



Liberalization curtails social and economic rights in the Arab region

The Arab region has been trying to cope with the rules of global governance, currently moulded by economic globalization and the trade liberalization model. Arab countries face the dilemma of responding either to economic and social rights or to political and civil rights, disregarding the fact that both sets of rights are entangled. Furthermore, while the sponsors of liberalization argue that freer trade leads to democratization, the opposite is happening in the Arab region: liberalization thwarts democracy.

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Global governance and its incidence on regional and national policymaking

Some critics stress that decision-making does not take place any longer at the nation-state level and, thus, promote a retreat in the state's role and institutions. Yet, others see that the globalization process has only repositioned the state, which has to play a stronger role in stabilizing and balancing policies towards social justice purposes, while corporate and profit-led capitalism takes on bigger roles in policy shaping (Rodrik 1998, Dervis 2005). This is not new; it has been long debated between the socialist and capitalist schools. While both agree on the need for some form of a state, the main question remains what kind of state is needed: one that protects capital, instigates policies that maximize growth and allows its concentration in the hands of a few, or one that conducts efficient policies, addresses equality and equity, and secures social and economic rights for all.

What goes beyond dispute is that the current arrangements result in a power shift involving the state, international institutions and non-governmental groups, including civil society² and market actors. This in turn reduces the capability of the state to allow for democratic processes and spaces. Such democratic deficit weakens democracy within our own countries (Stiglitz 2006, Soros 1998) and reduces the margin for national decision-making and citizens' participation.

In this paper we will be analyzing the impacts of contemporary economic globalization on development-related notions. In the first section, we will consider the limitations set on people's freedoms and rights by studying how economic globalization, and its trade liberalization mechanisms, affects human rights and the discourse on democratization.

In the second section, we will be studying the impact of this on the region, highlighting how Arab countries are faced with the dilemma of responding

either to economic and social rights or to political and civil rights. We will also try to explain, through specifically looking at the human rights breaches resulting from the trade liberalization policies, how national policymaking is affected by the global economic architecture. Finally, the paper sheds some light on the economic and social reforms needed in the region.

Economic globalization, development discourse and people's freedoms and rights

The international trade system, which came to represent the engine of current economic globalization, has been instituting new forms of legislation and relations in and among states through institutions, policies, and legal agreements developed at the multilateral, regional, and bilateral levels. These agreements reach beyond trade in goods, into areas that have a direct impact on peoples' rights, living standards and cultural norms. These accords are boosting the role of markets and profit-oriented policies in shaping the world and the way people live. Accordingly, as they bring about new power systems, they require new spaces for democratic participation, both at the national and global level.

The dominant development discourse adopted by international institutions and most developed countries today promotes a limited role for the state, a freer hand for the market, prioritization of trade liberalization, privatization, and generation of higher income and wealth.

Proponents of such a neoliberal approach claim that these profit-oriented policies bring about democracy, good governance, and global norms of policy conduct. Moreover, they regard the policy-takeover by international institutions as a cure to the self-interest, corruption and lack of democratic political systems in developing countries.

Opponents to these doctrines, on their part, consider that neoliberalism introduces new problems, aggravates existing ones (Grabel 2002) and increases the levels of inequality and poverty (Chang and Grabel 2004, Atkinson 2002, Krugman 2002). For economic globalization, led by neoliberal policies that are set by the Industrial North, have often bypassed local democratic institutions and proved to be economically counterproductive and devastating to the so-called developing nations³. In the

same line, some note that neoliberalism instigates a system in which groups, that as a result of these policies become economically disenfranchised, lack the political power to secure compensation from the government (DeMartino 2000). Moreover, such doctrines tend to limit both development discourse and state policy-making tools through the imposition of a single economic recipe for development, which not necessarily responds to national needs and priorities. Accordingly, this type of globalization tends to boost the demand for 'social protection' while at the same time thinning the capacity of the state to provide it.⁴

