

**NEOLIBERAL REFORMS AND THE EMERGING
DIMENSIONS OF GOVERNANCE IN WEST ASIA**

*Dissertation submitted to Jawaharlal Nehru University in partial
fulfillment of the requirement for the award of the degree of*

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CERTIFICATE

This is to certify that the dissertation entitled “Neoliberal Reforms and the Emerging Dimensions of Governance in West Asia” submitted by Varughese K. George, in partial fulfillment of the requirements for the award of the degree of **MASTER OF PHILOSOPHY**, is his own work, and to the best of our knowledge has not been submitted for the award of any degree of this or any other university.

We recommend that this dissertation be placed before the examiners for evaluation.

A handwritten signature in black ink, appearing to be 'Girijesh Pant', written in a cursive style.

Prof. Girijesh Pant
(Supervisor)

A handwritten signature in black ink, appearing to be 'Ajay K. Dubey', enclosed within a large, roughly circular scribble.

Prof. Ajay K. Dubey
(Chairperson)

I owe a lot, to many.

To my Papa, Mummy and Reeja whose love I am incapable of returning....

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PREFACE

This study attempts to explore state-society relations in West Asia in the context of globalisation and its corollary, the neoliberal economic reforms.

The first chapter elucidates how capitalism works as a global system and its transformation from one phase to the next. Globalisation is the contemporary stage of capitalism. Globalisation requires the redefinition of the role of the state. The chapter elaborates on the concept of governance in neoliberalism.

The second chapter, on dimensions of governance in West Asia looks at the historical roots of authoritarianism in the region and goes on to account the state's crisis of legitimacy. Neoliberalism and globalisation are forcing the state to alter its existing social contract. Demands for more political participation and challenges to authoritarianism are now visible.

The third chapter relates how civil society becomes a crucial aspect of neoliberal discourse on governance and then goes on to locate the character and role of West Asian civil society. The chapter locates the serious limitations of West Asian civil society, which is highly controlled and monitored by the state. Islamic radicalism, with its monolithic worldview provides the state the excuse to limit the scope of the civil society. The chapter also looks at the adverse impact on civil society due to the state's suppression of labour movement in West Asia.

The fourth chapter is an analysis of the state's willingness to respond to civil society pressures. The chapter tries to explore the link between neoliberal economic reforms

and corresponding institutional changes in West Asian regimes. The chapter investigates the international context of restrictions on civil society in West Asia.

The question is, will neoliberal reforms ultimately and inevitably lead to active civil society and accountable government. How are democratic state, unbridled market and active civil society correlated? Does one lead to the other, or at least, are they, inevitably synchronized? These questions have been investigated in a macro context, in relation to the West Asian region's dynamic interaction with the world system.

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CHAPTER- 1

NEOLIBERAL REFORMS AND DIMENSIONS OF GOVERNANCE: ISSUES IN DEBATE

“Unfortunately, the whole issue of governance has been taken over not only by international organisations seeking to legitimise their neo-liberal predilections and projects, but also by writers whose theoretical approach has often lacked rigour and who have confused the expansion of the capitalist economy with the inexorable advance of history.”¹

This study primarily aims to understand the concept of governance and its application in West Asian countries in relation to neo-liberal reforms, which are a corollary of globalisation. While the desirability of good governance is not questioned in this study, the attempt has been equally to place such demands for governance in the context of market-oriented reforms. In other words, as the above excerpt suggests, there is ample scope for a discussion about governance independent of neo-liberalism, but the present study does not purport to undertake this. However, it needs to be emphasised that this study does *not* attempt to endorse the neo-liberal agenda as the final and best form of development, as many advocates of good governance have done.

Governance can be understood from various theoretical roots -- international relations, organisational studies, political studies, public administration, institutional economics

¹Pierre de Senarclens, “Governance and the Crisis in the International Mechanisms of Regulation”, *International Social Science Journal*, (Oxford), vol.L, no. 1, March 1998, p. 91.

and development studies. The present study will use insights from the last two branches – largely from institutional economics, but substantially from development studies as well. In the process, issues such as sovereignty of the nation state in a globalised market regime etc are not emphasised, but this by no means undermines their importance in the debate.

This chapter is divided into three sections. Perceiving globalisation as a form of capitalism, the first section illustrates the ways in which capitalism has always worked as a world system.² There is a “core” where ideas, institutions and materials forces are formed and there is a “periphery” which is linked to the core in an unequal relation. Over time, capitalism evolved through phases, of which globalisation is the most recent. At every stage of capitalist development, the state had a particular role to perform. In other words, the role of the state is defined with reference to the phase of capitalism. Globalisation requires the redefinition of the state – retreat of the state from many areas that it had hitherto been assigned. Consequently, the new role of the state, viz., in relation to the market and society, has been ideologically legitimised by neo-liberalism.

In Section Two, two strands of liberalism, the ideological engine of capitalism, have been discussed briefly. This section demonstrates the shift from social liberalism in the post war period to the neoliberalism in the post 1980s, represented by Margaret

² A perspective on the origins and development of capitalism as a global economic system was originally outlined by Immanuel Wallerstein (*The Modern World-System: Capitalist Agriculture and the Origins of the European World-economy in the Sixteenth Century*, New York, 1974), which came to be known as World-Systems theory. The theory argues that the economic organisation of modern capitalism is on a global, not national basis; this system is composed of core regions, which are economically and politically dominant, and peripheries, which are economically dependent on the core. Wallerstein argues that pre-modern empires had a common political-bureaucratic structure but diverse economic systems, whereas the modern world has diverse political systems but a common interlocking economic organisation.

Thatcher and Ronald Reagan. These strands have diverging opinions about the role of state in development.

Section Three – the core of this chapter – discusses the transformation of the state in stages and the background for the crisis in governance that has coincided with globalisation in developing countries. To put it in a nutshell, the neoliberal ideology is universal, and prescribes all requirements and concerns of development and the role of the state in universally applicable idioms. But the institutions and characters of the state, in the present form, are not universal. In developed and developing countries state had been performing dissimilar roles in the pre-neoliberal period. Where as the state withdrew from the “welfare” mode in developed countries and from the “developmental” mode in the developing countries in favour of markets in many areas, the advanced countries already had the institutions and structures that enabled the market. In the developing world, since markets were in a nascent stage and lacked proper institutions, it created a crisis in governance and development. The state in these countries was expected to perform a new task—creating institutions and perfecting the market. The question of governance comes into debate in this context. Governance goes beyond the government – it is a negotiated arrangement between the market, society and the state.

1-Understanding Capitalist Development

Following various methods of identification of stages of capitalist development by Samir Amin, Andre Gunter Frank, Ernest Mandel, Albert Szymanski and Harry Magdoff, Ankei Hoogvelt has suggested four rough stages, “ignoring wide geographical variations.”

- 1- 1500-1800 Mercantile phase: transfer of economic surplus through looting and plundering, disguised as trade;
- 2- 1800-1950 Colonial period: transfer of economic surplus through 'unequal terms of trade' by virtue of a colonially imposed international division of labour.
- 3- 1950-70 Neo-colonial period: transfer of economic surplus through 'developmentalism' and technological rents;
- 4- 1970 onwards Post-imperialism: transfer of economic surplus through debt peonage.³

Why does capitalism acquire new dimensions, expand geographically and mutate qualitatively? In answering this, thinkers of both Marxist and liberal persuasion have pointed to the constant feature of capitalist dynamics, namely *contradiction* or *dialectics*. Capitalism emerged and developed in northwest Europe, but expanded and encompassed large geographical areas in order to sustain itself. Even while capitalism itself was in the process of formation, centres of capitalism were linked to far-flung areas through mercantile trade. As capitalism expanded, the first movers -- the region where capitalism originated -- had a historical advantage. These became the core states of capitalist development, as opposed to the peripheral states that were linked to the capitalist mode of production through exchanges, but were certainly a junior partner in the core-periphery economic relations. Immanuel Wallerstein argued that the interstate system is the political system of world capitalist economy and that the exploitation of the periphery by the core is necessary for the reproduction of capitalism as a system.⁴ This system functions on the basis of an international division

³ Ankie Hoogvelt, *Globalisation and the Postcolonial World: The New Political Economy of Development* (London, 1997), p. 17.

⁴ Immanuel Wallerstein, *The Capitalist World Economy* (Cambridge, 1979), p. 15.

of labour between countries. The periphery performs specific functions at each of the above stages of development in order to facilitate accumulation at the core. The core and periphery are in a dialectical relationship, whereby disparate levels of development in the core and the periphery lead to a point of crisis. Core-periphery relation needs to be reoriented to overcome this crisis every time. In this way, capitalism moves onto the next phase.

Robert Cox used the Gramscian notion of 'hegemony' in order to understand international political economy. In a stable world order, there is hegemony, i.e. a fit between power, ideas and institutions that establish stability in a system. Introducing the concept of "historical structures" -- "a particular configuration between ideas, institutions and material forces"-- he argued that when individual factors change, it causes disequilibria in the given historical structure. Then the interrelationships need to be re-jigged in order to achieve a new equilibrium. Thus capitalism can be understood as a world order, a "historical structure" which had to be re-jigged periodically to overcome the internal strain that generated within the system. Seen from this perspective, capitalism moves on from one historical structure to the next.⁵ On *why* such strain is generated within a stable world order, Cox points out to dialectics (or contradictions) and social strains that result from the existing production relations that force the world order to *change*. Thus, at a point where mercantilism was no longer stable, capitalism moved on to colonialism and so on. In every new phase, it produced new institutions, modes of production, modes of surplus extraction and ways of organising economic life. And of course, a new "core-periphery" relationship.

