparency and accountability in regulation and taxation, to reduce corruption, and to remove obstacles for establishing and expanding business, whether by domestic or foreign capital. The IFIs attributed these weaknesses to defects of internal policy on the parts of the Tunisian and Egyptian governments, treating some features as benighted holdovers from the statist era—such as relatively more secure employment and compression of wages in the public sector, guaranteed pensions, and ongoing subsidies for foodstuffs and energy—and treating other features as foot-dragging on "reform"; for example, not reducing remaining barriers to trade and foreign investment fast enough, or not removing state influence and

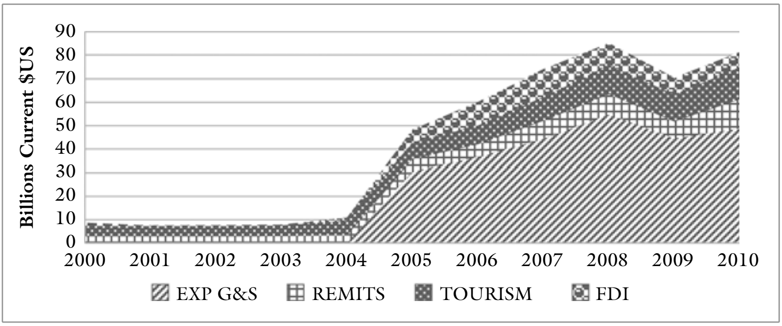

Figure 2.2a Sources Foreign Revenue, Egypt, 2000–2010
Source: World Development Indicators, 4/10/14.

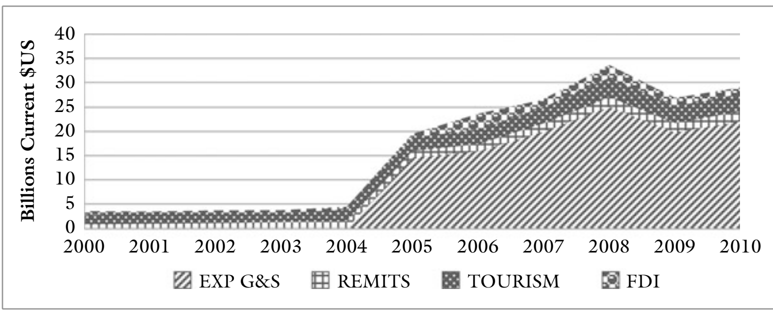

Figure 2.2b Sources Foreign Revenue, Tunisia, 2000–2010
Source: World Development Indicators, 4/10/14.

regulation from the financial sector and too slowly privatizing production of infrastructure and other public goods like education, healthcare, utilities, and energy (IMF 2007a: 3; IMF 2007b: 3).

IMF consultation reports from 2010 evaluated the impact of the global crisis and recession, despite the irony that what the agency had long viewed as insufficient efforts to shrink the role of the government had turned out to be beneficial to the Egyptian and Tunisian economies. In the face of recession, these governments pursued stimulatory fiscal and monetary policies, which had cushioned the blows, given the relative insulation of their domestic markets and banking sector from the international system. The crisis was imposed by exogenous shocks, including sharp declines in the demand for exports and inflows of foreign direct investment and, to a lesser and briefer extent,

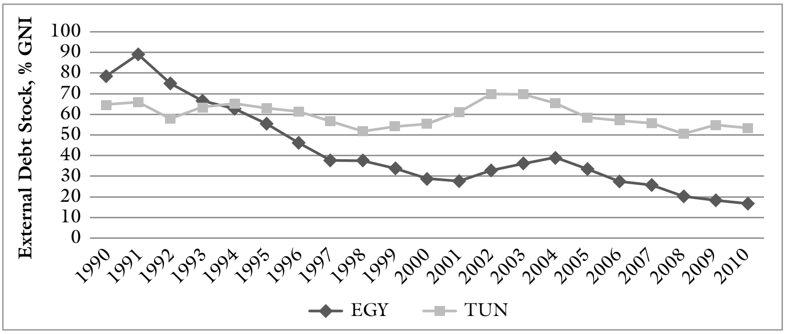

Figure 2.3a External Debt % GNI, Egypt & Tunisia, 1990–2010
Source: World Development Indicators, accessed 8/28/14.

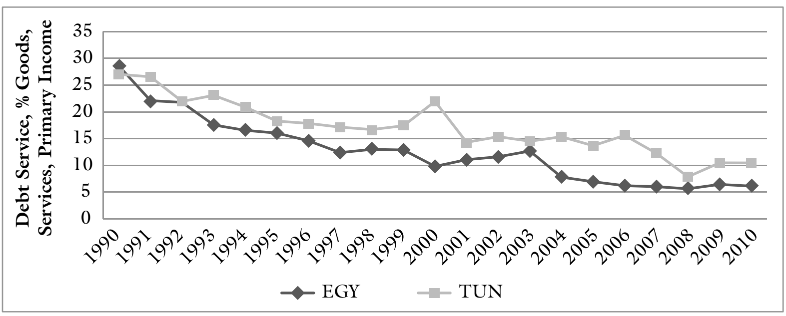

Figure 2.3b Debt Service, % Exports Goods, Services, & Primary Income, Egypt & Tunisia, 1990–2010
Source: World Development Indicators, accessed 8/28/14.

in tourism receipts and remittances (see Figures 2.2a and 2.2b). Yet these 2010 reports went on to recommend more of the same reforms as in 2007, as though the previous two decades of reducing barriers to foreign trade and investment were not relevant to understanding the impact of the shocks (IMF 2010a: 3; IMF 2010b: 3).

International financial institutions and Western development agencies did not take responsibility for the negative socio-economic features of neoliberal transformation or acknowledge the negative political features of these autocracies until the spring of 2011. They left violations of civil and political liberties and human rights to be treated separately and addressed, if at all, by NGOs and United Nations agencies. While

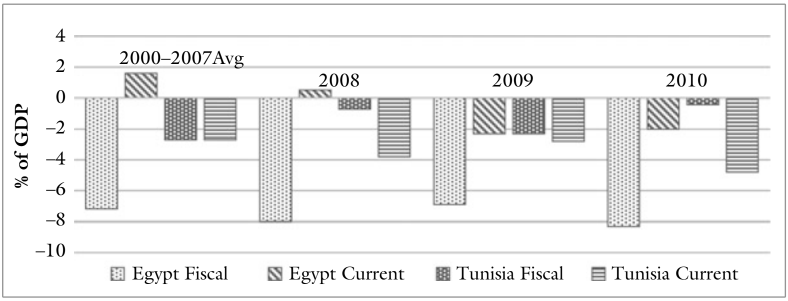

Figure 2.4 Fiscal & Current Account Balances, Egypt & Tunisia, 2000–2010
Source: IMF, Regional Economic Outlook: Middle East and Central Asia, November 2013: 53.

such problems were written up in annual US State Department and EU human rights surveys (e.g., US Department of State 2009), these regimes were considered dependable allies of Western Europe and the United States, leading the latter simply to admonish them with words, as they did with their Gulf monarchy allies, without imposing economic sanctions or military penalties like they did on non-favored regimes in Iran, Iraq, Libya, and Syria.

The IFIs treated inequality and poverty in the countryside as indigenous problems unto themselves—unconnected to the neoliberal agenda—to be addressed separately through programs promoting access to microfinance, vocational training, and "modernization" of agriculture. The IFIs came to view unemployment as an increasingly incorrigible problem in the 2000s but did not consider it to be an aspect of neoliberal policies or outcomes, for example as a demand-side problem due to the nature of FDI or domestic investment. Rather, they attributed unemployment to labor market rigidities and an educational system that awarded credentials to the growing legions of high school and college graduates allegedly without providing them with the skills appropriate to the needs of private sector employers. Other socio-economic problems were ignored, such as the blossoming of a wealthy and powerful capitalist class deeply connected to the highest levels of the state and the regime, capital flight, a dearth of domestic investment, the risks of overdependence on foreign direct investment and external markets, and the uneven distribution of the benefits of growth and the costs of crisis among regions and social groups.

Blossoming of a Wealthy, Powerful Capitalist Class in a Corrupt State

A privileged business elite had grown to operate behind protective barriers in the interstices of the state-led economy in Egypt and Tunisia in the post-independence era. During the neoliberal era, subsets of both public sector managers and the elite merged into a new capitalist class that benefited from the opening to foreign trade and investment and the privatization of state enterprises as part of neoliberal economic reform.[2]

In Egypt, the Infitah of the 1970s and 1980s had allowed more space for these capitalists to expand, some to become successful exporters, others importers or agents of foreign firms, but most remained oriented toward the domestic economy and were well integrated with the network of bureaucrats and public enterprise directors who ran the core of the economy. When privatization got under way in the 1990s, these two groups together, sometimes in competition and sometimes in cooperation, were well positioned to become the new owners, a pod of Nile "whales" that turned public monopolies into private monopolies or oligopolies. The leaders of this newly emboldened capitalist class were identifiable by name, and their positions, business associations, and relationships to the top echelons of the Mubarak regime were known (Rutherford 2008: 204–211; Sfakianakis 2004; Mitchell 2002: 282–284).[3] Two infamous examples of privileged transactions without competitive bidding were the purchase of public lands for an elite housing complex by Minister of Parliament Talaat Mustafa, with free state provision of needed infrastructure (roads, sewer system, utilities), and the award of the first mobile phone license to Naguib Sawiris, part of whose fortune had already come from government construction contracts.

Gamal Mubarak, Husni Mubarak's son and heir apparent, was a leader of the National Democratic Party (NDP) and a strong advocate of further liberalization and privatization of the economy. From the mid-1990s, the regime had come to favor those members of the business elite who were "younger, often more outward and export-oriented entrepreneurs . . . more capable of contributing to growth and employment" and brought market-oriented reformer Ahmed Nazif to serve as prime minister in 2004 (Rutherford 2008:

218–224). The regime then took care in selecting the industries and services for private sector participation—telecom, roads, ports and airports, power plants, cement, automobile assembly (in conjunction with foreign capital), and land reclamation and development, as well as agencies importing for the public sector—and managing the competition for these plums so as to reward some and deny others (Wurzel 2004: 124–125). However, the 2000 and 2005 parliamentary elections indicated that the private capitalist class was growing more autonomous while the NDP's control was weakening (Soliman 2011: 145–147).[4]

Some analysts rationalized these arrangements on the argument that obstacles to growth could be overcome by an at least temporary alliance of top policymakers and important investors, because pro-business reforms at the national level were insufficient in and of themselves to break the "binding constraints" on investment and growth, for example in constructing the communications and Internet technology sector in Egypt from scratch (Abdel-Latif and Schmitz 2011; 2010). If formal legal and financial institutions were weak, corruption and informal insider relationships could make up for this deficit in the short run and stimulate private investment, albeit at the risk of undermining confidence and investment in the long run (Ghecham 2010). A third analyst of corporate governance in Egypt found that the increasing concentration of ownership in privatized firms over time, especially if foreign investors were involved, improved firm performance, as measured by returns to assets or equity, and advised against SOEs being sold to their employees or kept under even partial control of the state (Omran 2009).

While the rationale for such arguments conformed to the ends targeted by neoliberal policies, the means contravened neoliberalism's ideological commitment to the level playing field, ease of entry into industries, and free competition. In practice, competition was shaped and constrained by public policy, leading to concentration of economic power. Stock market capitalization in Egypt rose from 35.6 to 105 percent of GDP from 2000 to 2007, but the share of the formal private sector in GDP actually decreased from 70.7 to 62.3 percent, and the number of companies listed and traded on the stock exchange fell by about 50 percent (American Chamber of Commerce in Egypt 2008). Egyptian companies' participation in international mergers and acquisitions peaked in 2008, with $16 million in sales but just $4.6 million in purchases (UNCTAD 2011). Listings on the Cairo and Alexandria stock exchanges continued to decline during the financial crisis and recession, from 435 firms in 2007 to 212 in 2010 (Dhaman 2011a, 2010, 2009: Table 10).

A parallel scenario played itself out in Tunisia over these decades, but, unlike Egypt, the protected domestic bourgeoisie was less a carryover from the colonial era and more a creation of independent state-led development under Bourguiba. Liberalization took place mostly in the form of export enclaves, where foreign capital reigned and a privileged part of domestic capital was allowed to come on board as junior partners. When the *mise-à-niveau* (industrial upgrading) program was introduced in the 1990s, a partially successful project much praised by the IFIs, the regime used cronyism and its own judgment in deciding which firms could participate and what kind of assistance they could obtain (Hibou 2006: 189–190, 194–196). The domestic capitalist class was not as well organized as in Egypt and could not command the kind of attention and respect that the export sector enjoyed (Cammett 2007: chapters 3 and 5). To the extent that the Tunisian model worked to promote investment, growth, and employment, it was based on an East Asian state-led pattern, overlaid with a belated, gradual, and controlled set of neoliberal reforms (Harrigan and El-Said 2010).

Before the uprising began in late 2010, astute scholars predicted that the internal contradictions of Tunisia's particular form of authoritarian neoliberalism would lead to political resistance (Harrigan and El-Said 2010: 21–22; Hibou 2006). The achievements of the *mise-à-niveau* program were significant but constrained by external factors, such as the abolition of the Multifibre Accords in 2006, and by growing resentment toward the regime's patrimonialism and "lack of accountability to public scrutiny and political challenge" (Murphy 2006: 536). By the late 2000s, the formal system had become dysfunctional and alienating for many domestic investors (BTI 2012: 29–32, 39). Many firms chose to operate in the informal sector instead, where they were less likely to have their property and contract arrangements undermined and where they did not have to pay exorbitant bribes or arbitrarily imposed taxes (Delavallade 2008). Whereas the formal sector had grown relative to the informal sector from 1980 to 1995, when the latter was 12 percent of GDP, the trend was reversed from 1995 to 2009, with the informal sector growing to 29 percent (Abid and Ben Salha 2013: 202).

Popular resentment also formed around concentration of economic power through "corruption and the monopolization of wealth by 'clans' close to Ben Ali" (Hibou 2006: 197). As of 2010, the Ben Ali family controlled one-third of the Tunisian economy, including key sectors of banking, telecom, import-export, autos, agriculture and food distribution, petroleum, tourism, and real estate. Tunisian protesters became enraged at the great wealth and lavish lifestyle of President Ben Ali's second wife, Leila Trabelsi, and her extended family, most notably their son-in-law, the billionaire businessman Mohamed Sakher El-Materi. WikiLeaks published a cable online that caused great public outrage, in which the US ambassador described a dinner at the president's "beachfront compound decorated with Roman artifacts; ice cream and frozen yoghurt flown in from St. Tropez, France; a Bangladeshi butler and South African nanny; and a pet tiger in a cage."[5]

In both Egypt and Tunisia, the public was distressed over the lack of accountability and lack of transparency of the regimes. In Egypt, revenues from the Suez Canal went into a separate budget controlled by the president's office, while the military's massive budget and economic empire were totally beyond scrutiny. In Tunisia, a National Solidarity Fund ("26-26") had been founded by Ben Ali in 1993, ostensibly as a rural development program for public goods like electricity, roads, and health clinics, to be funded out of the state budget plus "contributions" from the public, including civil servants, farmers, business owners, and trade unions. However, the public perceived the funds to be distributed in an unfair, clientelist manner, the work done to be shoddy, when done at all, and the fund's income and spending unaccounted for and reputedly pocketed by the Ben Ali clan (Kallander 2011).[6] Instead of solving economic problems, liberalization seemed to have led to powerful and corrupt crony capitalist states that failed to stimulate formal-sector domestic investment, facilitated capital flight, and incurred "odious debt" at the expense of the citizenry at large.

Investment

A study of growth trends in Egypt from 1973 to 2002, broken into three sub-periods, 1973–1980, 1981–1990, and 1991–2002, found that the contributions of capital investment and total factor productivity growth (TFP) to overall growth were highest in the 1970s. In the 1980s, the capital investment rate declined and TFP was negative, causing the overall rate of economic growth to decline. In the 1991–2002 period (after the SAP was introduced), TFP growth was restored to a positive level but capital investment continued to be low, causing output growth to remain low. The author expressed the hope that, as promised by the IFI advisers, the new round of liberalizing reforms after 2004 would induce a higher level of investment and thus boost growth again (Kamaly 2006).

As indicated in Figure 2.5, average annual gross fixed capital formation (GFCF) decreased slightly as a percentage of GDP in both Egypt and Tunisia from the 1990s to the 2000s. Whereas the private share of GFCF increased in both cases, it was not enough to compensate for the steep fall in public investment. This implies a drag on further growth and development, as productive public investment in infrastructure and human development is essential to underpin, and is generally complementary to, private investment in developing countries (UNCTAD 2014: 19–23). Since productivity, as measured by GDP per employed person, rose faster in the 2000s boom than previously, as shown in Figure 2.6, aggregate income must have

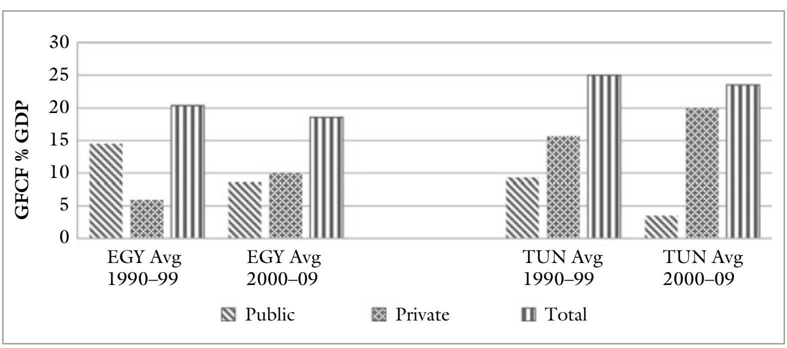

Figure 2.5 Gross Fixed Capital Formation, % GDP, Egypt & Tunisia, 1990–2009
Source: World Development Indicators, accessed 8/26/14.

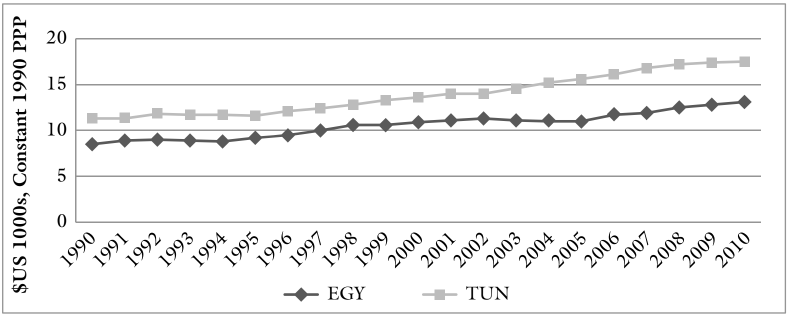

Figure 2.6 GDP per Employed Person, Egypt & Tunisia, 1990–2010
Source: World Development Indicators, accessed 8/26/14.

grown in proportion, leading to the question of how it was distributed and used.

Capital Flight

While the need to rustle up investment from both domestic and foreign sources in order to promote growth was officially a top priority of policymakers for the Egyptian and Tunisian economies, significant amounts of potentially investible capital were being spirited out of these countries every year.[7] Egypt's cumulative inflow of FDI from 2000 through 2008 was $41.8 billion, while its cumulative illicit financial outflow as $57.21 billion. That is an average of $4.59 billion per year in FDI inflow versus $6.36 billion in illicit outflow, a net average outflow of $1.77 billion. Tunisia had a somewhat better, net positive, balance between the flows, with a cumulative inflow of FDI for 2000–2008 of $11.78 billion, an average of $1.31 billion per year, versus a cumulative illicit outflow of $8.7 billion, an average of $0.97 billion per year (Dhaman 2011a; Kar and Curcio 2011: 40–41, Table 3, 52–53, Table 7).

In general, illicit outflows of capital reduce domestic investment and undermine real economic development, worsening unemployment, inequality, and poverty. Less obviously but equally important, unrecorded inflows that are stashed secretly in a country cannot be taxed for public revenue or used as collateral to back development projects when governments issue bonds or borrow abroad (Kar and Curcio 2011:

1, 5). Illicit financial flows reflect two critical downsides to liberalization: rising income inequality, which provides incentives not to report income in order to avoid taxes, and expansion of open trade relative to GDP, which facilitates misquoting of prices to hide profits.[8]

Other, complementary, research estimated the value of flown capital from North African countries for the whole of the 1970 to 2010 period, measured in billions of constant 2010 dollars. The total came to $59.7 billion for Egypt and $38.9 billion for Tunisia, equivalent to 27 percent of Egypt's 2010 GDP and 88 percent of Tunisia's. Assuming that flown capital could have earned an interest rate equal to the return on United States Treasury bills, the authors estimated that the compounded loss over those forty years would come to $110.1 billion for Egypt and $45.2 billion for Tunisia, compared to a 2010 debt stock of $34.8 billion for Egypt and $21.6 billion for Tunisia (Ndikumana and Boyce 2012). Had those funds been used for domestic investment, there would have been higher GDP growth and no need to borrow abroad, and even the possibility of earning interest rather than paying it out on the international capital markets.

Debt and Odious Debt

When the IFIs advised deeper budget cuts and more opening to international capital in response to the crisis of 2008–2010, popular resistance arose against not only austerity but also the implied loss of economic integrity and the concomitant and apparently permanent indebtedness that the Egyptian and Tunisian governments incurred in their relationships with the IFIs. Popular criticism of international indebtedness from the "50 Years Is Enough" campaign and the "Dakar Declaration for the Total Unconditional Cancellation of African and Third World Debt" in 2000[9] resonated loudly among activists in Tunisia and Egypt. They argued for opening their governments' books to public scrutiny and for the cancellation of the "odious" portion of the debt incurred for the purchase of unneeded military or "security" equipment or for the personal enrichment of the regime and its cronies.[10] This demand was a centerpiece of the World Social Forum when it convened in Tunisia in March 2013.[11] Cancellation of this part of the debt would reduce the interest costs that eat up a significant part of the annual budget in each country and so shrink fiscal and current account deficits (see above Figures 2.3b and 2.4). Activists also argued for converting the non-odious debt to aid for development projects in deprived regions, and for recovering the assets stashed abroad by the rulers and their cronies.

Integration with the World Market through FDI and Trade Liberalization

Foreign direct investment in Egypt and Tunisia had some positive features while it lasted, but it was often of questionable developmental value and too focused on energy production and export, as well as

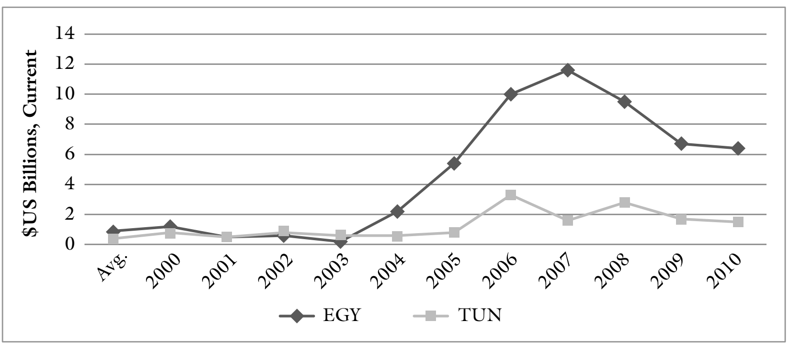

Figure 2.7a FDI Inflow, US$ Billions, Egypt & Tunisia, 1991–2010
Source: DHAMAN 2011: "Inward FDI Flows, 1970–2011, $US Mns, Current, and as % of Gross Fixed Capital Formation."

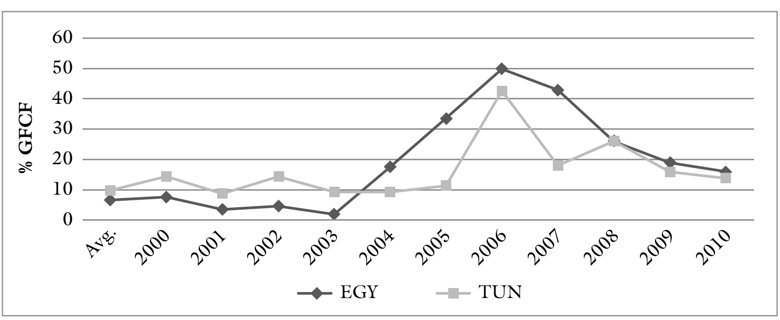

Figure 2.7b FDI Inflows, % Gross Fixed Capital Formation, Egypt & Tunisia, 1991–2010
Source: DHAMAN 2011: "Inward FDI Flows, 1970–2011, $US Mns, Current, and as % of Gross Fixed Capital Formation."

leaving these economies susceptible to externally induced crises (Pfeifer 2012a: 15–24). During the peak years of 2005–2007, FDI averaged an unprecedented 15 percent of GDP in Egypt and 13 percent in Tunisia. However, the wave of FDI was short-lived. As indicated in Figure 2.7a, Egypt experienced a dazzling rise in FDI from $237 million in 2003 to a peak of $11.6 billion in 2007, and a stunning drop by 45 percent from 2007 to 2010. FDI inflow to Tunisia reached a peak at $3.3 billion in 2006, then fell by a total of 54 percent from 2006 to 2010 (Dhaman 2011a: Table 7; Dhaman 2011b).

One main argument for liberalization of FDI was that it would help raise total private investment to compensate for the desired decline in public investment. As seen in Figure 2.7b, FDI did grow as a share of investment, but as we saw in Figure 2.5 above, that did not increase total investment. Much of the inflow was for takeovers of existing enterprises. More than half of Egypt's inflows of non-hydrocarbon FDI in 2007–2008 went into financial and other services, like the takeover of an Egyptian private bank by a Kuwaiti bank. Two Dubai firms, including the deeply indebted Dubai Group Holding company, committed over $3 billion to purchase a 35 percent interest in Tunisie Telecom in 2006, accounting for 68 percent of total FDI from all sources to Tunisia in that year (UNCTAD 2012: 6–7), but provided no investment in new productive capacity and liquidated its share in 2011 in order to repay its creditors elsewhere.

A second argument for more FDI was that it would lead to the formation of new small and medium-sized enterprises (SMEs) that would generate jobs. Most of Gulf-sourced investment favored mega-projects in real estate such as hotels, tourist resorts, and luxury shopping malls, and fully or partially privatized public works, such as ports, airports, and utilities. These projects created temporary jobs in construction but, except for tourism, few permanent jobs. In Egypt, a third of the 2007–2008 non-hydrocarbon flows went to manufacturing, mostly existing capital-intensive plants such as fertilizers and chemicals, 9 percent went to real estate and construction, and just 4 percent to the labor-intensive tourism, agriculture, and ICT sectors (Mohieldin 2008: 40–41).

Even where FDI put resources into labor-intensive manufacturing for export, the quality of jobs and impact on the domestic economy were questionable. In Tunisia, most new jobs created in the late 1990s and 2000s were low technology, low skilled, and low paying (Achy 2011: 10–11). FDI tended to favor coastal locations for production of exports to be shipped back to the investor countries (Karray and Driss 2009), generated few forward and backward linkages with the domestic economy (Achy 2011: 15–16), and, in addition, pitted Morocco and Tunisia against each other rather than encouraging integration (Nicet-Chenaf and Rougier 2009). Where there was a positive effect of European FDI on technology transfer and TFP growth in Tunisia, it was confined mainly to the export sectors, neither spilling over into domestic intra-industry linkage nor stimulating local research and development, a "weakness in absorptive capacity" attributed to the decline in resources allocated to education in Tunisia and to "political choices" that "imply a fall of the quality of the formation of manpower" (Samet and Chaabane 2010: paragraphs 34–38). As Figure 2.8 shows, value added in manufacturing averaged a slightly lower percentage of GDP in the 2000s than it had in the 1990s.

A third argument in favor of FDI was that it would diversify the host economies, but FDI to the energy sector in the Mediterranean remained important throughout the 2000s. "Energy security" for Europe was defined as diversifying sources of imports and transit routes away from dependence on Russia. To the consternation of its domestic critics, Mubarak's regime provided "attractive fiscal terms" for hydrocarbon exploration and production, becoming "a leading supplier of natural gas to the Mediterranean basin" in the 1990s and 2000s (Bahgat 2009). Some 29 international oil and gas companies were operating

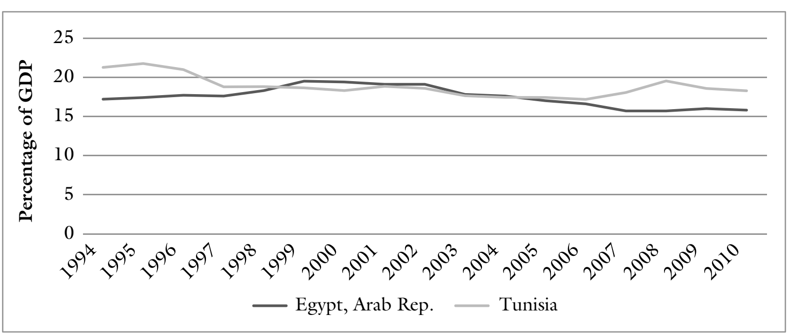

Figure 2.8 Manufacturing Value Added % GDP, Egypt & Tunisia, 1994–2010
Source: World Development Indicators, accessed 8/26/14.

in Egypt in 2008, focused on upstream exploration and production of oil and gas, transported via the Suez Canal, the SUMED pipeline, and the natural gas grid, to downstream activities like oil refining and gas liquefaction, as well as distribution to both the domestic and export markets (Fattouh and Darbouche 2010: 1119–1121, 1124–1125). As shown in Figures 2.9a and 2.9b, fuel exports averaged about 10 percent of Tunisia's merchandise exports from 1994 to 2010, and 40 percent of Egypt's (rising to more than half from 2005 to 2007). This process continued through the crisis years. European investors accounted for 70 to 90 percent of FDI to Tunisia in from 2008 to 2010, with energy absorbing 54 to 62 percent of total FDI. The hydrocarbon sector in Egypt absorbed from 27 to 66 percent of FDI over the 2006 to 2010 years. Among non-Arab sources of FDI, 59 percent came from Europe,

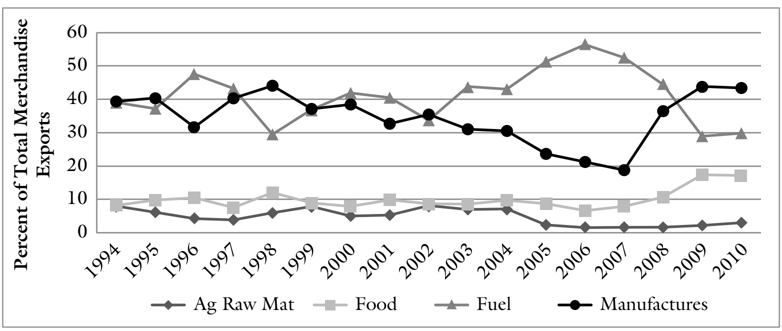

Figure 2.9a Shares Merchandise Exports, Egypt, 1994–2010
Source: World Development Indicators, accessed 8/26/14.

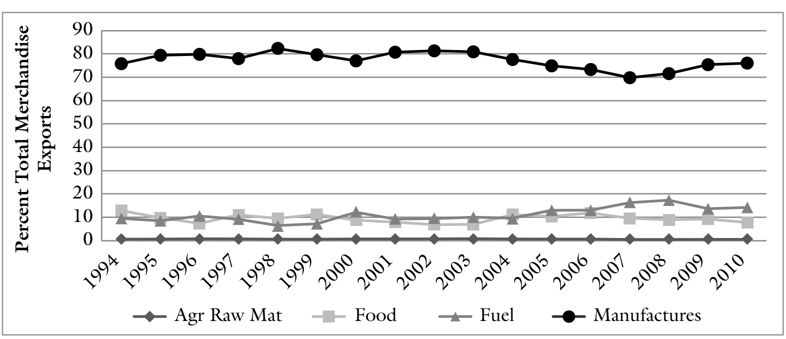

Figure 2.9b Shares Merchandise Exports, Tunisia, 1994–2010
Source: World Development Indicators, accessed 8/26/14.

with the UK alone supplying 38 percentage points, and the United States another 23 percent (Dhaman 2011b).

As indicated in Figures 2.10a and 2.10b, Egypt and Tunisia showed significant growth in exports to the world overall and to Europe in particular from 1995 to 2006, following the establishment of the Euro-Mediterranean Partnership (EMP) and joining the World Trade

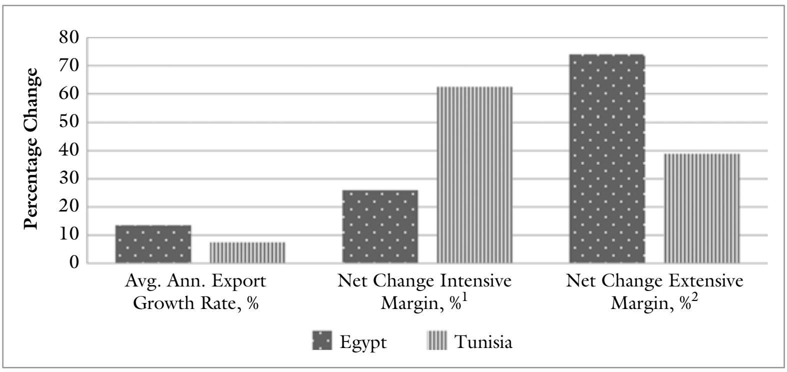

Figure 2.10a Exports to World, Egypt & Tunisia, 1995–2006

Note: 1. Change in intensive margin is of increase or decrease of existing products to existing markets. 2. Change in extensive margin is increase or decrease of new or existing products to new markets.
Source: Extracts from calculations by Brenton and Walkenhorst 2010, Tables 1 and 3, based on UN Comtrade data.