For that matter, Amartya Sen⁵ reminds us that the process of social transformations and the value of the freedoms induced in such process hold priority over mere income growth, the latter being the focus of the neoliberal development discourse (See Sen, Amartya: *Development as Freedom, Markets and Freedoms, and Markets and the Freedom to Choose*). Sen underscores how important it for people to have freedom of choice and the ability to decide what to work on, how to produce, and what to consume. Benjamin Freidman (2005) notes that the value of the rising standards of living should not be limited to economic improvements, since it is expected to press forward the political and social institutions of any society towards more openness and democracy. The main question under contemporary global governance is whether the choice and freedom that Sen prioritizes, and the democracy that Freidman refers to, can be secured under the current global financial architecture or if, on the contrary, the latter is reinforcing an undemocratic layer of governance

4 Cheru, Fantu (2002). "Economics and Human Rights: Making Globalization Work for Human Development". American University.

5 In *Development as Freedom*, Sen defines development in terms of human capabilities: the freedom to lead a life of well-being – freedoms that include the acquisition of sufficient food, freedom from disease and ill-treatment, access to education, freedom from unemployment. The concerns of development are ultimately about what people can or cannot do: whether they are well-nourished, whether they can read and write, whether they can escape avoidable illness, whether they can live long. Perceived in these terms, development is a broad process of social transformation, the elimination of poverty, the reduction of unemployment and inequality, rising levels of schooling and literacy. [Taken from "Globalization and Its Contradictions: Democracy and Development in the Sub-Continent", Veena Thadani, New York University, paper presented at the British International Studies Conference, University College Cork, December 2006].

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2 Civil society actors, as referred in this paper, cover various forms of non-state, non-market, and non-familial actors, including social movements, non-governmental organizations, trade unions, media and research groups.

3 Bjonnes, Roar. "Economic Democracy, World Government, and Globalization", available at: <www.proutworld.org/wg/economwglob.htm>.



that, lacking space for manoeuvre, ends-up limiting choices and rights at the national level.

Economic globalization and human rights

Everyone agrees that the underlying assumptions of economic globalization contradict those of international human rights. While UN human rights instruments assume core governmental responsibility towards fulfilling these rights, economic globalization calls governments to give away many of their responsibilities. Consequently, governments find themselves in a very paradoxical situation where, as Samir Naim-Ahmed has stressed, they are decision takers rather than decision makers.⁶

According to international law, human rights have primacy over other international laws and obligations, including those associated with economic and trade agreements. Moreover, our governments have a legal obligation to translate into policies the human rights conventions they sign, both at the international and national level. Governments have the responsibility to respect, protect, and fulfil human rights commitments.

However, Arab governments are being tied to a very different set of global rules that often violate human rights, pressed forward by institutions such as the World Trade Organization (WTO), multilateral and bilateral free trade agreements, and international financial institutions.

Trade agreements, for instance, have direct bearing today on main economic, social, and cultural rights, including the right to participation, food, health, education, and employment. These rights have to be considered not only within a country but also beyond national borders; this means that a country's ability to secure these rights should not be curtailed. Moreover, the International Covenant on Economic, Social, and Cultural Rights (ICESCR) requires a policy margin for governments to implement human rights commitments. For example, governments need revenues to instigate policies to sustain these rights, and an industrial policy to support its producers to be competitive in the international market. However, today's trade agreements obligations will make it cumbersome for them to do that.

Within this context, poor and politically weak governments are presented with the choice of either honouring human rights accords or complying with the commands of international economic institutions. They often prefer to violate human rights and face complaints or, at worst, international investigation rather than being cut off millions of dollars in aid in case they reject trade and economic agreements.⁷

6 Naim-Ahmed, Samir (2007). "Human Rights and Globalization", available at: <countercurrents.org>.

7 Shultz, Jim (2003). "Economic Globalization vs. Human Rights: Lessons From The Bolivian Water Revolt", available at: <www.fntg.org/news/index.php?op=read&articleid=651>.