⁵ R Cox, "Social Forces, States and World Orders: Beyond International Relations Theory," *Millennium: Journal of International Studies* (London), 10 (2) 1981, pp. 126-155.

Colonialism's success as a hegemonic organisation of international production that facilitated vast accumulation of wealth in the core resulted in profound pressures and contradictions within the system⁶. In order to safeguard the continuity of global accumulation international production relations had to be realigned. This realignment came in the form of granting independence to former colonies and their subsequent attachment in an unequal international division of labour that came to be termed as neo-colonialism.⁷

For the newly independent countries, “development and modernisation” —concepts which were strictly Western—became the dominant ideology. To release themselves from the exploitative economic relations with the core, newly independent countries raised the slogan of self-reliance based on intensive industrialisation. For this, however, they needed technology from the core countries. Thus, a new form of surplus extraction emerged and became dominant in the neo-colonial period – viz. that of technological rents.⁸

⁶ Domestic political pressure (national movements in colonies is one illustration of how success of colonialism sowed the seeds for its uproot; the English educated middle class created to support international capitalist development were the engine of nationalism through their analysis of colonialism; for instance the “drain of wealth” theory in late 19th century India), American victory in WW II (Americans were disturbed with the European colonialists holding to their colonies as exclusive spheres of influence since it hampered American economic interests),

⁷ Colonial rule had already established certain institutions and atmosphere that would facilitate surplus appropriation in indirect way - for instance the concept of private property was established. The international division of labour established by colonial subjugation ensured that the abrupt end of political supremacy would not result in a parallel delinking of unequal economic exchanges between the core and periphery.

⁸ Term coined by Ernest Mandel. For a discussion of how technological superiority enables core countries to extract surplus, see E Mandel, *Late Capitalism* (London, 1978) p 192. Technology is an instrument of establishing and maintaining superiority of the core countries till date as patent related clauses of the WTO demonstrates.

The socialist block remained outside the orbit of this capitalist development until its collapse in the early 1990s.⁹ This world system was dominated by the US. Even as the World War was concluding, the US had laid out its road map for dominating the world, the process that continues through globalisation. The Truman Doctrine announced in the 1947 the intention of the US in “defending free people anywhere in the world who are threatened by armed minorities or by outside pressures.” Institutions for facilitating this new global role for the US also was taking shape – the establishment of the IMF and World Bank in 1944, the General Agreement on Tariffs and Trade (GATT) in 1947 and the military alliance NATO within a couple of years. According to Hoogvelt, “the Brettonwood institutions together with the Truman Doctrine constituted the system of informal imperialism under the Pax Americana which was the hallmark of the neo-colonial period.”¹⁰

1a) Post-imperialism: Towards Globalisation

The post-1970 period has been variously described as the second neo-colonial period (Samir Amin) and post-imperialism (David Becker). From the neo-colonial period to post-imperialism, capitalism underwent substantive changes. Neo-colonialism and the economic organisation associated with it had already exhausted its potential. The internal strains of neo-colonialism at different levels -- “at the level of development of material capabilities, the domestic or internal institutional level within the core countries and within the peripheral countries and the level of economic and geopolitical relations between them,”¹¹ started showing up. The new technological-

⁹ F. Jameson points out that socialist block collapsed because of its incorporation into the international capitalist system. See “Globalization and Political Strategy”, *New Left Review* (London), August 2000, pp 49-70.

¹⁰ Hoogvelt, n.3, p.34.

¹¹ *ibid*, p. 44-45.

economic paradigm, i.e. flexible production facilitated and driven by technology, marked the beginning of globalisation – globalisation is a process that still continues.

What were the factors that disturbed the equilibrium of the world system in the post 1970s? Fordism, hitherto the dominant mode of production, came in conflict with Keynesian forms of demand management and welfarism, which had ironically supported it in earlier stages – to which capitalism responded by turning flexible. There was no pre-capitalist society that world capitalism could now penetrate; thus capitalism underwent a qualitative change. Third World nationalisms challenged the operational logic of neo-colonialism by indigenising and nationalising industries. International capital too sought newer methods of surplus extraction: it financed the government take-over of industries in the developing countries and fixed them in “debt-peonage.”

The transformation of capitalism from the Fordist technological paradigm to one of flexibility, requires further elaboration. Fordism was constituted mass production and standardisation of the product. It thus operated on *economies of scale* – viz. ‘the more you produce the more profit you make’. This mode of production was not flexible with cyclical recessions, or with increased competition, or changing market tastes. For Fordism to survive, it required Keynesian state intervention in the economy and that meant a social democratic consensus in the core countries in favour of welfarism. The political mood in advanced countries in the post-War period was favourable to welfare measures and hence was less favourable to capital. Thus, capitalists tried to export Fordism to those areas of periphery where wages were very low. Multinational companies disintegrated their production process and stationed their labour-intensive part of production in a section of the Third World that came to be called newly

industrialising economies. In this manner, a new international division of labour emerged, but mere exporting of Fordism was not sufficient.

Fordism was no longer viable in a world economy where the richest 20 percent of the population has 150 times the spending capacity of the poorest 20 percent. Clearly, a new production system was needed to fully exploit the consumer demand from the have-lots. Thus, contrary to the “rigid” Fordist pattern, production had to transform into “flexible.” Flexibility became the buzzword, not merely in production but in all spheres of economic activity so that there were flexible work processes, flexible markets, flexible products, flexible education, flexible patterns of consumption, flexible savings and pension funds and even flexible or multiple identities. Also referred to as a “lean production system,” flexible manufacturing or post-Fordist system, these new production systems “combine a transformation of the social organisation of industrial production with an infusion of information-driven technologies at every stage of the industrial process from design to marketing.”¹² The Japanese pioneered the development of flexible methods of organising production 20 years before its widespread industrial application. The Information technology revolution since the mid-1970s has spread flexibility to larger areas.

If flexibility is the techno-economic paradigm of the emerging form of capitalism what are its other characteristics, particularly with regard to core-periphery relations? In what sense can we call the emerging pattern globalisation? We shall address these aspects now.

¹² *ibid.*, p. 88.

David Becker refers to the emerging international economic relations as a still-nascent phase in the evolution of world capitalism, in which relations of dominance and dependency between nations are being relegated to secondary importance. Instead, relations of capitalist domination and exploitation are conceptualised in terms of global class relations, which transcend national class structures. Mutual interests that transcend nation states unite corporate international bourgeoisie – this means that the fundamental social cleavage is between an international bourgeoisie and an international proletariat.¹³ Hoogevelt argues that, “a new stage of capitalism is fermenting in the core of system, one in which the *geographic* core-periphery polarisation is being replaced by a *social* core-periphery polarisation that cuts across territorial boundaries and geographic regions.”

P Dicken¹⁴ identifies as characteristics of today’s world economy, “the increased internationalisation of activities and greater interconnectedness.” Paul Sweezy, writing from a Marxist point of view, comments on the process of globalisation: “In the periphery, foreign capital has penetrated more widely and deeply than ever before.”¹⁵ However, with the help of substantial empirical data, Hoogvelt contests this theory to argue that globalisation -- the ongoing transformation -- is not “expansion,” but “implosion”, wherein the erstwhile exploitative structural position of the periphery is being relegated to a structural position of irrelevance. A large section of the Third World is irrelevant in the new international division of labour, according to Hoogvelt. Hoogvelt uses three economic indicators to argue that there has been no considerable “increase in interconnectedness” or “deepening and widening penetration by the core of the periphery”. These indicators are viz. world trade figures, the growth and spread

¹³ D Becker, “Development, Democracy and Dependency in Latin America: A Postimperialist view,” *Third World Quarterly* (Hants) 6 (2), April 1984, pp. 411-31.

¹⁴ P. Dicken, *Global Shift, The Internationalisation of Economic Activity* (London, 1992), p. 16.

¹⁵ Paul Sweezy, ‘Globalisation- To What End?’ *Monthly Review* (New York), 42(9) February 1992, p.1.

of foreign direct investments, and the expansion of all international capital flows and their pattern of integration.¹⁶ According to Hoogvelt, what has actually happened is an “implosion,” i.e. “an intensification of trade and capital linkages within the core of capitalist system and a relative selective withdrawal of such linkages from the periphery.” Some Third World countries had already been incorporated in the core by export of Fordism, but more and more countries were being pushed away from it.¹⁷

We have seen that globalisation is neither a geographical expansion nor a quantitative growth in capitalism, but a qualitative transformation of capitalism. At a social-cultural level there is “world compression” and an emerging “global consciousness”¹⁸, time and space in economic production are compressed¹⁹ and the friction of space has been overcome through time and by technology²⁰.

At an economic level, globalisation is characterised by

- a global market²¹
- enterprise organisation at a global scale (virtual firms for instance)

¹⁶ Hoogvelt, n.3, pp. 69-84, for a detailed discussion on the quantitative trends in the said period.