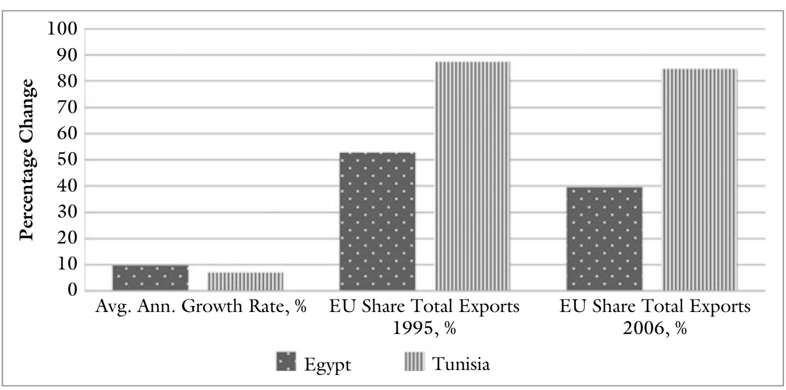

Figure 2.10b Exports to EU, Egypt & Tunisia, 1995–2006

Source: Extracts from calculations by Brenton and Walkenhorst 2010, Table 2, based on UN Contrade data.

Organization (WTO). However, their share of world and EU exports remained very small, as aggregate international trade had grown rapidly in that era. Their penetration of overseas markets in which their exports were competitive improved slightly, with Egypt's index rising from 6.56 percent in 1995 to 11.3 percent in 2006, and Tunisia's rising from 4.42 percent to 7.72 percent, in contrast to Turkey, for example, which went from 13.53 percent to 27.07 percent in the same time period. Egypt and Tunisia were also weaker than Turkey in penetrating their own neighboring markets in the southern and eastern Mediterranean (Brenton and Walkenhorst 2010: 582–583, Tables 4 and 5).

A study of trends over the period from 1998 to 2007 found that the EMP had indeed increased both FDI to and trade with Egypt but had had little impact on the structure of production or overall level of investment and no impact on employment. The authors concluded that "a dynamic nexus between exports, domestic investment and income growth that would allow Egypt to rapidly narrow the income gap with its developed EMP partners thus remains to be established" (Saleh and Abouelkheir 2013). A study of the impact of the EMP on Tunisia for the 1975–2009 period found that both FDI and trade openness had helped promote growth, but that the distribution of benefits depended on the quality of human capital and financial development, in the case of FDI, and on the level of diversification and sophistication of exports, in the case of trade (Hassan and Anis 2012). A second study of Tunisia for the 1984–2011 period found that growth and openness increased inequality in income distribution, albeit mitigated by human capital and financial development, but that higher inequality then became a drag on further growth (Wahiba and Weriemmi 2014).

Where positive impacts were found from the Euro-Mediterranean Partnership (EMP) on the exports of Egypt and Tunisia from 1995 to 2008, including "sophisticated manufacturing products . . . [such as] machinery and transport equipment," they were attributed to Europe's having changed the "rules of origin" regulation to "have allowed the integration of better quality/less expensive intermediate goods [from Europe] in production in North African countries, consequently enhancing the demand for these goods in European markets" (Bernassi et al. 2011: 256). Meanwhile, Tunisia had become stunningly dependent on the EU, which accounted for 73 percent of FDI, 76 percent of exports, 83 percent of tourism revenues, and 90 percent of remittances in 2008 (Achy 2010: 11).

The IFIs attributed the slow growth of jobs to the need for even more neoliberal "reforms," more liberalization of labor markets, more trade, more exports, and more FDI. However, it was the dearth of domestic investment and dependence on exports and FDI that transmitted the West's economic crisis to Egypt and Tunisia from 2008 to 2010, exacerbating the problems of uneven regional development, poverty, inequality, and precarious employment that were the heritage of the neoliberal regime.

Uneven Development: The "Two Egypts" and the "Two Tunisias"

The problems of uneven development accompanying neoliberal programs were officially recognized when the UNDP inaugurated its annual Human Development Report in 1990, as a complement, if not a competitor, to the IFIs' publications. The approach was based on "growing evidence that did not support . . . the 'trickle down' power of market forces to spread economic benefits and end poverty" and the "human costs of Structural Adjustment Programmes."[12] The UNDP's Arab Human Development Reports, inaugurated in 2002,[13] addressed "development challenges for the Arab region," including a volume published after the 2008 crisis and just before the uprisings. These "challenges" included the quality of institutions and governance, development investment and investment in human capital, employment and unemployment, income and wealth inequality, poverty, and the impact of external trade and financial liberalization (UNDP 2009).

As a former head of the Arab Planning Institute put it at an international development conference in Cairo in 2003, globalization may lead to growth without development, so "policymakers need to forge a domestic growth strategy, relying on domestic investors and domestic institutions" to resolve conflicts arising from increased integration with the world economy (Ali 2005: 60). As the 2000s wore on, independent researchers increasingly found that neoliberal stars Egypt and Tunisia did not have a coherent "domestic growth strategy" and that inequitable dispersion of the benefits and costs of growth were leading to new developmental dilemmas. The following examples of that research weave the story of the underside of neoliberalism.

The Built Environment in Egypt

With 80 percent of Egypt's population living in cities—in the mid-2000s, about 13 million in Cairo alone—there was growing scarcity of affordable housing and urban services. Because the reformed, liberalized state was no longer supplying adequate infrastructure or building public housing, the weakly regulated residential real estate market bifurcated into two sectors: luxury developments (with a surplus of 10.5 million units held mainly as investments) versus informal construction of three- or four-story apartment buildings lacking in sanitary facilities and sound foundations (Denis 2008: 32–35). One catastrophic result was the collapse of a cliff at the edge of the Muqattam Hills district that buried many homes and their occupants in September 2008.

A critique of the Cairo 2050 urban development plan, adopted by the Mubarak regime with the support of international capital and the enthusiastic endorsement of Egyptian real estate moguls, argued that allegedly "modern" cities like London, Singapore, and Dubai were unrealistic and highly damaging models for replacing Cairo's densely populated and largely informal residential areas. While enriching the already-privileged developers, the plan would displace inhabitants and destroy neighborhoods that had developed organically to serve the interwoven threads of residence, work, education, transportation, and community that make life viable for poor and lower middle-class citizens. Citizens resisted fiercely and demanded that government instead provide much-needed services to these existing communities and construct affordable housing with full services for new communities in now underutilized desert parcels, as was done with proven success for Ismailia starting in the 1970s (Tarbush 2012).

A review of three decades of World Bank development projects in both urban and rural areas of Egypt found that little had changed in the way that these communities functioned. While the Bank had designated over 80 percent of its $3.9 billion portfolio for built-environment projects as of 2010, including affordable housing, electricity generation, sanitation, solid waste management, household natural gas connections, and transportation, the primary beneficiaries were private companies and wealthier individuals, while poorer communities benefited little. In one infamous example, the traditional self-organized private-sector *zabbaleen* system of solid waste collection and management for Cairo, Alexandria, and Giza was replaced in the late 1990s with long-term contracts awarded to multinational firms. The firms added collection fees to residents' electricity bills to enforce timely payment, but they provided services that most residents found much less satisfactory than the old system (Bank Information Center 2013).

The "false image of a stable, prosperous and progressive Egypt propagated by the state" and in World Bank reports was set in sharp contrast to surveys of ordinary people and direct interviews conducted in two poor communities, the Cairo slum of Manshiet Nasser and rural villages in the Upper Egyptian governorate of Menia. Based on fieldwork conducted from 2006 to 2008, the researcher documented the ground-level experience of local inhabitants with inadequate education (e.g., illiteracy of up to 30 percent and a falling school enrollment ratio), failing healthcare provision, growing unemployment and poverty, and disillusionment with an incompetent and disengaged state bureaucracy, corruption, and electoral fraud (Ibrahim 2011).

Location of Investment and Public Services in Tunisia

Industrial employment grew fastest in Tunisia from 2000 to 2005 in those coastal regions that already had a competitive environment, a diversity of economic activities, modern public infrastructure and social services, and an urban culture with higher levels of human development. Foreign capital preferred to locate in these regions, namely around Tunis, Sousse, Monastir, and Sfax, where they could specialize efficiently in products to be sent back to their home countries. Thus did FDI entrench regional developmental disparities, and while government programs had made some difference in vocational training, infrastructure investment, and fiscal incentives in other regions, it was not enough to correct the imbalance with the coastal regions (Karray and Driss 2009; Kriaa et al. 2011). Unemployment in urban and coastal regions was about 7 percent in 2008, but it was 30 percent in Sidi Bouzid, home of citizen Mohammed Bouazizi, whose suicide set off the uprising.

As one journalist summed it up, investment in infrastructure had been concentrated in the coastal and Sahel regions from the time of French colonialism. Bourguiba and Ben Ali added tourism and manufacturing and devoted 65 percent of public spending to these regions. In consequence, public services, such as road building and maintenance, trash collection, and access to Internet and mobile phone services were all less available in the hinterland. The interior governorates had twice the national rates of illiteracy and unemployment, and half as many medical facilities as the coast, requiring the residents of Sidi Bouzid, for example, to travel 140 kilometers to Sfax for medical treatment (Joyce 2013).

Gafsa, a phosphate mining district in the south where the enterprise had been privatized and investment languished, had an unemployment rate of 40 percent in 2008, with one-fourth of families in poverty (Usher 2011). This was the region where labor strikes took place in 2008, garnering wide and militant support from other labor organizations, including middle-class professionals in education and healthcare, and in other regions. The actions went on for months and were brutally suppressed by the government, but they galvanized the movement that would feed into the uprising of 2010–2011.

Maternal Healthcare

Both Tunisia and Egypt had put resources into improving the health of their populations over the 1980–2010 period, as evidenced by national-level data on increases in the human development index (HDI) overall and health indicators in particular. Egypt's HDI value rose from 0.452 in 1980 to 0.644 in 2010, and Tunisia's rose from 0.45 to 0.698. Egypt's life expectancy at birth (LEB) rose from 62.1 years to 73.0 over the same period, while Tunisia's rose from 62.1 to 74.3 (UNDP 2011a). These national rates, however, obscured significant disparities among regions and between classes in access to health services, especially for women and children.

In Egypt in 2008, a pregnant rural woman was about half as likely as an urban woman to receive prenatal care or to have an assisted delivery, and she was more than three times as likely to give birth at home. In addition, the degree of such deficits was clearly and negatively correlated to socio-economic status. In Tunisia, access to assisted deliveries for pregnant women improved significantly in all regions over the 1994–2006 period, but greater Tunis and the northeast and center-east regions showed the biggest change. By 2006 less than 1 percent of deliveries were unassisted in Tunis, down from 11 percent in 1994, while they were still 29 and 22 percent, respectively, in the least-favored regions of Kasserine and Sidi Bouzid (Boutayeb and Helmert 2011: 6–7).

Inappropriate and Ineffective Policy toward Agriculture

In the 1990s and 2000s, neither overall economic growth nor agricultural sector growth alone reduced poverty in the Arab World (Ali 2005; Kheir-el-Din and El-Laithy 2006), as most of the benefits went to wealthier, land-endowed households. The majority of low-income households in rural Egypt and Tunisia had little access to land and earned most of their money income from wage labor and nonagricultural activities. Furthermore, the share of public expenditure on agriculture had declined from 2000 to 2007, decreasing by 2.5 percent per year in Tunisia and 6.1 percent in Egypt, to just 1.5 percent of total public spending in Tunisia and 0.8 percent in Egypt in 2007 (Breisinger et al. 2012: 20–24). What was missing in Egypt in the mid-2000s to correct this imbalance, beyond increased investment and extension services to agriculture, was to "build assets for the poor and support demand for these assets," to improve provision and targeting of social services and education, to raise agricultural producer prices and the wages of unskilled workers, and to provide transfers to poor families to "reduce their risk" (Kheir-el-Din and Al-Laithy 2006: 23–28).

Research on agriculture in Tunisia in the 2000s, even when the researchers were sympathetic to the potential of liberalization to improve rural livelihoods, found negative impacts. The World Bank's program to reform and liberalize agriculture exacerbated existing inequalities, by increasing concentration of land ownership in rich farmers' hands, privatizing cooperatives under control of rich farmers, and promoting agriculture for export, even though the EU did not liberalize its imports of agricultural goods (Gana 2012; World Bank 2013). One analyst projected that Tunisian agricultural exporters would benefit from increased trade with Europe when Europe reduced its domestic agricultural support policies, but poorer agricultural households in Tunisia would be hurt because of low competitiveness in international markets and national policies that depressed producer prices (Chemingui 2011). As of 2005, agriculture in Tunisia accounted for 13 percent of GDP and 16 percent of the labor force, and it had generated 25 percent of new jobs from 1997 to 2001, but it was given short shrift in the national Five-Year Plan for 2007–2016, with little attention to its needs for water, energy, and extension and financial services (Chebbi 2010).

Multidimensional Poverty

Poverty, in both income and human development terms and in its regional variations, was a subject of intensive study and debate in Egypt from the 1980s to 2000, including issues of access to productive resources, education, healthcare, and decent employment (Ikram 2006). As per capita GDP rose by 2.6 percent per year from 1999/2000 to 2004/05, per capita expenditures fell by 1.4 percent, a pattern that may have been linked to unfavorable shifts in income distribution, insufficient mobility from low value-added jobs (e.g., in agriculture) to higher value-added jobs (e.g., in manufacturing), and low sectoral productivity growth (Kheir-El-Din and El-Laithy 2006: 8–9, 16, 27–28). However, what really shocked researchers looking at trends in the 2000s was that poverty rose even though growth accelerated and other macro indicators were positive, and it worsened in Upper Egypt in general and among the rural agricultural population in particular. The proportion of the population below the national poverty line rose from 16.7 percent in 2000 to 19.6 percent in 2005 to 21.6 percent in 2009.[14] The growth of that population was accompanied by a large vulnerable population just above the poverty line that would be quickly and negatively affected by any decrease in growth, rise in unemployment, or increase in the prices of necessities.

Other factors affecting the rise in poverty in Egypt in the 2000s were ineffective targeting of aid to low-income groups and faulty calculations of the poverty line, and thus of who was eligible for assistance. Based on direct fieldwork in seven poor governorates in 2009 in both Upper and Lower Egypt, including some urban regions, one researcher found, first, that the food subsidy program was "fairly inefficient" in targeting the lower-income groups, especially in rural areas, and second, that the social assistance program was not adequate to cover the minimum necessary basket of commodities for the lowest-income groups. Furthermore, neither program was well targeted on the governorate level (Korayem 2013). Another project based on direct fieldwork in Cairo indicated that the poverty line was underestimated in urban areas, yielding artificially lower official rates than rural areas, because the actual costs of necessities faced by the majority of the urban population that lived in informal neighborhoods were significantly higher than the prices included in the consumption package that defined the national poverty line (Sabry 2010).

Late in the game, the World Bank began to recognize the problem of chronic poverty in Egypt. Before the uprising, a bank study acknowledged the limited accomplishments of the anti-poverty Social Development Fund that it had introduced in Egypt in 1991 along with the Economic Reform and Structural Adjustment Program, or ERSAP (Abou-Ali et al. 2009). In the immediate aftermath of the uprising, Bank researchers found "persistent internal poverty dynamics," that "31 million (around 40%) were poor or near poor" in 2008/2009, and that "between 2004/2005 and 2008/2009, extreme poverty and absolute poverty actually increased" (World Bank 2011).

Standard international measures of poverty, even when broken down by urban/rural or regional categories, failed to provide an accurate picture where national-level data were unreliable or misrepresented and did not reflect inequitable access to social services or vulnerability to shocks like unemployment and food price inflation.[15] World Bank-published data tended to repeat national poverty rate reports uncritically; for example, a 2005 publication about Tunisia's "successful socioeconomic development" stated in its executive summary,

> Rapid economic growth made possible a remarkable improvement in social indicators and a decline in the poverty rate from 40 percent in 1970 to 4 percent in 2000; the remaining poverty is predominately rural. But if the vulnerable population just above the poverty line is included, the percentage of the poor would increase by another 6 percentage points to over 10 percent. Addressing vulnerability and rural poverty remains a priority. (Hassan 2005: 1–2)

When World Development Indicators were adjusted after the uprising to take account of misrepresentation by the Ben Ali regime, the poverty headcount ratio at the national poverty line was revised to 32.4 percent in 2000, 23.3 percent in 2005, and 15.5 percent in 2010, not including the vulnerable population just above the poverty line.[16] Tunisia's national poverty rate still seemed to have fallen over the decade, but the actual rate was much higher in 2010 than the original figure cited for the year 2000, and the "vulnerability and rural poverty" problems had not been solved by relatively high overall growth or public policy in the 2000s.

The correlation between regional underdevelopment and poverty in Tunisia was clear by 2010, before manipulation of poverty lines and rates was exposed. In 2005, the region of Greater Tunis and other more privileged regions were recorded as having poverty rates of less than 2 percent, while Kasserine, Sidi Bouzid, and Kairouan were given rates of just under 12 percent. After the recalculations of 2011, the relative rankings of regions changed only slightly, with Greater Tunis and other coastal regions estimated at rates of less than 10 percent and Kasserine, Sidi Bouzid, and Kairouan stunningly high at over 32 percent (Béchir 2011: 6; Béchir and Sghaier 2013: 7).

In parallel, the reconceptualization of "poverty" as a complex, multidimensional problem beyond just money income was part of the UNDP-led project to meet the Millennium Development Goals (MDGs). This approach helped to explain the wide variance in rates among regions and the persistence of poverty and "vulnerability" of the "near poor" in the face of overall economic growth (for Tunisia, Hamdene and Benhassen 2012; for Egypt, Berenger 2010). For example, a supplementary indicator of poverty is child malnutrition, which reflects many nonmonetary variables as well as money income, such as access to healthcare, sanitation, and other social services. Stunted growth in children less than five years old (as measured by height relative to age) was 9 percent in Tunisia as a whole in 2006, but it was 12.7 percent in the rural areas, and in Egypt as a whole it was 30.7 percent in 2008 and 31.7 percent in the rural areas. The good news was that stunting had decreased in both countries from the late 1990s, at a faster rate in Tunisia than in Egypt and at a faster rate in the rural areas than in the urban. However, these declines were much slower than growth in either per capita GDP or per capita value-added in agriculture, thus exacerbating inequality (Breisinger at al. 2012: 15–18).

Multidimensional Inequality

In the 2000s, researchers tried to address the questions of a possible increase in inequality in the Arab region, how effectively to capture and interpret the relevant data, and how to address the issue with appropriate public policy. Consumption expenditure was considered to be a more reliable indicator of the standard of living than income, because it was easier to measure from household survey data and it avoided the problem that in most Middle East countries, upper-level incomes were difficult to gauge. In general, researchers agreed that the Arab region had had a moderate and stable degree of consumption inequality compared to other regions, with Egypt toward the lower end and Tunisia toward the upper end of the Arab range, due to the redistribution effects of public and private institutions (Ali 2009). However, the quality, accessibility, and comparability of available data were questionable, and research on the impact of liberalization and privatization was quite limited and inconclusive (Bibi and Nabli 2009). Figures 2.11a and 2.11b, from World Bank data, indicate that there was even a decline in consumption inequality in the 2000s.

The UNDP offered two other ways of examining inequality. It pointed to the "large and increasing difference between household expenditure reported by surveys and national accounts." The ratio of the former to the latter in the 1990s was 0.46 for Egypt and 0.71 for Tunisia. In the 2000s, the ratios had fallen to 0.39 for Egypt and 0.66 for Tunisia, apparently indicating that household "consumption surveys were missing the big spenders" (UNDP 2011b: 26–27. Another approach was to adjust for inequality in the various components that make up the human development index, yielding an "Inequality-Adjusted HDI" (the IHDI). For Egypt, the classically measured HDI value for 2010 was 0.644, but the IHDI was 0.489, with the biggest component of the 24 percent loss coming from inequality in education. Tunisia's HDI value in 2010 was 0.698, while its IHDI was 0.523, with the largest component of the 25 percent loss coming again from educational inequality (UNDP 2011a).

Popular perception of rising inequality was an important contributor to the uprisings, fed perhaps by more visible factors like growing regional disparities, chronic poverty, rising unemployment and informal work, rising prices for food, inequitable access to education and healthcare, and growing awareness of these social disparities through electronic

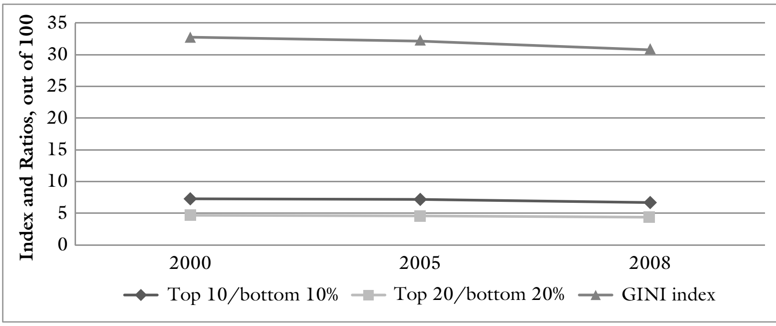

Figure 2.11a Egypt Income Distribution, 2000–2008 (measured by consumption spending)
Source: World Development Indicators, accessed 8/26/2014.

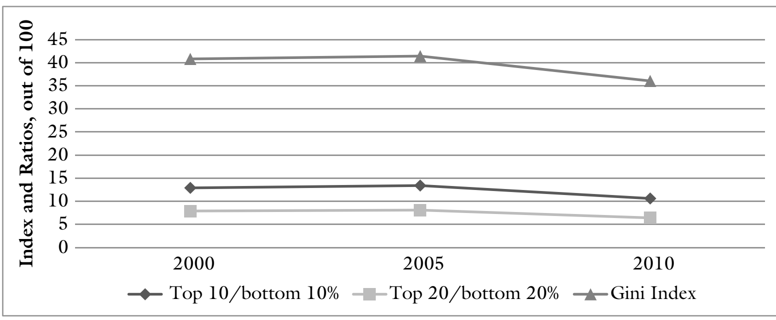

Figure 2.11b Tunisia Income Distribution, 2000–2010 (measured by consumption spending)
Source: World Development Indicators, accessed 8/26/2014.

media. In Egypt in 2010, the general literacy rate was just over 71 percent, with males at 83 percent and females at only 59 percent, but there were more than twenty million Internet users (who must be literate), ranking the country twenty-first in the world, and 55 million cell phone users, which was nineteenth in the world (Reske 2011). Despite Tunisia's vaunted reputation for having surged ahead in education, including of girls, in the Arab World, the big changes in expected years of schooling were achieved in the 1980s with a total addition of 2.2 years, and the 1990s with a total addition of 2.9 years, but slowed in the 2000s to add just 1.3 years. As of 2010, the mean years of schooling of adults was 6.5, barely above the elementary level (UNDP 2011a), even as the college-educated population grew more visible and more troubled.

Other dimensions of inequality were examined by micro-level studies, such as the inequities of life in the informal and poor neighborhoods of Cairo described above (Tarbush 2012; Sabry 2010). A survey of street vendors, probably the most visible sector of the informal economy, in five governorates in Egypt in 2009 found that 35 percent were illiterate and 30 percent were just literate or had only primary education, that 79 percent had daily sales of 200 LE (about $33.00) or less, and that they worked under constant threat of confiscation or intimidation or demands for bribes from the police and other officials (FEDA 2009). A study of bank data in 2010 examined the distribution of credit to various levels and types of business and the impact that had had on growth, inequality, and youth employment. On one extreme, lending to politically connected businesses was shown to contribute nothing to economic growth but to increase both inequality and youth unemployment. On the other extreme, lending to SMEs promoted growth and reduced both inequality and youth unemployment, with trade-association-linked businesses and state-owned enterprises falling somewhere in the middle. The sectors that showed the greatest potential for growth and employment were industry, agriculture, tourism, and construction, but these had all received disproportionately small shares of bank credit (Abdel-Baki 2012).

Shifting Wage Structures

A study of the relationship between earnings inequality from 1988 to 2006 in Egypt and inequality of opportunity, meaning variables such as parents' location, occupation, and education, found "levels of inequality of opportunity were fairly stable while earnings differentials widened markedly," meaning that other factors must have become more important in increasing wage differentials. The author suggested that these other factors might be the "transition to a more market-oriented economy" and the slower "expansion of intermediate and higher education" after 1988 (Hassine 2011). Another study of wage differentials in Egypt found that in 2006, 75 percent of manufacturing jobs were unskilled, but that disparities in wages could be explained by location (rural versus urban) and gender (women were 13 percent of the manufacturing labor force) as well as by skill level. The author argued that trade liberalization could benefit all manufacturing workers in industries in which Egypt had a comparative advantage, but that these benefits would be realized only with innovation to raise productivity and competitiveness to international standards (Zaki 2011).

Data gathered by Hashem (2010) for Egypt indicated that real wage growth in the public sector appeared to be significantly higher and more stable than in the private sector over the whole period from 1995 to 2007. However, the average rate of increase in the public sector fell about in half in the 2000s as compared to the 1990s, and the rate of increase in the private sector, which was at least positive on average in the 1990s (albeit volatile), was negative on average in the 2000s. This provides fodder for the IFIs' argument that the public sector is overly protective of its workers and that the labor market needs to be further liberalized. However, the fact that real wage growth in the private sector was a net negative over the 2000 to 2007 period implies that forcing more workers into the private sector would put even more downward pressure on wages. Another study on wage trends and differentials in Egypt over the neoliberal era found that real wages fell from 1988 to 1998 and the wage scale became more compressed, that real wages rose from 1998 to 2006 but the wage scale became more unequal, and that real wages fell again from 2006 to 2009 even as the wage scale continued to become more unequal (Said 2012). ILO data confirm that average real wages economy-wide grew by a total of 16 percent from 1999 to 2007, but also that productivity rose by 20 percent in the same years,[17] which implies that the benefits of growth were going disproportionately to employers.

Analyses of the labor market in Tunisia during economic liberalization addressed similar issues. A study of the 1999 nationwide survey of households affirmed that the market was segmented into privileged ("protégé") and nonprivileged sectors. In 1999, 82 percent of the labor force, and over 96 percent of the female labor force, was still employed in the formal sector. The nonprivileged (informal-sector) workers were more likely to be rural, less educated, less skilled, in temporary or part-time or seasonal employment, and paid by the hour or the day or not at all, but they were also paid significantly less even when all other factors were held equal (Sboui 2006). Another researcher found wage compression in the early liberalization period, from 1972 to 1985, as the real minimum wage rose, but then relative stability in the wage structure from 1985 to 2002, while the real minimum wage fell back and then stabilized at about 150 percent of its 1972 level. She concludes that trade liberalization, via a reduction in the effective rate of protection, influenced the trend by shifting the composition of demand for different types of labor (Ghazali 2009).

Another study of wage distributional shifts in Tunisia from the 1983–1995 period to the 1995–2009 period (pre- and post-trade liberalization)[18] found that there were wide differences across sectors: the average annual real wage for the economy as a whole was 24 percent greater in the second period as compared to the first, but 97 percent higher in agriculture, 36 percent in non-manufacturing industry, 9 percent in services, and only 4 percent in manufacturing (Ben Salha 2012: 21–29, 36, Table 2), a difference that he attributes to liberalization's shifts in the demand for labor. Another consideration is that, as of the mid-2000s, the social contract was still in place, by which the trade union federation (UGTT), the employers' association, and the government negotiated wages. Agricultural wages had risen more than in other sectors because of that process over the previous decade.[19] Furthermore, the "bargain" decreed that the real minimum wage was to increase annually to match productivity growth, buttressing the whole wage scale and the economy-wide average real wage did increase by a total of 31 percent over the twenty-six years from 1983 to 2009 (Ben Salha 2012: 15–16). However, as shown in Figure 2.6 above, GDP per employed person (productivity) had increased by twice that amount in fewer years, a total of 67 percent, from 1990 to 2009,[20] implying that workers' bargaining power was eroding and the fruits of rising productivity were going mostly to employers, similar to what we saw above for Egypt.

Shifting Occupational Structures

In Egypt, the total formal labor force participation rate increased from 47.2 percent in 1998 to 52.4 percent in 2006. The male rate rose to 78.5 percent, fed by both young males entering the labor force for the first time, many of them trained in technical schools instead of traditional high schools, and a rising retirement age for older male workers as social security coverage shrank and life expectancy rose. Women's labor force participation rate in 2006 was 26.9 percent, drained by attrition of mostly college-educated women from the shrinking public sector, but fed by growth of jobs in textiles and paid labor in rural areas as family subsistence production decreased. The female share of textile jobs rose from 15 to 30 percent in these years (Assaad 2007: 4–7, 9–11, 39), but the pay was very low, $180 per month for better-paid workers in 2007, as compared to the UN poverty line of $224 for a family of 3.7 persons (Agbarieh-Zahalka 2008: 6–8). The process of privatization had driven the public sector's share of employment down from 39 percent in 1998 to 30 percent in 2006, and the official unemployment rate declined from 11.7 percent to 8.3 percent. Some of that decline was absorbed as employment in the formal private sector rose to 10 percent, while the informal sector absorbed many of the displaced public workers plus 75 percent of new labor market entrants over those eight years, coming to account for 61 percent of total employment in 2006 (Assaad 2007: 1–2, 12–13).

In Tunisia, the total number of jobs increased by 62 percent from 1989 to 2007, with the smallest increase in agriculture (18 percent), the largest increase in services (97 percent), and an increase of 57 percent in industry, but job growth plunged after that. The importance of education in this shifting occupational structure showed that the strategy of so many young people to stay in school, and perhaps get government jobs, was based on positive precedent. On one hand, the proportion of jobs for those workers with no schooling dropped from 33 to 13 percent, and for those with primary education from 39 to 37 percent. On the other hand, the proportion of jobs for those with high school degrees rose from 24 to 36 percent, and for those with university degrees from 5 to 19 percent (Ben Salha 2012: 36). While the government sector had added almost twenty thousand jobs per year from 1998 to 2006 (accounting for about 22 percent of employment),[21] it created fewer than ten thousand per year from 2007 to 2010 (Achy 2011: 9).

Changes in Labor Law

In Tunisia, the bulk of jobs created by liberalization of FDI in enclave manufacturing was for low-skilled and low-paid workers, many of them female. While the reformed labor law of 1996 retained some protections from arbitrary firing for permanent contract workers, requiring advance notification to and authorization by tripartite committees of employers, workers, and government officials, the new law eased the terms of hiring and allowed employers to expand their use of temporary ("fixed term") contracts. The conversion to temporary contracts was swift and strong. In 2001, 15 percent of the employed labor force held temporary contracts (Ben Jelili and Goaied 2010), but by 2010, more than half of all employees were on temporary contract, and they earned 25 to 40 percent less than their permanent-contract coworkers (Achy 2011: 10–11).

In Egypt, a new labor law in 2003 expanded employers' rights to hire and fire with fewer restrictions, but labor was not allowed to reap the benefits from the other side of the law's "bargain," still denied the right to organize, to strike, and to elect its own independent leaders. Furthermore, privatization of public enterprises reduced the size of the public-enterprise labor force by 50 percent. The consequences were the undermining of working conditions, wages, and job security, along with the growth of the informal sector, as the private sector did not expand employment for workers expelled from public enterprises. The much-heralded fall in the unemployment rate in 2000–2008 was mainly due to growth of the informal sector. These changes were major sources of grievance for organized labor, which mounted many job actions led by local militants.

Unemployment and Other Precarious Relationships to the Labor Market

Figures 2.12a and 2.12b show the pattern of total and youth unemployment in Egypt and Tunisia over the whole of the neoliberal period from 1990 to 2010. While the rates are chronically high as compared to other regions of the world, they were declining from 2005 to 2008 in Egypt and from 1999 to 2008 in Tunisia, reflecting increased demand during the boom years. Of particular concern in the 2000s were rising rates of unemployment among university graduates, even as primary- and secondary-school rates were steady or falling, as shown in Figures 2.13a and 2.13b. Data were not available for Egypt before 2008, but the tertiary-educated share of total unemployment rose from 32 percent in 2008 to 40 percent in 2010. The data for Tunisia go back to 1994, when tertiary-educated unemployment was just 2 percent of the total unemployed, rising to 9 percent in 2004, on

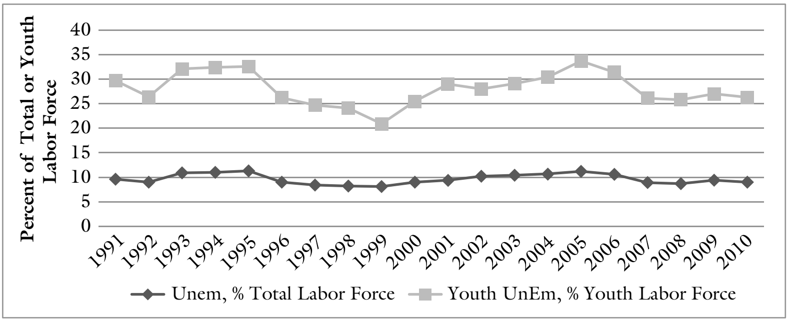

Figure 2.12a Egypt, Unemployment, Total & Youth, 1991–2010
Source: World Development Indicators, accessed 8/26/14.