On the implementation level, there exists a significant gap between the policy communities leading the economic and trade agendas in our countries and those leading the human rights agendas. Trade ministers and ambassadors do not mingle with the social affairs and other ministers that look after human rights obligations. Moreover, trade negotiators do not take human rights into consideration when discussing trade agreements, although their governments are bound by the conventions they are party to. In fact, they lack the understanding of what economic and social rights are required under international law. Differences between these two realms are not only institutional but also cultural; trade negotiators and human rights advocates and lawyers have different perspectives on what is at stake. Economists see that economic growth in the short-term will lead to progressive improvements regarding rights in the long-term, while human rights advocates see that short-term economic growth should not be prioritized at the expense of human rights commitments.⁸ Accordingly, the problematic triggered for the short, medium, and long term by the international trade system is not being addressed in a constructive and comprehensive way.

Moreover, it remains difficult for governments to bring into play their human rights legal obligations in their trade negotiations. One of the main reasons for this difficulty is that there is no institutionalized policy forum where the relationship between trade and human rights can be addressed. The global system does not provide for a systematic dialogue on human rights and development issues between international organizations, for instance between the WTO and the International Labour Organization (ILO) or the UN.

Economic globalization, trade liberalization, and democracy

However, several researches argue for the interrelation between democratization and trade liberalization; and many voices promote economic globalization and its trade liberalization agenda as a core factor for democratization, as well as an indicator of it.

Such line of thinking notes that since the mid 1980's developing countries have rushed to adopt free trade, while concurrently there has been a global movement toward democracy.⁹ This took place

after the 1960s and 1970s witnessed the preference of import-substitution policies by most developing countries. Many claim that under such policies, the groups that gained most tended to be powerful supporters of the political leaders. Changing trade policies, it was believed, would inflict severe costs on the regime's main backers.¹⁰

Accordingly, these researches maintain that democratization and trade liberalization have structural inter-linkages. Democratization opens up new avenues of support for freer trade as it reduces the ability of governments to use trade barriers as a strategy for garnering political support. Moreover, democratization, which implies an increase in the electorate's size, induces the adoption of trade policies that more adequately promote the welfare of consumers/voters at large, this implying trade liberalization¹¹ and the assumption that trade liberalization promotes the welfare of consumers.

However, experience tells that trade liberalization does not necessarily lead to increasing the welfare of consumers nor allows for the protection of their basic rights, including the right to access basic services such as health, education, housing, water and electricity. Moreover, the experience in developing countries does not indicate that the change in trade policy and liberalization of the economy based on export substitution models made a difference regarding re-distribution of wealth and resources.

But, contrary to this approach, it should be noted that real and substantive democracy, one that enhances people's participation – including multiple stakeholders and constituencies from the middle and low income classes – might lead to opposition and call for limitations on trade liberalization policies. This is due to the fact that trade liberalization has been led by corporate priorities and has been concentrating wealth in the hands of the few, while marginalizing the rights of middle and low income groups. In this line, the adoption of a democratic system may actually contradict the tendencies towards economic liberalization.

In this sense, it could be stated that policies on economic liberalization not necessarily lead to open and democratic societies. The Arab region, for instance, shows the contrary: while many of its countries have taken steps to liberalize unilaterally their trade policies, most of them still witness concentration of wealth in the hands of a few, whom often tend to be the same people controlling the political processes or holding strong connections to the regimes in power.

8 This section is based on a presentation by Olivier de Schutter from the International Federation for Human Rights, entitled "Trade and Human Rights: Challenges and Opportunities", presented at the regional workshop on the role of civil society organizations in trade-related advocacy, organized by ANND, August 2007.

9 Milner, Helen and Kubota, Keiko (2005). "Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries" in *International Organization*, Vol. 59, issue 01, p. 107-143.

10 *Ibid.*

11 *Ibid.*



Social and economic rights versus political and civil rights

In the Arab region, both the contemporary global economic architecture and the global governance frameworks described above have significantly influenced social and economic policymaking processes and institution building. Although significant changes were introduced to the economic models adopted throughout the region, most of the Arab states have failed transitioning to democracy and are still dominated by undemocratic and autocratic regimes. Within this context, the region clearly combines a strong state role, dominating political spheres and limiting the space for civil society, with a relatively weak role of the small and medium private sector and an intensifying economic reform process – led according to the dominant global economic approaches and recipes.