¹⁷ Human Development Report of the United Nations Development Programme (UNDP) 1992 calculated that in 1989, 22.9 % of the world population living in “industrial” countries had 84.2% of global GNP, compared with 77.1 percent of the world population in the “developing countries” who have 15.8 percent of global GNP. The first category is that which has the capability to consume more and more, and hence the production has to be in line with the what their demands are. The second category is irrelevant, increasingly.

¹⁸ Terms coined by Roland Robertson (*Globalization*, London, 1992) to describe globalisation. Compression in the sense, the consequence of an event in any part of the world if felt in others much quicker than ever before. Global consciousness is about how concerns are articulated at a global level- for instance, environment, sustainable development etc. By circulating such concepts, a semblance of global uniformity in requirements is created. To meet these global solutions are suggested – all within the purview of the neo-liberal agenda for development.

¹⁹ David Harvey, *The Condition of Postmodernity* (Oxford, 1989).

²⁰ Anthony Giddens, *The Consequence of Modernity* (Cambridge, 1990).

²¹ 600 million middle class people in North America, EU and Pacific Asia regions who have similar tastes and high purchasing capacity- see K Ohmae, *Triad Power, the Coming Shape of Global Competition*, (New York, 1985) pp xvi-xvii.

- global capital- labour relations (in which low-waged labour is immobile but capital and highly-paid labour are globally mobile in the economic sphere)
- a global market discipline
- flexible accumulation through global webs and
- financial deepening.²²

However, the new fit between ideas, institutions and material forces has yet not fallen in place. Globalisation is still in search of the *mode of regulation* for the new *regime of accumulation*. According to Hoogvelt, “total renewal is what makes the reproduction of capitalism possible, involving not only production technology and the organisation of economic life, but also the complex institutions and norms which ensure that individual agents and social groups behave according to the overarching principles of economic life.”²³ Thus, we can concur that capitalism is in the process of renewal. Issues concerning governance and role of the state become debating point in the context of the search for a new mode of regulation. In Section 3, the role of state and the concept of governance will be discussed. Prior to that, the role assigned to the state in liberal political philosophy is reviewed herewith.

2) Political Ideology – Liberalism and Neo-Liberalism²⁴

In the realm of political ideology, capitalist notions of production, consumption and production relations have been supported and justified by liberalism. Between 1870 and the 1930s, two streams of liberal strategies emerged in Europe, viz. social liberalism and neo-classical liberalism.

²² Hoogvelt, n.3, p 122-131 for a discussion on these factors.

²³ *ibid*, p. 84.

²⁴ For a detailed discussion on liberalism see McPherson, *Life and times of Liberal Democracy* For a concise and brilliant account of all liberal streams of thinking see Richard Bellamy, “Liberalism” (p 23-49) in R Eatwell and A Wright (eds.) *Contemporary Political Ideologies* (London, 1993).

It was social liberalism, as advocated by J. M. Keynes and also by J A Hobson, H H Asquith and David George, that became the ideology of governance in the post-war US and Europe, so much so that the US President Roosevelt was to declare a famously statement, “we are all Keynesians now.” Social liberals argued that the government cannot achieve full individual liberty merely by remaining neutral or non-interventionist, but that on the contrary, the state must intervene to ensure that each one gets equal opportunity.²⁵ According to Asquith, “freedom cannot be predicated, in its true meaning, either of a man or of a society, merely because they are no longer under the compulsion of restraints which have the sanction of positive law. To be really free, they must be able to make the best use of faculty, opportunity, energy, and life. It is in this fuller view of the true significance of Liberty that we find the governing impulse in the later development of Liberalism in the direction of education, temperance, better dwellings, an improved social and industrial environment; everything, in short that tends to national, communal and personal efficiency.”²⁶ In other words, economic planning by the state had a role to play in this vision of development, although it was primarily a matter of individual initiative.

Neo-classical liberalism, the ideological precedent of contemporary neoliberal agenda of development was propounded by Vilfredo Pareto, Carl Mengerm, Herbert Spencer and F A Hayek among others. According to neo-classical liberalism, the market was the ultimate and neutral mechanism that offered each individual the maximum liberty. “A planned economy necessarily entailed an arbitrary dictatorial regulation which

²⁵ What needs to be emphasised is the fact that Keynesian welfarism in advanced countries were supported more by their dominant economic relations with the periphery than domestic taxes. Between 1950 and 1970 the average price of crude oil had slowly and continuously declined from just over US\$ 4 per barrel to \$1.60 for, instance. And then there were technological rents and trade profits too. Thus social liberalism too should be understood in the context of international political economy. After all, none of noble objectives of Western Liberalism was applicable to the colonies earlier and the Third World later.

²⁶ H H Asquith, quoted in R Eatwell and A Wright, *Contemporary Political Ideologies* (London, 1993).

enforced particular patterns of consumption and production. Such a system would not only greatly enhance the power of the state over people's lives, it would ultimately collapse through bureaucratic stagnation and the impossibility of its task within an economy of any size and complexity."²⁷ Neoclassical liberalism questioned all governmental attempts to interfere in the economy. Spencer, who coined the phrase "survival of the fittest," believed that making welfare provisions for the poorer members of the society would retard the development of human society as a whole. Similarly, advocates of neoliberalism favoured the rollback of welfare state to eradicate the "culture of dependency."

Thus the change from the earlier forms of Keynes-inspired liberalism to the neo-liberal development perspective is sharp. In times of social liberalism, the government was expected to intervene in economic and development issues, and facilitate the maximum utilisation of each individual's capability. The market, according to this point of view, was not naturally neutral and had a debilitating effect on some. Thus, the state had a role to play – for instance, providing education and health care. This has been also termed "embedded liberalism."

With neoliberalism, things changed, it was argued that market should be allowed to make major social and political decisions, that the State should voluntarily reduce its role in the economy and citizens should be given much less rather than more social protection. Neo-liberalism is the ideology of the emerging global politics of development. Why and how neoliberalism becomes the ideology of development in the globalised world is discussed in the next section.²⁸

²⁷ R Eatwell and A Wright, *Contemporary Political Ideologies* (London, 1993), p. 39.

²⁸ Caroline Thomas, *Global Governance, Development and Human Security* (London, 2000), pp 39-45.

The state in the Third World legitimised itself using the developmental and socialist agenda that it attributed to itself. Import substitution and self-reliance were the most popular slogans in the newly independent, less developed countries. But the state's failure to deliver the promises of self-reliance, expanded economic activities and reduced social inequalities, was evident by the mid 70s. Public sector industries were perceived as monuments of corruption and inefficiency, the increased bureaucratic control over both economic and social life the citizens became a source of public disenchantment and overall the state was gradually losing its legitimacy. Though state's failure is not enough reason to conclude that the market is the only and ultimate alternative, this was the increasingly dominant argument through the 1980s. This process was accelerated when Thatcher and Reagan responded to the fiscal crisis by drastically cutting down welfare measures in their respective countries. With the fall of Berlin Wall in 1989 advocates of neoliberalism received a new boost, as reflected in Francis Fukuyama's *End of History*. For him, spread of the neoliberal ideas post-1989 represented "not just the end of Cold War...but the end of history as such: that is, the end point of mankind's ideological evolution and universalisation of Western liberal democracy." The collapse of the state-controlled, centrally planned economies of the former Eastern bloc symbolised "the triumph of the West...an unabashed victory of economic and political liberalism...(and)the total exhaustion of viable systematic alternatives to Western (neo) liberalism."²⁹

(However, this theoretical climate favourable for the aggressive withdrawal of government from many of its conventional roles has been abruptly interrupted by the WTC attack of Sept 11, 2001. "After the Sept 11 attack the role of the government has been an enhanced one. Culture, politics and society have come back as reference

²⁹ Thomas, n.28, p. 41.

points, once more relegating economics and business to secondary positions.”³⁰ Still, to venture an analysis of the reversal in trend at this moment would be premature.)

3) Globalisation, Role of the State and the Concept of Governance

In phases prior to globalisation, the state in developed and developing countries was assigned dissimilar tasks – welfarist interventions in advanced countries, and a developmental role in less developed countries. In less developed countries, there was no private capital available at the time of their independence and many areas of economic activity did not provide enough incentives for private capital. Moreover, in the newly independent countries there was an emotional urge to develop a self-reliant country, and this made the political climate absolutely favourable for strong state intervention. (It is a different story that the same measures taken for developing self-reliance led to more dependency – for instance, on external capital and technology.)

In advanced countries, where employment and income was substantial for the large majority of the population, the state was expected to intervene and provide sustenance for the rest of the population. This was possible since the numbers that required such welfare measures was manageable. In the developing world, the state was expected to accelerate economic development and generate employment for the vast majority of its population that remained unemployed. However, by the early 80s the developmental state in the developing countries and the welfare state in advanced countries were both facing a serious crisis of legitimacy. In the case of the former the crisis was due to the failure of the state in delivering its role, and in the case of the latter, due to the increase in deficits in supporting welfare measures.