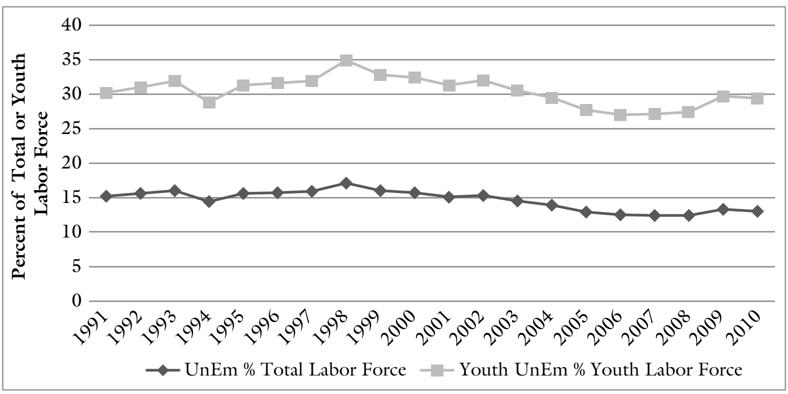

Figure 2.12b Tunisia, Unemployment, Total & Youth, 1991–2010
Source: World Development Indicators, accessed 8/26/14.

up to 26 percent in 2008 and 32 percent in 2010. Despite the fact that the proportion of new jobs created had risen for university graduates (as we saw above), the numbers entering the labor force still outpaced the rate of job creation.

Figure 2.14 shows unemployment rates for Egypt and Tunisia in 2010, both total and when dissected by age and gender. It is clear that youth rates are double the total rates, a pattern that is common around the world but more severe in the Arab region than elsewhere. UNDP/ILO researchers estimated that the employment elasticity of real GDP growth was 0.45 for Egypt and 0.32 for Tunisia over the period from 2000 to 2006 (UNDP 2009: Vol. 1: 33).[22] The rate of sustained GDP

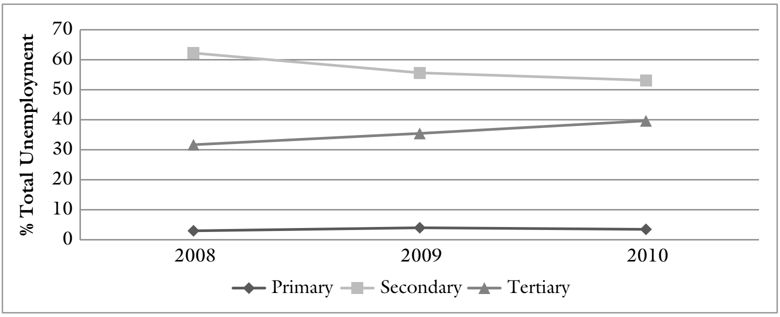

Figure 2.13a Egypt, % Total Unemployed, by Education Level
Source: World Development Indicators, accessed 8/28/14.

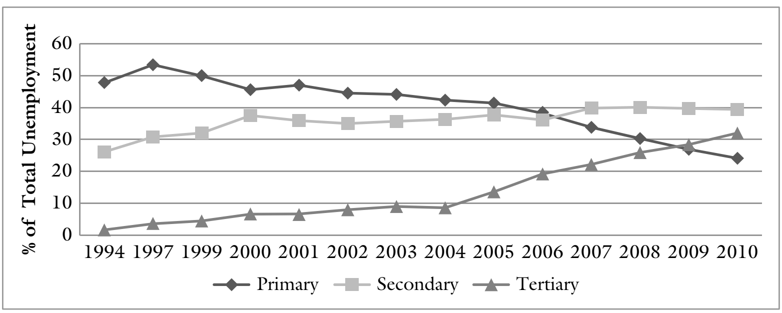

Figure 2.13b Tunisia, % Total Unemployed, by Education Level
Source: World Development Indicators, accessed 8/28/14.

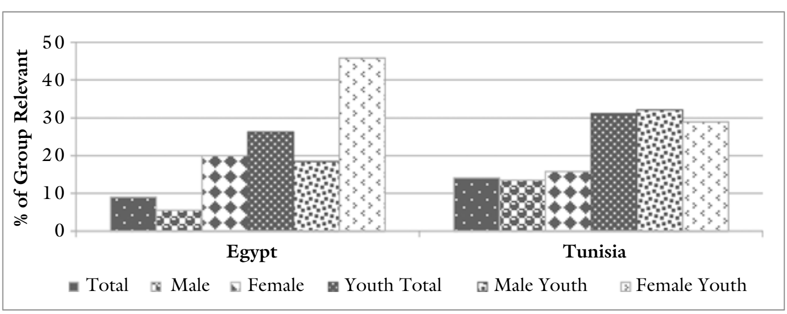

Figure 2.14 Unemployment, Egypt & Tunisia, by Age & Gender, 2010
Source: ILO 2012: 141, Table A11.

growth needed just to keep the unemployment rate from rising would have to increase to 7.1 percent for Egypt and 10 percent for Tunisia from 2010 to 2020, until the pace of entry into the labor market by young people slowed down as the demographic hump was passed. In order to absorb new entrants and bring down unemployment to a "frictional" 3 percent, Egypt would need to create a total of 9.4 million new jobs over ten years, while Tunisia would need to create one million.[23]

The problem of high rates of unemployment in Egypt and Tunisia, and elsewhere in the Arab region, especially among the young and educated, was analyzed extensively in agency reports and by independent economists. Three main themes ran through explanations of this phenomenon. One theme emphasized overly protected workers and inflexible labor markets, a heritage of the state-capitalist era, and the willingness of youth, especially high school and college graduates, to queue for jobs in the still-protected but shrinking public sector in the 1990s and 2000s. A second theme stressed the nature of the educational system and its purported failure to prepare workers for the jobs available in the private sector. IFI-sponsored analyses tended to stress these first two themes, which put the onus of inadequacy on the supply side of the labor market (e.g., World Bank 2004). A third theme also examined the demand side of the labor market and the nature of the growth and investment over the period 1990–2010 (e.g., UNDP 2009; ILO 2012). To the extent that the IFIs addressed the demand side, it was in the form of support for SMEs and the call for more FDI as the main job creators. Other agencies and scholars incorporated programs to support SMEs and attract FDI into larger planning strategies to effect changes in the nature of public as well as private investment to promote the demand for labor directly, including active labor market policies (e.g., Kheir-el-Din and El-Laithy 2006; Kaboub 2006).[24]

Vulnerable Employment

High rates of unemployment in the formal economy were logically related to the phenomena of vulnerable employment, self-employment, and informal employment.[25] The 2009 survey of street vendors in Egypt, described above, illustrated the breadth and depth of

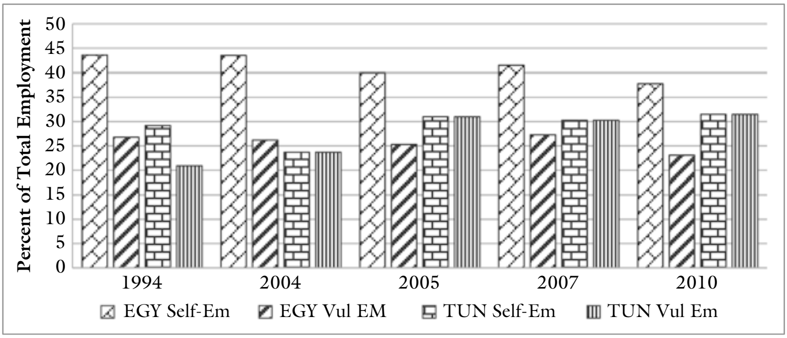

Figure 2.15 Self- and Vulnerable Employment, Egypt & Tunisia, 1994–2010
Source: World Development Indicators, accessed 8/26/14.

this vulnerability. The work of Delavallade, also mentioned above, explained some of the motivation for enterprises, especially the smaller, less-powerful ones, to operate in the "shadow economy." In an analysis of informal economic activity in the MENA region, Egypt and Tunisia were found to have large informal sectors by every measure: respectively, 36 and 39 percent of GDP, 28 and 25 percent self-employed as a proportion of total employment, and 45 and 50 percent of the labor force not contributing to social security (Gatti et al. 2011: 8, Figure 3). Figure 2.15 shows the levels of self-employment and vulnerable employment from 1994 to 2010. Given likely overlap between the two categories, it appears that between one-third and two-thirds of the labor force was not in any form of secure employment.

Migration

According to consular statistics, the stock of Egyptian migrants abroad in 2009 was 6.5 million, about seven-tenths of 1 percent of the population, of whom 74 percent were in other Arab countries. The stock of Tunisians abroad was 1.1 million, about 10.6 percent of the population, of whom 83 percent were in Europe (55 percent in France). The Tunisian emigrant population had grown at the stunning rate of 6.2 percent per year from 2001 to 2009, as compared to a population growth rate of 1.1 percent, and they were increasingly university educated—23 percent of migrants in 2009 as compared to 8.6 percent in 1999 (Migration Policy Centre 2013). Among Egyptian migrants, 54 percent had at least a high school degree, as compared to 30 percent of non-migrants, and about half had higher-status occupations in the professional, technical, and managerial fields, while fewer than 10 percent were low-skilled manual laborers (Nassar 2008: 16–17, Table 15).

Émigré workers provided benefits to the economy of their home country both by sending remittances to help support their families and when they returned with a greater accumulation of both human capital and investible savings (Nassar 2008: 8–10, 18; Binci 2012). Figures 2.16a and 2.16b show that remittances in dollar terms surged in the 2000s, and that in 2010 they were 5.7 percent of Egypt's GDP

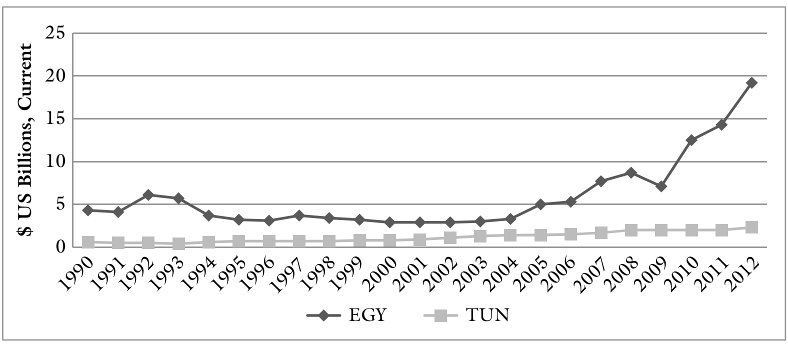

Figure 2.16a Remittances, Egypt & Tunisia, 1990–2012, US$ Billions
Source: World Development Indicators, accessed 8/26/14.

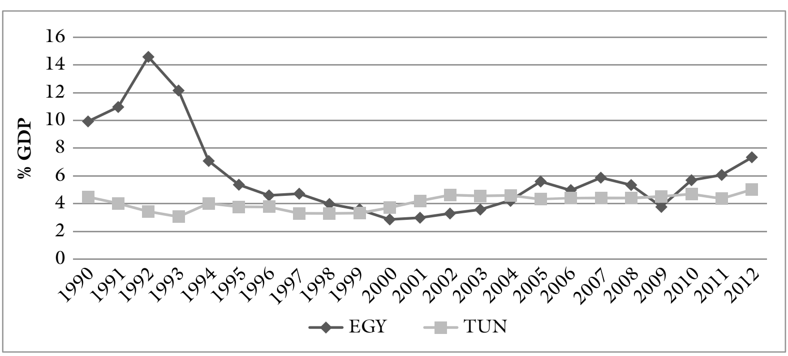

Figure 2.16b Remittances, Egypt & Tunisia, 1990–2012, % GDP
Source: World Development Indicators, accessed 8/26/14.

and 4.7 percent of Tunisia's GDP. However, since the financial crisis of 2008, both the Gulf Arab countries and Europe have strained to reduce immigration from North Africa, and the prolonged crisis in Libya has driven Egyptian and Tunisian workers home from there. This made legal emigration more difficult and seems to have led to increased illegal, and often dangerous, efforts to migrate to Europe anyway (Boubakri 2013), a tragic outcome given the benefits of migration to both host and home countries and the growth of precarious employment at home.

Resistance to Neoliberal Political and Economic Transformation

The elitism of the neoliberal program was reflected not only in the growing power of the capitalist class, uneven development, and inequality, but also in the denial of political and civil rights, the deterioration of labor rights, and the institutionalized and violent repression of dissent. Mounting resentment grew in the decade before the 2008 financial crisis, as middle-class civic groups and the rank and file of the labor movement protested their treatment under the neoliberal arrangements in various forms of resistance.[26] The crisis and recession of 2008–2010 showed clearly that the negative aspects of neoliberal transformation could no longer be denied. That both uprisings essentially began in 2008 with labor actions was no coincidence. The spread of massive textile strikes in Egypt to many other sectors and the growth of nationwide support for the Gafsa mineworkers brought middle-class and working-class movements into parallel streams flowing in the same direction and set the stage for the uprisings.

Educated youth, increasingly faced with unemployment or informal employment and pressure to migrate, were sophisticated about world standards of citizenship and political freedom, organized protests on campus, and linked into political networks through new media. Older middle-class activists, some veterans of banned nationalist or leftist parties, kept resurrecting repressed civil society organizations to raise new challenges to their governments. Electoral fraud led to almost complete elimination of any opposition in parliament. In Egypt in 2010, ballot-box stuffing was caught on video and publicized on YouTube. In the 2000s, Ben Ali's regime sequentially repressed the pioneering Tunisian League of Human Rights, the Association of Tunisian Judges, and the Union of Tunisian Journalists. In Egypt, demonstrations in support of the second Palestinian intifada in 2000–2001 led to larger demonstrations against the United States-led war in Iraq in 2003, followed by the emergence of the Kifaya movement with its manifesto in 2004 demanding the end of the state of emergency and condemning the regime as the guardian of US interests. In both countries, citizens were outraged by Mubarak's and Ben Ali's intention to turn their rule into family dynasties, the heirs being a son and a son-in-law who were notorious members of the state/business elite.

At the same time, labor unrest burst out in new forms, in particular in response to privatization of state enterprises and "reform of the labor market," a process that deprived workers of their traditional job security without yielding the promised freedom to organize, collectively bargain, and strike. In Egypt most of this resistance was organized by local militants, over the strong objections of the regime-dominated Egyptian Trade Union Federation. Over 1.7 million protestors participated in almost two thousand different strikes, political gatherings, sit-ins, and demonstrations between 2004 and 2008, giving rise to the April 6 movement in 2008, which supported labor's demonstrations and strikes with nationwide Internet communication. Although the protests focused directly on economic issues, like being paid back wages and overdue bonuses, they articulated resistance against the consequences of liberalization and privatization, including the privileges accorded employers in the new labor law, the forced retirement of public sector workers with inadequate pensions, and the handover to foreign capital of core production facilities. This movement established the demand for a national minimum wage adequate to support a family, tackled issues of freedom of speech, assembly, and association, and created a "culture of protest" in Egypt that facilitated the public's acceptance of the anti-regime January 25 movement. However, the national ETUF leadership never wavered in its support of the regime.

In Tunisia, the national trade union federation (UGTT) leadership was also allied with the regime but had a history of autonomy from and conflict with Ben Ali. Union leaders had at times been jailed or exiled for their opposition. In contrast to Egypt, the UGTT had the power to negotiate with the government and employers and periodically raise the minimum wage. The UGTT leadership did not support the miners' strike in Gafsa in 2008, which went on for months despite violent repression. However, that strike was a prelude to the uprising, because it garnered widespread support from professional unions of teachers and healthcare and postal workers that spread across the country. In December 2010, the self-immolation of Mohamed Bouazizi became focally important because it led to massive general strikes, not yet with UGTT approval, and helped to define the struggle against the regime in political as well as economic terms. By the end of December 2010, it had garnered popular support for the uprising in all major urban areas. In mid-January 2011, a few days before Ben Ali's ousting and in contrast to the ETUF in Egypt, the UGTT leadership threw the organization's weight behind the uprising, which helped to seal its success.

The uprisings and the ouster of Ben Ali and Mubarak were made possible by the coalescence of these two parallel streams representing working-class and middle-class interests. However, there were two critical elements missing in this coalescence. One was an overarching agreement for how to shape new political institutions that would guarantee civil and human rights. The second was a framework for an economic agenda to replace neoliberalism with a more equitable and sustainable development program. Without these, the uprisings likely would be followed by political turmoil and weak economic growth that would make it more difficult to negotiate new institutions to fill in the missing elements and that would leave an economic power vacuum that the IFIs were only too eager to fill.

Notes

1. Similar praise came from the World Bank, again with little or no reference to the political regime. Such studies include *Tunisia: Understanding Successful Socioeconomic Development* (Hassan 2005), *Intègration Mondiale de la Tunisie: Une Nouvelle Gènèration de Rèformes pour Booster la Croissance et l'Emploi* (World Bank 2008), *Doing Business in the Arab World 2009*, which mentions Egypt favorably several times and includes its property registration reform as a case study (World Bank 2008: 47–49), and *Doing Business in Egypt 2008* (World Bank and International Finance Corporation 2007). Similar evaluations and recommendations also came from Europe (for example, Kauffman and Wegner 2007) and from the inter-Arab investment promotion agency (Dhaman 2007).

2. See Pfeifer (2012b) for a discussion of the process and impact of neoliberal reform and privatization in Egypt, and Posusney (2003) for a discussion of privatization and organized labor in Egypt, Tunisia, and other Arab countries.
3. For exact data on the types and degree of privatization in Egypt and Tunisia and other Mediterranean countries prior to the global financial crisis (but not on the capitalists themselves), see Kauffman and Wegner (2007).
4. An example of this tension arose in 2002. In response to IFI pressure to open its markets further to foreign capital and trade and to respect intellectual property rights, Egypt passed a law protecting foreign patent holders, with the exception that it could license local production of generics that were essential to health. After Pfizer Corporation won approval to establish a factory to produce Viagra in Egypt, local manufacturers were able to pressure the Ministry of Health to grant an "exception" for them to produce it too, in the interests of protecting the health of poor people. Pfizer halted construction and withdrew entirely from the Egyptian market (Bird and Cahoy 2008: 225–226).
5. http://www.bbc.co.uk/news/world-africa-12302659.
6. A Gallup poll of one thousand Tunisian adults in 2009–2010 found rising levels of dissatisfaction with deteriorating education, healthcare, and other public services, corruption, and weakening prospects for employment and affordable housing (John Thorne, "Pre-Revolution Tunisians Were Growing Gloomier, Poll Shows," *The National*, June 27, 2011). http://www.thenational.ae/news/world/africa/pre-revolution-tunisians-were-growing-gloomier-poll-shows.
7. For oil exporters, IFF are based on deductions by strategically placed persons from hydrocarbon revenues, while for more diversified economies, IFF are achieved through trade mispricing (exports priced lower than actual and imports priced higher, to hide legitimate profits from taxation) or through underpricing reported imports to obscure smuggling (Kar and Curcio 2011: vii–viii, 6–7).
8. A study published by the GFI in 2010 (*Drivers and Dynamics of Illicit Financial Flows from India: 1948–2008*) "found that macroeconomic conditions as reflected in central government budget deficits and inflation policy did not appear to drive such outflows of [illicit] capital. Instead the GFI study found that while economic reform can be largely credited for driving faster economic growth, growth itself has not been inclusive and income distribution has become more skewed. The resulting proliferation of high net worth individuals drove illicit flows in the absence of an improvement in public and corporate governance. Moreover, another

by-product of reform—namely trade liberalization—spurred an expansion of the traded sector relative to GDP. The resulting trade openness provided more opportunities for related and unrelated parties to misprice trade and shift billions of dollars in illicit capital from the country" (Kar and Curcio 2011: 32).

9. http://www.thirdworldtraveler.com/50Years_Enough/50Years_Enough.html; http://www.thirdworldtraveler.com/50Years_Enough/Dakar_Declaration.html.
10. http://www.jadaliyya.com/pages/index/2979/we-will-not-pay-the-debts-of-tyranny (accessed June 22, 2013); http://humanrightshouse.org/Articles/17846.html (accessed November 10, 2013); http://www.thetunistimes.com/2013/11/campaign-to-cancel-the-odious-debt-of-tunisia-and-egypt-99653/ (accessed November 12, 2013).
11. http://www.fsm2013.org/en.
12. http://hdr.undp.org/en/humandev/origins.
13. http://arabstates.undp.org/content/rbas/en/home/library/huma_development/arab-human-development-report-2003-building-a-knowledge-society.html.
14. World Development Indicators, accessed August 26, 2014.
15. For a positive review of Tunisia's accomplishments under Ben Ali, see Chemingui and Sánchez (2011).
16. The methodology is explained by Béchir and Sghaier (2013: 4–8).
17. ILO Online Indicators, accessed March 15, 2013.
18. The data came from the Tunisian Institute of Competitiveness and Quantitative Studies.
19. http://www.africanmanager.com/site_eng/detail_article.php?art_id=13802.
20. World Development Indicators, accessed September 10, 2014.
21. https://www.imf.org/external/np/vc/2012/061312.html.
22. The employment elasticity of growth is the percentage increase in employment that correlates with a one-percentage-point increase in growth. For Egypt, this is less than one-half of 1 percent, and for Tunisia, about one-third of 1 percent.
23. Egyptian Center for Economic Studies and IMF, Jan 23, 2011.
24. For detailed application of this analysis to Tunisia, see Stampini and Verdier-Choucane (2011) and Haous et al. (2012). For analysis of Egypt, in comparative perspective, see Bilgin and Kilicarslan (2008).
25. The complexity in Egypt is documented and analyzed, with recommendations for ALMPs, by Abdel Mowla (2011).
26. Sources for coverage of these movements over the 2000s and how they coalesced into the uprisings are Ayeb (2011), Beinin (2014, 2011, and

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CHAPTER 3

Labor Force Conditions of Middle East Youth: The Role of Demographics, Institutions, and Gender in the Arab Uprising Revolts

Edward Sayre

This chapter examines the economic conditions of young people in the Middle East and the role these conditions played in helping foment the Arab Uprising rebellions. The status of youth is important for understanding the Arab Uprising, as young people and their economic well-being are often cited as one of the main catalysts for the changes that led to mass demonstrations in some countries and eventual revolutions in others (Campante and Chor 2012; Hoffman and Jamal 2012; Assaad 2014). While there is some evidence of deterioration in the economic outcomes of young people in the years prior to the Arab Uprising, the key element is that this worsening of conditions came after years of economic exclusion even while others benefited from the economic expansion of the 2000s (Haouas et al. 2013; Dhillon and Yousef 2009).

The economic exclusion of young people came from a convergence of social, economic, and institutional forces. One fundamental social force was the peak of the youth bulge in the Middle East and North Africa (MENA). After high fertility rates and falling mortality rates in the 1950s and 1960s, countries throughout the region saw a decline in fertility in the 1980s. As the fertility rates began to decline, the generation born just prior to the decline ended up being particularly large in comparison to both those generations just before them and the subsequent generations (Beck and Dyer 2015). Thus, those aged 15 to 29 between the years 2005 and 2010 represented a "youth bulge" that only began to subside in the past few years. By 2005, this cohort reached the age at which they were transitioning from education to the labor market, and this maturing of the youth bulge cohort strained regional labor markets, which could not accommodate so many new young job seekers with the relatively anemic labor market conditions.

Due to declining state budgets, Arab states could not provide promised employment benefits to the burgeoning population of Arab youth (Assaad 2014). Thus the social force of a demographic bubble was met with economic challenges in shrinking public sector budgets and institutional failures in the form of rigid labor markets that could not accommodate this influx of young graduates. Without access to formal sector jobs, young people in states throughout the region witnessed high levels of unemployment, extended periods of job search, and ultimately delays in marriage and family formation. High-paying, formal private sector jobs often were not an option for these young people, as the education that they received from the state focused on rote skills with little applicability to the demands of a modern, dynamic workplace (Salehi-Isfahani et al. 2013).

While these delayed transitions have been noticed by scholars for some time, what was different this time is that the frustration that resulted from these delays had now burst forth in revolution. The revolts that began in Tunisia and Egypt and then spread throughout the Arab world were not unprecedented in the Middle East, but they were unprecedented in the postcolonial Arab world. This chapter presents a framework for understanding the revolts based upon the concept of relative deprivation, while also acknowledging approaches that other authors have used to show the relationship between economic conditions and political upheavals. What causes individuals to take to the streets, and eventually take up arms, partially comes from material wants. However, it is rarely the desperately poor that feel aggrieved sufficiently and that have the means to revolt. Instead, it is some group that while feeling the economic tide turning against them, also has sufficient means to turn its grievances into popular political action. By thinking of the well-educated youth as a key element of those that felt their outcomes worsen (compared to their parents or at least their aspirations), this chapter posits that while the youth were only one part of these mass demonstrations, they were the important vanguard that caused them to be initiated.

This chapter is organized into the following sections. The next section will give a brief overview of the various approaches used by scholars to explain how economic conditions, especially those of youths, can lead to political protest and rebellion. Section three examines the demographic and educational conditions during the 2000s. The fourth section highlights the labor market conditions, specifically the unemployment rates in a selection of Arab countries, that could be correlated with rebellion. The final two sections look forward: What are the desires of young people after the Arab Uprising, and what are potential areas for economic reform?

Why Do Youth Rebel?

Three approaches that relate economic exclusion to the propensity to rebel will frame the analysis in this chapter. These three approaches overlap one another, but they differ in the specifics of how economic hardship transforms itself into political action. While the subsequent analysis of how economic conditions of youth led to rebellion will not be able to distinguish conclusively between the three theories, some theories are more closely related to the facts leading up to the Arab Uprising than are others. Each of the three theories implies the actors most likely to rebel, given existing economic conditions. The three approaches that this chapter will consider concern the grievances of youth, the opportunity cost of young people's time, and the relative deprivation of young people compared to adults in the labor market.

We will begin our discussion with the grievances approach. This approach focuses on the psychological and emotional impact of poor economic and social conditions on individuals. The basic premise of the approach can be closely linked to the frustration-aggression theory of Henry and Short (1954). According to this theory, individuals have idiosyncratic responses to hardships, and given enough suffering, some individuals have the potential to respond with aggression once frustration has reached a critical tipping point. Given the aggregation of these individual frustrations across society, as economic conditions worsen, more individuals are likely to be motivated to move toward collective political action against the state. Refinements of this approach focus on the calls for redistribution of economic rewards from the aggrieved portion of the population and assert that the goal of collective political action is such redistribution. Clearly, young people have grievances, and they do want things from the state, in the form of better opportunities. As the crisis unfolded in 2011 in Egypt, for example, the demands of the protesters seemed to shift, and often the signs and slogans would change from week to week.

The second approach to understanding the relationship between youth and revolt is the opportunity cost argument, especially as argued in Campante and Chor (2012). In this approach, the reasons why youth in MENA revolt are twofold. First, given the lack of employment opportunities for young people in the region, as evidenced by their high unemployment rates, they have something to gain from political organization. This part of the argument follows the grievances approach. However, in addition to grievances, young people also have the tools to organize politically. This ability to organize arises from the unprecedented increase in educational attainment of young people in the Middle East. Especially for well-educated youths, the lack of employment prospects means that the opportunity cost of political activity is relatively low. This is seen most dramatically in Arab countries at this point in time because these countries have done the most to improve schooling, yet the unemployment rates for these educated youth are the highest in the world. Thus, with the human capital to organize politically and little else to occupy their time, the youth get involved.

The third approach is the relative deprivation hypothesis (Gurr 1970). According to this theory, individuals are most likely to rebel when they face declining economic and social conditions, when compared to some reference group. A reference group can be another part of society, and thus growing inequality can lead to protests and revolt. Likewise, that reference can be subjective based upon expectations. As conditions decline for any group, that reference group could be their own alternative selves, based upon where they had expected to be. Thus, improving conditions followed by sudden reversals, especially if those reversals are not shared throughout society, are likely to trigger political unrest.

It is clear that the premise of each of these approaches is that economic conditions for some particular group in society have either deteriorated or are worse than expected. While Campante and Chor (2012) focus on the skills developed in school as being critical to spurring on the participation of youth, a relative deprivation approach would claim that education raises the expectations of individuals. There are some distinguishing features that allow researchers to discern which theory is more supported by the evidence. A strict grievances approach to understanding the role of economic conditions would focus on those that are most negatively affected by the regime. Unlike the grievances approach, the opportunity cost approach would shift focus away from the very poor since they do not have the skills to turn grievances into action. Beyond objective outcomes of the opportunity cost argument, the relative deprivation approach focuses attention on the subjective well-being of youths.

In MENA, there is an additional source of frustration that could have helped lead to the Arab Uprising revolts. Specifically, the effect of the youth bulge was not only to increase the supply pressures on the labor market—it also had important effects on the marriage market. In an economy with a constantly growing young population, each year it will become more difficult to find jobs than in the year before; but with a youth bulge, those pressures should eventually subside as the bulge moves upward in age. However, it is not only the labor market that determines a young person's subjective evaluation of his or her well-being. The ability to transition from acquiring a job to being able to start a family also matters. In MENA, the average difference between men and women at the age of first marriage is five to seven years (Assaad and Krafft 2014). When the youth bulge hits its peak (as it did from 2005 to 2010), not only are there relatively few jobs for the additional number of 25- to 29-year-old job seekers, but for the male job seekers, there are also relatively smaller cohorts of young women following them. Thus, jobs are scarce, and potential marriage matches are also scarce. This deepens the frustration felt by the young men who are seeking to make that transition to family formation. This can be seen in the fact that the men aged 25–29 in MENA have a very low rate of marriage (only 50 percent) compared to East Asia at 77 percent and Latin America at 69 percent. It is the high cost of marriage and housing, along with the high unemployment rate of young men, that leads to their inability to get married and thus to this delayed transition into full adulthood (Singerman 2013).

Thus the factors that lead to frustration definitely have a gender component. While men have often sought or skipped continued education because of the perceived labor market outcomes, women have an even more complex relationship between continued schooling and potential labor market outcomes. For men, if the structure of the labor market exists as it does in many labor-exporting countries throughout the region, then the following incentive pattern holds. One should work hard to do well in rote memorization, so as to perform well on standardized tests. Performing well on these tests will make one more likely to get a preferred job. However, as recent evidence regarding inequality of opportunity in the region shows, the preferred jobs are still likely to go to those with the best family background characteristics, so it is not a purely meritocratic system. In the Gulf states, the situation is distinct: many men decide to skip the stage of going on to tertiary schooling, since there are many available jobs for relatively less educated nationals in the security forces, and one can start off one's career and family without having to spend extensive time in school.

Women's incentive pattern is somewhat different from those of men in the MENA region. For them, going to school both greatly increases the probability of being able to work in an appropriate job that offers the kinds of benefits, hours, and single-sex environment that they tend to prefer. In the Gulf region, they are also more likely to work in largely nationals-only workplaces. These factors make continued schooling the preferred option, resulting in high female-to-male ratios in higher education. For example, in Qatar the incoming class of nationals at Qatar University has twice as many women as men. This increase in schooling for women compared to men creates an imbalance in the social structure, as women typically do not marry men with less education. Furthermore, since women with more schooling are willing to work (as the kinds of jobs they are trained for are considered more "appropriate" for women), both labor force participation rates and unemployment rates for educated women are higher than for less educated women.

The Youth Bulge in MENA

In the post-WWII era, the MENA region underwent significant political and economic transformations as regimes attempted to break with their colonial pasts, from Iraq and Syria to Egypt and Algeria. The set of political and economic institutions that arose during the second half of the twentieth century converted a largely rural and agriculture-based population into an urban service and manufacturing economy. High oil prices and expanded production led to a construction and hydrocarbon-based economy in the oil-rich Gulf. The returns from oil windfalls were spread throughout the region directly via aid and indirectly via capital movements and remittances as workers from Jordan, Yemen, Palestine, Egypt, and Lebanon increasingly attained jobs in the Gulf and supported their extended families back home. This wealth led to a rapid transformation of the Middle East economy in the 1960s and 1970s. The collapse of oil prices in the 1980s reversed the boom. Along with lower oil prices leading to a slowdown in the construction sector and lower rents for oil-producing nations, the Gulf countries became increasingly suspicious of Arab expatriate workers. Since the 1980s, oil-rich Gulf countries have shifted their labor demand toward workers from the Indian subcontinent and Southeast Asia, away from Arab expatriate labor. These economic changes led to changes in fertility and demography in MENA.

Demographic transitions occur in most economies during the development process. As incomes rise and health outcomes improve, birth rates remain steady for some time, as opportunities for women in the workplace and cultural traditions of optimal family size are slow to react to declines in mortality rates. With the decline in mortality rates and steady fertility rates, population growth sees a rapid expansion. The Middle East witnessed this general pattern in a pronounced way, as the mortality rates were higher than those in Latin America and East Asia in the 1950s and then declined sharply. By the 1990s, mortality rates in the MENA region had fallen to the same level as Latin America and had actually fallen below those in East Asia.[1] Thus, economic growth had led to a decline in mortality, signaling the first part of the demographic transition.

The second stage of demographic transition typically involves a gradual decline in fertility rates. With economic development, both the opportunity cost of women's time and children's survival rates tend to increase, eventually inducing lower fertility rates. Some MENA countries saw a decline in fertility in the 1960s and 1970s, but for many of them, fertility rates remained relatively high and in some cases increased as income levels rose. A key reason was the rentier nature of

MENA economies (either directly through the oil sector or indirectly through strategic rents and remittances). The rents kept men's wages high enough for women to be able to afford to focus on household production and child rearing. With the reversal of economic conditions in the 1980s, the demographic transition finally began to take hold, and fertility rates dropped. This transition during the mid-1980s to mid-1990s meant that the cohort born just prior to the decline in oil prices represented a "youth bulge" in the region. This youth bulge grew as the population aged between 15 and 29 became a larger share of the overall population, until it finally began to recede in the late 2000s.

Figure 3.1 shows the relative size of the 15- to 29-year-old population by country in the Middle East in 2010. The timing of the youth bulge was such that by 2007, for the region as a whole, the share of the population made up of 15- to 29-year-olds reached its maximum at 31 percent, falling slightly to 29 percent by 2010. The fifteen years between 2010 and 2025 will witness one hundred million new job seekers in the Middle East. Given the stress that this increase in the number of job seekers will cause for the economies of the region, they face a challenge as well as an opportunity. On the opportunity side, if these economies are able to create the needed jobs for the young people, they will experience unprecedented rates of economic growth, as seen in East Asia in the 1970s–1990s. This is because dependency ratios would fall and human capital would be mobilized into productive activities. On the other hand, the situation also represents a challenge, in that MENA economies have not been able to create an adequate number of jobs for young people, and so major reforms of economic and educational institutions are required to meet the needs of the large numbers of young people entering the labor market. Whether or not MENA regimes are able to take advantage of this demographic window of opportunity is the challenge of the current regimes.