It is worth noting that the geo-strategic importance of the region, and the abundance of natural resources within it, have often attracted global and hegemonic economic interests. One of the factors that intensified the focus on the region is the fact that, in the post colonial era, most Arab states adopted “anti imperialistic” foreign policies. In fact, Nasserist Egypt was one of the leaders of the Bandung process (1955) and the non-alignment bloc.¹² Moreover, countries like Algeria played a key role in the rise of the G77 and promoting the discourse on development within the UN.

In the Arab countries, the state has played a leadership role in economic and social affairs; during the sixties, the ruling groups that came into power adopted a leftist, socialist ideology and agenda that promised economic well being and social justice. In these early days, after the national liberation struggle, Arab countries, like other developing countries, were more enthusiastic towards institutionalizing social and economic rights within their national legislations and constitutions than political and civil rights. While the former were in tune with the welfare state system that was the norm in the region, the political and civil rights threatened with loss of control over power. Accordingly, Arab states exerted a tight rule and repressed political and civil freedoms.

Consequently, during the seventies, and consistent with the states’ failure to provide with a successful institutional build up for the respect of political and civil rights, a public outcry came to the forefront demanding reform and change. This happened at the expense of economic and social rights, whose importance was minimized at the time. At the same time, responding to the Arab countries political

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stance, Western governments, as well as the international financial institutions, played an active role in promoting initiatives for change in the region.

Since the beginning of the nineties, the Western strategy towards the region took on a revised and more focused approach, resulting from world geopolitical changes. These strategies – intensified after the 11 September events – found expression in several political, economic, and social initiatives, starting with the introduction of the structural adjustment strategies by the World Bank (WB) and International Monetary Fund (IMF), which took place during the late seventies and the eighties. This was followed by the Euro-Mediterranean partnership (Barcelona process), the Broader Middle East project, and endless proposals by international financial institutions. Such proposals were presented as reforms that tackle the basic economic and social structures of the region.¹³ Indeed, foreign reform initiatives came aligned, either directly or indirectly, with economic liberalization agendas, while national and regional initiatives took a passive-acceptance stand from the mainstream neo-liberal recipes proposed within such agendas.

The changing role of the state in the development process

In the aftermath of the colonial era, the region achieved significant growth and economic and social progress. In its report “Labour, Growth, and Governance in the MENA region” the WB notes that the development model adopted by the Arab countries during that period depended on a comprehensive role played by the state as provider of social services, including education, housing, health, and food subsidies. The WB notes that during this period the Arab countries were able to achieve significant progress in social development.

The role of the states started to shrink in the seventies and eighties, while liberalization of the economy and trade was undertaken as part of the structural adjustment programmes advised by the WB and the IMF. This period witnessed the de-construction of the existing social contract between state and citizens in the Arab countries. Moreover, during this period, the Arab countries were shifting from state-led economies and import-substitution growth policies to more export-substitution approaches. As noted above, this transition took place under repressive regimes that

dropped the goals of development and liberation¹⁴ and were more concerned with securing the continuity of their grip on power.

Today, the region sees development paralyzed. The socio-economic crisis includes lack of growth, unemployment, imbalance among productive sectors, and deteriorated indices of income and wealth distribution. The economic structures suffer from low productivity, lack of diversity, and scarcity of investments in productive sectors. The situation is further aggravated by the unbalanced distribution of wealth among the region’s countries: some are among the richest countries of the world (such as the United Arab Emirates) and some (Somalia, for instance) among the poorest.