³⁰ Fareed Zakaria “The Global Security Plan”, *News Week* (Special Davos Edition, January 2002) p 14

The welfare state was causing huge fiscal deficits in Western countries, and fiscal deficits were deplorable in the new value system. By early 1980s, Thatcher in UK and Reagan in US curtailed the role of the state substantially by withdrawing it from welfare measures that had been taken up earlier. At the same time, the developmental state in developing countries had become “failed state.” Governments in developing countries incurred heavy international debt and moreover, their promises of facilitating development remained unfulfilled. This crisis of the state coincided with the need for the reorganisation of the international capitalist order. To replace the redundant welfare state and failed developmental state, neo-liberalism emphasised a free run for the market. According to this argument if the state failed, market could resuscitate.

The role envisioned by neo-liberals for the state was in tune with the emerging international economic relations, identified as globalisation. Globalisation has been articulating all its concerns and consciousness at a global level. Production relations were defined increasingly not in the context of national boundaries; market, capital and values increasingly became global. Core and periphery were no longer determined by national boundaries. The nation state as a reference point for economic transactions and development practices became less significant.

The emerging pattern of economic expansion – where the socially defined “core” and “periphery” of all countries have to interact without the impediments of nation state -- thus required a global structure of regulation. The rules of this game naturally had to be beyond the purview of sovereign nation states. International institutions that articulated the concerns of development at a global level provided this structure of regulation – IMF, World Bank, WTO etc, whose role has been to implement a “global governance.” National boundaries do not interrupt them and the role of the national

governments are merely to tune their domestic systems in accordance with the international.

Stronger nation states would naturally impede such global projects that defy the logic of national boundaries. Hence the state had to withdraw. Globalisation redefined the state's role in different aspects viz., in the state's relation with capital, and the state's negotiating role between capital and labour on the one hand and core-periphery on the other. Globalisation rearranges the old international division of labour and the associated hierarchy of rich and poor countries. In this process, the integrity of national territorial state as a more or less coherent political economy is eroded and the functions of the state become reorganised to adjust domestic economic and social policies in order to fit the exigencies of the global market and global accumulation. The state becomes the instrument for adjusting their economies to the pressures of the world market. The state is expected to intervene in capital-labour relations in favour of capital. In the core-periphery relations (which, as already discussed, is a trans-national social division), it has been argued that that the state is expected to exclude "groups and segments in all societies that can no longer perform a useful function as either producers or consumers within the global market."³¹ The World Bank, one of the chief promoters, of neo-liberalism points out that resolving the conflict between losers and gainers in globalisation is the task of the political system. The state's role is no longer to carve out an independent course of development for the national territory under its control, as it was in its earlier developmental avatar. Instead, it is only to ensure that the requirements of "global governance" prescribed by international institutions are adhered to, in such territories. The independent nation state's ability to

³¹ Hoogvelt, n.3, p. 147.

perform this duty, i.e., to ensure harmony between the domestic institutions and regulations, and the values of global governance is thereby dubbed good governance. The state's transition to its new role was relatively smooth in advanced countries, which already had a strong institutional base favourable to the logic and operation of the market. In advanced countries, the market had evolved over the years, and hence market institutions had already taken deep roots. In developing countries, what had virtually happened was the skipping of several stages of evolution and trying for full-fledged market system in a spurt. These countries were devoid of institutions and structures to facilitate the market. The lack of adequate institutions created a crisis of governance in developing countries. This led to the debate on what is governance or in certain parlance, good governance --in other words, what the state is expected to do, or rather not do.

In the neoliberal conception, governance is not what the government does – it is a mutually agreeable and complementary role allocation between different actors in the development process, viz. the government, the private and public sectors, civil society, media etc. Deriving from Rhodes and Stoker, there are certain baseline arguments that defined governance in neoliberal, globalisation era.

“Governance refers to the development of governing styles in which boundaries between and within public and private sectors have become blurred. The essence of governance is its focus on governing mechanisms which do not rest on recourse to the authority and sanctions of government.....to recognize the interdependence of public, private and voluntary sectors in developing countries.³²” “It is a code for less government.” “Good governance calls for the reorganisation and weakening of the welfare states.”³³

³²Gerry Stoker, “Governance as Theory: Five Propositions”, *International Social Science Journal*, (Oxford), vol. L, no. 1, March 1998, p. 17.

³³ Francois-Xavier Merrien, “Governance and Modern Welfare States,” *International Social Science Journal*, (Oxford), vol. L, no. 1, March 1998, p. 59.

Once again, it must be remembered, that all these propositions have been made in the context of globalisation and neo-liberal reforms. Thus, good governance is the setting-up of structures and institutional complexes to resolve the micro and macro-regulatory problems posed by the emergent global regime of accumulation.

The World Bank and other international financial institutions abundantly substantiate the theoretical perspectives that have been elaborated, concerning the role of the state and governance in details.

The World Bank defines good governance in the following words: “Good governance is epitomised by predictable, open and enlightened policy making; a bureaucracy imbued with professional ethos; an executive arm of government accountable for its actions; a strong civil society participating in public affairs; and all behaving under the rule of law.”³⁴ Many of the institutions that support market are publicly provided for. The ability of the state to provide these institutions is therefore an important determinant to how well individuals behave in markets and how well markets function. Successful provision of such institutions is referred to as “good governance.”

Good governance has other components as well. Accountability and competition among different agents of government are considered essential for good governance. Local governance, achieved through increased devolution of power, is considered an impetus to increase competition among jurisdictions, and is hence good governance.³⁵ Functioning of political institutions which form government also affect governance. Such political institutions include electoral rules that lay out the procedures by which

³⁴ “Governance: The World Bank’s Experience,” (World Bank, 1994) quoted in “Building Institutions for Market”, *World Development Report, 2002*, (World Bank, 2002), p. 203.

³⁵ *Building Institutions for Market- World Development Report, 2002*, (World Bank, 2002), p. 100.

governments are elected and replaced, they also include the constitutional rules that determine the division of power between different branches of the government.

World Development Report, 2002, argues that when the discretionary capacity of the state is minimised, then the chances of it being corrupt are less; cutting down corruption is an important aspect of good governance, because "corruption undermines the competitive forces that are central to well-functioning markets" and "corruption undermines the legitimacy of the state itself and weakens the capacity of the state to provide institutions that support markets."³⁶ "Good governance" could even be undemocratic - "good governance requires the power to carry out policies and to develop institutions that may be unpopular among some - or even a majority - of the population."³⁷

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The World Bank suggests that international institutions can serve as a counterbalance to the power of the state.³⁸ International trading rules and the commitment made by the countries concerned are considered a catalyst to good governance. IMF and the WB argue that reciprocity and non-discrimination are two key factors that legitimise international trade regime, WTO, and as a result, the WTO helps national governments "create constituencies that provide political support for tariff reduction."³⁹

Good governance is also about the ability of the government to resolve the conflicts that are bound to arise when policies taken by it benefit some at the cost of others. Compromises with coalition partners are argued to be tolerating fiscal strains; countries with majoritarian system are considered to be more equipped to deal with

³⁶ *ibid*, p. 107.

³⁷ *World Development Report*, 2002, (World Bank, 2002), p. 99.

³⁸ *ibid*, p. 101.

³⁹ *ibid*, p. 105.



this. In fact, extending this theory, it has been even argued that countries with totalitarian regimes are more equipped to handle resistance to economic reforms. Further, the WDR 2002 argues that the higher the degree of decentralization, the lesser the extent of corruption. It also argues that press freedom and alert civil society can be a deterrent against corruption by inflicting pressure on the government.

So the concept of good governance is the ability to push and promote the neo-liberal mode of development. Ensuring equity or reducing poverty is certainly not the concerns of neo-liberal economics, and these are therefore not the criteria to assess whether the governance is good or bad. The very foundation of the neo-liberal logic is that “whenever a government tried to fight poverty, it is poverty that has always won.” More growth, through more liberalisation and competition will automatically take care of the question of poverty, according to this logic. It is not *laissez faire*⁴⁰. It requires the state to intervene in the market, to perfect the market, and not to buffer the impact of the market. Thus the very demand for proper institutions for the market is a demand made to the government to intervene in the market.

The world system is in search of a new stability — a fit between ideas, institutions and material conditions. Flexible production and parallel variations in the reorganisation of production process have both opened up new possibilities. A global regime under the auspices of international institutions is gradually taking place. National governments, which are out of tune with the market logic of this international regime, face a crisis in governance. To overcome this crisis, international institutions prescribe the reorienting

⁴⁰ In fact, this has always been the case! “There was nothing natural about *laissez-faire*; free markets could never have come into being merely by allowing things to take their course. Just as cotton manufactures – the leading free trade industry – were created by the help of protective tariffs, export bounties and indirect wage subsidies, *laissez-faire* itself was enforced by the state.” (K. Polanyi, *The Great Transformation: Political and Economic Origins of Our Time* p. 139)

of national governments to the requirement of global governance. Thus the role of the national government has been redefined to suit the world market. This process has been termed “good governance” by apologists of neo-liberalism. Governance, thus facilitates the uninterrupted operation of the market, by which the state is expected to withdraw from many areas and involve the civil society in decision-making. However, the ultimate test of good governance in the neoliberal logic is in implementing successful market reforms. Even as the states in the developing world try to do this, they are subject to different pulls and pressures — social, cultural and political — resulting in strains in governance, as the experience of West Asian countries demonstrates.