Of course, there is much cause for pessimism. The previous regimes created economic institutions that were not able to accommodate the rise in job seekers during the 2007–2010 period, with one result being the Arab Uprising. The youth bulge generation in the Middle East approached their working-age years in an environment that was exceedingly difficult, as the Middle East has the highest unemployment rate for young people in the world. The economic institutions found throughout the Middle East did not create incentives necessary

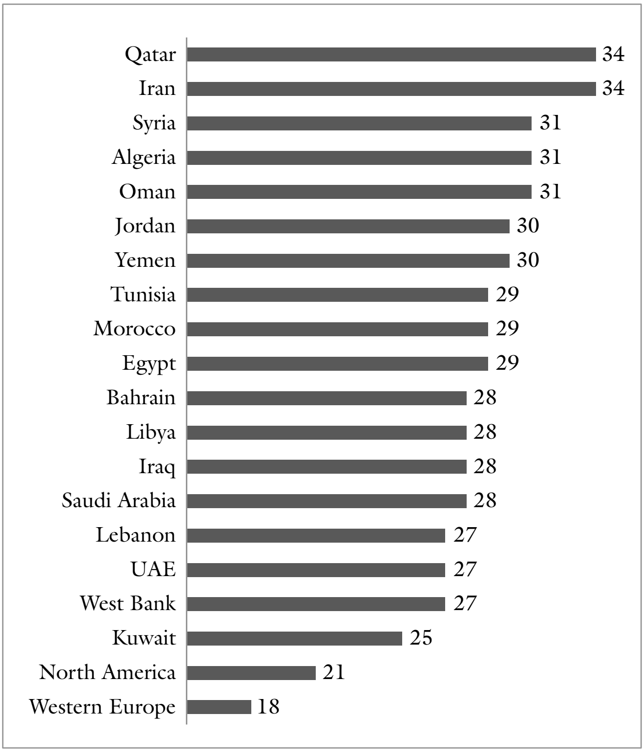

Figure 3.1 Share of 15- to 29-Year-Olds in Total Population
Source: UN World Population Prospects.

for young people to get the right kinds of skills, thus leading to delays in acquiring the kinds of jobs that would allow for full transition to adulthood through marriage and family formation.

Economic and Social Prospects for Arab Youth

Education

Postcolonial Middle Eastern regimes were successful in significantly raising living standards for their people. Health outcomes improved, as did educational outcomes. As Campante and Chor (2012) note, MENA nations were some of the most successful countries in increasing the average number of years of schooling during 1960–2000.

However, because of a mismatch between the types of skills acquired and the skills needed for a dynamic economy, the graduates of the education system were mostly driven toward public sector jobs. While the public sector expanded rapidly in the 1960s and 1970s, the economic reversal of the 1980s meant that MENA regimes could no longer afford to employ all the recent graduates from secondary and tertiary schools. As a result, long queues began to form for the increasingly scarce public sector jobs available.

The first outcome of the demographic youth bulge in the context of Middle Eastern economic and political institutions was the rapid rise in the average level of education. As younger generations became more educated, the overall level of schooling increased. Additionally, as the size of the youth cohort grew, their overall weight in the population increased, leading to an increased impact from this expanded level of schooling. In the past forty years, average rates of schooling for 20- to 24-year-olds in Arab countries rose more rapidly than for any other region of the world. Thus, one area in which the economic and political structure in the Middle East was an unqualified success was the mobilization of resources in the educational sector to increase years of schooling.

The quality of the schooling acquired, however, was weak. When looking at the quality of schooling using standard input measures such as expenditure per pupil and teacher-student ratio, the MENA systems appear to continue to perform fairly well. However, concerns about the quality of schooling prevail to such a degree that the Arab Human Development Report (United Nations Development Program 2003) made schooling quality the number-one concern for Arab countries. The concern involves the outcomes of the schooling, largely based upon the style of learning. Learning in the Middle East tends to be largely rote learning, with little room for critical thinking and analytical problem solving. This pattern is not surprising, given that the current educational systems were initially established with the primary goal of modernizing the bureaucracies of postcolonial regimes. The public sector job market needed individuals who could serve the bureaucracy, and once established, the system continued to reproduce itself.

The results of the poor quality of schooling are seen in standardized testing. International comparisons of schooling quality are possible through examining the results of the Trends in International Math and Science Studies (TIMSS), which are given approximately every four years. Scores from the TIMSS are standardized such that the world average is equal to 500. Scores from the 16 Middle Eastern countries that took the mathematics exam in 2007 range from 317 in Saudi Arabia to 462 in Lebanon for eighth-grade boys.[2] All of these scores are below not only the world mean but also the median benchmark of 475. For girls, the Middle East performs somewhat better. In the science exam, the scores range from 404 in Morocco to 499 in Bahrain and Jordan. Despite this relatively stronger performance for young women, all of the countries are still below the world average, and many are below the median benchmark. In fact, the country that spends the most globally on education, where the spending is on par with Europe, is Qatar, but the scores in Qatar were the lowest in the region and the second lowest worldwide.

Unemployment

With an education based upon rote learning, young job seekers were practically only employable in the public sector. Thus, as long as the public sector was expanding, young people would be able to find jobs easily and make their transitions to adulthood. However, when oil prices fell in the 1980s, this led to cutbacks in the public sector in oil-rich countries as well as non-oil ones that depended upon remittances and aid from the oil-rich region. Soon, there were too many young job seekers waiting for public sector jobs, leading to either unemployment or employment in the informal sector as they queued for government jobs.

In addition to public sector jobs being more attractive for their skill mix and relatively high wages and generous benefits, the private sector was shackled by regulations that prevented job creation. One of the clearest examples of the regulations that hindered private sector hiring growth was excessive job security provisions. These regulations prevented firms from separating workers for most economic reasons and made it nearly impossible for firms to get rid of redundant workers. By making it more difficult to fire workers, these regulations also had the unintended effect of decreasing the incentive for private firms to hire workers, since hiring decisions became, by default, lifetime employment contracts. In addition to job security regulations, countries also required heavy contributions to social security and health insurance, which raised the cost of workers. All of these regulations in effect discouraged private sector employment growth.

Between the public sector no longer being able to absorb young workers and the private sector unwilling to employ them, youth unemployment rates rose critically high. The overall youth unemployment rate in the region is 30 percent, compared to a worldwide average of only 15 percent. Country by country, the values differ, with youth unemployment being less than 10 percent in the Gulf states, while generally being above 35 percent for most of the rest of the region. Figure 3.2 shows youth (15–24) unemployment rates from 2001 to 2012 for young men in six countries, along with the average for the Middle East region. As shown by this figure, the general trend from 2001 to 2008 was one of decreasing unemployment rates. The average unemployment rate for male youths was 25 percent from 2001 to 2003, but this fell to below 20 percent by 2008. By 2010, this unemployment rate for the region had ticked back up slightly, to 21 percent, predating the sharper rise in 2011 and 2012 that takes into account

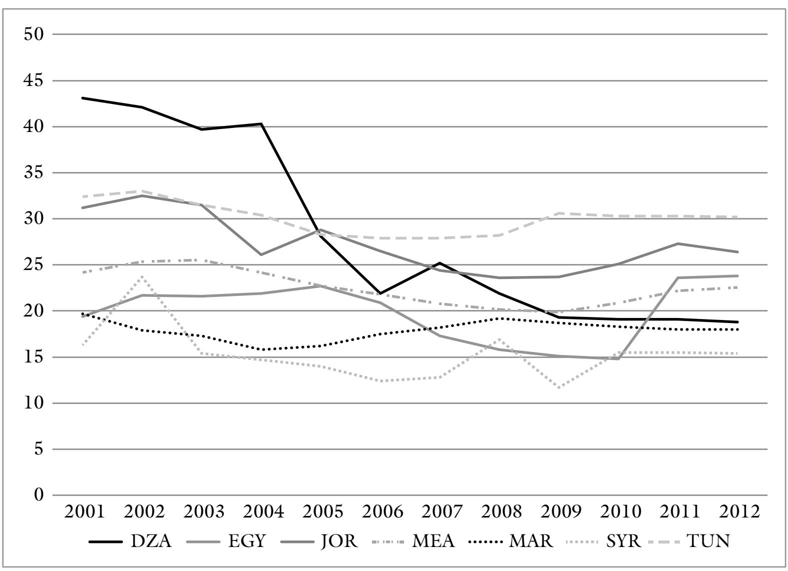

Figure 3.2 Male Youth (15–24) Unemployment Rates, 2001–2012
Source: World Bank, World Development Indicators.

the turmoil and economic disruptions of the Arab Uprising. Thus, there is at least some evidence for a worsening of economic conditions for young people on the eve of the Arab Uprising. What is telling is not the overall story so much as individual country cases. The first one to examine is that of Tunisia, where the Arab Uprising began. Figure 3.2 shows that from 2008 to 2010, unemployment rates for young Tunisian men increased by 2 percentage points. In Egypt, however, the pattern doesn't hold. From 2005 to 2010, young Egyptian men saw their unemployment rate fall from 23 percent to 15 percent. It was not until after the revolution of 2011 that there was a sharp rise in youth unemployment, when it rose to 24 percent again.

There is no pattern that distinguishes between those countries that witnessed full revolutions and those that only saw limited demonstrations. For example, Jordan saw a rise in unemployment from 2009 to 2010 similar to what was witnessed in Tunisia. In Algeria, which saw nearly daily protests in early 2011, unemployment fell throughout the 2000s, even into 2010. Likewise, Syria had been on a similar pattern of downward unemployment rates until the beginning of the Uprising in 2011. Morocco's labor market for young men deteriorated from 2004 to 2009, but the degree of instability during the Arab Uprising was relatively minor compared to the rest of the region.

Figure 3.3 shows unemployment rates for women aged 15–24 during the same time period, with some notable differences between female unemployment and male unemployment. While the unemployment rate for young men ranged from 10.7 percent in Syria in 2009 to 23.9 percent in Tunisia in 2010, young women experienced much higher unemployment rates. In 2009, the lowest female youth unemployment rate was in Algeria, with a rate of 30.4 percent; while in Egypt in the same year, young women had an unemployment rate of 46.6 percent. Outside of Egypt, most young women experienced unemployment rates in the 30–40 percent range.

The high rate of female unemployment is particularly noteworthy, given women's overall low level of labor force participation. Female labor force participation rates range from the low teens to the mid-twenties throughout the region (excluding the oil-rich Gulf countries). These rates rank the MENA region at the bottom of all world regions. Indeed, most regions have participation rates of two to three times that of MENA (Sayre and Hendy 2013).

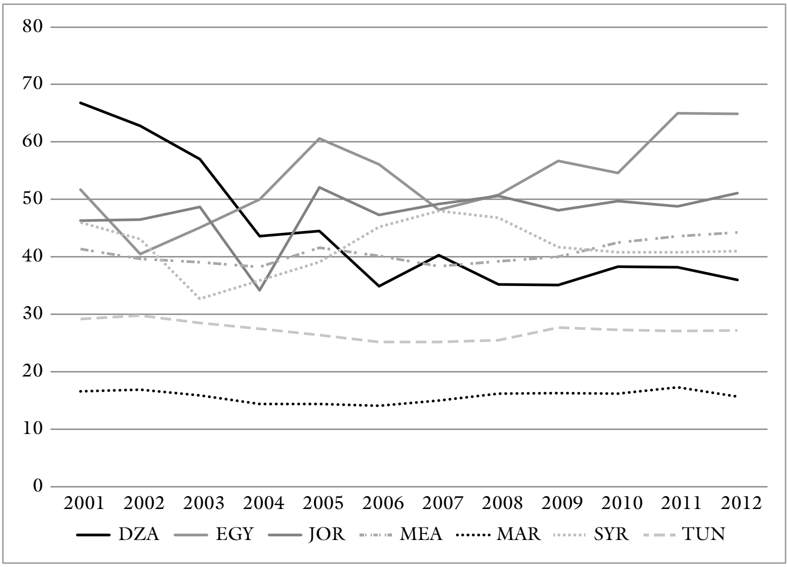

Figure 3.3 Female Youth (15–24) Unemployment, 2001–2012
Source: World Bank, World Development Indicators.

What is striking about the level of unemployment is not just how high it is for youths but the difference between the experiences of young people and the experiences of older workers. The unemployment rate for men aged 30 and up was consistently in the low single digits in the 2000s. For example, for men over the age of 30 in Algeria, Syria, and Egypt, unemployment rates were less than 4 percent, in Jordan 4.8 percent, and in Tunisia 5.4 percent—the highest in the region. Older women in these five countries also experienced unemployment rates higher than men, just like younger women do, but they fared much better than younger women in the job market. Their unemployment rates ranged from a low of 8.3 percent in Algeria to a high of 15.2 percent in Syria. While these rates are generally twice that of adult men, they were still well below the levels experience by women under the age of 30.

The disparities between youth and adult unemployment rates imply that the ratio of the two, which is usually around 2.0 to 2.5 for most countries around the world, is regularly closer to 3.5 to 4. For Algeria, Tunisia, and Jordan the ratio of youth to adult unemployment was generally between 3.0 and 4.5 for both 2009 and 2010.

The two countries that are outliers are Egypt and Syria. In Syria, the male ratio of the two figures is within the range of other countries in 2009 (3.6), but it shoots up in 2010 to 5.7. For women, the ratio is less than three simply because adult female unemployment is so high for Syria. In Egypt, this ratio is so large in 2009 for men (16.1) because of the incredibly low unemployment rate for adult Egyptian men. Likewise, the higher ratios seen for men and women in 2010 (7.6 and 6.1) were primarily driven by the decline in the unemployment rates of adult men and women in Egypt, well below the regional average.

Figure 3.4 shows the change in youth unemployment and total unemployment from 2009 to 2010.[3] The figure contains three bars for each of seven MENA countries and for the MENA region overall. The first bar is the difference between youth unemployment (ages 15–24) rates in 2010 and 2009, whereby a positive figure indicates that the unemployment rate increased between 2009 and 2010. Note that for all but two countries (Morocco and Tunisia), this number is positive, indicating that unemployment was increasing for young people. The

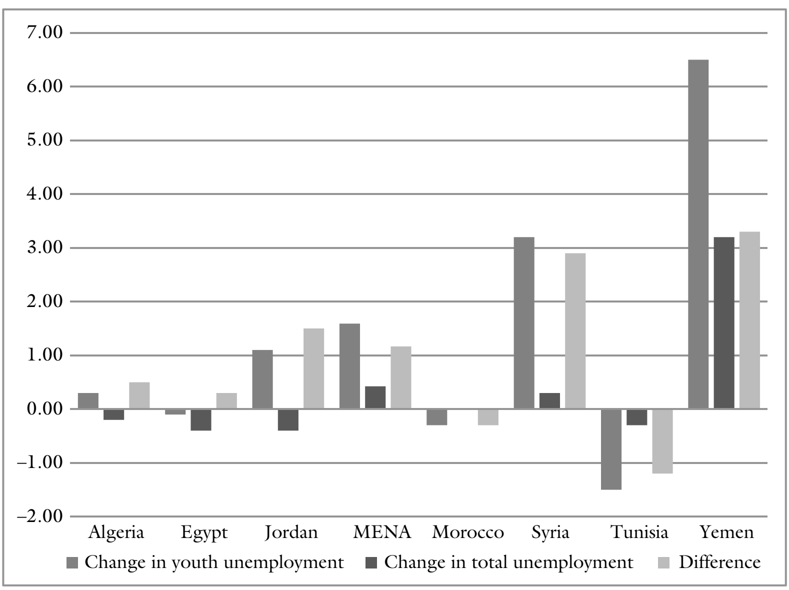

Figure 3.4 Change in Youth Unemployment & Total Unemployment, 2009–2010
Source: World Bank, World Development Indicators.

next bar for each country shows the change in unemployment rate for the total labor force (aged 15 plus). For four of the seven countries, these figures are negative, indicating a fall in unemployment rates from 2009 and 2010. For the region as a whole, we note that unemployment rates increased by .4 percentage points for the overall labor force but increased by 1.6 percentage points for youths. Thus, labor market conditions (on average) worsened for young people, while for the overall population (and thus for older workers), conditions were not deteriorating between these years.[4]

What Do Young People Want?

An important issue concerning the role of economic policy in the Arab Uprising and what sort of economic policies should be pursued by post-Arab Uprising regimes is the question of what young people actually want to see. A critical issue comes down to the following question: Do young people want to see a new social contract that replaces the authoritarian bargain of Arab socialism, or do they want the new governments to honor the old promises?

Syrian Youth

One source for this information is a Youth Survey conducted by Syria Trust in early 2011 (Al-Kurdi and Kabbani 2012). In this survey the authors found that over 70 percent of young people surveyed preferred to work in the public sector and 82 percent felt that they had a right to a public sector job. Furthermore, 74 percent of young people felt that the government was mostly in charge of developing the economy at the time, but 85 percent believe that the government *should* be responsible. Thus, in their view, if anything, the government should have taken a larger role in the economy than it did at the time. Furthermore, only around 60 percent of young people surveyed believed that it was also the responsibility of the private sector and society in general to develop the economy. Thus, the overwhelming sentiment of young people was that the government needed to meet the obligations of the past social contract and not establish a new social contract based on the dominance of the private sector.

Egyptian Youth

Evidence of a similar nature is found in Barsoum (2012), who presents qualitative evidence about how young people in Egypt feel about economic conditions. When asked of the problems they faced by working in the informal sector (lack of social protection), one respondent had an idea for a solution:

> I am thinking that I should find a job in a public sector company. I am convinced of this. They will give me insurance . . . I think the government should start factories. They are actually many factories that have been closed. If they open these factories that were privatized, this will solve the problem. (Barsoum 2012)

Another interviewee said, "The government has to hire the youth. That's the only solution. The country will be better than before. People will be able to live."

As only 18.9 percent of young workers have access to work contracts in their current jobs in Egypt, many are stuck in the informal sector without security. To them, the private sector basically does not have a future and doesn't have security; thus, the only solution is for the government to expand its role in the economy.

Moroccan Youth

While not addressing the issue of government work directly, which is relatively less important, the Moroccan youth survey highlights how young people viewed their economic conditions. The Morocco youth survey was conducted in 2009–2010 by the World Bank to gauge various aspects of the lives of young people. The survey included several questions involving activities by youths beyond their economic lives, including their use of time and their overall level of satisfaction. Figures 3.5 through 3.10 show the level of satisfaction that young people have with various aspects of their lives.

The first result of note is just that the young people surveyed appear to be relatively happy. For example, 52 percent of young women and 48 percent of young men state that they are very satisfied with their current education (Figure 3.5), compared to only 9 percent and 8 percent that said they were dissatisfied. Even more so, young people appear to

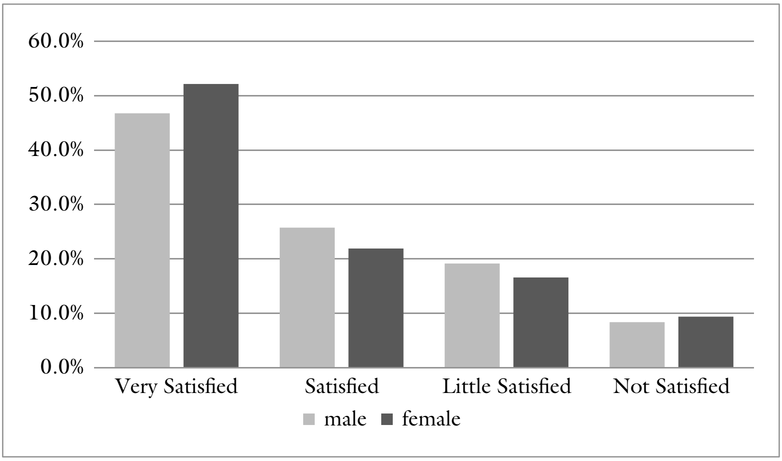

Figure 3.5 Degree of Satisfaction: Education
Source: Author's calculations based upon the Morocco Household and Youth Survey, 2009–2010.

be very satisfied with their current income (Figure 3.6). While 61 percent of young men were very satisfied with their standard of living as measured by income, 68 percent of young women were very satisfied. This is in contrast to only 3 percent of men and 3 percent of women who were unsatisfied with their current level of income.

The one area where there is the highest level of dissatisfaction concerns their marital status (Figure 3.7). For men, only 26 percent were very satisfied with their current marital status, while 22 percent were not satisfied. For women, only 16 percent were very satisfied, and 27 percent were dissatisfied. In numbers not included in the figures, we find that this is not due to single young people wanting to get married, but instead because they were unable to do so. Among single young men, 23 percent were not satisfied, and 21 percent of single young women were not satisfied. Among married young men and women, 22 percent of men and 26 percent of women were dissatisfied.

The young people surveyed in Morocco were generally pleased with their level of civic participation (Figure 3.8). When asked about satisfaction with their level of participation in the community, 72 percent of young men and 70 percent of young women said that they were satisfied or very satisfied. In contrast, only 5 percent of young

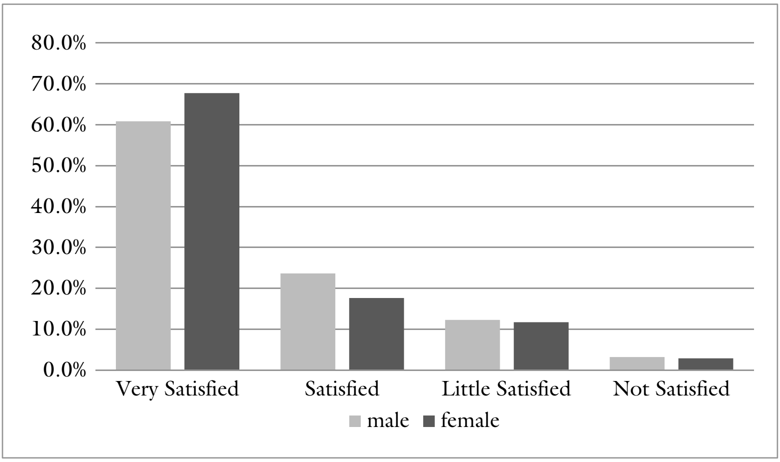

Figure 3.6 Degree of Satisfaction: Current Income
Source: Author's calculations based upon the Morocco Household and Youth Survey, 2009–2010.

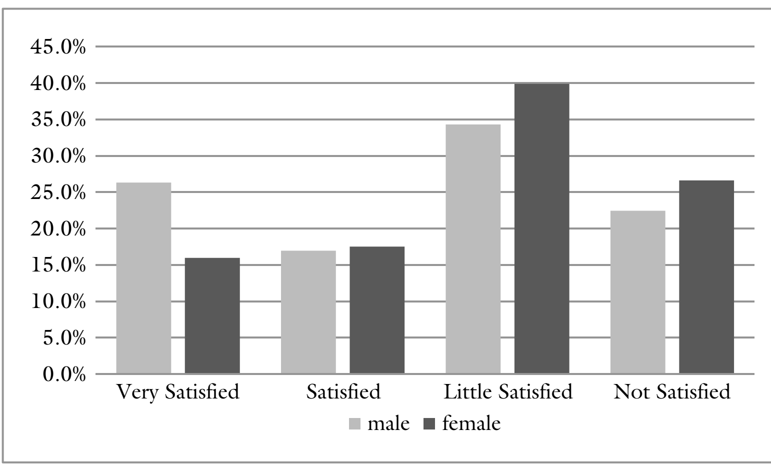

Figure 3.7 Degree of Satisfaction: Current Marital Status
Source: Author's calculations based upon the Morocco Household and Youth Survey, 2009–2010.

men and 4 percent of young women said that they were not satisfied. Likewise, young people believed that their voices were being heard (Figure 3.9). For young men, 81 percent were satisfied or very satisfied with the level of input that they had on youth issues in particular,

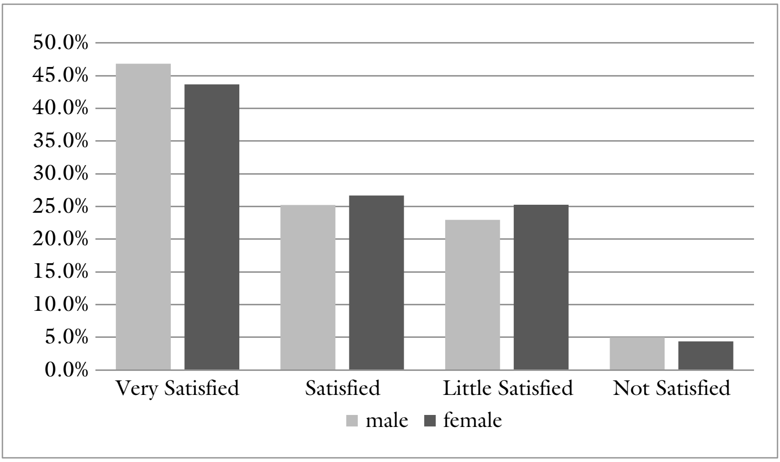

Figure 3.8 Degree of Satisfaction: Level of Participation in Community Affairs
Source: Author's calculations based upon the Morocco Household and Youth Survey, 2009–2010.

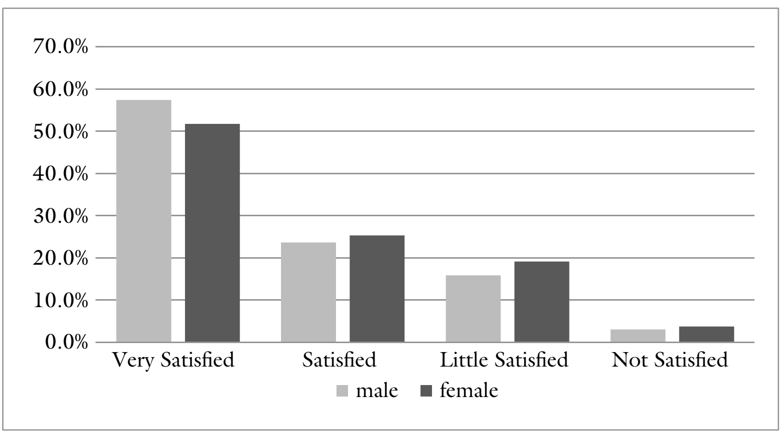

Figure 3.9 Degree of Satisfaction: Level of Voice in Youth Issues
Source: Author's calculations based upon the Morocco Household and Youth Survey, 2009–2010.

while 76 percent of young women were satisfied or very satisfied. In contrast, only 3 percent of young men and 4 percent of women felt that they were not satisfied.

While still showing a very high level of satisfaction, Moroccan young people were less satisfied with their future opportunities (Figure 3.10). When asked how satisfied they were with their opportunity to improve their status in the future, 9 percent of young men and 8 percent of young women were not satisfied. Although fully 45 percent of young men and 40 percent of young women were very satisfied with these opportunities, these results do indicate relatively less happiness about future prospects than their current educational or employment situation. Another indication of their general unhappiness about their economic conditions was their willingness to emigrate. While only a third planned to emigrate, the response to this question differed dramatically by gender. While only 19 percent of young women said they would like to emigrate abroad, nearly half (48 percent) of young men said so. Oddly, even though fewer women said they planned to emigrate, more of those women sampled said that they had made specific plans to do so. Fully 54 percent of those women that said they wanted to emigrate had made plans to do so, while only 26 percent of men who said they wanted to emigrate had made plans. Thus, while many said that they were satisfied with their economic prospects, a large share had hoped to one day leave Morocco, and many had made plans to do so.

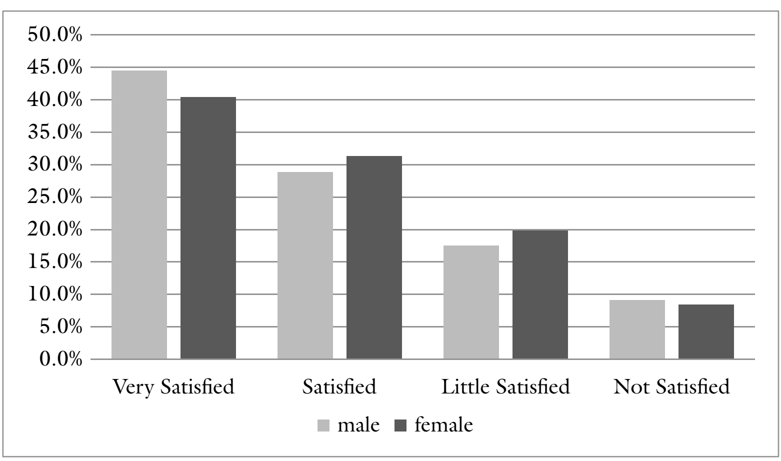

Figure 3.10 Degree of Satisfaction: Opportunity to Improve Status in Future
Source: Author's calculations based upon the Morocco Household and Youth Survey, 2009–2010.

Conclusions

The frustrations that led to the Arab Uprising protests will not go away soon. For decades young Arab men and women have had their economic and social aspirations thwarted by policies and institutions that have not served their needs. The prominent role of young people in the protest movements, and the prominent role of young women in particular, did not lead to these young people having more of a voice in their societies after the Arab Uprising. As seen in the Moroccan data, while both young men and young women are relatively satisfied with their economic lives, young men perceive that they have more options (through the possibility of migration) than do young women. While economic opportunities for women have increased as the level of schooling for women has risen, they have yet to receive the full rewards from this increased schooling. Post-Arab Uprising regimes must do a better job of creating the institutions that support the kinds of jobs these young women need.

The problem faced by all of these regimes is that they are confronted with two competing interests that they must satisfy. In the short run, they must produce immediate economic benefits in order to placate those that were harmed by the previous regimes and to help those who suffered during the period of conflict that ensued. Additionally, they must remove the distorted incentives that helped create the problems in the first place. They must reform the institutions that supported credentialing over skill building in education, that supported repetitive jobs over creative jobs, and that favored entrenched interests over the interests of the young and other outsiders (such as women). All of these structural issues must eventually be overcome, but in the short run, policies that alleviate tensions by increasing public sector hiring or increasing public sector wages will make the eventual necessary reforms more difficult.

Notes

1. With the aging population in East Asia, mortality rates have recently increased there.
2. These figures are from Table 1 found in Salehi-Isfahani (2014).
3. These figures are based on the data from the World Bank (2015) World Development Indicators. Except where noted, the figures come from the reported national estimates for unemployment. The "total unemployment"

figures report the figures for all labor force participants over the age of 15, while the "youth unemployment" figures refer to those aged 15–24.

4. The preference would be to have unemployment rates for older workers (25–64) to compare to youths (15–24), rather than using the overall population (15–64). In the cases where these figures move in opposite directions, it is clear that the conditions for 25- to 64-year-olds must have been improving while those for young people were deteriorating. When they both move in the same direction, it is somewhat ambiguous as to the relative change in youth unemployment when compared to adult unemployment.

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CHAPTER 4

Emerging Grassroots Processes for Inclusive Citizenship: The Case of Moroccan Female Workers in the Textile and Garment Sector

Andrea Martinez

This chapter reevaluates the concept of gendered citizenship in the Moroccan context of precarious employment, at a time marked by neoliberal policies implementing the ideology of globalization as a *sine qua non* condition for development (Heron 2008). In line with the World Bank and the IMF structural adjustment programs, Morocco has been pushing for initiatives targeting the massive recruitment of women in export-processing zones while reducing the size of its government. Ironically, some argue that far from reaping the benefits of open trade, women producing for exchange value are trapped in the exclusionary frameworks of a capitalist system that exacerbates social inequalities and blurs the meanings of dignity, hope, and human agency for the majority of the poor. Considering the first wave of popular uprisings that swept the Arab-Muslim world over the recent years, it is important to reiterate that low wages, insufficient social protection, insecure contracts, and few prospects for advancement have become common grievances for a complex web of popular classes living in the growing cities of Morocco. Indeed, fast urbanization driven by capitalist economic development—a phenomenon observed throughout the MENA region—has increased the dependence of citizens on the labor market for a livelihood. For these citizens who only have their labor power to sell, the economic crisis widened the gulf between them (namely street peddlers and shopkeepers, low-level public sector officials, and factory and office workers, as well as an unprecedented high rate of unemployed graduates) and the ruling elite composed of the monarchy, the military, and state institutions (Assaf and Alexander 2014). As a result, a series of demonstrations occurred across Morocco from February 2011 to spring 2012, in the wake of the overthrow of the leaders of Tunisia and Egypt. Despite Moroccan protests that drove large numbers of participants from a diverse social composition to the streets, the so-called gentle revolution was partially successful, allowing some political reforms of the autocratic frames. But whereas the new constitution eliminated many of the entitlements and privileges previously enjoyed by Mohammed VI, the Moroccan king, the subsequent elections in November 2011 bowed to quite different motivational and coalitional patterns, as illustrated by the gains of the Islamists. Indeed the moderate Islamist Justice and Development Party (PDJ), which controls 107 seats (27 percent) of the parliament, initially formed a coalition with the conservative Istiqlal (Independence) Party, the centrist Popular Movement, and the Party of Progress and Socialism. In mid-2013, however, the multi-party ruling coalition was shaken by the controversial departure of Istiqlal, soon replaced with the National Rally for Independents, a centrist party reputedly close to the palace. Weakened by these events, the PDJ lost several key cabinet seats but may have also strengthened its representation of "an underdog in a system of vested interests" (Arieff 2013: 3). Because the Islamists are not a monolithic bloc, loose alliances continue to pull in different directions, depending on whether democratic change, economic concerns, or radical Islamist beliefs are part of intersecting or conflicting agendas. While it may still be premature to judge the outcome of Morocco's soft version of the Arab Spring, the king has nonetheless managed to avoid the same level of violence, oppression, and detention seen in other MENA countries.