Also, countries in the Arab region face a deteriorating level of education, especially in rural areas, and a feeble connection between the curricula and the production needs, as well as the labour market needs. The expanded access to education, one of the most important achievements in the era of national independence, has not been complemented by the required modernization of the educational system. As for health schemes and social safety nets, they remain restricted to specific classes, embedded in complex bureaucratic procedures and providing poor services.¹⁵

Moreover, as a consequence of globalization and its intersecting position among three continents (Asia, Africa, and Europe) the Arab region is witnessing a dramatic transformation in patterns of work and production. This, according to the Arab Labour Organization (ALO),¹⁶ is producing higher figures of unemployment, especially among the educated youth and women, as well as aggravating the lack of social protection for national and expatriate work forces, in a region that needs to create some 100 million jobs over the next 20 years.¹⁷

In describing this situation, the ILO Director-General Juan Somavia notes that “more and more, the fundamental issues of freedom of association and collective bargaining are being seen not just as ends in themselves, but also as means to harness growth and equity”. Somavía stresses that “this current model of globalization is not delivering for ordinary people... disparities are growing, discontent rising, and enemies of human security in every society are fanning the flames of discord.”¹⁸

¹⁴ *Ibid.*

¹⁵ This section is based on research and analysis provided in Milner and Kubota, *op. cit.*

¹⁶ Notes by Ahmad Mohammad Luqman, Director-General of the Arab Labour Organization (ALO), Geneva (ILO News) – The ALO and ILO conference.

¹⁷ Refer to figures by ILO and ALO.

¹⁸ Notes by ILO Director-General Juan Somavía, addressing the 35th Session of the Arab Labour Conference in Sharm el Sheikh, Egypt, <www.ilo.org/global/About_the_ILO/Media_and_public_information/News/lang--en/WCMS_090684/index.htm>.

¹² Abou Chakra, Sanaa (2007). “Establishing Democracy in the Arab Region: A Comparative Approach to International and Regional Initiatives (Political, Economic and Social)”, a document prepared for ANND.

¹³ Milner and Kubota, *op. cit.*



What do the foreign reform initiatives convey to the region?

Within this context, much of today's reform proposals stem from the economic interests of those developed countries involved in the region and reflect the hegemony of the neoliberal, corporate-centred approach they support. These recipes have promoted a reform process that limits the role of the public sector and pushes towards more dependence on trade and investment as means for achieving fast economic growth and creating jobs.¹⁹ However, these reforms are not complemented by reforms or changes in the other spheres. This limits the ability of trickling down to the people the economic benefits.

According to its supporters, globalization is supposed to create new spaces for people's participation; consequently, autocratic regimes would be less able to survive. However, the crude reality exposes the shortcomings of such theory: under the region's autocracies, be it monarchies or single party systems, or countries ruled by military juntas, the new educated elites have become a marginalized group that suffers from limited horizons for social ascent, monopolization of decision-making by closed inheritance processes, backward political representation formulas, as well as flagrant breaches of human rights and public and private liberties.²⁰ Even worse, the autocratic regimes are being reinforced through economic liberalization, which offers them more controlling powers through economic tools. As the concentration of wealth in the hand of few has been sustained and increasing, often these few are the same people controlling political power as well.

Today, economic globalization has become the process setting the political scenario and instruments of participation at the global, regional, and national fronts.²¹ This context tends to limit the discussion of development as economic growth rather than human development and democracy as formal/procedural democracy rather than substantial democracy.²²

¹⁹ World Bank (2003). *Trade, Investment, and Development in the Middle East and North Africa: Engaging the World*.

²⁰ Milner and Kubota, *op. cit.*

²¹ Yasseen, Sayed (2008). "End of Representative Democracy". Appearing in *An-Nahar* Lebanese newspaper, 24 April 2008.

²² Substantive democracy is a form of democracy that functions in the interest of the governed and is manifested by equal participation of all groups in society in the political process. This type of democracy can also be referred to as a functional democracy. Procedural democracy is a state system that has in place the relevant forms of democracy but is not actually managed democratically; accordingly the people or citizens of the state have less influence. This type of democracy assumes that the electoral process is at the core of the authority placed in elected officials and ensures that all procedures of elections are duly complied with (or at least appear so). It could be described as a democracy (i.e., people voting for representatives) wherein only the basic structures and institutions are in place.

ARAB COUNTRIES AND THE UDHR

Most Arab countries recognize the Universal Bill of Rights, including the Universal Declaration of Human Rights (UDHR) and the International Covenant on Social, Economic and Cultural Rights. The UDHR integrates the comprehensiveness and non-divisibility of all rights, whether economic, social, cultural, political and civil.