CHAPTER-2

DIMENSIONS OF GOVERNANCE IN WEST ASIA

In the previous chapter, an attempt has been made to outline the debate about the role of state in the context of globalisation and the expansion of neoliberalism. In this context, it has been observed that the state's developmental and welfare roles are considered undesirable in the new paradigm, and instead, the market is considered the most natural and effective agent of progress. Abandoning its developmental and welfare role, the state merely has to facilitate this operation of market forces. As a consequence of the universality of this logic, the regime that facilitates the market-operation is conceived of on a global scale, as represented by international institutions such as the WTO, World Bank and the IMF. It has been discussed in the previous chapter that the role of individual nation states in this scheme of things is reduced to merely adapting their domestic economies to the requirements of this universal logic. The specificities of particular societies and nations are overlooked in such discourses of "global governance" or "good governance," that prescribe universal methods and solutions for countries that cut across cultural barriers. In the new paradigm, governance is not merely a function of the state or the government – rather, it is about the increased involvement of civil society and various other players in the collective process of decision-making. Governance is also about the ruler being accountable to the ruled and the existence of standardised laws that eliminate discrimination and bind the ruler. The first chapter has also discussed the situation that pushed the state into a crisis of legitimacy and irrelevance, subsequently rendering prescriptions of neoliberalism – a situation where the state is required to pave way for the market – unavoidable and without alternative.

The first chapter has also elaborated how capitalism works as a global system, in which the core and periphery are related to each other in periodically rearranged unequal relations. At different stages of capitalist development, the peripheral countries had historically differing roles to perform within the international capitalist system. In the phase of globalisation, the contemporary stage of capitalism, the core-periphery dichotomy has become a social segregation of different classes of people, rather than a geographical one. Thus, the beneficiaries of globalisation make a global alliance, and the intervention of individual nation states within this with their conventional agendas such as social justice etc. is likely to impede this global alliance. Hence the various reasons for arguing for lesser roles for the state.

The crisis of the state in the context of the developing countries in the time of globalisation is double edged. At a global level, nation states are increasingly losing their autonomy and have become facilitators of the neoliberal agenda promoted by global organisations, which till date have been under the strict control of USA. On the other hand, at the domestic level, states have failed in delivering their developmental agenda while simultaneously getting entrapped in increasing international debt. This means that the role of state needs to be discussed, not only in terms of the domestic arrangements, but equally or perhaps more importantly, in terms of their position in the international system. It has to be understood in “terms of the changing nature of the social relations of material production on the one hand, and on the other, it has to be located in terms of the position of the state in the international system.”¹

¹ Simon Bromley, *Rethinking Middle East Politics: State Formation and Development*, (London, 1999), p. 120.

From the very early days of state formation in West Asia, global powers have shown extreme interest in acquiring and sustaining influence here. During the early days, Western countries sought to incorporate the local ruling class into the international capitalist system by successfully providing aid and arms in Egypt and Turkey.² By the end of the Second World War, the US had managed a foothold in the Gulf by providing the small oil rich countries with the technology to explore oil and security.³

According to Roger Owen

A key moment was the American decision taken in the mid 1950s to abandon its brief search for alliances with secular nationalist Arab leaders like President Nasser and to base its Middle Eastern position on its support of conservative, or 'moderate,' monarchical regimes like the Saudis.⁴

However, with the exit of Nasser and the termination of Egypt's hostility with Israel, it has perhaps been America's most trusted ally in the region since the early seventies. In fact, the very geographical boundaries of the countries in the region itself – bringing the most oil rich areas of the region into the handful of a few families – is itself a legacy of European colonialism. Moreover certain non-economic considerations in the region, of the capitalist core and the international institutions controlled by them, are a major determining factor in the rearrangement of the institutions of governance in the region. The most important of such non-economic factors determining the character of the state in West Asia is the West's fear of Islam.

The ideological supremacy that the neoliberal programme attained after the demise of the Socialist Block has, in some way been challenged by the emergence of public religions. Jose Casanova has argued that in many places, the upsurge of public religion

² *ibid*, p.113.

³ *ibid*, p. 109.

⁴ Roger Owen, *State Power and Politics: The Formation of Modern Middle East*, (London, 1992), p. 130.

appears to be compatible with democracy and political civility, and it has even been suggested that public religion can be seen as a significant counterweight to the otherwise hegemonic institutions of market and modern state.⁵ There have been intense debates in academic circles on the textual compatibility of Islam with modern Western values like democracy and market.⁶ On the one hand, it has been argued that the resurgence of Islam is the effect of the overarching of the ideologies of market and state. On the other hand, it has been argued that Islam is concomitant with market operations, to the extent that the rise of Islamism is a reaction to socialism. In other words, rejection of secularism and socialism go together.⁷ Islam is a highly influential cultural and social factor in West Asian countries. Western strategists have argued that Islam is the new enemy of the free world after the demise of communism, and that the emerging Islamism in the region is a matter of great concern to them. Therefore, Islam is a major factor in not only understanding the internal dynamics of West Asian countries, but also gauging the level of the international interest in the region. For the “core,” West Asia’s significance is not merely economical – although the economic aspects of West Asia being an oil rich region are undoubtedly important. The cultural aspect of being home to an ideology that the West fears will soon challenge the West’s style of development based on neo-liberal programmes and other strategic considerations play crucial roles in determining the “core”s attitude towards the region. Not only have the global powers played a very important, if not the most

⁵ Jose Casanova, *Public Religions in the Modern World* (1994), quoted in Robert W. Hefner, “Public Islam and the Problem of Democratisation”, *Sociology of Religion* (Florida), vol. 62, no. 4, winter 2001. p 491.

⁶ A section of scholarship has argued that Islam is antithetical to democracy, market and even human rights; for instance (Samuel P Huntington, “Clash of Civilizations”, *Foreign Affairs*, New York, 1993) On the on the other hand, scholars such as Piscatori and Esposito have questioned such propositions, suggesting that all religions have the potential to manifest multiple political ideologies. See John L. Esposito and James P. Piscatori, “Democratisation and Islam”, *Middle East Journal* (Washington), vol.45, no.3, 427-440.

⁷ Imad A. Ahmad, “Islam and Markets” at <http://www.minaret.org/acton.htm>.

decisive role in state formation and in the evolution of the state-society relations in West Asian countries, they will continue to do so in the future as well. Thus the extent of democratisation, civil society participation and government accountability in the region will continue to depend heavily on the policies of the industrialised countries, as the discussions in this and the following chapters will attempt to establish.

The major area of focus of this chapter relates the theoretical formulations arrived at in the previous chapter to the macro context of West Asian countries and taking into consideration the factors specific to the region – namely Islam and oil – tries to outline the changing contours of governance in the region. As in all other developing countries, the state has been overly developed in West Asian countries. Certain common features unite these countries as a single analytical unit –the rentier character of the state by virtue of its dependence on oil revenues and international aid resulting from its strategic location, and virtual absence of democracy is the most important of these features. At the same time, intra-regional variations in terms of the size and complexity of particular economies, their varying levels of integration with the global economy and the extent of diversity in the respective societies require that such generalisations need to be cautious and often qualified. Examples from Turkey, Egypt and the Gulf countries adequately represent the cross-section of such diversities, as the following discussion will demonstrate. Turkey, an early republic with the longest standing connections with the capitalist core and the highest levels of integration with the global market has evolved some institutions of democracy and market. It is a multi-party democracy, although the military does play a significant role in administration, and is the least dependent among all these countries on rent and has the most diversified economy. Egypt is the most densely populated, and is largely dependent on some oil rent and other strategic rents. It has a highly powerful military, is a single party democracy, with less developed institutions of democracy and market

and is located in the middle rung in the spectrum of such regional diversity. The oil-rich Gulf countries, dependent almost entirely on oil for revenue, and running administrations as personal fiefdoms of the ruler with near total absence of institutions are the typical rentier states. Clientalism exists in all these countries, only the degree varies from state to state. Now that these countries are gradually being integrated into the global market system, the role of the state in these countries in economic and social development has been undergoing a rapid change as the result of the “economic reforms”. This chapter elucidates this process and proceeds to show how these states have reorganised their domestic power arrangements to sustain their new role.

Bromley has argued that the particular forms of governments prevalent in West Asian countries are a result of the particular patterns of social development and state formation that individual countries in the region underwent. He goes into the roots and history of elementary stages of this process— at least from the early days of the course of industrialisation. In Turkey, for example, there was no stranglehold of a landed aristocracy, unlike Egypt. However, in the post War years of capitalist development⁸ both these countries followed a similar pattern of development, by incorporating and balancing different social classes according to the specific situation in each country. From very early on, in Turkey, there was a corporatist idea of development, disallowing the emergence of differential economic classes, a process that was led and monitored by the state. By the 1950s, a nascent bourgeoisie class was emerging, and today, Turkey has a significant level of differentiation between the exercise of political power and surplus appropriation on the one hand, and, between the bourgeoisie and the working class on the other. Bromley argues that this differentiation between the

⁸ Bromley, n.1, p.81.

exercise of surplus appropriation and exercise of political power is the most important input for the development of capitalist democracy, a trait abundantly demonstrated in Turkey, but not in Egypt and the Gulf countries. In Turkey, however, labour was highly exploited in this process.⁹

It was in the post-War period that import substitution industrialisation started in both Turkey and Egypt – for the Turkish bourgeoisie, autonomy grew,¹⁰ but in Egypt surplus appropriation and the exercise of political authority merged into each other, with the state very soon becoming the only legitimate actor for all economic activities. The development of national bourgeoisie was thus retarded in the very beginning. In Saudi Arabia and other Gulf countries, with the accumulation of oil wealth the state emerged, fostering state-led industrial development, urbanisation and the creation of a middle class of welfare workers, military personnel, bureaucrats and professionals.¹¹

West Asian systems have been described as “overdeveloped state” and “underdeveloped societies.” In Egypt, Turkey and the Gulf in beginning of the 1950s, there was a sudden and huge expansion of state power and its pervasiveness, which resulted in a growth in the size of the bureaucracy, the police, the army and in many cases, the number of public enterprises. In Turkey, the process was already underway, and by the 1950s, the national bourgeoisie was beginning to attain some level of autonomy. In Egypt, following the Nasserite revolution of 1952, the state entrusted itself the task of promoting large programmes of economic development and social welfare. Such processes were accelerated by foreign aid – USSR in the case of Egypt

⁹ *ibid*, p.124.