Meanwhile, political despair at the pitfalls of what Western media depict as the "Arab Winter" diverts attention away from women's work as cheap labor for global markets, toward the cultural-religious (read oppressive) dimensions of the Muslim world. As emphasized by postcolonial feminist scholars, distorted narratives about the "Third World" and Muslim women, deeply entrenched in an orientalist vision, reinforce the misleading and simplistic assumption that they constitute a homogenous group that needs to be modernized and secularized in order to be "liberated" from patriarchy and underdevelopment (Spivak 1988, 1999; Mohanty 1988, 2003; Bahramitash and Esfahani 2011). In sharp contrast with the Western-hegemonic rhetoric, a substantial and rapidly developing body of feminist literature about the complexities and intersectional power relations within Muslim societies helps us challenge essentialist interpretations based on rigid binaries—like men/women, traditional/modern, enslaved/liberated, First World/Third World, secular/Islamic—of identity and belonging (Bahramitash 2007; Tohidi 2007; Kian-Thiebaut 2012, among others). Building on this theoretical corpus, my aim is twofold: first, to document the everyday life of Moroccan working women in the textile and garment (T&G) manufacturing sector, one of the kingdom's main employers (representing 70 percent of the country's female force and 90 percent of the female informal employment); second, to show that these women are not mere instruments of the asymmetric globalization or the submissive victims of retrograde Islam, but rather political subjects struggling for their socio-economic rights. It should be noted that women's industrial employment in Morocco dates back to the protectorate period (1912–1956), when women's work was required to supplement the male labor force (Moghadam 1995). Already in the early 1950s, women, mostly from popular sectors—both urban and semi-urban—constituted a numerically significant (one out of eight) category of wage earners (Zerari 2006: 68). Now women in the T&G sector account for 75 percent of Morocco's 175,000 textile workers (Solidarity Center 2013) and are often the only family members to receive a paycheck, giving them conflicting and at times unprecedented power.

Yet, unlike female workers recruited by the maquiladoras located in Mexico and Central America, whose struggles against poverty, violence, and discrimination have been widely documented (Labrecque and Ramos 2010; Maruani 2000; Médecins du monde 2010; Verschuur 2010), little is known about their Moroccan counterparts, particularly from the women's perspectives. The academic research in the field remains scarce, with some notable exceptions such as Bouasria (2013), Lamrani (2011), and two recent reports: a Fulbright study by Jordyn Elizabeth Arndt (2013), documenting the impact of international trade on Moroccan women's work in the textile factories, and a survey by Jamal Khalil (2013) about health and the hardships of T&G female workers in Casablanca. Otherwise, most of the available literature is either anecdotal evidence provided by nongovernmental organizations (NGOs) and journalists or based on data from the 1980s and 1990s (Joekes 1985; Bourquia 1999), including the latest book by Laetitia Cairoli (2011), in which she revisits her ethnographic research on girls and unmarried women working in the garment industry in the city of Fez, twenty years ago.

Contrary to the Western assumptions about the East's "otherness," I adopt a feminist lens aimed to give voice to a specific group of T&G workers whose emerging grassroots processes prompt them to be at the forefront of labor movements in the cities of Rabat and Tangier. More specifically, I explore the articulation between the working experiences (at both the productive and reproductive levels) of these women, and their strategies of mobilization and resistance for an inclusive citizenship, defined by Marques-Pereira (2003: 20) as "the capacity . . . to impose a definition of citizenship which integrates its social dimension." Joining the position of Kergoat (1982) on resistance strategies of women at work, I argue that if workers are actually subject to the binding work of the factory (Lamrani 2011; SETEM 2011), often at the cost of their health (Khalil 2013), they are not a category of "passive dominated" but rather actresses who speak, negotiate arrangements, and develop different action repertoires. In keeping with the dynamics of embodied power theorized by Foucault, I embrace the idea that "power is the ability to say no, to subvert the normative order, to resist, to produce freedom" (Guillemaut 2007: 138). In what follows, I detail the methodological framework used to expand our understanding of the dialectic of oppression-resistance that shapes these women's reappropriation of public space.

Methodological Framework

My study relies on a qualitative analysis of 99 semi-structured interviews (both individual and focus groups) carried out in Arabic dialect with female workers from a dozen T&G factories located in the industrial areas of Salé-Rabat and Tangier, and producing for European customers of international fame. The analysis was conducted as part of a broader research program[1] with the help of a team of students of the Master Gender and Public Policy Program at the Université Mohammed V Agdal-Rabat in two consecutive rounds: the first round with forty-nine women in 2011, and the second with fifty other women between July 2012 and September 2013. In order to protect the anonymity and confidentiality of participants, interviews were made in compliance with the standards and procedures governing research with human beings adopted by the three research councils of Canada (Conseil de recherches médicales du Canada, Conseil de recherches en sciences naturelles et en génie du Canada, et Conseil de recherches en sciences humaines du Canada 1998). Particular attention was given to the consent procedures; the participant-investigator relationships, with emphasis on trust, empathy, and respect; and the disclosure limitation, including the substitution of the women's names with pseudonyms on files, records, and reports. With an average duration of one hour and thirty minutes each, individual interviews were transcribed manually with the agreement of the participants and later translated to French. The time frame for the interviews was established upon the availability of workers: for some, it was necessary to avoid the prayer hours and preferably meet at the workers' homes (often with a group of them formed of five to eight women at supper time), so as not to arouse suspicion on the part of supervisors; for others, including workers on strike, interviews (also individual and in groups) were held on the sidewalk, sitting on chairs against the factory compound's walls. Furthermore, in order to validate the results, a discussion session and data retrieval targeting the workers themselves took place in Rabat in December 2013, with the support and on the premises of the Associative Space, a national network of more than two hundred Moroccan associations and NGOs. This mesh of knowledge and networks also allowed women (re-contacted via one of their union representatives) to gain support to continue—and, where needed, to restructure—their actions for social change.

My interest in Moroccan female workers grew out of exchanges I had with students and colleagues during a course on gender, health, and public policies I taught in 2011 at the Faculty of Law, Economics and Social Sciences, Université Mohammed V Agdal-Rabat. Guided by the methodological premises of postcolonial feminism, my challenge as a white, middle-class, neo-Canadian woman from Chile was (and remains) to make these women's struggles known, while avoiding betrayal of their voices. Without the pretense of being an exhaustive analysis whose findings could be generalized to all T&G female workers, my contribution is based on a more modest approach of "situated knowledge," also known as "positioning theory" (Haraway 1998). The advantage of this approach is that it opposes the positivist assumptions of a rational knowledge, allegedly neutral and objective, claiming instead the bias of knowledge historically and physically located, as well as politically engaged and embodied. Formed of intersubjective partial views (those of the researcher and the subjects interviewed), it postulates that "if the dominated do not control all the mechanisms and strategies that dominants develop and aim at them, they experience the very real consequences of these strategies" (Guillemaut 2007: 35). In its effort to eliminate the distance that normally separates the researcher from the participants, situated knowledge further recognizes that it is the second—the workers—who are the "experts" of their concrete social experience. And these experiences, gleaned over individual and group interviews, are precisely those I propose to analyze in the next pages.

Fragments of Everyday Life in the T&G Sector

A first look at the sample confirms the bleak picture of Moroccan female T&G workers described by Arndt (2013) and Khalil (2013). Their socio-demographic data coincide with our findings except for the social class: all participants of this case study come from working-class homes, and most of them started looking for work at a very young age (13 years and sometimes earlier). Their geographical distribution reveals that two-thirds of them were born in urban zones, and the other third originated from rural areas and migrated to the cities in the hope of a better life. And while the majority of the women are relatively young,[2] almost two-thirds have not completed high school, and one-third of them are illiterate. Despite compulsory education laws, Moroccan girls continue to face sociocultural and economic barriers that explain the gendered patterns of school enrollment ratios in the country. According to Lisa Eba Laskaridis (2011), nearly two-thirds of the female population are still unschooled, and the situation for women in rural areas remains significantly poorer, with rates of illiteracy standing at 87 percent. In today's global capitalist economy, where labor costs are a core component of international competitiveness, such an educational gender gap has contradictory effects: on the one hand, it contributes to the feminization of the textile sector, as labor-intensive exporters tend to find unskilled women workers more attractive than men because their wages are typically lower and because of perceived "feminine attributes" such as docility and productivity in these types of jobs; on the other hand, it increases informal and unprotected forms of work that maintain occupational segregation, as "women continue to be concentrated in temporary and seasonal jobs, while the few permanent jobs that are created are reserved for men" (Razavi et al. 2012: vii).

All participants combine productive and reproductive work (including those who are single but nonetheless responsible for the well-being of their siblings and parents), and more than half are heads of households, often widowed or divorced. Given their affective ties to their families, their trajectories remind us of the girls' socialization pattern reported by Bourquia 15 years ago: "When a young woman works she tends to contribute much more than a young man to the family's expenses, sometimes becoming the chief income earner. Women's employment, however, does not necessarily free them from the social and cultural constraints of their status as women who belong to a poor social stratum" (Bourquia 1999: 68). The case of Amina, a mother of four children, illustrates the impact of gender and class intersection on what she calls her "woes":

> I am married and my husband does not work. He smokes a pack a day and demands that I pay for his cigarettes. All six of us live in a slum with my mother-in-law. I have no education. To support my family, I iron at the factory and also work as a maid. But my salary [1,800 dirhams[3] per month, the equivalent of 227 US dollars] isn't enough. From the moment I wake up at 6:00 AM up to bedtime, I sink into a whirlwind of tasks. The problems never end.

Similarly, Naima, a young 28-year-old mother of two, whose husband is a taxi driver, feels the double burden of handling work and care at home:

> My day starts at 5:00 AM, I am at the plant at 7:00 AM, work until 6:00 or 7:00 PM, sometimes 8:00 PM, and once at home, after I have prepared supper, tidied up the house again, my husband asks for me. He forbids the children to play around and make noise so he can rest. I have to keep him company while he smokes his "sebsi" [hashish], keep myself available for his needs and be cheerful, you know, in bed.

While the realities of the women workers are far from being uniform, in part because their situation depends on the legal status (undeclared and operating informally versus registered and abide by the law) of their hiring factories (Arndt 2013: 20), they share the adverse impact of the growing "informalization" of a formal sector industry. Despite Morocco's universal parity principles introduced in the new constitution of 2011, participants in this case study provide evidence of long (up to ten or twelve hours per day) and unpredictable working hours,[4] absence of employment contracts (they often lack a legal work permit[5] stating their wage, the number of worked hours, the occupational seniority, or their social security number), and a segregation of poorly paid duties that confine them to the assembly lines, ironing or folding. Furthermore, their work environment gets more precarious as the T&G industry faces plant closings and restructurings consecutive to the end of the Multi Fiber Agreement (MFA)[6] and the increased economic competition from Asia. Estimates amount to approximately ten thousand lost jobs between 2011 and 2013 as a consequence of the removal of the quotas formerly allowed by the MFA (Arndt 2013). Arndt notes, however, that "the sector remains relatively competitive due to its proximity to Europe and the high demand for small series produced in ever shorter periods of time" (2013: 10). Some expect that Morocco's textile sector will add another 250,000 jobs by 2025—especially in the export-oriented zones "clustered around Tangier, where the sector is gearing up to target the short production run, high turnover, fast fashion business model" (Solidarity Center 2013). Meanwhile, the current context of increasing economic insecurity constrains many women to comply with unfair work demands, often in blatant violation of the Labor Code. As stated by Chafika, age 29 and mother of two,

> When I was pregnant with my second child, my ex-boss did not want to keep me. I was fired without indemnities. It has been seven months now since I returned to work, in a new factory. I don't have a work contract. Everything becomes expensive nowadays and children need a lot of things. Workers have to endure anything.

Some try to explain their condition by cultural and religious values. Aicha, a mother of four, says, "We don't have the choice. We have to thank God for having a job; otherwise, we will die of hunger." In keeping with Gillot and Martinez's findings (2014), women of female-headed households in particular tend to accept harsh working conditions, as they desperately need to fulfill their role as family provider.

Higher qualifications do not seem to improve the women's working conditions either. Alongside one woman on temporary contract who lives in fear of losing her job, despite a high school diploma (actually the only one among the interviewees to possess such a degree), those, particularly seamstresses, who have gone through short professional training programs (usually in public institutions or charitable associations) say they do not see any difference in terms of their salaries, working hours, paid leaves, or even possibilities of advancement or promotion. Such discriminatory features can't thus be simply explained by an export-oriented industrial model of competitiveness based on low-wage female labor. Instead, Caraway (2007) correctly argues that the driving forces behind feminization of global manufacturing are gendered discourses of work. In other words, the marketplace interacts with an ensemble of political forces (such as government policies on education and reproductive health, but also social institutions including male-dominated unions and international agencies), embedded in sociocultural norms that (re)configure the segregation and exploitation of the women's labor force. An example of the dynamic at play is the World Bank's response to the Moroccan T&G industry struggles in the global marketplace "to lower labor costs and increase productivity" (Arndt 2013: 21), turning a deaf ear to the International Labour Organization's (ILO) efforts for implementing socially responsible management, aimed at "humanizing" working conditions in an already low-paid and low-status feminized sector. Hence, the grim reality of exhausted women for whom their work in the T&G industry is "beyond their physical capacity." Regardless of age, all participants reported suffering from personal health problems closely related to an inadequate, often dangerous working environment: varicose veins and chronic back pain associated with prolonged sitting or standing periods at extreme temperatures (freezing in winter and excessively hot in summer); deafness resulting from constant exposure to loud machines without hearing protection headsets; rheumatism attributed to stifling humidity; respiratory diseases and allergies caused by air pollution (due to exposure to textile particles in suspension) and highly toxic disinfectants (workers don't have masks or gloves); and mental illnesses, particularly depression. Some factories have fire extinguishers, but few are functional. In spite of clear recommendations of ILO to improve the physical working environment of Moroccan T&G female workers in compliance with occupational safety as well as health and hygiene standards, the situation remains precarious, to say the least. Indeed, the same health issues identified in the 2012 survey carried out by Khalil (2013) in Casablanca with 1,197 female T&G workers still apply.

Rachida, age 42 and mother of three girls, is pregnant again. Frail for her eight-month pregnancy, she fears the period following childbirth, especially since the factory does not offer a nursing room: a widespread situation, despite the requirement of section 163 of the Labor Code for companies with fifty or more employees. Based on what the workers say, one finds it difficult to believe that not only did the Moroccan Labor Code increase the maternity leave from twelve to fourteen weeks (seven weeks before delivery and seven weeks after, in case of health complications), but that it can be extended to twenty weeks and workers protected from any dismissal during this period. Nadia, in charge of ironing, recalls that she gave birth in a taxi because the factory administration forced her to finish her job. She had twins; one was stillborn, and the other died at the hospital. Few workers have access to information sessions on sexual and reproductive health. Those who have children say they had to pay for antenatal services despite their meager resources. Access to modern medicine remains an unattainable luxury for many, while absenteeism for medical examination may lead to employment loss. "When pressing clothes," says Fadela, a 26-year-old single woman, "incidents occur and the worker is transported to the hospital's emergency room without any support from the factory." In fact, both the pace at work and dilapidated machines are sources of many accidents. Nonetheless, due to formalities deemed too complicated by the workers, accidents are often not reported. Her coworker Ahlam, same age, admits not being able to afford a psychiatrist to treat her depression. She adds that three girls from the factory died of cancer. "The raw material gives allergies. There is a dermatologist, but he knows nothing and does not give us anything."

So far, however, none of the above descriptions has revealed the sites or "mental images" of resistance, if any, from where the same women workers may challenge social hierarchy, marginality, and domination.

Doing so would require a paradigm shift from the hegemonic feminist perspective sustaining the thesis of "underdeveloped, weak" Muslim women literally consenting to their domination, to the more radical, differential mode of "consciousness-in-resistance," a shift that I explore in more depth below.

Consent to Domination or Self-Conscious Opposition Manifestations?

French anthropologist Nicole-Claude Mathieu (1984; 1999) was among the first feminists to publicly tackle the argument purported by Godelier's ethnography of the Baruya people (in Papua New Guinea) and Bourdieu's sociological study anchored in the Algerian Kabyle society: that male domination can be explained in terms of women's consent to their domination. As a short reminder, Maurice Godelier (1982) attributed one's consent to his or her domination (of class, caste, or gender) to two main factors: (1) the recognition of a contract requiring the spontaneous cooperation of the dominated and (2) the sense of debt resulting from the shared belief in the legitimacy and benefits of power. Mathieu, on the contrary, contended that oppression is not a contract, but rather the "fragmented consciousness" (also referred to as "anesthesia of consciousness") due to material constraints imposed on women and producing a semblance of complicity. What Pierre Bourdieu (1990) interpreted as "symbolic violence" (where masculine domination is exercised upon women with their complicity) was thus reinterpreted by Mathieu as "mediation of self-consciousness" by the screen of masculine power or, simply put, "alienation." More recently, some scholars (Rodary 2007; Lacoste-Dujardin 2010) have critically reexamined Bourdieu's foundational concepts of habitus and symbolic domination in light of his own bias against "tradition" (be it Mediterranean, Muslim, or Middle-Oriental), perceived as the main barrier to gender equality, consequently underestimating the real counterpowers women exercise in those same societies. Likewise, Bev Skeggs (2007: 13) has posited, "Women are highly conscious not just of the 'construction' demands placed upon them, but also of the unfairness of the demands . . . They do not fit the positions to which they were symbolically allocated, [but instead] they dis-identify . . . They found a variety of ways to challenge masculine domination."

According to the positioning theory, deconstructing oppression demands a consciousness-raising process where each one may become aware of his or her oppression, based on his or her own experiences, even though Chandra Talpade Mohanty (2003) rightly asserted that the mere fact of being a woman, poor, Black, or Latina is insufficient to acquire an "oppositional political identity." Following Frederic Jameson and Michel Foucault, Chela Sandoval (2000) has attempted to identify alternative ways of decoding language of resistance within postmodern globalization. She postulates that "all social orders hierarchically organized into relations of domination and subordination, create particular subject positions within which the subordinated can legitimately function. These subject positions, once self-consciously recognized by their inhabitants, can become transfigured into effective sites of resistance to an oppressive ordering of power relations" (Sandoval 2000: 54.5). Hence self-conscious resistance not only depends on one's perceptions and experiences of power, but it may also change human relations. How relevant are the "fragmented consciousness" and "self-conscious opposition" categories for the subjects of this case study? And how do they relate to the quest for inclusive citizenship?

Women workers, as I have mentioned earlier, do not constitute a monolithic group sealed by common interests (the so-called sisterhood in oppression). Their lives are shaped by the shifting relationships between various markers of identity (age, social class, ethnic group or tribe, marital status, etc.) from which to build a sense of membership and power relations. Since women are members of more than one community at a time, they can simultaneously experience discrimination and exercise a privilege (Bilge 2009). In some contexts, social class, ethnicity, and religion are more important than gender when it comes to defining their rights and duties as citizens. Therefore, the loyalties of these women must be refracted in terms of the multiple positions they occupy and the intersections between these positions (Yuval-Davis 1997). On this point, Suad (2002) showed that the practices of citizenship of women in Arab states differ depending on whether they are claiming rights as individuals or as members of communities defined by the family. In the case at hand, though, the need to choose among conflicting groups of rights (community and individualistic) seems much more porous. In what follows I put forward a set of five strategies, identified by the women workers themselves, where awareness of oppression can lead to individual forms of creative resistance, which in turn reinforce—at least for some women—collective organization.

Denouncing Violence against Women at Home and in the Factory

For many participants, the experience of violence begins during childhood: "At the time," Aisha—now a union representative of a factory on strike—recalls, "I was 13 years old and had to quit school to do household work for families for 300 dirhams per month. My father collected the money, while I collected chores and insults." The topic seems too familiar and painful for lengthy explanations. Group discussions offer the possibility to overcome the individual fear and shame to talk about endured abuses, as women realize they are not alone. While some participants listen to Aisha attentively, often shaking their heads, their colleague Fatima remarks that abuse transcends male power:

> It was my mother-in-law who insulted me; she threw me out of the house although I contributed to building its very floor. I can't take my property back, because I do not have any evidence; God is the only witness.

Suddenly, others discover that they are not the only ones having left their province to avoid getting married without their consent—and being raped and beaten by family members in a position of authority. Contrary to sexual assault and rape, which have become crimes punishable by law, no provision of the Penal Code yet penalizes marital rape. Moreover, article 475 of the Code provides that the abductor or the seducer of a minor girl may be acquitted after being charged for rape if he marries the girl. Although the 2004 reform of the Moudawana (Family Code) has repealed the provisions relating to the obedience of the wife to her husband, violence (either physical, sexual, or verbal) remains—as for many women all over the world—part of their daily lives. Actually, no legislation specifically prohibits domestic violence. Bouchra, married at 18, testifies,

> My husband was a neighbor of my parents. He was not working at the plant. He beat me until I landed in a coma at the hospital. Fortunately, I got a divorce. [After a pause, she adds:] Women suffer a lot. Even now, my ex-husband lives next door to me, but he does nothing. He never brought me a basket of anything to help. I will never forgive him.

Despite some clear examples of gender injustice awareness, none of the interviewees would ever mention the need for joining a feminist movement (be it Islamic or secular) as an empowering step.

Women workers feel that they are too busy to think outside their harsh routine conditions, particularly when their everyday life encompasses harassment and sometimes physical and sexual aggression in the streets, as in the case of Ibtihaj, age 22 and unmarried, who lost her job without any compensation after the plant closed:

> A gentleman had promised to find me a job; he gave me an appointment and asked me to prostitute myself. I refused, at which point he tried to rape me. I stood alone. Why is it that girls are a source of disgrace while boys are entitled to everything? Nothing threatens them.

Roughly all the participants expressed anxiety resulting from urban insecurity after eight o'clock in the evening, except for Hafida, a worker with more than 15 years of experience in the T&G sector; she has almost become a legend of courage among her coworkers. She recalls,

> Once, a guy with a very large knife asked me to give him my money. But I told him: "no, when I come here to work, I bring no money. I only bring something to eat and I'm like you, my situation is miserable like yours. What do you want from me?" I told him diplomatically that our situations were the same, and I won the battle. The guy apologized. He said he was sorry and all . . . But anyway, during the time when I negotiated, I was not afraid, but when it ended, I was really, really scared.

Recognizing that fear of aggression does not solve their need to go to work, women adopt self-defense mechanisms, such as walking to the factory and coming back home in groups of six or seven (for those living in the same neighborhoods), or lobbying for segregated (i.e., exclusively feminine or masculine) public transport systems (instead of the mixed buses often put in place by the factories). These modes of spontaneous organization are a concrete form of resistance to the insecurity affecting their lives. Yet they do not prevent institutional violence. Some participants report that if a female worker complains about her situation and starts crying or shouting, she is pushed out of the plant and left alone on the sidewalk, covered in a cardboard box, until she "comes down." This dehumanization of social relations negates the fundamental right to social health and security, eventually reducing the status of workers to that of mere disposable goods. Hafida says again, "You do not have the right to get sick. You do not have the right to say that you have a problem. You're here just for the job; you have to work in silence. You have to be efficient, that's all." Resisting and overcoming violence at the workplace seems indeed more difficult to manage, as it can impact on their family's well-being. As Safae put it,

> A worker from my factory, whom I'd given a piece not well done to, started shouting at me and calling me junk. When I asked him to talk to me respectfully, he did not like it and slapped. The supervisor came between us but forbade me to complain to the administration under the threat that I would be fired.

Protecting Their "Honor"

All of the female workers interviewed recognize that they operate in a system of very restrictive social norms. As a result, they want to comply with what they call "honor," a moral concern reflecting their awareness of being stigmatized and discriminated against by society; thus their will to resist. The requirement to enforce honor requires, among other things, wearing traditional dress (colored hijab and matching scarf), which not only displays a presence deemed "perfect," as it hides the female form, but also creates a sense of belonging in the poor neighborhoods, where it dresses women from puberty to old age. Analysis of Léchenet (2010) on dignity as central to women's citizenship can help to better understand the importance that workers assign to this same concept. Based on the theory of Axel Honneth (2004) for which the exercise of citizenship mobilizes three spheres of intersubjective recognition—love, legal relationship, and social relationship—Léchenet believes that the deficit of women's citizenship is contingent upon the lack of confidence caused by the absence of recognition from the dominant. In particular, she asserts that "social invisibility, the behaviour adopted by the dominant towards the dominated to express their social superiority by ignoring those they dominate, would produce feelings of humiliation in the invisible person" (Honneth 2004: 11). In the present case, the women workers feel they do not enjoy a good reputation in the broader society. They are often accused of having "light manners" and called "Bint al Ma'amil" (factories' girls) in a deprecating fashion. Faced with contempt and disrespect, these women seek to recover social visibility by linking their dress code and behavioral representation of "good citizenship" to the domesticated image of women (embodied in the wife, mother, and housewife trilogy) as the basic unit of the nation. Like a mantra intended to reassure those around them (including the researchers) as much as themselves, the statement "I work for the welfare of my children" always arises during the interviews. Regardless, earning a salary may become a symbol of individuation guaranteeing their exercise of an inclusive citizenship, precisely because of their participation in the monetary exchange.

Gaining Economic Autonomy

In principle, economic autonomy indicates a breach of guardianship maintained by the hierarchy of the paterfamilias, and thereafter the end of the assignment of women in the private sphere. As in the study of White (cited in Suad 2002) on women workers in poor areas of Istanbul (Turkey), access to a salary helps to reduce dependence vis-à-vis the husband and acquire greater confidence in making household decisions. Yet such autonomy is limited by impoverishment and family duties, as well as the internalization of culturally constructed patterns of behavior. The story of Najia, whose husband has deserted home, leaving her the sole responsibility of their two daughters (one aged 12 and the other 16), is representative of the rifts caused by this situation: "I do not have the means to educate my two girls at once. I had to stop schooling my oldest. I have pain in my legs and back, but I want to keep working to support my daughters until they get married." Beyond the financial and human burdens imposed on women, the workers find themselves in a paradoxical and unexpected role: being the head of the household gives them new independence, including the power to decide how to manage their salary. The legitimacy of the financial argument is then used to reshape the contours of the social acceptance of women in the public space. Simultaneously, work at the plant imposes a gradual reorganization of family roles that helps increase their personal autonomy and status within the family, although rarely to the extent of transgressing certain gender boundaries. While young women, particularly those who migrated from rural provinces and are living on their own (often in a room shared with two or three girlfriends), tend to be more at ease with relaxed gendered expectations, they also seem ambivalent about the idea of "women's emancipation." Interestingly, when asked about their dreams, women unanimously state that they would like to quit the factory, rest, and enjoy family life with a good husband that could provide for them and their kids. Congruent with Bourquia's findings (1999: 97), the family remains perceived as a "safety valve" for women working in an unsafe, cheap-labor, and unstable industrial environment.

Unmasking the Social Relations of Class and Power between Women

If, on the whole, the women speak with restraint about the patriarchal model, circumventing it rather, they are much more talkative when it comes to exposing the model of class privileges. Among these privileges, abusive supervisors, both men and women described as "corrupted," are regularly mentioned during interviews. Touria, a widow and mother of two, explains:

> If we want to leave for a major cause, such as illness for example, we should give gifts to the manager. Gifts like fabrics, hijabs, a blanket or a laptop . . . it's corruption. And if a woman wants to work here for the first time, she must also give the supervisor 500 dirhams for the job. And the supervisor demands that workers provide breakfast and lunch for her. We cook for her.

Others, like Rachida, also denounce the abuses of public services:

> Public services are inaccessible and if we do not accept corruption, we can never be served. I remember one day I had a very bad fever; I went to the nearest clinic. I asked a nurse to see the doctor. She told me Madam Doctor was doing her Alassr prayer [prayer of the afternoon]. So, I had to wait. I waited over an hour and a half. When the same woman came out, she told me that the consultations were done on mornings only. So, I replied: should I have asked my fever to appear in the morning and not the afternoon? I did not know Madam Doctor. I have never felt discriminated against as much as she did that day . . . I

> started to cry and said: Allah, for whom she was praying, would never accept such behavior; a real doctor would help even outside of her working hours. The nurses tried to calm me down. They begged her to see me. Once she agreed, I was the one who refused her consultation. Because I knew that a physician who is not human can never heal the sick, even with all the drugs in the world.

The consciousness of power relations between women is all the more remarkable as it is accompanied by a moral lesson to resist class violence, at least symbolically. Rachida's posture echoes the construction of citizenship's identity as a declarative process (Bell 1999). In other words, and akin to Butler's notion of performativity (1999), the citizenship process of negotiation and renegotiation not only confers a sense of identity, but also transforms the workers' social position into a significantly politicized one. As pointed out by Rachida again, "It's hard to feel like an outsider in her own country. We are citizens; we need to enjoy our rights and dignity. I never vote during elections because I do not trust anyone." Her colleague Fatima goes further: "I don't want to vote for anyone; they do nothing for me. They do promise a lot but once elected, they forget you." Although women have the right to vote in Morocco since 1956, this sense of skepticism, often coupled with a pragmatic consideration (crowded schedules) is shared by others like Rahma, 41, divorced and childless, who says, "No, I do not have my [voter] card; I do not have time to register, and I do not believe in elections." The paradox between citizens' claim to enjoy their rights and dignity, on the one hand, and the refusal to vote during elections on the other hand, underscores the limits of a sham democracy. Under the 1996 constitution, Morocco is a constitutional democratic and social monarchy with an elected parliament. Yet the king reigns and governs alone: combining the functions of supreme political leader, army chief, and religious leader, "he freely appoints and dismisses the Prime Minister as well as the ministers, ambassadors, governors and *walis* [prefects], directors of public and administrative authorities, etc." (Siri 2011). And although Morocco has lifted its reservations to CEDAW convention in 2011, and his new constitution enshrines the principle of equal rights for women and men, in November of the same year (2011), an electoral law established a quota of female representation in parliament at 15 percent.

Even since the withdrawal of the conservative Istiqlal Party, in July 2012, the number of women appointed increased from one to only six in the new government. Not surprisingly, women workers interviewed do not feel in any way concerned about issues of political representation. Btissam, 38 years old, single, simply votes to "please" her brother, with whom she lives. For her, as for many of her colleagues, citizenship could be better described as participation in a community of political interests where subjects share the same "interpretation of a set of ethical and political values, such as equality" (Morales-Hudon 2007: 30), justice, and dignity. These are precisely the values that drive them to organize collectively.

Fighting for Their Social Rights: Solidarity under the Reality Test

Rather than a formal status or combat for increasing women's political representation, women interviewed understand citizenship as the everyday exercise of social rights. Hafida emphasizes the need for justice:

> We just demand our rights, those that justice provides but that we can't enjoy. At least, if he [the boss] gave us our money, we could go, but we were not paid . . . I am here to defend our rights because a right may only be obtained if you fight for it.

As a matter of fact, since October 2011, when over 1,500 T&G workers protested against the closure and subsequent massive layoff (without indemnity) of four textile factories in Sale, sit-ins and strikes have become part of everyday life for many of the interviewees. Samia explains the reasons why she joined the strike:

> Recently, the boss asked us to work two days a month without pay, on the grounds that the plant was about to declare bankruptcy. We refused to be exploited, and indeed this is the straw that broke the camel's back. On December 17, 2012, we stopped working and we decided to occupy the plant until justice be done.

Her colleague Nouriya adds, "The head of the company, he has the money; not us. So it is the poor who are in the streets, that's where the state must intervene. We just want to work and have our rights." However, among the interviewees, only a few, such as Wafa (a single young woman without kids), explicitly relate the workers' fight for their rights to the women's movement. She reports,

> Between 2008 and 2009, the boss fired more than 160 workers without honoring their dues. We now occupy the factory to prevent the relocation of production facilities to another site. On International Women's Day, March 8, we organized a sit-in outside the parliament. We organized two marches in the industrial district to raise awareness for our cause.

Although Moroccan workers have the right to form and join independent trade unions, and the 2004 Labor Code prevents employers from punishing workers who do so, those who decide to get involved in union activities are still exposed to discrimination and the risk of being dismissed. Indeed, most participants admit being afraid to join a union because they could be either deprived of their lunch break or laid off. Moreover, in their struggle to assert their rights, all workers do not necessarily show solidarity with each other. When asked about unions' role and relevance to their working conditions, participants are divided between two opposite views: for some, unions are perceived as time-consuming, counterproductive, male-dominated, and mostly too risky. For instance, during a group discussion, Karima, 34, says, "We have the union at work but there is only one woman among them. And they do nothing. So what's the point? I will never join the union; it does not make any sense." Amina, divorced with two kids (8 and 12), expresses concerns about the ability of unions to represent workers: "Unions do not have a place in our society; these are people who defend their own interests. Personally, I would never become a member of a union organization." Her colleague Hassna, 42, whose work is to glue buttons, adds, "There is a union for workers but since my niece lost her employment because of her involvement with them, I don't dare to think of joining a union anytime soon." Summarizing, Maria, 28, states, "It's good to defend our rights, but with us, talking about rights puts us outside the factory and we could not find work; employers are stronger than us." On the contrary, others continue to support the strike, albeit recognizing that their political mobilization comes with a high social cost. Such is the case of Touria: "My daughters need to help me a little bit. The family . . . is our immediate support." In the same vein, Naima, a widow of 36 years, says, "I'm lucky to live near the plant and have a sister who has supported me in keeping my daughter. Otherwise, I would never get out."