However, in the last decades, the UDHR have been increasingly challenged, both globally and in the region, by the promotion and prioritization of the "war on terror", the rise of ideologies promoting the supremacy of a particular culture and the artificial division between social, economic and cultural rights from political and civil rights. To this, another disruptive factor must be added: the problematic of national sovereignty vis-à-vis the debate on who is responsible for implementing the UDHR (states, civil society, or the international community).

Ziad Abdel Samad. Presentation in the event of the 60th anniversary of the Universal Declaration of Human Rights (Arab NGO Network for Development).

which includes economic empowerment of the majority and the disenfranchised poor.²³

But the economic reforms and policy approaches that our countries are currently adopting do not provide for increased political choices; on the contrary they increase political tensions and misrepresentation: they enhance procedural rather than substantive democracy. In fact, the people in several Arab countries have been living under emergency law for decades; other states still violate human rights on a daily basis. Contrary to the alleged defence of democracy advocated by foreign players, in reality they seem to favour authoritarian rule in the region in order to have the aggressive neoliberal agenda of changes implemented, while marginalizing the rights of the people. This, in turn, seems to validate the theory asserting that authoritarian governments are more capable of initiating and sustaining major economic reforms.²⁴

Trade liberalization resulting in direct breaches of citizen's rights

In 2005-2006, the average applied tariff on industrial products in the region ranged between 24-26% in countries like Tunisia, Djibouti and Morocco, 18-20% in Algeria, Egypt, and Sudan, 10-12% in Jordan and Mauritania, and 5-7% in Lebanon, Yemen, and the Gulf countries. The average tariff applied on agricultural products ranges between 23% and 65%. These tariffs, often inferior to the average applied in other developing countries, indicate the degree and extent that liberalization has undergone in the region.²⁵

²³ Milner and Kubota, *op. cit.*

²⁴ *Ibid.*

²⁵ These numbers are extracted from unpublished research material developed by the United Nations Development Programme in the Arab region.

Qualified Industrial Zones agreement

The inadequate economic liberalization policies adopted today are not limited to zeroing policy space in the countries where they are implemented; the trade agreements developed and signed within this context directly contravene human rights of their populations.

For instance, preceding the bilateral free trade agreement between the two countries (2001), Jordan and the United States signed the Qualified Industrial Zones (QIZ) agreement. The QIZ requires that 11% of Jordanian industrial inputs come from Israel, unduly associating the US economic policy in the region with American support for Israel, even before reaching a political agreement about the rights of the Palestinian people. Thus, normalizing relations with Israel becomes a process independent of the political negotiations towards finding a just solution for the Palestinian-Israeli conflict.

Yet, besides that geopolitical problem, the deregulation associated with the agreement leads to direct violations of labour laws and rights, including low wages, unfavourable employment conditions, lack of health insurance, abusive working hours, violation of the right to adequate work, deregulation of personnel dismissal, lack of training and of skill acquisition.

Mostly foreign owned companies – mainly Asian – occupy Jordan's QIZs, where 60% of their some 60,000 workers are foreign-born.²⁶ Thousands of foreign and Jordanian workers, mostly women from rural Jordanian areas, are employed under unfavourable conditions in the premises, producing

²⁶ Yerkey, Gary G. (2006). "Bilateral Agreements: Jordan Cracks Down on Firms Exploiting Foreign Workers in Violation of Trade Pact". Bureau of National Affairs. Available online at: <www.bnlnet.org/article.php?id=70>.

for multinationals like Wal-Mart, Gloria Vanderbilt, Target and Kohl's.

Tens of thousands of the foreign guest workers, mostly from Bangladesh, China, India and Sri Lanka had their passports confiscated upon arriving in Jordan and forced to work up to 109 hours a week.²⁷ Some of them were trapped in involuntary servitude, raped by plant managers and forced to work 24, 38 and even 72-hour shifts. In some cases, workers asking for their proper wages were imprisoned.