¹⁰ *ibid*, p. 126.

¹¹ *ibid*, p.145.

in the initial phase and US in Turkey, post-Nasser Egypt and in the Gulf. Turkey, due to its earlier networking with the capitalist countries and owing to its particular pre-Republic agrarian relations moved faster on the track of state induced industrialisation – gradually leading to the formation of a bourgeoisie class, which was still however still highly dependent on state patronage for its existence. The implementation of land reform programmes and the failure of the private sector to meet the demands of development in the early periods and the exodus of large number of foreign technicians and entrepreneurs during the Suez crisis of 1956 provided the background for the emphatic entry of the Egyptian state into its economy and society. Oil-wealth financed development in many countries and in small countries like those in the Gulf, it resulted in the creation of modern systems of administration and welfare measures for the citizens.¹²

Turkey, with its multi-party system and the highest level of integration with the world economy, is closest to resembling traits of capitalist democracy. Turkey entered the era of multi-party democracy with the 1950 general elections. Thereafter, the military has interfered thrice with democratically elected governments. This demonstrates Turkey's difficulties in evolving into pluralist, multiparty democracy effectively. Civilian governments have invariably led to political instability, giving the military the space for political intervention. Politics before 1950 had been the preserve of a small elite within the bureaucracy and an even smaller number of entrepreneurs and businessmen.¹³ Democrats who came to power in 1950 initially hyped the liberal rhetoric, but as early as 1954 they backtracked on liberal economic policies and in fact, introduced new forms of tariff and quotas which were to be used for patronage. In

¹² Owen, n.4, p. 33.

¹³ Caglar Keyder, *State and Class in Turkey: A study of capitalist development* (London and New York, 1987), p. 117.

this way, they reinforced bureaucratic control over significant segments of economic activity. In 1960, the military replaced the existing authoritarian Democrat regime and streamlined state intervention in economic activities. The Justice Party that came to power in 1965 consolidated its organisational strength by using this control over the highly politicised programme of planned economic growth.¹⁴ Radical economic policies led to extreme polarisations of political and economic interest groups, creating chaos and political violence, thereby forcing the Army to intervene again in 1971. Through the 1970s, increasing fragmentation of the society resulted in fractured electoral verdicts and political instability in Turkey. In 1980, the military intervened for the third time and incidentally, it was the same year in which the IMF and World Bank introduced its structural adjustment programme in the country.

The state-induced development and planning in the 1950s and 1960s made the Egyptian state a formidable entity. The land reforms of 1952, the construction of the Aswan High Dam, the nationalisation of foreign property during the Suez crisis and the first five year plan of 1960-65, the nationalisation of private banks, factories and other enterprises in 1960-61 were all both results and causes of the increasing state role. Key indices demonstrate this dramatic expansion of the state – in 1951-52 people employed in public enterprises and bureaucracy numbered 350,000; in 1965-66 it rose to 1,000,000. During the same period, the number of government departments nearly doubled from 15 to 29.¹⁵

If Egypt represents the formation of a highly centralised bureaucratic state with a single party regime, in single family-ruled GCC countries too, centralisation and the

¹⁴ Owen, n.4, p. 126.

¹⁵ *ibid*, p. 55.

state's pervasiveness is equally, if not more strong and compelling. In Kuwait, the number of government employees increased from 22,073 in 1966 to 113,274 in 1976 and 1,45,000 in 1980.¹⁶ In Saudi Arabia too, the growth has been as rapid. Welfare measures of the government also exponentially increased during this time in all oil rich Gulf countries.

An important component in state expansion was the increased spending on education and welfare. Creation of an industrial base and import substitution were priorities of the Egyptian and Turkish states, whereas the Gulf countries feared industrialisation since it had the potential to create new social classes and thereby challenge the traditional power logic. An increase in the number of factories and welfare measures resulted in the formation of a huge labour force, placing the state right at the centre of the drive for economic advance. The whole process of state expansion was justified by the need for rapid development and a more equitable distribution of a rising national income in Egypt. The immediate result of such centralised control over resources and its utilisation was the concentration of power. When power is highly centralised, there is less amount of tolerance for pluralism and the regime seeks to monopolise all legitimate political activity. In other words, it leads to authoritarianism.¹⁷ Thus, in a country like Egypt, different social groups were integrated and the Opposition contained by a variety of methods ranging from terror to inducements and compulsory membership of carefully constructed unions and professional associations. Multiple political parties were disallowed, paralleled by the establishment of a number of associations for students, women, doctors, lawyers and journalists, all under state control.

¹⁶ *ibid*, p. 55.

¹⁷ *ibid*, p. 38.

The President, with sweeping powers over the state apparatus— institutions of military, the party, security services, the bureaucracy, and economic enterprises is still the virtual government in Egypt, Syria, Tunisia and Iraq. And once elected, the President remains there until death in most cases. However, a system has been developed for other interest groups to participate in politics, despite the various limitations and constraints of the state, which remains the major arena for politics. Different interest groups were co-opted into the system through varied mechanisms and patron-client relations established through a wide network of personal contacts of ministers and bureaucrats. Certain groups, such as landowners were made politically insignificant in the very beginning of state centred development in Egypt. In order to take over the educational sphere, a national curriculum was introduced, while in the judiciary, courts were coerced and judges pressurised. The military and security agencies had the power to overrule the courts in this system.¹⁸

The ruling families of Kuwait, Bahrain, Qatar, Oman and the seven constituent states of UAE were thus able to keep power largely in their own hands. This involved the sorting out of problems within the family. Until the mid 1980s, all important ministerial positions in these countries were controlled by close relatives of the king, the sole exception being the Ministry of Foreign Affairs in the UAE, of which a commoner was in charge. External factors such as the support of first the British and later the USA, and mutual support through arrangements like the GCC sustained such dominance of one family over the state. However, the most important factor that sustained the dominance of single family rule was the non-dependence of the state on

¹⁸ *ibid*, p. 40.

tax for revenue. Profits from the oil were distributed in discretionary practices such as cash handouts and buying out of private properties by the state at inflated prices and through institutionalised forms such as the development of a wide variety of welfare services— from free education and health care to the provisions of highly subsidised electricity, water and housing. Absorption of a large number of people into state services also ensured loyalty besides the many economic opportunities that were reserved only for the locals— for instance, in many countries, only the locals could own property or run shops. As a rule, relations between Gulf rulers, governments and the people were conducted along informal, personal lines with minimal reference to institutions. The only two states that tried to create a formal representative assembly were Kuwait and Bahrain, in 1962 and 1973 respectively. But even here, parties were banned and electorates were confined to only a small portion of the male population.

Gulf countries have very small populations – the largest, Saudi Arabia has a population of only six million people.¹⁹ There is little or no agriculture, no tradition of manufacturing and a common resource of oil. With the high financial clout of the state, operations were expanded, with the public sector and civil administration prodigiously growing in these countries. Educational facilities expanded, but without the accompanied growth of industrialisation that could have absorbed the work force. Thus, public employment served the purpose of political control of the educated, “a respectable and modern looking tool for distributing part of the oil ‘loot’ and for ‘disbursing’ largesse camouflaged in the language of ‘meritocracy and national objectives.’”²⁰

¹⁹ Alan Richards and John Waterbury, *A Political Economy of the Middle East- State, Class and Economic Development* (Oxford, 1990), p. 211.

²⁰ Ayub (1985) quoted in, n.19, p. 211.

Politics in these Gulf countries have largely been a matter of intra-family disputes and settlements. Discovery of oil released these rulers from the dependence on various groups for resource mobilisation and gave them the monetary leverage to contain potential political dissent by distributing largesse. Citizens' loyalty was virtually bought over through the discretionary distribution of oil wealth in these countries. Part of the oil revenue was distributed among the ruling family and the rest was used to develop infrastructure and social services. Growing economic activity gave them the option of either permitting their own relatives to go into business or, as in Kuwait, of striking a deal with the powerful merchant community by which the latter was persuaded to limit its demands for political participation in exchange for a free hand in making money.

Thus, politics in these countries involved relationships between members of the ruling family, "a process of interaction in which questions of personality, ambition, state policy and the control of state institutions were inevitably mixed together."²¹ Royal policies were always shrouded in secrecy; they coalesced with other conservative elements in society and viewed unbridled modernisation with suspicion and promoted tribal values. These families lived in constant fear of rapid economic progress and development, which they felt, would sooner or later challenge their authority.