Among pro-strike participants, Khadija shows a high level of political resistance to what she refers to as "slavery": "It is shameful, humiliating and degrading," she says. "I feel exploited by managers who never get involved in improving our working conditions. This has pushed us to go on strike to demand our rights and restore our dignity." A similar strength inhabits Habiba, who is not afraid to denounce the collusion between employers and governments, or the bribes to judges and labor inspectors: "The judge is in favor of the boss. We think that the former paid him. The boss has a lawyer, but neither came to the hearings. He uses our labor and takes our money." The feeling of injustice also resonates with Houria, who explains the impact of the so-called multi-blacklist, a phenomenon commonly mentioned during the interviews:

> It's hard for me to find a new job in factories because the blacklist circulates between plants. Some of my former colleagues, who worked in the same factory and went looking for work in other textile factories, were surprised to learn that these plants said they would never accept workers who went on strike.

Notwithstanding their consciousness of exploitative and dominant relations, the women interviewed speak of their difficulty to reconcile their strong determination with a society they see as profoundly unfair, one that allows the state, courts, and corporations to collaborate toward the preservation of power relations.

An Inconclusive Fight

It is difficult to conclude without saluting the resilience of workers who, despite fatigue, pressure, low wages, and the gradual deterioration of their health, are ready to fight for their dignity—the cornerstone of their sense of citizenship. "We might be the bint al Ma'amil," they insist. "We want people to respect us anyway." Their claim to work in accordance with their social rights leads them to adopt a few strategies designed to create spaces of citizenship. Nonetheless, those strategies tend to be limited, precisely because they reproduce the spontaneous nature of women's "silent rebellion": "Their micro-struggles are not necessarily rational strategies" (in the Weberian sense of purpose) and do not pursue long-term goals; rather, they are designed to limit the effects of a situation of oppression, without aiming at the disappearance of the power link (Guillemaut 2007: 191).

Although the patriarchal and neoliberal economic model directly affects women workers at home, at the plant, and more generally in society, their pursuit of an inclusive citizenship suffers slides and stalls. Women interviewed do not follow a systematic and concerted action (such as the adhesion to a religious or a secular feminist movement) framed in a project of social transformation. Aside from a few workers already sensitive to International Women's Day and ready to advocate for women's rights, we have seen that resistance to domination is expressed mainly in the form of "little transgressions" or daily negotiations (discreet outfit, walking in groups, unisex collective transport) to protect themselves from harassment or sexual assault. Collective mobilization through sit-ins and strikes appears as another oppositional manifestation, albeit unions are still seen by an important portion of the interviewed women as male bastions that both reduce work possibilities (as the risk of being fired increases) and maintain privileges. Other concerns expressed by the participants, but not anticipated in this research, are the stigma associated with intersections of class and rural origin (sometimes lined with Berber ethnic identity), through the accounts of several female workers who say they are "foreigners in their own country." But their experience of otherness (and its corollary, minority status) is not associated to racism, particularly since, unlike the agro-industrial food companies that hire labor from sub-Saharan Africa, the T&G sector recruits local women that mostly share identical cultural and religious references. Much more representative of an oppositional resistance, although fluid and ambivalent, is their political awareness of a global economic system that, besides encouraging exploitation, is vital to their own survival. The main reason that leads them to occupy the urban space is the need to provide for their families, be it at the cost of having to face and circumvent the relations of domination from employers, abusive women (supervisors as well as mothers-in-law), violent men, and legal and governmental institutions.

A closer examination of the women's own perceptions of their lives and their place in society revealed a complex set of stories designed to get around, if not to remove, the constraints of everyday life: from the ad hoc arrangements for survival through gestures of affirmation more or less spontaneous, to more structured activist organization, all meant to protect themselves and their families. In conclusion, women workers' identities fluctuate between fragmented consciousness and self-conscious opposition. While the road to full citizenship seems long and bumpy (as union activities involving women are still in their infancy), the female workers have not said their last word. For the moment, their actions seem largely insufficient to shake the foundations of the intersecting systems of gender and class domination in the global economy. In that respect, Lawler's remarks (2005) resonate deeply in the women workers' consciousness: "Neither domination nor resistance can be mapped easily by determinism or agency, since for many dominated groups it is very difficult to instigate change, no matter how much they resist" (Adkins and Skeggs 2005: 125, quoted in Bilge 2006). Thus the provocative question raised by Bilge (2006): "The subalterns can certainly speak, but can they be heard?" We formulate the hope that following ongoing and constructive meetings of the participants with a dynamic network of two hundred Moroccan NGOs, women workers in the T&G sector not only will be heard by civil society, but also will access the tools to collaborate and engage in new local, national, and international alliances for improving social justice and gender equality.

Notes

1. More specifically a trilateral partnership (Université Mohammed V Agdal-Rabat, Université Paris I-Panthéon Sorbonne, and University of Ottawa) launched in 2011, under the auspices of the Institut de recherche pour le développement (IRD), France.
2. Although the average age (35 years) is higher than in Lamrani's 2011 study, which was less than 25 years.
3. For others, the month's salary does not exceed 1,100 dirhams, whereas the government-mandated minimum wage in Morocco is 10.14 dirhams (US$1.16 per hour).
4. Working conditions are adjusted to the market's needs. Basically, factories tend to reduce the number of employees to fulfill orders as the product

is sold. This way, they also "reduce storage costs and the risk of taking on unsold stock. If a product has no commercial success, the following orders are modified based on sales." On the other hand, if the volume of sales increases, workers are required to work overtime (SETEM 2011: 12).

5. There are many cases where women report having signed a work contract for a six-month period, but thereafter continued working without it or any other valid document.
6. This agreement provided Moroccan industries preferential access to the European market until January 2005.

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CHAPTER 5

Understanding Women's Labor Force Participation and Entrepreneurship: The Case of Turkey

Özlem Altan-Olcay

We have been witnessing a global wave of mass protests in recent years, from the Spanish Indignants movement, to the Arab Uprising, to the Occupy movement. While the protests share, across borders, not only techniques and use of social media, but also widespread citizen dissatisfaction with the economic prospects at this particular juncture of neoliberalism (Fox Piven 2013; Memos 2010), each one had localized grievances and demands. The Arab Uprising's popular slogan was "Bread and Dignity," reflecting the escalating dissent against both economic injustice and authoritarianism (Dahi 2011). These movements were also immediately marked by the salience of gender issues: on the one hand, women's participation and their demands for equal political participation, economic justice, and protection from gender-based violence were greatly visible at the height of the protests; on the other hand, counterrevolutionary forces and the new regimes utilized a myriad of gendered tactics to suppress protesters and their voices (Al-Ali 2012; Kandiyoti 2013; Moghadam 2013).

This book was inspired by demands of greater gender equality, and seeks to explore the role that support for women's small business enterprises can play in the endeavor toward women's empowerment. This exploration follows in the footsteps of an upsurge in attention paid in development programs to women's entrepreneurial activities.

There are two interconnected sets of reasons behind this interest. First, increasing women's labor force participation has been seen as "smart economics." As World Bank executives and reports frequently put it, women's participation in remunerative economic activity is expected to have a substantially positive impact on various economic indices such as economic growth, poverty reduction, and social inclusion (Morales 2012). Second, women's entrepreneurship also is expected to contribute to measures promoting gender equality, by empowering women in a variety of ways. These arguments have struck a chord in the MENA region, where women's labor force participation has historically been below global averages, as well as in comparison with other countries at similar GDP levels. How can we assess the merits and limitations of these arguments from a feminist perspective?

In this particular chapter, I seek to rethink these issues through the case of Turkey, which also witnessed a wave of highly visible protests in the summer of 2013, which began in response to the attempts of the municipality to demolish Gezi Park in Taksim Square in Istanbul to make space for a shopping mall. The protests quickly escalated to cities across Turkey when word spread of police brutality toward the small number of activists occupying the park and the officials of the Justice and Development party responded to the protests antagonistically. Soon after, the protests turned into multifaceted dissent against the neoliberal authoritarianism of the government (Iğsiz 2013; Keyder 2014; Tuğal 2013; Yörük and Yüksel 2014). Many commentators drew attention to women's visibility in the protests, rebelling against growing attack by government officials on women's rights in recent years (Arat 2013; Kandiyoti 2014).

This gendered commonality of the protests is important, given that the country has, until recently, been debated as a possible model of economic development as well as democratization for the region. Turkey's growth performance in recent decades improved to the point that the country is now considered an upper middle-income country. In fact, it currently ranks eighteenth in the world in terms of GDP size. And yet not only do women's labor force participation and employment percentages remain low, juxtaposing GDP growth with global gender inequality rankings reveals a very striking picture (Figures 5.1 and 5.2). The Gender Inequality Index (GII) is an index designed to measure the loss in total human development resulting from existing gender

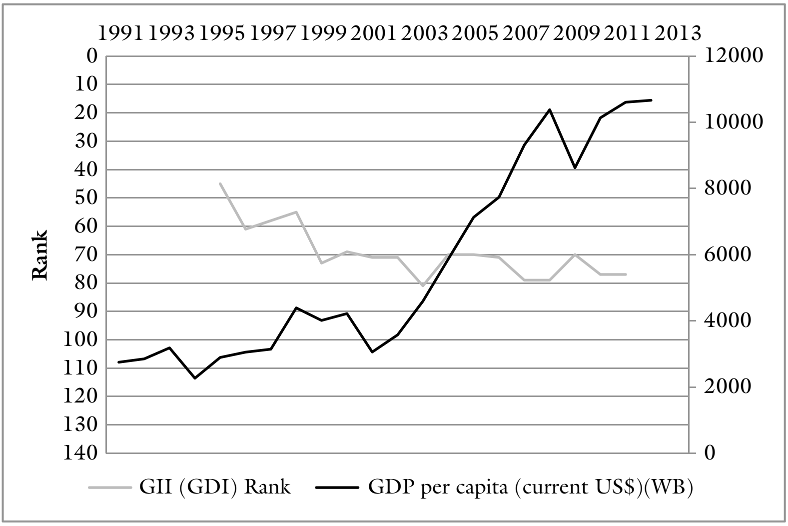

Figure 5.1 Gender Inequality & Economic Growth in Turkey
Source: Calculated from UNDP Human Development Reports 1991–2012.

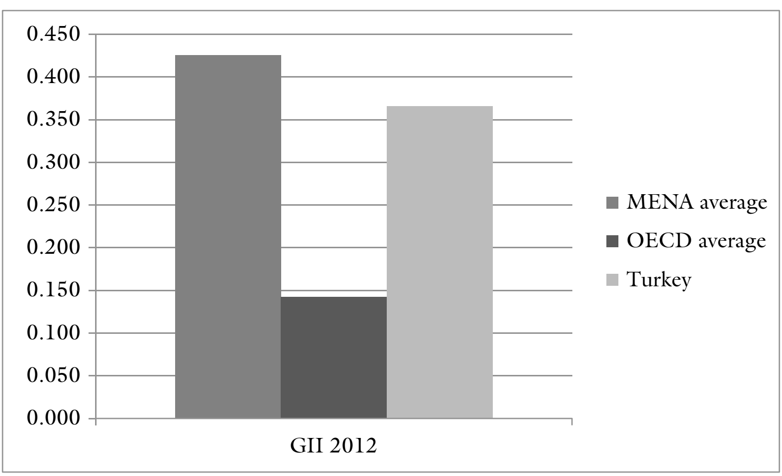

Figure 5.2 Regional Comparisons for Gender Inequality Index, 2012
Source: Calculated from UNDP Human Development Reports 1991–2012.

inequality. The above charts reveal the downward trajectory of the GII in Turkey during a period of sustained economic growth. Notwithstanding the fact that women's labor force participation is only part of the GII, this contrast allows us to test arguments that establish straightforward links between economic growth, women's labor force participation, and gender equality.

Based on these observations, in this chapter, I make the following arguments: First, while a positive relationship might exist between labor force participation and women's empowerment, this relationship cannot be stripped of discussions of welfare policies, their degree of gender sensitivity (MacDonald 1998), types of jobs created, and cultural practices framing women's remunerative activities. One cannot ignore the diversity of women's experiences in the labor market and the impact of workforce engagement on their well-being (Elson 1999). If these factors are not taken into consideration and a straightforward causal link between women's empowerment and labor force participation is assumed, this creates a situation in which many women who can find jobs are burdened with time poverty and concentrated in bad jobs with little chance for upward mobility, while their labor force participation is instrumentalized for the good of the family.

Second, the Turkish case reveals that there does not have to be a link between economic growth, on the one hand, and the aforementioned gender indicators, on the other. These arguments run up against an empirical limit, as sustained economic growth can be achieved in a number of different ways, none of which necessarily has a direct connection with women. Additionally, this logic risks naturalizing an instrumental approach to women's labor force participation and undermining policy efforts aimed at creating the kind of environment in which women can find good jobs. It also risks subsuming the issue of women's labor force participation within discourses of women's sacrifices for the well-being of their families, thus reinforcing patriarchal cultural norms. This is especially evident in the surge in the attention paid to women's entrepreneurial activities. Here, I problematize the lump-sum approach to "women's entrepreneurship," which cannot and should not assume the same circumstances for women who own formal businesses and employ others, and women who are engaged in informal remunerative activity from home in the absence of other meaningful options. In my discussion of entrepreneurial activities, I am driven by the statistical evidence pointing to the fact that for most women who are self-employed, the latter is the reality.

In the following sections, I first summarize the key debates in the literature on the links between women's labor force participation, in general, and entrepreneurship, in specific, and gender equality and overall economic vigor. Then I move on to the specific case of Turkey and delineate the stages of the economic transition in the post-1980s context. I focus on the sustained economic growth of the recent decade and its underlying factors. Next, I link this discussion to Turkey's economic performance in terms of women's labor force participation and employment patterns, both of which were on the decline until a few years ago. This contextualization allows me to refute the direct causal relationship established between women's labor force participation and economic growth. Then I provide an overview of contemporary policy tools that are being utilized to raise women's labor force participation by increasing their entrepreneurial activities. I critique these initiatives, situating them in a more general context where a variety of discourses and political action are familializing women's rights.

Women and Labor Force Participation in Times of Neoliberalism

The growing interest in policymaking that fosters women's remunerative economic activity, particularly entrepreneurship, has been shaped as part of three coeval developments. The first has to do with the growing recognition in the 1990s that neoliberal structural adjustment programs implemented throughout the 1980s often failed to benefit majorities throughout the developing world. Second, this spurred the emerging human development paradigm to begin paying attention to expanding individual choices and capabilities (Nussbaum and Sen 1993) and place special emphasis on poverty reduction and gender equality. Finally, because women's remunerative economic activities were seen as a simultaneous answer to problems of social exclusion and gender inequality, programs that encourage women's participation in the labor force through entrepreneurial activities have proliferated. In fact, the World Bank has a long history of labeling activities that increase women's paid labor (and especially entrepreneurship) as "smart economics" because of its potential to contribute to economic growth and efficiency (Chant 2012). An additional frequently raised observation is that when women make money, they contribute more of their earnings to the well-being of their families (Nichter and Goldmark 2009).

There are numerous critiques of this new development paradigm. In general terms, scholars have argued that these initiatives assume and reproduce a market-based understanding of economic activity and rights of citizens (Fine 2003; Somers 2008). Meanwhile, shrinking welfare programs, consolidation of labor laws to favor transnational capital (and not the worker), and financial liberalization are creating crisis situations and increasing economic volatility, while simultaneously decimating economic and social safety nets (Weber 2002; Roy 2010). Furthermore, approaching women's labor force participation for purposes of economic growth reveals an instrumentalist tendency (Razavi 2012). Once the primary goal is expansion of the market economy, everything else becomes secondary. Under such circumstances, human welfare concerns are tolerated only as long as they serve the primary goal of economic growth.

Neoliberal restructuring and discussions of women's labor as a means to economic growth also reduce issues of gender equality to indices of the paid labor market (Beneria 1999) without necessarily analyzing multiple, overlapping power inequalities that are both enabled by and facilitate market economies. This strips feminist mobilization around equal socio-economic rights from its relational and context-specific approach and makes generalizations on the basis of abstract individual action. As a result, it becomes impossible to talk about the multiple structural constraints under which women's labor force participation, and experiences thereof, comes into being (Chant and Sweetman 2012). Abu Lughod has written—in the context of the Middle East—on middle-class assumptions woven into the logic of empowerment through labor force participation: When what is available to women in the labor market are backbreaking, low-wage jobs, these cannot be assumed to provide a venue for self-actualization and economic freedom (Abu Lughod 2009). This distance between reality and assumptions points to a need to take a more holistic approach that links issues of labor force participation, paid employment, and entrepreneurial activity to existing legal and policy frameworks and the underlying conditions of economic growth.

Such a contextualization reveals a number of gendered trends. First, by dismantling whatever meager social policies were in place for reproductive labor, neoliberal restructuring not only has chosen to ignore the vitality of home-based care work but also intensified it for women, who are more likely to shoulder it (Bakker 2007). This neoliberal process turns a blind eye to care work because it is "private" (Tronto 2006), therefore contributing to a more conservative set of norms that naturalize unequal divisions of labor in the household. Second, neoliberal "success" was enabled by a feminization of the labor market (Beneria 2010). Feminization indicates a process whereby transnational capital has chosen to hire young women workers in global factories, with the expectation that they will be more amenable to control and low wages than men (Elson and Pearson 1981). Furthermore, this feminization, coupled with the reluctance of governments to pass or improve existing labor rights legislation, has come to boost informal economies and define the precariousness and exploitative nature of most work available for women and men (Carr et al. 2000; Peterson 2012). Thus, we cannot talk about a straightforward, unequivocal link between improvement in gender inequality, women's empowerment, and their labor force participation.

Drawing attention to diversity of experiences should not be seen as ambivalence about the significance of remunerative economic activities for women. Rather, there is a need to strip relevant discussions from their tendency to approach women's labor force participation in an instrumental manner and, instead, explore the conditions that play a determining role in how women experience their work. This is a call to understand how experiences are differentiated with respect to women's class positions, education, marital status, and so on (Ruwanpura and Humphries 2004; Bahramitash and Olmsted 2014).

Neoliberal ideology's individualist approach to issues of economic activity neglects a variety of issues that inform how people make economic decisions (Duncan and Edwards 1997). It neglects problems of household care work, structural constraints in the labor market, created by patterns of jobless growth, and absence of state policy protecting workers' rights. This approach also fails to take into account intersectional inequalities in experiences of paid work, which are especially true for the case of women's entrepreneurship. Calls for women's entrepreneurship should also pay attention to the fact that not all entrepreneurial activity will result in the substantially positive outcomes promised, and not all women who engage in small businesses will begin with similar opportunities. The approach of smart economics has usually entailed various programs that invest in women's entrepreneurial activities for the aforementioned purposes. Yet entrepreneurial success, for men and women, hinges on a number of factors, including, but not limited to, education, prior business experience, networks, and access to credit. Studies on small businesses in various large economies indicate that about half of entrepreneurial investments fail within five years of their establishment (Griffiths 2013; SBA 2014). This demonstrates that experiences of individual empowerment and socio-economic independence, along with sustained economic growth at the macro level, are true for only a fraction of any self-employment activity.

The situation is even more complex when we address the gender dynamics of entrepreneurship. Deep structural inequalities are known to inform women's uneven access to the resources that influence success rates (Ahl 2006). Thus, we should be wary of making hasty generalizations and articulating lofty expectations for women's small businesses. When we discuss the potential that women's entrepreneurial activities generate, we need to pay attention to the diversity of experiences among women (De Bruin, Brush, and Welter 2006), which are determined by their familial status, class position, education, and employment experience, among other things. Our discussion must take into account the contexts in which women engage in remunerative economic activities, and how these mediate their experiences (Shinnar, Giacomin, and Janssen 2012). In other words, if we accept the premise that the general economic atmosphere that neoliberalism creates is unlikely to produce a sufficient number of good jobs in the formal market and is also open to volatility, then we should be wary of hasty connections between women's self-employment and empowerment, especially for the majority, who will not be operating in the formal sectors. In light of these suggestions, in the following sections, I contextualize debates on women's labor force participation and entrepreneurship within Turkey's neoliberal transition. In the process, I explore meanings attached to women's entrepreneurship, and the caveats of lofty expectations.

Contours of Neoliberal Transition in Turkey, 1980s to Today

By the end of the first decade of the twenty-first century, Turkey had consolidated its neoliberal transformation. The country's economic performance in the last decade was applauded for its sustained level of economic growth. This remarkable transformation elicited calls for MENA countries to emulate the Turkish model for economic and political liberalization (Kirişçi 2011). Yet critical scholars have also written extensively on the limitations and problems of this political model (Rumelili 2013). On the economic front, the process spurred the informalization of the labor market, wage repression, and dramatic declines in labor union participation (Boratav, Yeldan, and Köse 2001). There is also growing critical reflection on the reliance of this growth pattern on short-term credit (Yeldan and Ercan 2011), as well as on the unprecedented number of legislative maneuvers that expanded the scope of political influence over capital accumulation (Buğra and Savaşkan 2014). Scholars also have warned about the monopolization of political power and growing social conservatism, especially playing out in terms of gender norms and roles (Buğra 2014). This is the context in which debates over women's declining labor force participation, and their potential for fostering self-employment to raise these percentages, are taking place.

Similar to other cases in the developing world, the Turkish government began implementing an IMF-induced structural adjustment program after a foreign exchange crisis between 1977 and 1980. The initial policies of the program included managed floating of the exchange rate and regulating capital movements with the goal of raising export revenues (Boratav and Yeldan 2001). Legislative changes that allowed for the repression of wages and organized labor activism contributed significantly to export performance (Boratav, Yeldan, and Köse 2001). What made this legislation possible, without sealing the fate of a democratically elected government, were the military coup of 1980 and the new constitution it drew up, severely restricting citizens' rights.

The second phase of the neoliberal transition was introduced in the 1990s; a complete liberalization of the country's capital account was introduced with the goal of attracting foreign capital, financing government debt, and cheapening imports (Cizre-Sakallioğlu and Yeldan 2000). In this period, the private sector also developed additional mechanisms to repress wage costs, such as widespread layoffs, temporary work contracts, outsourcing, and subcontracting (Şenses 1994). By 1994, these policies and strategies had caused the estimated number of informal workers in the manufacturing industry to exceed that of formally employed workers (Boratav, Yeldan, and Köse 2001: 329).

Capital account liberalization, in the absence of a solid regulatory framework, meant that the economy became overly dependent on short-term capital flows. As a result, the growth performance of the 1990s remained volatile due to the economic crises of 1994, 1999, and 2001. This experience facilitated the gradual building of regulatory institutions, a process that gained momentum in the aftermath of the 2001 crisis (Öniş 2004), and the process was continued by the AKP in the early 2000s (Öniş and Şenses 2007). Until very recently, economic growth under the AKP government was praised for its ability to unleash entrepreneurial activity in the country, which historically lagged behind major cities such as Istanbul prior to the 2000s. This performance was held up as an example for the rest of the region.

In addition to a successful program of economic liberalization, there was also an emphasis on democratization (Özbudun 2007), undertaken by a government known for its pro-Islamic tendencies. AKP, as the latest manifestation of a series of pro-Islamic political parties, most of which were closed down by the Constitutional Court, leveraged EU requirements in order to break the country free from the tutelage of the old elites. Accordingly, the democratization process under way in Turkey could provide guidance for others in the MENA region, with whom there are cultural affinities and economic and political ties. If a moderately Islamic government can uphold a program of democratization in Turkey, this experience may be applicable for other countries in the region (Kirişçi 2011). There were a number of cracks, however, as evidenced recently in the repression of the Gezi Park protests (Tuğal 2013) and political maneuvers to monopolize power (Özbudun 2014), in addition to the backfiring of the regional foreign policy (Öniş 2014). As a result, today, not many people are talking about Turkey as a model, to say the least.

Several scholars have also been pointing to problems on the economic front for some time now. Buğra and Savaşkan have written about the role of political action in generating capital accumulation through party patronage; it was not necessarily the unleashing of entrepreneurial potential that was taking place, but rather the use of political office to bolster the economic power of supporters (Buğra and Savaşkan 2014). This has meant minimized attention to issues such as the environment, sustainability, labor rights, and creation of good jobs. In fact, the last decade's economic growth owes much to short-term capital inflows with little ability to create jobs (Yeldan and Ercan 2011). Figures 5.3 and 5.4 below demonstrate these jobless

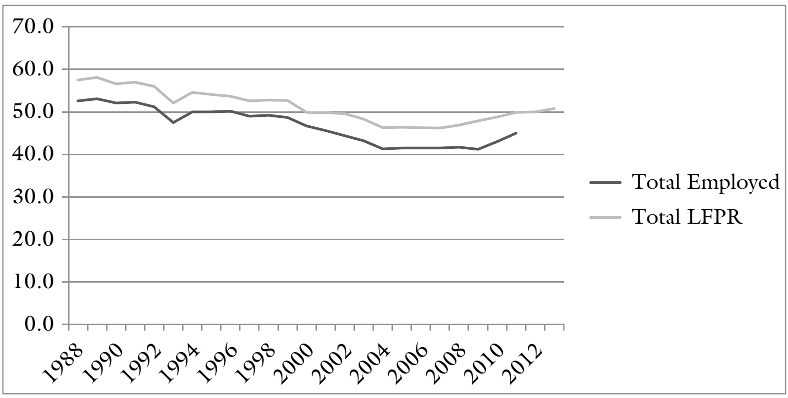

Figure 5.3 Employment & Labor Force Participation Rates, Turkey, 1988–2013 (%)
Source: TURKSTAT Household Labor Statistics.

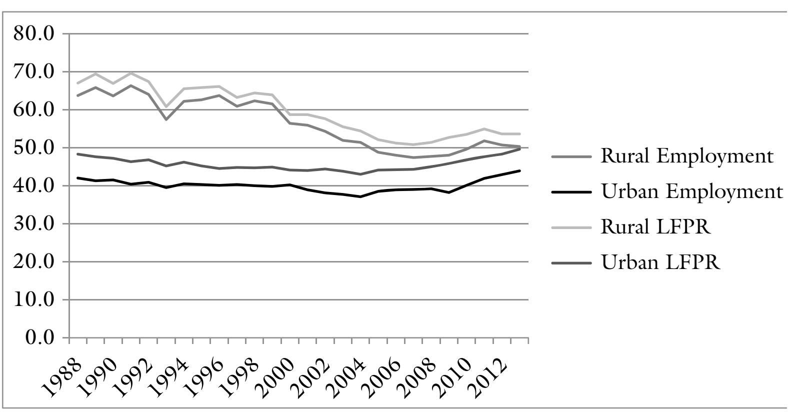

Figure 5.4 Employment & Labor Force Participation Rates, Urban & Rural, 1988–2013 (%)
Source: TURKSTAT Household Labor Statistics.

growth patterns; dividing them into urban and rural further underscores the problems.

The growth of the informal sector is also alarming. Informalization occurred in tandem with an unprecedented decrease in unionization rates, from 20 percent in the early 1990s to 5 percent in recent years (OECD 2007). Along with draconian legal restrictions on unionization (Özel and Kuş 2012), these factors have inhibited labor's ability to demand higher wages and better working conditions. A final general critique of the economic growth patterns has been the exorbitant proportion of private credit use in consumption patterns. In 2012, household debt stood at 50.7 percent of household disposable income, a steep jump from just 4.7 percent in 2002 (Kilinçarslan 2013: 148).

These processes reveal more than the problems with policy choices regarding neoliberal structural adjustment programs. They give us an idea of what the actual experience of economic activity may be for laborers and how diversified this experience can be, depending on a variety of factors. It is in this context of growing precariousness and economic uncertainty that we must assess women's labor force participation and policies concerning the matter.

Gendering the Economy

A further statistical revelation of the above chart is that women's labor force participation rates in Turkey have declined from their already low levels in the 1980s. Even though there is an upturn in recent years, in line with the global historical data that reveals that women's labor force participation declines during the early stages of economic development and increases in the later stages, the maintenance of relatively low rates in Turkey requires further explanation (Tunali and Başlevent 2004). According to Turkish Statistical Institute (TURKSTAT) data, in 2014, women's employment rate was 26.7 percent, and their labor force participation rate was 30.3 percent. With these figures, Turkey lags far behind the global averages of 47.1 percent and 50.31 percent, respectively (ILO 2015) (Figures 5. 5 and 5.6). These statistics also show that economic growth, as an indicator, may not necessarily correlate closely with levels of women's (or men's) remunerative

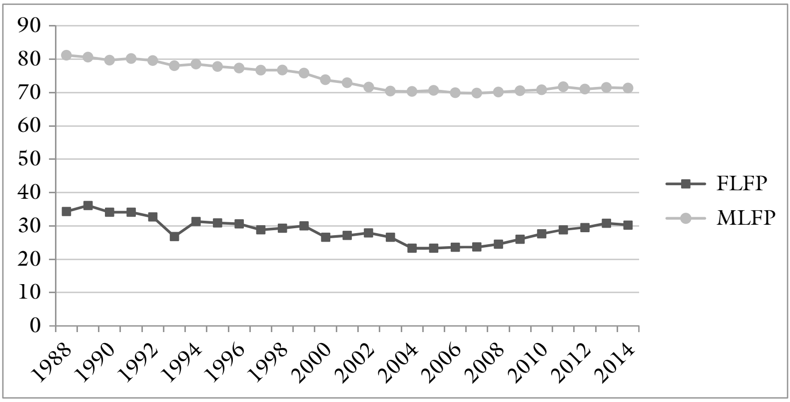

Figure 5.5 Female and Male Employment Rates (%), 1988–2012
Source: TURKSTAT Household Labor Force Statistics.

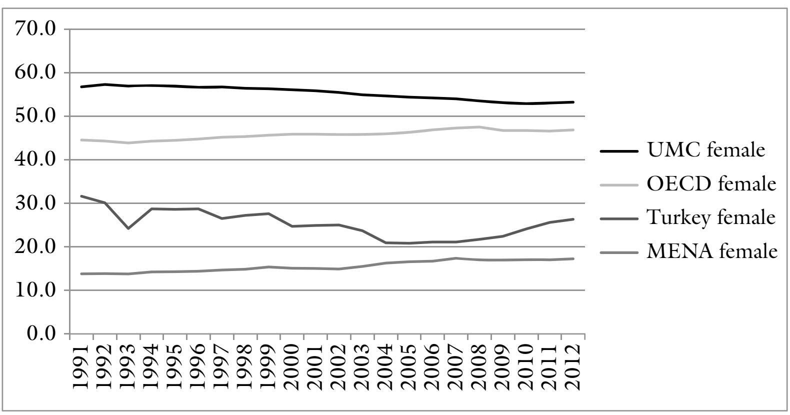

Figure 5.6 Global Comparisons: Employment to Population Ratio, 15+ Women (%)
Source: World Bank, World DataBank World Development Indicators.

activity. But the instrumental logic of this assumption may actually serve to hide a variety of structural problems, such as the extent of labor demand and the kinds of jobs being created.

How do we explain the comparably low rates of women's labor force participation? Historically, the majority of women in the labor force have worked as unpaid agricultural workers, meaning that women's remunerative economic activities have always been low. During the mid-1980s, approximately 80 percent of female workers and 30 percent of male workers were in the agricultural sector; by 2010 these rates were 39 percent and 17 percent respectively (World Bank 2014). Although some scholars indicate that due to the widespread practice of hiring women informally, statistics underestimate the actual rates (Dedeoğlu 2008); many women were driven out of the labor force once they migrated to urban settings, where available jobs did not match their skill sets, and industry and services were unable to absorb the surplus labor (Buğra and Yakut-Çakar 2010). Services offered more jobs for women than manufacturing, but these jobs catered to a minority of better-educated women (İlkkaracan 2012).

This has prompted many scholars to conclude that gendered differentiation of the labor market owes a lot to education levels (Başlevent and Onaran 2003; Dayioğlu and Kirdar 2010; Gündüz-Hoşgör and Smits 2008). While this is certainly an important factor, this conclusion fails to address a number of issues. İlkkaracan's study shows that even though the percentage of women with high school and university educations has almost doubled between 1988 and 2008, there has not been a parallel increase in women's labor force participation. Furthermore, while higher education levels do increase the likelihood of women's labor force participation, this probability has actually declined over time (İlkkaracan 2012). Scholars have also shown that comparably educated women are likely to hold jobs that are inferior to men's (Ecevit 1991; Suğur 2005). At the other end of the spectrum, education also fails to explain the persistent gap between men and women in terms of social security coverage. Of men employed in Turkey, 35 percent are not registered with a social security institution, compared to 60 percent of women (Figure 5.7). In this context, urban jobs for women from lower social classes, and with little formal education, have concentrated in sectors offering low wages and no social security, and often requiring longer hours of work (Dayioğlu and Kirdar 2010; Dedeoğlu 2010; İlkkaracan 2012; World Bank 2009).

These have to do with vertical and horizontal segregation of the markets, true not only for Turkey, but elsewhere as well. The literature reveals the significance of unequal divisions of household labor in determining women's patterns of labor market participation and

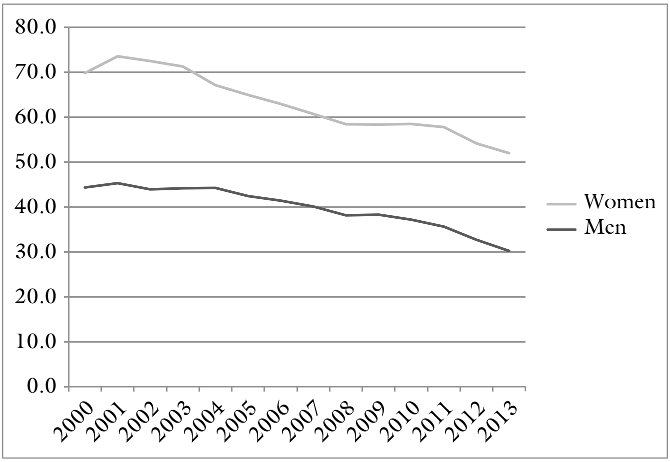

Figure 5.7 Informal Labor, Women & Men, 2000–2013
Source: TURKSTAT Household Labor Force Statistics.

potential for upward mobility (Berik et al. 2009). Effective state policies that expand affordable care services go a long way in facilitating women's ability to participate in the labor market (Stier et al. 2001; OECD 2007). In the absence of such policies, there are two likely scenarios: When women continue to be employed outside of the home, they assume the second burden of care work at home; or, when they can, they withdraw from paid work (Salido and Moreno 2012; Andreotti and Mingione 2012), especially true in cases where the jobs available outside are exploitative. The second scenario is backed by statistical evidence on women's weak labor force attachment, manifesting itself under circumstances of marriage and childbirth (İlkkaracan 2012). Debates in Turkey also underscore the importance of addressing the problem of reliance on women's care work, and the cultural practices that naturalize such gendered divisions of household labor (Candaş and Silier 2014).