In a factory called Al Safa, which was sewing garments for Gloria Vanderbilt, a young woman hung herself after being raped by a manager. Workers were paid an average wage of two cents an hour. Moreover, they were slapped, kicked, punched and hit with sticks and belts.²⁸

After the National Labor Committee, a workers' advocacy group based in New York,²⁹ reported and exposed these violations, foreign employees from companies implicated in labour rights violations were transferred to their home countries or to other companies.³⁰

Also Egypt has signed a QIZ. This agreement sometimes presents the basis for signing a bilateral free trade agreement (FTA) with the US. At present, the US has bilateral FTAs in the Arab region with Jordan (2001), Morocco (2005), Bahrain (2006), and Oman (2006). The FTAs pressed forward by the US in turn have proven to reduce the policy space available for national decision-making, as they impose much stricter liberalization terms on the services sector than agreements within the WTO. The FTAs oblige countries to liberalize every service sector included in the agreement, thus opening them to privatization.³¹ As a result, many Arab countries have given up the ability to regulate the equal access of citizens to basic services such as education, health services, water, and others.

27 "US government asked to investigate allegations, Jordan rocked by abuse claims", 5 May 2006, available online at: <www.emergingtextiles.com/?q=art&s=060505Jmark&r=fre e&n=1>.

28 Kernaghan, Charles (2006). "U.S. Jordan Free Trade Agreement Descends Into Human Trafficking & Involuntary Servitude; Tens of Thousands of Guest Workers Held in Involuntary Servitude". National Labour Committee.

29 National Labour Committee website: <www.nlcnet.org/index.php>.

30 "QIZ workers relocated following investigations". *Jordan Times*, 5 July 2006.

31 By the negative list approach to negotiations countries choose which services they are not going to negotiate on, while all other services will be included in the agreement; whereas the positive list approach implies countries specifically designate which services will be included in the agreement, while the undesignated remain out it.

GLOBALIZATION AND SOCIAL DESTITUTION

"Neoliberalism and the promise of material salvation are intensely refuted by the simultaneous presence of grotesque concentrations of wealth and privilege on the one hand, and an unprecedented scale of poverty, squalor, inequality and marginalization on the other. Above all, globalization exposes vast populations in virtually all parts of the world to a relentless market rationality, furthering already existing disparities and deepening social destitution."

Mustapha Kamal Pasha, 1999: 180-181.¹

1 Thadani, Veena (2006). "Globalization and Its Contradictions; Democracy and Development in the Sub-Continent". New York University, paper presented at the British International Studies Conference, University College Cork.

The Euro-Mediterranean Partnership

Also, in the context of the Euro-Mediterranean Partnership launched within the Barcelona process, eight Arab countries³² have signed association trade agreements with the European Union (EU) towards achieving a Euro-Mediterranean Free Trade Area (EMFTA) by 2010. Although they are framed as a supposedly comprehensive partnership aiming at development, peace and security in the Northern and Southern basin of the Mediterranean, these agreements lack any consideration to social and economic rights. A report by the Euro-Mediterranean Human Rights Network (Byrne and Shamas, 2002) revealed an almost complete absence of methodological thinking, within the EU and Euro-Mediterranean institutions, on the question of economic and social rights and their role in the overall construct of the agreements.³³ Even when human rights are included within the scope of the partnership, this is oriented towards political and civil rights. However, the lack of parallel advances in terms of economic and social rights might render consideration to civil and political rights as a formality devoid of substance.³⁴

32 Arab countries who signed an association agreement with the EU include Lebanon, Egypt, Jordan, Palestinian Authority, Morocco, Tunisia, and Algeria. Syria's agreement with the EU is still pending.

33 Martin, Ivan, Byrne, Iain and Schade-Poul, Marc (2004). "Economic and Social Rights in the Euro-Mediterranean Partnership". Universidad Carlos III of Madrid, Spain; Human Rights Centre, Essex University, Euro-Mediterranean Human Rights Network.