In such authoritarian systems, state decisions are never transparent and there political space is severely restricted for independent players to emerge and articulate popular sentiments. Economic policies are subordinate to political calculations and identities are defined in terms of region, ethnicity or religions. Active consciousness is absent

²¹ Owen, n.4, p. 62.

among people and in fact, carefully destroyed by the calculated interventions of the state. State largesse and concessions are distributed not on the basis of membership in a particular economic class, but such primordial loyalties as named above. Besides the bureaucracy, the military - particularly the army - has been instrumental in maintaining this stronghold of the state over society. Though it has fluctuated over time, the army is still a strong presence in both Egypt and Turkey.

In Egypt, Sadat used the peace that he reached with Israel to reduce the military expenditure, but Mubarak changed this policy. With the active support of the USA, he began replacing the existing Russian technology and weaponry with American ones. With the reassertion of Islamic forces – which in itself, ironically, was also the result of the peace with Israel, the military's role increased manifold in recent years. With the Islamists now training their gun on the regime for being an ally of the USA, the army acquired new powers for itself. As Owen describes:

“Army's domestic presence is maintained through the continue use of military courts to try civilians, particularly Islamic fundamentalists, accused of plot against space.”²² However, the slightly relaxed public space in Egypt in recent years has been helpful in bringing in some amount of accountability to the army.

Corporatism has been the key factor in these systems in which the military dominated, with very little space for differential power bargains and distinct interest articulation. This corporatism is evident in the way even the political parties are allowed to function – by restraining formation of political parties based on their class interests or religious basis, the corporatist theme of state is retained. The military officers usually came from outside dominant social classes. The officers believed in the use of state

²² *ibid*, p. 204.

power and agencies to remake the social profile of their societies. At a later stage, they developed a shared interest with the national bourgeoisie in Turkey and with contractors and other dependent bourgeoisie in Egypt.²³ In their scheme of things, order has taken precedence over mobilisation, organic unity over pluralism, discipline over spontaneity. In the 1950s and 1960s, military intervention in politics in the region has been more frequent than other Third World countries and through the 1980s and 1990s, the military expenditure here is thrice the world average – in Egypt it is one fifth and in Saudi Arabia around one third of the total public expenditure.²⁴

The ruling elite – bureaucrats, army officers and politicians – who handled public money therefore developed a link with private players, who were largely dependent on the former for existence. Bureaucrats and managers of public enterprises established economic relations with private individuals and enterprises. Thus, the boundary between the private and the public became fluid, and profitable arrangements, which are outside institutions, take place between political leaders and other public players with rural elites and other private industries. The exchanges between them lead to the development of a large informal economy in all West Asian countries, though at varying levels. This mechanism has been disturbed by economic liberalisation, which forces the state to seek new arrangements and “social contracts.” This aspect is discussed later in this chapter.

Though the military has been quite oppressive and ruthless in dealing with Islamists, the state, has tried to negotiate with such forces whenever the occasion demanded and suited it. It is not easy for the state to abandon Islam easily in the West Asia, where it

²³ Richards and Waterbury, n.19, p. 373.

²⁴ Bromley, n. 1, p. 114.

is a source of legitimacy for many countries. Nasser sought fatwas in his favour, even the hard-boiled secularist Ataturk once stated his drive was to “save Islam.” On the other hand, the state made membership of independent religious parties and associations such as Muslim Brothers illegal. “Religion and politics were thus brought together ... by way of the state appropriating religion.”²⁵

The ruling families in the Gulf that seek their legitimacy partly from religion had to strike a close balance between their modernising credentials and the close identification with religion. On the one hand, the state intervened and managed religious affairs and on the other, special measures were introduced to enforce what was considered purely Islamic, for instance the Saudi religious police, Mutawa.

Consolidation of religious identity in the region – of all religions- also has a historical context. It has been a response to grave crisis, initially as the creation of self-help, communally based, local groups to provide comfort and protection for the poor and the unemployed.²⁶ The response of Muslims to the increasing influences of the West took two different forms. One, an attempt was made both in the Ottoman Empire and Egypt to find counterparts of Western notions of democracy and constitutionalism in Islam. The second strand of response was to reject such notions as anti-Islamic and militantly argue for the establishment of Islamic law as was being done by the Muslim Brothers.²⁷ Such groups incorporated themes such as social justice into their vocabulary. Moreover, in a highly authoritarian political atmosphere, mosques were increasingly being used as a public space. The fact that the mosque provided one of

²⁵ Nazih N Ayubi, *Political Islam- Religion and Politics in the Arab World*, (London, 1991), p. 5.

²⁶ Owen, n.4, p. 168.

²⁷ *ibid*, p. 150.

the few spaces that an authoritarian state found difficult to control only made its use as a instrument for proselytization and recruitment all the more important²⁸

The state negotiated with the Islamists in the pre-reform times as well as later – the Muslim Brotherhood was part of Nasser’s revolutionary agenda in the early fifties but it later fell out with him. In the early 1970s, Sadat lifted the ban on the organisation, in fact he encouraged radicals by curbing liberal religious thinking in order to develop a counter to Leftists’ influence in society²⁹ who were opposing the economic reforms. The Islamists, on their part, made multiple use of the newly acquired space – some got engaged in forming new clusters of mosques and clinics, while the rest took advantage of Sadat’s economic reforms to start various types of Islamic financial institutions and companies.³⁰ Mubarak had his own mechanism. The number of private mosques doubled during the 1970s, from 20,000 to 40,000 leaving only 6000 under state control. Gradually, religious forces became the severest critics of the market reforms in the country and then the government reversed its policy and started cracking down on them. This was due to a “greater sensibility towards Islamist sensibilities and a tough posture towards militants.”³¹

In Turkey too, the neoliberal economic agenda sought and got support from the Islamists on occasions. The Naksibendis, a sufi brotherhood, was an influential segment in the Ozal government in Turkey since 1983. This group, with its strong links in the Gulf was instrumental in finding markets for Turkish goods. Turkey had

²⁸ *ibid*, p. 178.

²⁹ Reinoud Leenders, “Egypt- State Control Versus Armed Islamic Groups” at http://www.euconflict.org/euconflict/sfp/counsurv_f.html.

³⁰ Bromley, n.1, p. 134.

³¹ Esposito John L. and James P. Piscatori, “Democratisation and Islam”, *Middle East Journal* (Washington), vol.45, no.3, p.433.

substituted its import substitution policy with export promotion industrialisation by the early 1980s. In finding a market for the country's products and in ensuring a steady supply of oil from the Gulf, the domestic Islamists used their international networks.³²

However, markets are not culturally neutral institutions and this brought the perceived conflict between Islam and the market as the key deciding factor in state - Islamist relations in recent years. As Samuel Bowles has explained, markets not only allocate resource and distribute income, they also shape our culture, foster or thwart desirable form of human development and support well defined structure of power. Markets are as much political and cultural institutions as they are economic."³³ The state had to rely increasingly on force to deal with the Islamic forces, as market reforms accelerated.

The existing balance of power between different players in these countries discussed above has been sustained mainly due to the willingness and ability of the state to intervene in the society and economy. With the state relegated to lesser roles in the neoliberal global regime and the West Asian countries becoming mandatory participants in this, the old forms of state and its role in society become irrelevant and unsustainable. The new roles of the state vis-à-vis society and market have been discussed in the first chapter in course of elaborating governance. The existing social contract has been disturbed by economic reforms – and it has to be revised if not reversed.

³² Sencer Ayata, *Patronage, Party and State: The Politicisation of Islam in Turkey*, "Middle East Journal(Washington), vol 50, no 10, winter 1996, p. 45.

³³ Samuel Bowles, "What Markets Can and Cannot Do," *Challenge*, July-August 1991 quoted in Girijesh Pant, *The Political Economy of West Asia- Demography, Democracy and Economic Development* (Delhi, 1994) p. 43.

“With the market given larger say in resource allocation and their distribution, the prevailing equilibrium of socio-economic interest group is bound to be disturbed. Therefore a bargaining process has begun to arrive a new equilibrium. The bargaining between the ruling coalition and new comers as well as within the ruling coalition – the winners and the losers – eventually leads to a shift in the nature of the coalition. This process of change has its impact on the institutions of the society.... Thus the durability of the institutions depends upon its being sensitive to the process of change in the ruling coalition.”³⁴

The Egyptian policy of *infatih* – variously translated as ‘liberalisation’ or ‘opening-up’ was announced by President Sadat in 1974, while in Turkey, the structural adjustment programme was inaugurated just before the military coup of 1980. In the GCC countries reforms even in a limited form had to wait at least till the early 90s and is therefore, still in its infancy. The changing global relations of capitalist production, the inability of the Third World state in delivering the promised economic development, resulting in a crisis of state’s legitimacy, and the increasing external debt – all discussed in details in the previous chapter – made the state’s dominant role as witnessed in West Asia untenable. By late 1970s the World Bank and the IMF were successful in introducing its stabilisation and structural adjustment programmes in Egypt, Sudan, Tunisia and Turkey.