Fostering Women's Entrepreneurship

The declining rates of women's labor force participation have elicited ambivalent state policies. According to Gökşen et al. (2013), some efforts have been made (albeit insufficient and internally contradictory) to increase the percentages by expanding training possibilities, giving incentives to employers to hire women and young people, and fostering entrepreneurial activities by providing credit and training. The latter policy includes entrepreneurial training programs, small business credit provisioning, and business incubators, which are not differentiated with respect to gender. There are also programs that enroll more women, such as a microfinance program established by an NGO run by a member of AKP, in partnership with the Grameen Bank and making use of local administration facilities; poverty reduction programs; and credit partnerships with banks (Gökşen et al., 2013). The motivation for these efforts is driven by the aforementioned logic: Tapping into the entrepreneurial potential of women is expected to resolve problems of household poverty and women's low rates of labor force participation. Some gender-conscious NGOs also become part of these programs in order to enhance gender equality (Altan-Olcay 2014). Yet critical reflections on entrepreneurship in general, and women's entrepreneurship in particular, are more circumspect about such expectations.

Empirical evidence shows that micro and small businesses have much more uncertain success rates, in the face of macroeconomic volatility, true not only in Turkey but elsewhere as well (Özar, Özerten, and İrfanoğlu 2008). While advocates hope that individuals, given the right incentives, will successfully pull themselves and their families out of poverty through self-employment, statistical evidence shows that this causality does not categorically work. On the contrary, poverty rates for the self-employed are the second highest among those engaged in remunerative economic activity (Figure 5.8).

Figure 5.8 differentiates between those who are self-employed and those who employ others in their businesses. The wide variation in results tells us a great deal about the pitfalls of assuming that entrepreneurial potential and entrepreneurial obligation are the same thing (Altan-Olcay 2014). Lumping together all those who have small businesses can grossly overestimate the potential of small businesses and ignore the ways in which class-based differences play into outcomes. In fact, ethnographic evidence shows that in the case of development programs, there is a stark difference between the assumed social class of the "entrepreneurial woman" and that of the actual women with

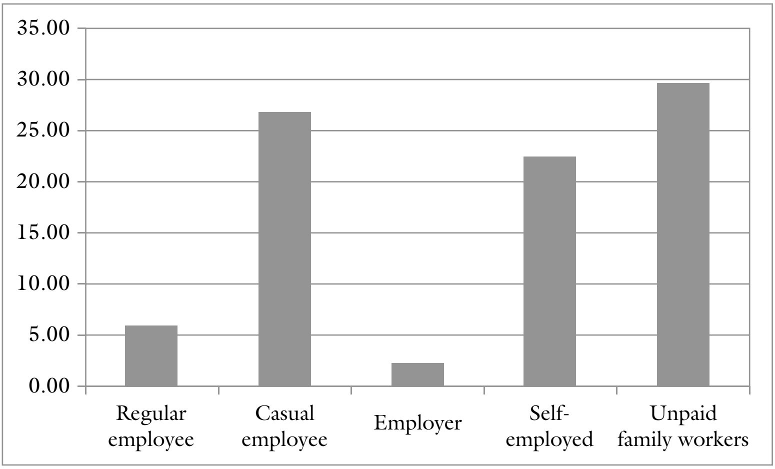

Figure 5.8 Employment Status & Poverty Rates, 2009
Source: TURKSTAT, Results of 2009 Poverty Study.

which these programs engage. The difference can be traced in the businesses that are actually established, given the combined inequalities in economic capital, educational achievement, and household reproductive responsibilities (Altan-Olcay, forthcoming). Many people who are self-employed face a riskier future. This is especially true for target groups who are expected to raise themselves and their families out of poverty. Instead of addressing these inequalities, such discourses of entrepreneurship endorse a logic of individual market responsibility in a context (Altan-Olcay 2011) where social policy is increasingly defined in terms of social aid hinging on patronage, and not in terms of a citizenship right (Buğra and Yakut-Çakar 2010; Yörük 2012).

Given this general economic context, we cannot neglect the diversity of outcomes for the self-employed. Owners of formal businesses are likely to do better than those with informal ones, and those who own larger businesses will necessarily have more tools to protect themselves under conditions of volatility. While women whose class positions and household income are higher on the hierarchy may experience empowerment and economic independence when they have formal businesses, for the majority of self-employed women, this may not necessarily be true. In fact statistical evidence shows that 90 percent of the women who are self-employed are in the informal sector and placed in the lowest income bracket of the labor market (Ercan 2011). This informality reinforces the general patterns of precariousness in the labor market, which are especially pronounced for women. By functioning as a safety net, it normalizes the lack of social policy geared toward protective measures, and of attention paid to generating more secure jobs (Buğra and Yakut-Çakar 2010). It also normalizes a situation in which low labor force participation for women, coupled with the largely informal nature of this participation, causes a majority of women to lack direct access to social security, thus making them reliant on men (fathers, husbands, sons), if the latter happen to have formal-sector jobs (İlkkaracan 2012).

Critical reflections on women's entrepreneurship in management and organizational studies have also shown the need to pay attention to gendered power inequalities in order to assess whether women's entrepreneurship really creates the kinds of structural changes necessary for gender equality (Ahl 2006). In addition to goals of poverty reduction, in various settings, women's entrepreneurship has also been endorsed because it may offer women the chance to balance family and work obligations (Weilar and Bernasek 2001). There are caveats in this conclusion that need to be unpacked, however. What are the structural conditions and legal circumstances under which women make these decisions? What are the jobs available? What is the extent and accessibility of public and private care services? How can we contextualize the meanings of emphasis on women's entrepreneurship, given variations in these circumstances?

Buğra argues that "the difficulties women face in a neo-liberal work environment are undoubtedly more severe in countries where labor markets remain unregulated and social policy institutions are weak and the neo-conservative challenge is clearly more serious in societies where progress toward gender equality is less firmly grounded and the achievements of the women's movement can be more easily opened to renegotiation" (2014: 149). She then goes on to describe how not only government officers, but civil society actors as well, regard women's home-based remunerative activities as a solution to problems of care work at home (expected to be undertaken by women) as well as to perceived risks of mixed-gender encounters (Buğra 2014). It has to be emphasized that this is distinct from a situation in which women choose to stay at home under conditions where they have meaningful work options. Here we are talking about a normalization of both a perspective that sees women solely in terms of their familial responsibilities, and of an absence of policymaking that relieves pressure on women on this front through labor as well as welfare legislation.

Recent scholarship on social policy changes in Turkey affirms that women are seen in familial terms. Legal reforms in the area of gender equality in the labor market, undertaken due to the EU accession process, are not only piecemeal but also offset by tendencies of familialism and pronatalism (Gökşen et al. 2012). Any activity undertaken for the purpose of raising women's labor force participation is the responsibility of the Ministry of Family and Social Policies, and not the Ministry of Labor (Gökşen et al. 2013). The labor laws that require employers to make arrangements for day care only kick in if the company hires more than 150 women, creating a strong disincentive to hiring women (KEIG 2009). In the absence of strong incentives for employers to hire women, and in a labor market where discrimination goes largely unpunished (Dedeoğlu 2012), women's ability to find paid labor diminishes significantly. Emphasis on women's entrepreneurship, which is reinforced by policy choices, dangerously naturalizes this situation (Buğra 2014).

The aforementioned legislation once again naturalizes the idea that care work is a woman's responsibility. This is strengthened on the social policy front, where there is increased reliance on women as family caregivers (Buğra and Keyder 2006). Need-based social assistance programs and conditional cash transfers introduced in recent decades allow for the state to withdraw from provisioning institutionalized solutions to care work (Yazici 2008). They serve two purposes simultaneously: They allow the government to record means-tested benefits as increases in employment while creating incentives for women to stay at home (Candaş and Silier 2014). These proposals take place during increasingly frequent proclamations by high-ranking public officers about the complementary (and unequal) natures of men and women.

Candaş and Silier (2014, 104) interpret these developments as the privatization of care-based issues, which are increasingly taken out of the realm of public policy, thus paving the way for "official rejection of gender equality as a social policy goal." When only 2.8 percent of households are able to afford paid care work and there is little public investment in care facilities, this burden falls primarily on the shoulders of women (İlkkaracan 2012). We should consider paying attention to women's entrepreneurial activities in this context. Instead of problematizing existing divisions of gendered household labor and lack of good jobs, these proposals encourage women's labor force participation for the benefit of the family, and not because the ability to find secure, formal-sector jobs should be an intrinsic right for each individual regardless of gender. Given the frequency with which these small businesses are actually informal and home-based, they serve to consolidate a social setting where women are more likely to stay home and contribute income while simultaneously undertaking household reproductive labor.

A recent public opinion survey reveals the conservative nature of familial expectations for women. Women are expected to take care of their families before anything else, and their absence from the household is seen as a problem for children. And yet, at the same time, women are expected to contribute financially to household income (Carkoğlu and Kalaycioğlu 2013). These expectations, also fostered by public policies and discourses, neglect women's double burden and time poverty. As a result, women report that they dedicate 87 percent of their labor time to household reproductive labor, whereas this amount is 16 percent among men. After marriage, men's unpaid labor declines by 38 percent and women's unpaid labor spikes by 49 percent (Memiş et al. 2011).

Ecevit's work on public and civil society programs targeting women's entrepreneurship reveals that, in the end, most of these women establish businesses such as sewing, home cooking, jewelry-making, and the sale of beauty and cleaning products (Ecevit 2007). They are unable to change or expand these mostly home-based enterprises because of the household obligations they are expected to fulfill. This is not unexpected, given the statistical trends above. As a result, several scholars suggest that such schemes are complicit in reinforcing cultural practices that restrict women's choices for remunerative economic activity outside of the home (Kiliç 2008; Buğra 2012).

All of these complex processes stipulate not only more humble expectations from women's entrepreneurship, which pay attention to the stark difference among the self-employed. They also highlight the risks of overemphasis on raising the number of individual women who start businesses, while failing to attend to structural constraints of the labor market, policy choices regarding job creation, and norms' and policies' effects on gendered divisions of labor. They also enable us to understand the dangers of relying on entrepreneurship in a context where, for the most part, home-based businesses have actually contributed to the consolidation of informality (Gürsel and Tunali 2007).

Concluding Remarks

In this chapter I have contextualized such issues in the case of Turkey, taking into consideration the history of structural adjustment programs, along with their implications for the labor market and wage structures, from a gendered perspective. I have also discussed the problems with instrumentalizing women's labor force participation for purposes of economic growth and poverty reduction. I have attempted to show that thinking of women's remunerative economic activities as a means to enhance economic growth and reduce household poverty (along with assuming that it will create better lives for all women) has three interrelated risks. First, an instrumental approach to women's labor force participation may not only bring about women's disempowerment, it can actually reinforce their time poverty, because it takes for granted existing household divisions of labor. Second, this assumption actually naturalizes and stifles the critique of the absence of social policies that could change patriarchal caregiving norms and practices, as well as market-based understandings of labor rights. Finally, this risk is especially inherent with entrepreneurial activities, if we do not pay attention to the implications of neoliberal economic conditions as well as stark inequalities among those who are self-employed.

Not all jobs and enterprises will bring about improved chances for women. For that to happen, structural barriers as well as a variety of inequalities must be addressed. In Turkey and elsewhere, discourses on and programs fostering women's entrepreneurial activities have become popular in recent years. Such concerns have also been raised during and in the aftermath of the Arab Uprising, which began in 2011 and made globally visible women's demands for equality. These are welcome changes, because access to income plays an important role in enhancing individuals' power in a variety of realms. Yet this should not open the way for an easy conflation of women's labor force participation with gender equality. The Turkish case attests to that.

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CHAPTER 6

Women's Economic Role in the MENA Region: Growth and Equality through Female-Owned SMEs[1]

Roksana Bahramitash and Hadi Salehi Esfahani

In the introductory chapter, we mentioned that as the result of decades of research and advocacy by women's rights activists in academia, policymaking agencies, and NGOs, it became evident that women play a fundamental role in the process of development. This has led to a rising awareness of the failure of the mainstream neoliberal policies adopted by many international financial institutions, such as the World Bank and the International Monetary Fund (IMF). However, since the late 1990s, there has been a consensus that empowering women is a way to enhance growth and couple it with equality, especially for women.[2]

Women's Economic Status and Development

Support for women's economic rights on the part of international organizations remains within the mainstream policy guidelines for development, as elaborated in the introduction and expanded by other chapters. The basic premise for the mainstream is that establishing strong property rights, reducing the role of the state in the economy, and delegating as many government responsibilities as possible to the private sector constitute the recipe for growth. Since the institutional reforms required for making property rights well defined and enforceable take a very long time, it is often assumed that other prescribed policy changes should not wait for that fundamental step. These changes consist of policies such as privatization, retrenchment in public services, and deregulation of labor and product markets, foreign investment, and foreign trade, even though such policies have not brought greater equality or even broad prosperity in many cases and their success cases have been "jobless growth" at best. The need to enhance the role of women in the economy and to address rising inequality has gained recognition in international policy circles, but they are still cast in the neoliberal framework, which emphasizes individual rational choice and overlooks some important social dimensions of behavior and well-being, especially gender roles and social integration.

In the context of the MENA region, the mainstream policies have failed to bring about inclusive growth or to reduce inequality. Though there has been a rise in wealth and income for some, the disparities in access to economic and political resources and opportunities have remained wide, giving rise to the public outrage reflected in the slogan of "Bread and Dignity" commonly heard during the Arab uprisings. The gender gap has also remained highly pronounced, as we have seen in the previous chapters. The policy failure resulting in high unemployment and income inequality, however, has not led to tangible change in policymakers' perspectives, and increased concern over women's economic rights does not appear to have led to a more inclusive economic growth path.

As far as women's economic role is concerned, neoliberalism has led to two consequences: First, gender-related economic policy has become mainly focused on raising employment for women, based on the assumption that increased employment contributes to women's economic empowerment. Second, there has been increased attention to enhancing the role of women as entrepreneurs, especially small and medium enterprise (SME) owners.

Regarding the first issue, there is no doubt that more and better employment, if combined with widespread education and political participation, has clear advantages for increasing equitable growth as well as yielding major benefits for women. But this is not always the case. Many economists have argued that high employment is not necessarily a sign of improving conditions for women, nor does it mean that the society as a whole is moving toward a more equitable one. As Berik et al. (2009) point out, export-oriented, labor-intensive manufacturing alongside deregulation of labor markets has created precarious working conditions for many women that often involves low pay with little or no protection. This type of employment tends to have long hours and is in some cases seasonal (Bahramitash 2005). Kabeer (2005) further draws attention to the exploitative conditions of work in agriculture and manufacturing businesses that seek international competitiveness, especially through flexible labor practices and absent any collective bargaining. In the case of the MENA region, women's employment in Morocco has notably increased. However, a closer look at this case by Andrea Martinez shows that the types of employment created are typically low-wage and low-skill jobs geared to exports (in this case, mostly to Europe).

The second way that international and national development agencies have sought to enhance women's economic role has been through promotion of female entrepreneurship. While increases in women's entrepreneurial activities can have broad and profound positive consequences for inclusive growth, the types of policies being adopted could bring more wealth to some women, leaving many others at the margins. Indeed, when the focus of policy is to enhance private sector expansion with more women as investors, the consequences are likely to differ for different classes of women. This may empower one class of women but may well have detrimental effects on some others. As McCrate (1999) argues, women of high-income households may benefit from the transformation, at the cost of women from low-income households. To avoid such an outcome, the policy framework needs to account for heterogeneity of women (by class, ethnicity, race, geographical location, etc.) and to ensure that policies will not favor some over others or give differential access to economic and financial resources. In particular, support for SMEs is needed to overcome the disadvantages that women typically face in dealing with regulation and access to credit. We will look into the potentials and constraints of female-owned SMEs with greater depth later in this chapter.

Before expanding on the topic of women's role as entrepreneurs, it is important to consider other aspects of women's economic status in the region. This is mainly because in the MENA region, women's participation rates in the economy are conspicuously low and gender inequality gaps are particularly large. These phenomena have often been viewed as a by-product of Islam and cultural attitudes. In this chapter, we first look into the assertion that Islamic edicts have created a barrier to women's equality in the marketplace. We then review some other cultural characteristics of MENA countries that may have contributed to gender inequality.

Islam and Women's Low Participation in the MENA Region

There are some assumptions about the role of Islam as a major barrier to women's participation in public life that often get repeated in the literature and in the media. It is important to contextualize these views and to put them into perspective. In many Western discourses, women in Muslim societies are portrayed, along with other "Third World Women," as weak and as victims of patriarchal societies in need of being saved by the West. However, the ethnocentrism implicit in such an approach has been seriously challenged by many feminist scholars and observers, particularly starting with Chantra T. Mohanty (1984). The Orientalist perspective on Third World and Muslim women views them as victims of the backwardness of the Orient and contrasts their conditions with those of women of the Occident, who are portrayed as liberated and empowered. This binary perception is an artificial and sweeping generalization that glosses over the social realities in both the Occident and the Orient and produces a perception that women in Muslim societies are in dire need of being saved from male dominance (Bahramitash 2013a; Kongar, Olmsted, and Shehabuddin 2014). Within the development literature on Muslim women in the MENA region, the source of their economic underperformance is often attributed to the "backwardness" of their religion. However, careful studies of the role of religion in gender inequality question this assumption. In particular, Seguino (2011) investigates the effect of religiosity on attitudes toward gender equality using World Values Survey data and concludes that while "religiosity is strongly correlated with gender inequitable attitudes across countries . . . [n]o single religion stands out as more gender inequitable than others." Here, we take some of the assumptions underlying the adverse view toward Islam and examine them more closely.

One assumption behind the claim that Islam is a cause of women's limited role in MENA economies is that Islamic rules act as legal barriers to women's economic participation. In this regard, it should first be kept in mind that almost all MENA countries rely on multiple sources of law that include sharia as well as secular legal codes. This means that lawmakers have often had a choice and have not relied on Islamic law when they have found it too constraining. Second, it is important to note that there are no Islamic laws that directly prevent women from engaging in economic activity. However, a host of barriers is indirectly erected by some sharia rules as well as secular laws. These are coded particularly in personal and family laws. The prime example is the set of laws governing inheritance, according to which women's share of inheritance from their parents and spouses is remarkably less than men's. Such rules lower women's property ownership, thus limiting their access to collateral and credit. Other barriers to women's economic activity are not necessarily rooted in sharia but are often viewed as such and are encoded in the civil laws in some countries. For instance, some countries require married women to have permission from their husbands to travel outside the home or outside the country. Indeed, according to the Women, Business and the Law (WBL) dataset,[3] such a rule exists formally in nine countries of the world, seven of which are in MENA. These countries are Iran, Jordan, Oman, Syria, Saudi Arabia, West Bank and Gaza, and Yemen. Outside MENA, only Malaysia and the Sudan have formal rules regarding husbands' permission for travel. This set of countries may indicate that the origin of the rule is Islamic law. However, that is by no means the universal interpretation of sharia. In fact, there are many other Muslim-majority countries inside and outside MENA that have no such legal rules. In countries that have imposed the travel permission requirement, the rules often reinforce the obstacles enshrined in traditional and local norms. Indeed, legal rules that are not embedded in local culture often have few tangible consequences. In this sense, social and cultural factors are critical because they shape the laws and their implementation.

Another topic of controversy is the role of Islamic law in women's opportunities to engage in investment and entrepreneurship. In this regard, it is widely recognized that the Islamic inheritance laws disadvantage women's property ownership and thereby reduce their access to credit. However, there are other dimensions of property laws that have more complex effects on female entrepreneurship and have not yet been explored in detail (Triki and Faye 2013; Bahramitash 2013a; African Development Bank 2014) This is a crucial issue, because in most countries, ownership of property, particularly land, is a core factor in one's ability to obtain loans and to launch and maintain a business. From a gender perspective, the most significant aspects of property laws are the rules governing ownership and management of property under marriage. There are a number of different systems of property assignment under marriage, but two of them are most common: partial community of property, which has been more common among countries with civil law systems, and separation of property, which is often associated with common law as well as Islamic law.

Under the partial community of property, the assets acquired prior to marriage are regarded as separate property of the acquiring spouse, and the assets and income acquired after marriage are regarded as joint property of the couple. Some scholars believe that joint titling of the property can promote female entrepreneurship, because it provides married women with access to a greater pool of titled property as collateral and secures their property ownership upon dissolution of marriage (Almodóvar-Reteguis et al. 2012). However, since in most situations husbands manage the joint property during marriage, this regime often puts men effectively in control of most household assets and impedes the ability of women to seek financing and pursue entrepreneurial activity. In contrast, under separation of property, the assets acquired by the spouses before they marry, as well as all property acquired during the marriage under their own names, remain the separate property of the acquiring spouse. This type of arrangement may deprive married women of the property accumulated under their husband's name, but it enables them to own and accumulate property separately and use it more independently as collateral for obtaining credit. Our empirical work on this issue confirms that separation of property is indeed associated with greater likelihood of firm formation and labor force participation by women (Bahramitash, Esfahani, and Lin 2015). Of course, the outcome is likely to depend on a host of other factors, especially the class background of the spouses. Community of property may provide better access to assets for women who enter marriage with little property of their own, while separation of property may work better for women from richer families who can start with their inherited or acquired property and build on it.[4]

Our observation regarding the interaction of class with systems of property under marriage may help explain why in the MENA region, where separation of property is almost ubiquitous,[5] women are relatively absent among SME owners but more present as owners of large firms. (We document this pattern in more detail below.) Evidently, separation of property allows women who start with some assets of their own to keep the ownership of their properties and, at least in some cases, enjoy the profit without having to share it with their spouse. These effects may not help middle- and lower-class women who are potential owners of SMEs but start with too limited access to capital and credit to become entrepreneurs. Separation of property may not work as much against such women in industrialized countries because property ownership among the middle classes is more common there and their credit markets are more developed and more accessible. If this is indeed the case, then the property system common in MENA potentially offers good opportunities for married women to engage more in SME entrepreneurship if government policies enable them to take the first steps in accessing credit markets and acquiring some property. We will come back to this point later in the chapter.

The Role of Culture and Attitudes Toward Women's Economic Activity in MENA

Our review, in the previous section, of the evidence regarding the role of Islam and Islamic law in women's economic activity showed that this factor has limited explanatory potential. Instead, some observations pointed to social norms and cultural attitudes as possible alternative explanations. Testing such hypotheses tends to be difficult, because measuring cultural attitudes is often problematic. However, there are indications that corroborate the importance of culture in the status of women's economic activity. One such indicator is a key variable in the World Values Surveys (WVS) that reflects whether the survey respondents agree or disagree with the following statement: "When jobs are scarce, men should have more right to a job than women." An "agree" response to this statement indicates unfavorable cultural attitudes toward women's economic participation. The summary results of these responses are shown in Table 6.1. Clearly, the share of those who agree is highest in the MENA region, followed by South Asia, which leads other regions by a large margin. In a recent

Table 6.1 Summary Results of World Values Surveys Regarding the Statement, "When jobs are scarce, men should have more right to a job than women"

Region	Percent of survey respondents who agree, averaged over the countries in each region
Africa	39.5%
East Asia and Pacific	39.3%
Eastern Europe	34.1%
European Union	17.1%
Former Soviet Union	47.4%
Latin America/Caribbean	25.3%
Middle East and North Africa	**69.4%**
North America	18.7%
Other Developed	21.0%
South Asia	61.3%

Source: Author's calculation based on World Values Surveys Dataset.

paper jointly written with Bin Lin, we statistically test the relationship of these shares with the rates of women's economic participation across countries and find negative correlations (Bahramitash, Esfahani, and Lin 2015). In another related paper (Esfahani and Bahramitash 2015), we further show that the shares of those who agree are associated with lower shares of women in the workforces of SMEs and larger firms, even when those firms are female-owned.

Another important sociocultural factor that affects women's economic participation and empowerment is sexual harassment at work. Sexual harassment of working women is a prevalent and widely recognized problem throughout the world. Indeed, most countries have legislation and legal punitive measures against perpetrators. Using statistical analysis across countries, we have found that the presence of criminal sanctions for sexual harassment in employment tends to raise the share of women in male-owned SMEs (Esfahani and Bahramitash 2015). Such legislation is absent in many MENA countries, and even when it exists, it is sometimes overlooked by the courts, as seems to be the case in Egypt.

Of course, sexual harassment exists throughout the world, and legislation alone cannot address the problem. The design and enforcement of the legislation are crucial in curbing harassment. Also, the presence of laws or government offices dealing with the issue does not necessarily ensure that women who encounter harassment actually report it. There are often doubts about proper handling and prosecution of complaints in the legal system. As a result, the subjects of sexual harassment may not even pursue their grievances through formal channels, because they lose hope that their concerns will be reasonably addressed. There may also be a perception that women who work in nontraditional private-sector jobs put themselves in inappropriate positions, a perception that can also make them vulnerable. Such problems are sometimes mitigated by gender segregation and formation of female-only workspaces, which are common in MENA countries. This may be one of the ways that existing cultural practices can be turned on their head, and by creating all-female spaces, especially SMEs owned by women, the issue might become less of a concern.

Until recently, the literature on women's entrepreneurship produced by major development agencies rarely explored the topic of sexual harassment. The issue has been researched and discussed by other organizations and scholars. One key area of attention in this literature is that sexual harassment in the workplace may be an important reason why women prefer public employment, which is often regarded as being less prone to this kind of problem. [The World Bank (2013: 7) recognizes women's preference for public employment and their low rates of participation in the private sector.] With cutbacks in social services and reduction of jobs in the public sector, the issue of sexual harassment is becoming more problematic. This literature has not been extended much in the context of MENA, though there are some exceptions such as Assad and Barsoum (2007), ECWR (2008), and the Population Council (2011). These papers show that harassment in the workplace is a barrier for many women when they consider entering the labor market, especially in small and nontraditional private companies.

Mapping Women's Role as Entrepreneurs

In this section, we make an attempt to develop a quantitative picture of women's entrepreneurial activities in the MENA region. For this purpose, we use the World Bank Enterprise Surveys (WBES) results for the years 2002–2010, which is a multi-country, micro-level dataset. These surveys cover large samples of formal-sector firms (136,424 in all) in 134 countries, including 11 in MENA.[6] In some of the empirical results that we summarize below, we use another micro-level and multi-country dataset, one produced by the Global Entrepreneurship Monitor (GEM). This dataset contains information about the employment status and some key characteristics of 428,242 individuals across 74 countries in 2009 and 2010, including 13 MENA countries.[7] In our analysis below, we define SMEs as firms with five to forty-nine permanent employees. Firms with fewer than five employees are treated as micro enterprises, and those with fifty or more employees are designated as large firms.

The use of the WBES dataset focuses most of our analysis on the formal sector, even though the informal sector is important. We recognize that in MENA economies, there are a huge number of informal SMEs and micro enterprises, where women entrepreneurs' presence is significant and the challenges they face there are even greater than those in the formal sector. We will come back to this point later.

Figure 6.1 summarizes the average shares of female-owned firms in the WBES sample of formal-sector SMEs and large enterprises in MENA countries and compares those shares with the averages of

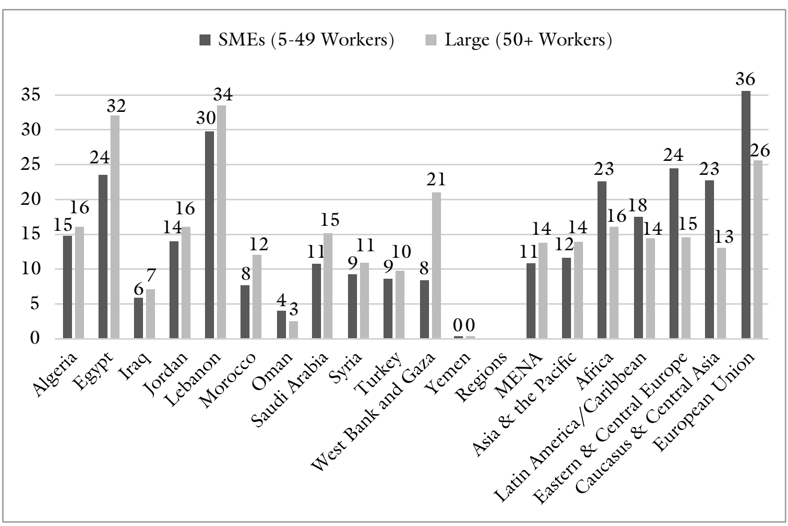

Figure 6.1 Percentage of WBES Sample Firms Owned by Women: Simple Cross-Country Averages for Each Region (Based on WBES Sample)

Source: Author's calculation based on WBES Dataset.

corresponding figures in other world regions. The figure shows that while on average, 14 percent of SMEs in MENA are female-owned, this share is substantially higher in other regions of the world, except in Asia and the Pacific. Outside MENA and Asia, the average share of SMEs owned by women ranges from 20 percent in Latin America to 34 percent in the European Union (EU). On the other hand, the average female-ownership rate among larger firms in MENA is on the high side of the average rates among developing regions (11 to 18 percent), and only the average rate in the EU (26 percent) is higher. It is notable that in all regions other than MENA, the women's ownership rate is higher among SMEs than among larger firms, while in MENA the opposite is true. This is not just a regional average: Indeed, as Figure 6.1 shows, in almost all MENA countries, the female ownership rate among SMEs is lower than that among large firms. Repeating this exercise with GEM data yields similar results. These observations show that the problem of "the missing middle" is particularly serious for female-owned firms in the MENA region. However, it should be noted that the problem is not uniform across MENA countries. Egypt and Lebanon have relatively high rates of female ownership among SMEs, while female-owned formal-sector firms are quite rare in Yemen and Oman. The rate is also rather low in Morocco, Syria, Saudi Arabia, and Turkey.

Female-owned SMEs in the MENA region are not only relatively scarce and constrained, but they also provide limited employment opportunities for women, when compared to the SMEs in other world regions. This can be seen in Figure 6.2, which shows that on average, women constitute only 30 percent of the workforce in MENA's female-owned SMEs, while this share is in the 40 to 60 percent range in Latin America, Eastern Europe, and the Caucasus and Central Asia. Only in Asia and the Pacific is the share below 30 percent. More or less similar patterns can be found in the case of larger firms and male-owned ones. The figure further shows that the regional averages mask, to some extent, significant heterogeneity among MENA countries. In particular, Morocco stands out in its very high rate of female employment in formal enterprises, while that rate is close to zero in Saudi Arabia.

Not only do female-owned SMEs in MENA create fewer jobs for women compared to similar firms elsewhere in the world, but the employment that they offer also is typically concentrated in a few

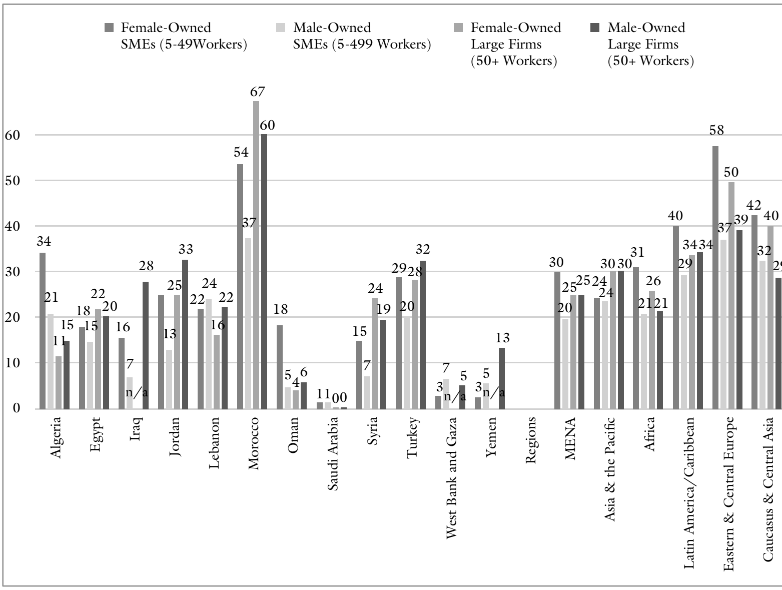

Figure 6.2 Share of Women in Enterprise Employment in North Africa Compared to Multi-Country Regional Population-Weighted Averages (Based on WBES Sample)
Source: Author's calculation based on WBES Dataset.

traditional sectors, such as textiles and apparel. However, despite these shortcomings, female-owned SMEs create more jobs for women than their larger and male-owned counterparts. Also, in the past dozen years, they have started to make inroads into new and expanding sectors in the region, such as electronics and telecommunications, with some success in attracting more female employees. In addition, there appears to be significant potential for expanding female-owned SMEs and encouraging them to employ more women, as we argue below.