34 *Ibid.*

In general, no impact assessment studies of these agreements are undertaken, neither before nor after their signature. The EU commissioned the single assessment of sustainability of the EMFTA carried out until today, to look at the implications of removal of tariff and non-tariff barriers on industrial products, agriculture, services and south-south trade liberalization. The study indicated that significant social challenges would arise from the liberalization of trade between the EU and Mediterranean Partner Countries (MPCs), specifically in the short and medium terms.

The study also stresses that the MPCs will harm the achievement of the Millennium Development Goals, noting "significant adverse effects on Goals one (poverty), two (education) and four and five (health) and mixed effects for Goal seven (environment)". The potential adverse impacts relate to the loss in tariff revenues, occurring mainly because of the liberalization of industrial products, this worsened by the effects coming from the other components of the EMFTA scenario. "Without effective mitigation, some of the short term effects may continue into the long term", the study explains. According to the study, the MPCs will experience "a significant rise in unemployment, a fall in wage rates, and significant loss in government revenues in some countries, with potential for consequent social impacts through reduced expenditure on health, education and social support programmes". Furthermore, the liberalization process is expected to lead to "greater vulnerability of poor households to fluctuations in world market prices for basic foods and adverse effects on the status, living standards and health of rural women, associated with accelerated conversion from traditional to commercial agriculture."

Yet, even though such adverse implications have been foreseen, policy is still being developed in the same direction. It looks like the countries and policies involved are not open to discussion.

What kind of economic and social reforms does the region need?

The Arab region lacks clear and transparent national socio-economic reform agendas. Often, the political challenges are used as excuses to marshal laws interrupting the national political processes. The regimes in power have failed to address the pressing socio-economic problems that the region faces and the economic reforms implemented mainly respond to requirements by major international institutions and developed partner countries that not necessarily serve the local needs and priorities.

The Alexandria Declaration, one of the leading declarations on reform in the region, and the only comprehensive civil society initiative for reform, resulted from the conference of Arab civil society held

in Alexandria, Egypt, in March 2004.³⁵ The Declaration³⁶ asserts that key aspects for any reform process to be undertaken in the region are not being taken into account, such as the controversies regarding the orientation of the economic system, the new definition of role of the state, the relationship between the state and the market and the social dimensions of development.

As stressed in the Declaration, there is a necessity to address poverty in its comprehensive and multiple dimensions, including social and political marginalization, lack of participation, and constrained opportunities for upward mobility. The signatories of the declaration believe that economic growth alone is not a sufficient instrument for poverty reduction. Therefore, they call for the adoption of a closer implementation timeframe to fight poverty in conformity with the United Nations' Millennium Declaration.

In addition, employment represents a major problem. The declaration proposes enhancing the development of medium and small enterprises funding programmes, empowering women to participate in the national work force, and reviewing the current economic policies from a full-employment perspective. Creating jobs and reducing unemployment remains the main development challenge the region faces. The unemployment rate has been increasing since the mid 1980s, and now averages over 15% of the labour force, by official figures. Actual unemployment is probably much higher.

For that reason, it is imperative to review the economic and social policies in the region and its inter-relation with political and civil rights and well-being. Arab civil society and private (business) sector institutions can make significant contributions to the economic reform. These contributions must be achieved through participation in priority setting and by working in implementation hand in hand with governments. ■

The Alexandria Declaration, one of the leading declarations on reform in the Arab region, and the only comprehensive civil society initiative for reform, stressed the need to address poverty in its comprehensive and multiple dimensions, including social and political marginalization, lack of participation, and constrained opportunities for upward mobility.

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35 This conference was organized by the Alexandria Bibliotheca and the League of Arab States in partnership with the Arab Business Council. The latter was established in 2003 and serves as the advisory body to the World Economic Forum on its Arab World strategy. The Arab Competitiveness Report for 2005, produced by the World Economic Forum, <www.weforum.org>, which tackled economic reform proposals in the Arab countries, talked about the needed reforms in the public sector institutions and labour markets, governance and competitiveness, structural reforms, investment climate, and private sector role, foreign direct investment, cooperation relations and liberalization policies, government expenditure and liquidity, as well as women's role.

36 Check the declaration at: <www.bibalex.org/arf/en/Files/Document.pdf>.