Exploring the Determinants of Female Employment and Firm Ownership in MENA

In this section, we further draw on the two datasets mentioned in the previous section and report some of the results in our other research work, to highlight the relationship between the patterns of female economic activity and country conditions.[8] The purpose is to draw attention to some key drivers of women's economic activity in the MENA

Table 6.2 Distribution of Female Employment across Industries in WBES Sample of Female-Owned SMEs

Country	Sector									
	Textiles & Apparel	Food & Agricultural Products	Materials	Chemicals & Pharmaceutics	Electronics & Telecoms	Construction & Transport	Manufacturing	Retail & Whole-sale Trade	Finance & Marketing Services	Other Services
Algeria	35	41	7	3	0	8	7	0	0	0
Egypt	51	10	10	6	1	6	9	0	0	7
Iraq	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Jordan	18	38	1	10	0	0	1	0	1	30
Lebanon	24	11	1	1	0	6	9	22	0	25
Morocco	74	13	1	8	0	0	2	0	0	3
Oman	0	0	0	0	0	0	0	62	0	38
Saudi Arabia	100	0	0	0	0	0	0	0	0	0
Syria	72	0	0	0	0	0	0	28	0	0
Turkey	46	21	18	8	2	0	3	1	0	0
West Bank and Gaza	0	0	0	0	0	0	0	0	0	100
Yemen	0	0	0	0	0	0	0	100	0	0
Regions	**Population Weighted Cross-Country Regional Averages**									
MENA	**50**	**15**	**8**	**5**	**1**	**3**	**4**	**10**	**0**	**5**
Asia & the Pacific	24	17	10	8	3	3	10	13	0	4
Africa	13	14	2	3	0	0	9	13	0	15

(*Continued*)

Table 6.2 (*Continued*)

Country	Sector									
	Textiles & Apparel	**Food & Agricultural Products**	**Materials**	**Chemicals & Pharmaceutics**	**Electronics & Telecoms**	**Construction & Transport**	**Manufacturing**	**Retail & Whole-sale Trade**	**Finance & Marketing Services**	**Other Services**
Latin America/ Caribbean	60	12	6	8	1	0	5	5	1	2
Eastern & Central Europe	0	0	0	0	0	2	5	69	2	20
Caucasus & Central Asia	0	0	0	0	0	9	5	62	0	24
European Union	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
All Regions	**26**	**13**	**7**	**6**	**2**	**2**	**8**	**17**	**0**	**7**

Source: Author's calculation based on WBES Dataset.

region, particularly the main challenges and opportunities that shape the performance of female-owned SMEs. We also explore some of the ways in which the barriers may be removed. We do this by looking at specific policies and offering examples of the strategies that may help to enhance the role of women in both the formal and informal sectors. As mentioned earlier, a large part of the analysis revolves around the role of gender in the ownership and employment of formal sector firms. This is partly because formal sector data is more accessible compared to the data for informal firms, especially in a multi-country setting. The WBES dataset provides a good opportunity for this purpose. Finally, there is a lot that should be learned about the formal sector, which is a more desirable type of enterprise formation, especially for women entrepreneurs, since the informal sector by definition is vulnerable and unprotected.

The Role of Education

One of the most commonly analyzed issues related to women's employment is the role of educational attainment. This is of particular importance for MENA countries, because women's educational attainment is fairly high in terms of literacy and, most notably, in terms of increased presence of women in higher education relative to that of men.

Rising education is often believed to be associated with greater female participation in the economy. However, as some scholars have observed, the relationship is generally nonlinear. Specifically, in most developing countries, when their education level rises from primary or lower to secondary, women tend to participate at lower rates. But the trend changes once the education level moves beyond secondary. Our recent work (Bahramitash, Esfahani, and Lin 2015) further shows that as education rises to the secondary level, women who participate tend to seek more part-time or full-time employment and engage less in self-employment or entrepreneurship. Then, as educational attainment goes above the secondary level, the probability for women of becoming employees keeps rising, while the decline in entrepreneurship eventually reverses when they obtain graduate degrees. It should, however, be kept in mind that, as Seguino (2014) argues, generally women's success in education around the world has not been matched with increased employment opportunities for them, especially in the MENA region. There are, of course, variations among countries. For instance, within MENA, some countries such as Egypt have lagged behind some others, such as Qatar and the UAE, that have the resources to create more jobs for women.

Because the average number of years of female schooling in MENA countries is about three to nine, many women are in the mid-range of education, which partly explains their lower participation rates and greater interest in becoming employees rather than self-employed or firm owners. As we argue further below, in the context of access to resources and networks, this finding makes a case for the expansion of higher education in MENA, in ways that help extend and deepen the available set of skills for women from middle- and lower-income groups. In other words, to improve women's economic status in tangible ways, and to achieve inclusive growth, there should be an effort to raise the length of women's education well beyond nine years and to pay attention to the quality and character of that education.

This takes us to a more profound point about the type of education that would be a step toward achieving equality and inclusive growth. An important aspect of education that has received little attention in the case of women is the vocational. While formal education in the MENA region, especially at the primary level, has increased and the gender gap has narrowed in that respect, as Goldman Sachs Global Investment Research (GSGIR 2014) documents, the financial literacy and management gap persists. Providing vocational and technical education can help increase women's employment. Such an outcome would not only enrich the labor force but would also create a greater potential for SMEs to grow.

It should be emphasized that private firms are not necessarily interested in investing in the right kind of education, because the resulting skills may not be specific to them, and they may not be able to reap the associated productivity benefits. There is evidence showing that if the task is left to the private sector to train its own workers, women are particularly likely to be left out, due to a variety of potential reasons such as gender discrimination or the perception that women may not remain in their jobs for long (Ariga and Brunello 2002; Seguino 2013). Therefore, it is the responsibility of the public sector—and in line with achieving greater equality for all—to invest in the types of vocational training that broadly enhance the role of women.

Female-Owned SMEs and Government Policies

Typically, female-owned firms are smaller and less capital-intensive than those owned by men. Moreover, they have a much higher rate of failure than larger enterprises (VVGP et al. 2013). Some regions of the world have a higher tendency to have female-owned SMEs of this nature, and this is the case with Sub-Saharan African countries (Rostam 2012; GSGIR 2014; Triki and Fay 2013; African Development Bank 2014). Figure 6.3 shows the gender-disaggregated prevalence of SMEs in the WBES sample for MENA countries, as well as the regional averages of the shares of SMEs in the total number of firms across countries. It shows that while on average, 63 percent of female-owned firms in MENA are SMEs, the corresponding averages for other regions are far higher, except in Asia.

As we have argued before, while numbers and statistics are a concern, it does not necessarily mean that in regions such as Sub-Saharan Africa, where women's shares of SME ownership are larger, that women necessarily enjoy more prosperous economic conditions or

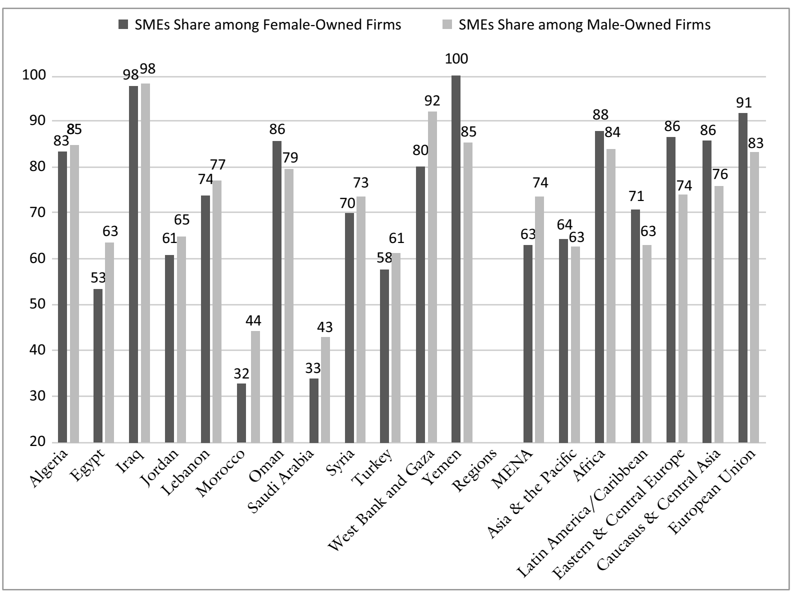

Figure 6.3 Share of SMEs among All Firms by Gender of the Principal Owner: Simple Multi-Country Averages for Each Region (Based on WBES Sample)

Source: Author's calculation based on WBES Dataset.

benefit more from being SME owners. This also applies to Algeria, Iraq, and Yemen, where female-owned SMEs are relatively more common, compared to Morocco and Saudi Arabia, where they seem to be scarce.

Perhaps one of the most important factors in the presence and performance of SMEs is the role and character of the state. For instance, the nature of the state, in terms of how much it provides infrastructure, has a direct impact on female-owned SMEs (Richardson, Howarth, and Finnegan 2004). One of the reasons is that since women are often the primary caregivers in their families, an absence of reliable infrastructure (transportation, communication, electricity, water, and sanitation) can constrain their ability to work away from home, thus curbing their options to seek employment or engage in entrepreneurship. Further, unreliable or poor infrastructure can also act as a barrier to SME formation and performance. Large firms can weather infrastructure problems more effectively than can smaller firms, because their size enables them to afford substitutes at less cost. For example, when the electricity supply is unreliable, large firms often invest in electricity generators to deal with shortages and power cuts, while it is less economical for SMEs to do the same. For women SME owners, dealing with an inefficient and unreliable electricity supply seems to be particularly problematic. This is confirmed in our statistical analysis (Esfahani and Bahramitash 2014 and 2015)

MENA countries have generally decent infrastructure, though as documented in the earlier chapters, corruption and the international pressure to cut public expenditure have created a situation whereby new infrastructure investment has become increasingly focused on projects that provide for the cronies. As a result, there remain notable inadequacies in some parts. Based on World Economic Forum data on scores for the quality of transportation, electricity, and telecommunications services, Algeria, Iraq, and Yemen seem to be the weakest infrastructure performers in the region and have low rates of female economic activity as well. Most Gulf Cooperation Council (GCC) countries, along with Turkey and Morocco, on the other hand, have better infrastructures and higher female participation rates relative to other countries in the region. However, there is a great deal of room in all countries of the region to develop their infrastructures further and empower women economically while enhancing economic growth more generally. Good-quality infrastructure has the potential to improve the region's economic performance and enhance equality, especially by increasing the number of women who can establish SMEs, by giving them access to other services, such as banking and government.

Another way that the state can create a supportive environment for SMEs owned by women is by reducing the cost of doing business. With corruption and cronyism, the cost of starting and maintaining SMEs could be prohibitive for marginal groups, such as women of lower-income households. When corruption is rampant, the fixed cost of "getting things done" for businesses rises, and small firms become particularly vulnerable. This is especially true for female-owned SMEs, which often work with limited capital and have little capacity to overcome barriers caused by corruption. The problem is often compounded for women, because some officials may view them as targets of extortion. Also, when they perceive that they are being targeted in that way, women may not demand the necessary public services to which they are entitled (GSGIR 2014). Some MENA countries have come to stand out in terms of high levels of corruption, especially after the Arab uprisings of 2011, which revealed much more corruption in countries like Egypt and Tunisia than previously documented. Other countries, such as Lebanon, Libya, Syria, West Bank and Gaza, and Yemen, also rank quite high on the corruption scale of World Governance Indicators. However, Gulf Cooperation Council (GCC) countries are considered less corrupt, and the rest fall somewhere in between. Though the Arab uprisings can, in a major way, be considered protests against corruption, there is little evidence that things have improved since then. If anything, the situation has taken a turn for the worse in many countries of the region, especially those suffering internal violent conflict.

One of the ways in which female-owned SMEs can be strengthened is through policy coordination. In particular, bringing together different ministries responsible for the development and implementation of national gender strategies—and ensuring their strong links with ministries in charge of economic policy—could be a way to boost women-owned SMEs. It seems that many MENA countries now have official SME support programs, but they are not necessarily linked with other government branches focused on and designed to boost the role of women in society.

In Bahramitash and Esfahani (2014), we assess the impact of a number of labor regulations on the form and extent of female economic activity, using multi-country statistical analysis. In particular, we examine the roles of (1) the requirement for employers to provide break time for nursing mothers and (2) higher mandatory working days of annual leave (i.e., vacation) with pay. The results show that these are associated with an increased share of women in the workforce and an increased rate of female ownership of firms, especially SMEs. In most MENA, the length of paid leave varies around the world average, but break time for nursing mothers is somewhat less common, when compared to the labor market rules prevalent in other regions. (Only in Asian countries is break time for nursing mothers adopted less often than in the MENA region.)

Another area where governments may be able to make a difference is by facilitating business education and helping to improve business skills. A report by OECD (2012), *Women in Business*, emphasizes the fact that there are gaps in training and other business development services for SMEs, particularly for female-owned ones, with obvious consequences. This is especially pertinent to marketing, product quality, and general management (OECD 2012). Based on a survey of women entrepreneurs in select MENA countries conducted by VVGP (2013), 76 percent of the respondents ranked a number of business management skills as major problems, 69 percent expressed concern about inadequate knowledge about financial products such as SME lending services or equity capital, 66 percent had problems with exporting their products, 63 percent faced challenges regarding accounting and financial management, and 60 percent identified a lack of information about sales to large multinational corporations as being among their marketing barriers.

Enhancing the demand for the products of women SMEs is also important for building a supportive environment. For example, the government can make a conscious effort to involve female-owned firms in its procurements. Such a policy could have important multiplier effects, because women-owned firms are more likely to buy their inputs from other women-owned firms than from male-owned ones. Indeed, a 2007 survey of women consumers between the ages of 35 and 55, conducted by Women's Business Enterprise National Council in the United States, found that 79 percent of them felt more inclined to make their purchases from women-owned businesses. The survey also showed that it was possible to build consumer loyalty to brands associated with women-owned businesses. Based on this observation, the US government now tries to purchase more from female-owned firms, thus boosting the markets for such firms and allowing them to gain strength.

The aspects of SME environment discussed above and the policies associated with them show that there are many channels through which governments can contribute to the development of female-owned firms and enhance their contribution to the economy and job creation, especially women's employment. However, it is important to keep in mind that these policies need to be persistent and coordinated. The government's commitment to promote women's economic empowerment is essential, and other economic actors can energize it. The government can enhance the business environment for women through orchestrating different initiatives involving civil society organizations as well as international development institutions. In such cases, the approach is much more effective when different stakeholders develop synergies. There is certainly a need for dialogue, cooperation, and coordination among different stakeholders.

In the MENA region, there have been a variety of efforts by governments to adopt national economic development plans aimed at enhancing women's economic integration. But the coherence and impact of these policies have not been adequately researched to assess their performance and to identify the ways in which their full potential can be realized. One shortcoming that seems visible from a preliminary review of the evidence is the lopsided forms of government involvement. In particular, in most of the region, women are considered a target group most commonly when it comes to micro-finance for low-income women, but not so much in other aspects of the business environment.

There has been a mood to improve women's SMEs, and a World Bank initiative under the Gender Action Plan (GAP) has been exploring women's leadership in micro and SME projects. In the case of Egypt, for example, where unemployment among women is high, private sector firms are encouraged to engage in innovations led by women. The project provides seed funds as well as loans for innovative products, coupled with evaluation and assessment of credits for SMEs as part of economic empowerment for women in Egypt. (For more on the GAP, see World Bank 2011.)

Access to Finance for SMEs

The literature on gender and entrepreneurship indicates that an important barrier to women's entrepreneurial activity is lack of access to credit (Piras, Presbitero, and Rabellotti 2013; Bahramitash 2013b; African Development Bank 2014). Esfahani and Lin (2015) examine the issue of access to finance in their study of determinants of female ownership and firm size, using the WBES dataset. They employ an indicator of access to finance from the Doing Business dataset and assess its impact on the share of female-owned SMEs versus larger or male-owned firms in a country. The indicator is the percentage of adults in a country who are covered by public credit registry. Such registries can facilitate borrowing, especially for lower-income groups and women in developing countries, where private registries are often nonexistent or focus on high-income groups in the country. Esfahani and Lin (2015) find that the expansion of public credit registry coverage is associated with a significant rise in the share of female-owned SMEs among firms in a country. The coverage rates of public credit registry in the MENA region are generally low, as is the case in other developing regions, by and large. Few MENA countries have notable public registry coverage rates (e.g., Iran and Tunisia). As a result, this is clearly an area where progress is practical and needed. Private credit bureaus may also help, but they are mostly effective for large borrowers and in higher-income countries. In MENA, only Bahrain, Kuwait, Saudi Arabia, and Turkey have nontrivial coverage by private bureaus.

Firms in MENA countries generally seem to face more severe credit constraints than their counterparts in the rest of the developing world. This can be seen in Figure 6.4, which divides the firms in the WBES sample into four categories (female- vs. male-owned, and SME vs. large) in each country and shows the percentage of firms in each category that report credit constraint as a major or very severe problem. The figure clearly shows that there are huge differences across MENA

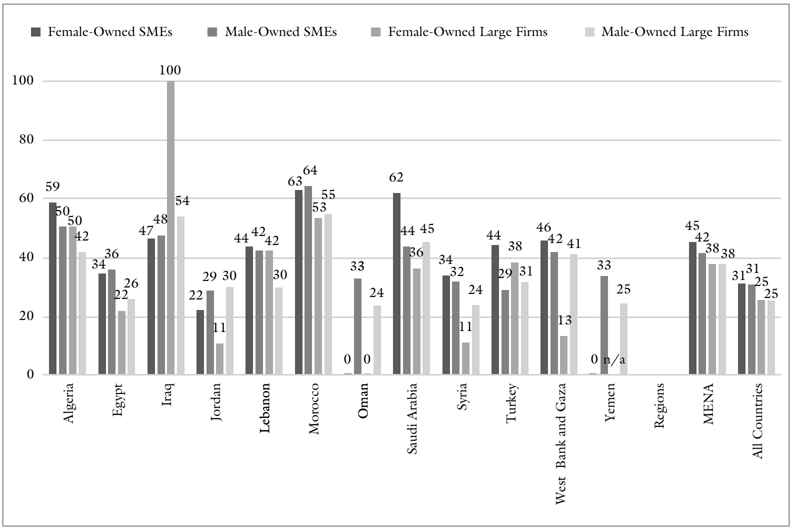

Figure 6.4 Percentage of Firms Declaring Access to Finance as Major or Very Severe Constraint on Business in WBES Sample of Firms

Source: Author's calculation based on WBES Dataset.

countries regarding the extent of credit problems encountered by each firm type. Algeria, Iraq, Morocco, and (curiously) Saudi Arabia stand out as having more restrictions in access to credit. In some cases, such as Jordan, women-owned firms report less severe credit constraints than men-owned ones. However, generally female-owned SMEs report more difficulties with credit than their male-owned peers do. Note that in two countries, Oman and Yemen, female-owned SMEs report no financial access problems. But this is because there are very few female-owned firms in the samples of these countries, and their responses could hardly be representative of all existing or potential female-owned firms in those countries. Indeed, it is likely that the female-owned firms that survive in those countries are of a particular nature, thus causing extreme selection biases. For this reason, we drop these two countries in our calculation of regional averages.

The two rightmost sets of bars in Figure 6.4 show the regional averages for the MENA region and other developing countries. In both sets, SMEs report more severe constraints than do large firms, but the percentages are visibly higher in MENA compared to the corresponding types in other developing countries. It is also notable that the gender of the owner does not seem to matter outside MENA, but on average, female-owned SMEs in MENA report more severe access problems.

Limitations of women's access to finance have different angles. On the supply side, a survey by IFC-GPFI (2011) indicates that women entrepreneurs and SME owners often view commercial banks as being too cautious about giving them access to loans for small businesses, because the banks consider the associated risks to be excessive. When they do offer loans to small enterprises, they charge high interest rates that become a major barrier in themselves. The issue is significant throughout the developing world, but it is particularly acute in the MENA region. There are undoubtedly other factors, such as lack of business track record and sector of activity, as well as sex discrimination (Klapper and Parker 2011).

Another side of the concern is the need for women to develop a greater understanding of the intricacies of the banking system and the general business environment facing SMEs. The IFC-GPFI (2011) survey indicates that many female SME owners are concerned that they are not sufficiently knowledgeable and experienced in bank-related matters to deal with the needs of their firms. Yet perhaps one of the most important aspects of the problem is the absence of programs and products geared specifically to the needs of women business owners.

Another demand-side angle is attitudes toward rejection and failure. There are many indications that, in anticipation of rejection, some women entrepreneurs may never apply for a bank loan, or that they limit themselves to small and inadequate loans. As a result, it might be that the problem is not entirely a matter of supply, and it also entails factors that cause feeble demand on the part of women entrepreneurs. Stefani and Vacca (2013) argue that this is true even in Europe, where some women entrepreneurs fail to apply for external financing and, as a result, lose the chance to use a wide range of funding sources. In another recent study on 17 European countries, Ongena and Popov (2013) illustrate that compared to men, women are indeed less inclined to rely on bank credits and more on trade credit. Interestingly, Ongena and Popov find that once women obtain loans, the loan terms are similar to those offered to men.

The limitations of women's access to finance in developing countries have raised widespread concerns within the mainstream. In 2000, the Global Banking Alliance for Women (GBA) was established as a joint organization of major financial institutions to contribute to women's wealth creation worldwide. Today it has 25 member institutions and works in 135 countries to build innovative, comprehensive programs that provide women's business enterprises with access to credit, education, and training. Along with building its member institutions' capacity to serve their women customers, the GBA uses its collective voice to advocate for the needs of women entrepreneurs.

Social Networks

Another barrier to female SME ownership, which has some connection with the issue of access to finance, is the limitations of women's social networks. Social networks are crucial for arranging finance, gaining access to supply chains, finding business opportunities, and learning about how deals are negotiated and sealed. Also, networks often help entrepreneurs benefit from mentorship and other forms of support. However, social networks tend to reproduce and reinforce existing patterns of access to business communities. As a result, they may exacerbate inequalities and, in some contexts, even become a barrier to growth of SMEs.

In the absence of access to formal business networks, many women find ways of benefiting from informal networks. According to the IFC-GPFI (2011) survey, more than half of female SME owners earned their capital through personal savings and through borrowing from family and friends. While funding through noncommercial means may be crucial to start a business, it is too limited for the survival and growth of most firms. This argument is supported by a statistical analysis of WBES data that explores the impact of a measure of reliance on informal capital on the distribution of firm size and ownership by gender (Esfahani and Lin 2015). The measure is the average of the shares of funds from family and friends used for investment and working capital across sample firms in each country.[9] The results show that a higher value of this measure, which indicates greater reliance on personal networks and limitation of formal credit in the country, is associated with a significantly higher share of male-owned SMEs at the cost of the share of large firms owned by men. That is, inadequacies of formal credit seem to have an important adverse effect on the sizes of male-owned firms. This factor, however, does not affect the size distribution of female-owned firms or their total numbers compared to male-owned firms. This is consistent with the view that women seem to have learned to rely more on personal networks and insulate themselves from the difficulties they may face in accessing formal credit. Another way of viewing this phenomenon is that relying on private and informal funding sources may trap women in their limited social networks (Furstenberg and Kaplan 2004). While men's networks are typically more formal and extensive, women's networks tend to be more informal and family-based. The problem extends itself in many different directions. For example, women tend to seek advice and consultation from their husbands, family members, and limited networks instead of reaching out to professional advisers. Since they are more rooted in their immediate community, their business advice and consultation sources often lack sufficient professional expertise.

There is a great deal of awareness around the world that women's access to formal business networks is limited. This has prompted efforts at the national and international levels to address the issue. For example, in 2005, a Pan-African conference on "Promoting the Development of African Women in Business: Towards Economic and Social Leadership" was co-organized by the African Network for Support to Women Entrepreneurs (ANSWE) and ILO, with the aim of creating an environment that would energize female-owned SMEs in Africa.

There have been similar attempts to build business networks for MENA women.[10] However, their membership compositions suggest that they may be reinforcing the existing patterns of female entrepreneurship in the region. This is because these networks mostly bring together very rich women who own large firms and connect them nationally or internationally, often leaving out SME owners and potential entrepreneurs from other social strata. As a result, rather than uplifting the latter group, the networks may strengthen the businesswomen who are already powerful.

Women's Time Constraints, Double Burden, and the Double Dividend Effect

It is a known fact that because of their role as primary family caregivers, especially in the context of the developing countries, women have much less time to work outside the home than men do, and this affects their overall performance in the labor market. This higher demand on women's labor affects not just their available time but also their mobility. There is a great deal of research on the impact of family obligations on women's time that shows the adverse consequences for their labor force participation and entrepreneurship (Legault and Chasserio 2003). For example, IFC-GPFI (2011) quotes a recent study carried out on women in Mexico that shows how demand on women's time for providing care for their children is a major restriction on the growth of female-owned firms. This is especially the case for women with children under the age of 12 and, the effect is quite strong, because it may reduce the profitability of their firms by up to 40 percent. The same report documents that in the case of Bolivia, women with children are two to three times more likely to base their businesses at home. IFC-GPFI (2011) further argues that if there are provisions for lifting the burden, as illustrated by improved child-care support in Tanzania, the productivity of female-owned firms can increase substantially, by around 44 percent in terms of output and at least 10 percent in terms of income.

Child care, of course, is only one part of women's double burden. Other parts typically include meal preparation, clothes washing and house cleaning, and care for the sick and the elderly (Kabeer 2012). Drèze and Goyal (2003) and Berlinski and Galiani (2008), among others, provide ample further evidence that lifting women's care burden enhances their role in the labor market, both as employees and as employers.

The government has an important role to play regarding the provision of services that diminish women's double burden, because without public support, caregiving tasks typically come to be viewed as an excess burden of employing women rather than as a cost that must be borne by men as well. This is again the consequence of the dominant culture that sees family care as the responsibility of women, so the value of their employment is commonly assessed in relation to the value of family caregiving, while typically no such deduction is considered for men. The literature on this topic is quite vast and confirms the problem of excess burden, or the "double day" dilemma for women. The concept of the double day, as well as unpaid labor (as primary family caregiver), has been documented by academics in the past few decades (Moser 1991; Lourdes 1995; Flora 1995; Lind 1997). In MENA, Egypt, Jordan, Kuwait, Morocco, Syria, and Tunisia provide some public child care for children under the age of primary education, though there is no data to assess the extent, quality, and accessibility of such services.

While public child care provision is helpful, it does not fully address the double burden issue. This is pertinent in MENA, where women continue to be the primary family caregivers, responsible not only for child care, but also for elderly care and most household tasks (De Groot 2001; UNIDO 2003). This is a particularly serious barrier to female-owned SMEs, as their profit margins tend to be low, and therefore the cost of family caregiving may outweigh the economic gains from business activities. When the issues of more pronounced gender segregation and sexual harassment are added to the double burden, the effects can be much more profound. In the case of more mature women, their time limitation may be less severe, but lack of access to education, experience, and networks often keeps them trapped in the informal sector. Generally, and perhaps more in the case of MENA countries, women lack sufficient confidence to fully explore their entrepreneurial possibilities (Delmar and Holmquist 2004).

Informal Economy and Micro, Small, and Medium Enterprises (MSMEs)

By and large, the informal business sector and micro businesses, along with SMEs, remain underresearched areas (Bahramitash 2013b). The informal sector constitutes a vast part of the economy in the developing world, including MENA countries. It is typically characterized as a sector that provides low-paid and precarious jobs. The workers in this sector are, by definition, outside of labor protection laws (Chen, Vanek, and Carr 2004; Sethuraman 1995). For women throughout the world, there is a significant correlation between working in the informal sector and suffering from low income and poverty (Chen 2001). It is estimated that in some parts of the developing world, as many as 50 percent of women are self-employed (GSGIR 2014: 6). IFC estimates of MSMEs owned by women provide a similar picture and suggest that of well over 270 million of such firms operating around the world, about 40 percent are female-owned (IFC 2013).

Many women who engage in the informal sector remain concentrated in home-based activities, largely due to their responsibilities as primary family caregivers, as mentioned earlier (Chen, Vanek, and Heintz 2006; Chen, Vanek, and Carr 2004: 5).

Despite these limitations, the informal sector remains indispensable in developing countries as a means of job creation and product and service provision, because informal activities take place in highly flexible labor markets and often require little capital for starting and operating firms. These characteristics provide major opportunities for many women to enter into gainful employment and entrepreneurship. In the case of self-employment in particular, the informal sector is highly flexible and accommodating for women who lack time and are bound by their reproductive work. Women who engage in self-employment or informal sector entrepreneurship can serve as role models for other women and may provide incentives as well as mentorship for other women who are out of employment. Thus, while the type of employment opportunities generated by the sector is far from ideal, it offers some opportunity for those who lack other options. For many women, the informal sector can be the first step toward expansion and entering into the formal sector. Because of these benefits, it is important to explore the policies that assist women to participate in the informal sector when formal options are constrained (Bahramitash 2013a).

Moreover, thinking innovatively, it is worthwhile to explore possibilities of creating clusters of self-employed women in the informal economy to form small-scale micro enterprises. Typically the self-employed micro enterprises tend to be labor-intensive and low-return activities, as commonly observed in many parts of the developing countries. However, instead of focusing on this handicap, it is possible to look at new alternatives, such as bringing together micro enterprises to act collectively as larger units, forming micro enterprise collectives. This idea comes from observations of the way that the ILO has been running a project at the Palestinian camps of Nahr El Bared and Ein El Helweh in Lebanon. The project, entitled Palestinian Women Economic Empowerment Initiative, started in 2001 and targeted low-income Palestinian female entrepreneurship through a threefold strategy: (1) giving out loans and grants to women's business groups in order to expand their business; (2) training women to enhance their business skills; and (3) building the capacity of support organizations to improve business development services and to aid with business group formation. These business groups were formed to mitigate business risks and, through pooling resources, earn a collective voice. The project's objective was to expand women's businesses beyond low-income survival activities (Abdo and Kerbage 2012). There have been similar efforts by Self-Employed Women of Ahmad Abad (SEWA), a group of self-employed women in Ahmad Abad, India, who joined together and created a union. The union aimed to improve working conditions and workers' rights. The same model can be used, with some adaptation to each specific condition across MENA countries, in order to improve women's business opportunities and to help them join together in small business groups, which can operate within the category of SMEs rather than micro enterprises.

Conclusion

Female-owned SMEs, which employ many women elsewhere in the world, tend to be scarce in MENA countries, and the existing ones do not employ as many women as do their counterparts in the rest of the world. Our analysis points to a host of significant challenges that face women who may want to become SME owners in the region. These include women's double burden, legal and cultural barriers, lack of access to training and business-related support, limited access to property and credit, absence of effective social networks, and problems associated with inadequate economic infrastructure. While some of these challenges are common to many other parts of the developing world, some others are more specific to MENA in terms of nature or level of intensity.

Notes

1. This chapter partly draws on our past papers on the role of institutions in women's economic activity. These papers include Bahramitash, Esfahani, and Lin (2015), Esfahani and Bahramitash (2014 and 2015), and Esfahani and Lin (2015).
2. See UNIDO (2003), IFC-GPFI (2011), OECD (2012), IFC (2013), Triki and Faye (2013), African Development Bank (2014).
3. http://wbl.worldbank.org. Accessed September 14, 2014.

4. Another gender-related dimension of legal rules concerning property is the assignment of administration rights under marriage, which can be given to the original owner, to the husband, to each one separately with spousal consent, or to their joint agreement. These options are, of course, closely connected with the form of property ownership under marriage, though the correlations are not perfect. Administration is assigned to the original owner in almost all cases of separation of property or differed community of property, which is like separation of property, except that property is treated as joint in case of divorce or death of a spouse. Under full or partial community of property, both must agree on administration decisions in most countries, but some assign the right to the husband. These patterns reinforce the outcomes discussed in the text, in the sense that administration by the original owner is associated with the higher firm ownership and labor force participation among women.
5. Separation of property under marriage prevails in all MENA countries except Turkey, where the system was changed to partial community of property in 2001 as an attempt to give middle-class women some access to family property (Almodóvar-Reteguis et al. 2012).
6. These MENA countries are Algeria, Egypt, Iraq, Jordan, Lebanon, Morocco, Oman, Saudi Arabia, Syria, Turkey, West Bank and Gaza, and Yemen. For more details about the source and nature of this dataset, see www.enterprisesurveys.org.
7. These included MENA countries are Algeria, Egypt, Iran, Jordan, Lebanon, Morocco, Saudi Arabia, Syria, Tunisia, Turkey, United Arab Emirates, West Bank and Gaza, and Yemen. For more details about the GEM dataset, see www.gemconsortium.org.
8. These analyses and their results are based on our related papers: Bahramitash, Esfahani, and Lin (2015), Esfahani and Bahramitash (2014 and 2015), and Esfahani and Lin (2015).
9. Among MENA countries, Algerian, Jordanian, and Turkish firms tend to rely on family networks more than the median world country, but Egypt is close to the median, and Morocco and West Bank and Gaza are well below that level.
10. In the MENA region, the MENA Businesswomen's Network (MENA BWN) was recently launched and convened its inaugural forum with around 350 participants. The forum sought to provide a peer-to-peer event that offered businesswomen of the MENA region the specific, hands-on skills and contacts necessary to transform and grow their businesses. Some other related networks that operate at national levels in MENA are the Association for Women's Total Advancement & Development (AWTAD) and Egyptian Business Women Association (EBWA) in

Egypt, Chambre Nationale des Femmes Chefs D'Entreprises (CNFCE) in Tunisia, Association des Algériennes Managers et Entrepreneurs (AME) in Algeria, and Association des Femmes Chefs d'Entreprises du Maroc (AFEM) in Morocco. There are also more regional networks initiated by OECD, such as OECD-MENA Women's Business Forum (WBF) and a forum designed to monitor the implementation of the 2007 "Declaration of Fostering Women's Entrepreneurship in the MENA Region," which try to expand national networks and connect them with international networking organizations.

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Index