President Sadat’s working paper of April, 1974 admitted that private players had a role in economic development and called for freeing the public sector. The Egyptian liberalisation was the culmination of a lengthy process initiated by Sadat himself, implemented in the wake of the defeat in the 1967 war, economic stagnation and the

³⁴ Girijesh Pant, *The Political Economy of West Asia - Demography, Democracy and Economic Development* (Delhi, 1994) p. 3.

need to find new resources for industrial development. Compared to other North African countries, the restructuring process was the fastest in Egypt.

Sadat's remodelled political system provided a number of spaces in which private sector interests could use their influence to affect major policy decisions, notably through specialised committees of the People's Assembly and public roles assigned to business groups like *Egyptian Businessmen's Association* with its three representatives on the board of the National Investment authority. Sadat gave the court a greater role in a clear signal that the regime was concerned with the defence of private property and the security of both domestic and foreign investment.³⁵

However there was strong resistance to the selling off of Public Sector Units which supported the public welfare system by providing safe jobs and cheap subsidised goods. In 1991, to take advantage of its role during the Gulf War, Egypt pledged substantial reform of PSUs. The country also pledged to limit the rising budget deficit.

In the GCC countries as well, the state has been gradually withdrawing from its assigned role of welfarism financed by oil revenue. With these countries increasingly being integrated to the global market through, for instance the entry into WTO, global pressure is increasing on the governments to minimise its role in the domestic economy. This will invariably result in disturbance in the delicate political equilibrium in these states. In fact, demands for more political rights and representation are already evident in many of the GCC countries. With the state starting to charge for electricity and cutting down on other subsidies, citizens are now demanding accountability from the state as well. There have been some attempts on the part of these states to pre-empt

³⁵ Owen, n.4 , p. 144.

a political storm by expanding the political participation and increasing the transparency in political decision-making. Turkey overcame the severe Balance of Payments crisis of the 1970s, and under pressure from the IMF, introduced sweeping structural adjustment programmes. Efforts to stimulate private foreign investment and remove government control over most agricultural prices were introduced. The return of Turkey to controlled democracy was presided over by Turgut Ozal with the active support of the military.

As neoliberalism created new losers and gainers, a quick and militant response ensued from the losers pack, specifically from the working class, due to their ability to organise more than the rural sector who might have been facing the same crisis due to the eradication of state subsidies. As a result, working class activism has, in fact become stronger in Egypt and Turkey and in both cases the state uses its coercive mechanism to curb the same. These aspects are discussed in details in the next chapter on the role of civil society.

The initiatives in economic reforms were not followed in the political sphere with equal enthusiasm, despite the fact that Sadat himself had called for some form of political liberalisation in 1974. Trade unions were strictly kept under control; any voice for a simultaneous political liberalisation was effectively gagged, as illustrated in the arrests of several journalists and intellectuals. In Egypt, the search for a perfect equilibrium between the public and the private, both politically and economically, is still a far-off target. The private sector is still underdeveloped, depending highly on the bureaucracy and government protection for survival. On the other hand, the opposition to neoliberalism and free run of the market are often articulated in religious terms, for instance in arguments such as those for the establishment of an Islamic economy as propounded by the Muslim Brothers.

Curiously, if the first military intervention in Turkey, back in 1960 was to restore democratic rights of the citizens, in 1980 it intervened to introduce curbs on political activism. In 1982 and 1983, stringent measures were introduced to curb working class activism. Informal collaborations between state enterprises and private industries which was a common feature of the pre-1979 economy was unsettled. However, a number of conflicts formed by economic restructuring still remain to be addressed. For instance, the government policies are favouring the export-oriented industries, the small and medium size manufactures are today worried about their ability to maintain their place in the local market. The Turkish economy's switch to export promotion phase in the early 1980s was largely dependent on the military's support. Important markets for Turkish products opened up in the Middle East as a result of the oil boom and the outbreak of the Iran-Iraq war. Military intervention and the curbing of trade unionism is what made Turkish products competent. The "army was part of the World Bank coalition to make it successful."³⁶ In fact, "Turkey's sustaining its controlled multiparty regime within a liberalising, private sector-oriented economy depends largely on its ability to grow and continue to export. A renewal of the economic crisis could lead another military intervention as in the late 1970s."³⁷

From the experience of Egypt, Turkey and the GCC countries, representative of the different types of governments in the West Asian region, one can decipher a pattern of regional and cultural specificities coming out as strong impediments in imposing the global project of unbridled market operation that is actively supported by the state. The institutional vacuum and underdeveloped market evident in these countries are not easily amenable to overnight change. If good governance is about resolving the

³⁶ *ibid*, p. 157.

³⁷ Richards and Waterbury, n.19, p. 329.

conflict between the losers and gainers in the advent of globalised neoliberalism, through active involvement of civil society in decision making and increased accountability and transparency in the functioning of the state, West Asia still has a long way to go in order to achieve this.

Institutions of market have been formed in advanced countries as a result of a long drawn evolutionary process. Developing countries, when forced to skip several stages of capitalist transformation and straightaway adopt neo-liberalism, are faced with severe strains in their society and polity. If good governance is about facilitating institutions for the market, in West Asia, as in many other developing countries, it would effectively mean dismantling entrenched notions of collectivity and social living. Many a tradition will come into direct conflict with the requirements of the market. When the state tries to introduce new institutions and create favourable atmosphere for the market, it loses the political constituency, because, a larger number of the population perceived or real, stands to lose in the new regime – thus good governance by “gaining a political constituency” for market³⁸ is strewn with inherent contradiction in these countries. When traditional, and cultural values are not in conformity with market institutions, the fear of globalisation as an attack on Islam becomes overwhelming and starts threatening the stability of the society. “The political economy of economic reforms thus involves negotiation by the state at different levels, with external agencies, with its own support base and with the disadvantaged socio-economic groups. Negotiation with the external agencies, the state has to bargain against the conditionalities and for better terms and references, so

³⁸ *Building Institutions for Market- World Development Report 2002*, (Washington, p 105)

that it can make the package acceptable to impose less burden on the deprived section of the society.”³⁹

The West Asian states’ attempts to carry out these negotiations with its domestic constituency at the realm of civil society have been experimental and have thrown up a number of problems. In implementing the neoliberal agenda, the state has to negotiate with the civil society. The challenge before an authoritarian and overdeveloped state is that the civil society is either very feeble or heavily dependent on state patronage or survives in the space not recognised by the state. Notions derived from the Western experience of the evolution of capitalist democracy — for instance, the conception of mutually complementing and, in fact inevitably coexistent vibrant civil society, democratic and accountable government and the unbridled operation of market — stands seriously challenged in the light of West Asian experience.

³⁹ Pant, n.34, p. 44.

CHAPTER-3

CIVIL SOCIETY IN WEST ASIA: ITS ROLE IN GOVERNANCE

Concept of Civil Society and Neoliberalism

In discourses informed by neoliberalism, the role of civil society has been emphasised in the context of the state's failures. In academic arguments that favour state withdrawal from economic and development agenda, the civil society is considered an important component of good governance, since it is assumed that the increased role of civil society will reduce or control the role of the state and hence create conditions more favourable to the market.¹ Moreover, civil society and free press provide a space for negotiations between the state, market and the society, thus reducing the social frictions created by the market and the state. As Lehning opines, 'civil society...occupies the middle ground between government and the private sector...[it] plays the intermediating role between the government and the private sector.'² In the neoliberal conception, civil society is closely associated with market economy.

However, for Locke and Hegel, who were among the first ones to theorise civil society, it was not in conflict with the existence and purpose of the state. From the 17th to 19th century onwards, the state was seen to be a vehicle of democratisation and secularisation, and both these thinkers endorsed this view. However, the second half of the 20th century witnessed a loss of faith in the institutions of the state, and this led to a

¹ "Building Institutions for Market", *World Development Report*, (New York, 2002), p. 109-110.

² Percy B Lehning, 'Towards a Multicultural Civil Society: The Role of Social Capital and Democratic Citizenship,' *Government and Opposition* (London), vol. 33, no. 2, Spring 1998, p.35.

reconsideration of the earlier conception of civil society. The rethinking of the concepts of state and civil society occurred in three quite diverse contexts – ‘i) as a corollary of the Marxian understanding of the relationship between economic interests and political institutions, ii) in an attempt to revitalise participation of citizens in Western democracies and iii) in the totalitarian regime of socialist societies.’³

The emphasis on civil society as a key component of market and democracy—perceived by neoliberalism as mutually complementary—originates from the Solidarity movement’s success in overthrowing the Communist regime in Poland. Promoters of neoliberalism, particularly the World Bank, argued that strong civil societies could catalyse pro-democracy and pro-market tendencies everywhere. This was possibly more due to their haste to establish an empirically unsustainable, ostensibly inevitable link between market economy and democratic government⁴ than due to any compelling evidence. In fact, civil society can serve as the site where not only market domination but even values such as people’s sovereignty can be challenged with considerable success by totalitarian ideologies, as the West Asian experience demonstrates. And whenever democracy and market have come into conflict with each other, capitalism, not surprisingly, has chosen the latter.

Antonio Gramsci better explains the insistence of the neoliberals on civil society. Trying to rationalise the non-advent of revolution, despite the apparent failures of

³ Gurpreet Mahajan, “Civil Society and its Avatars- What Happened to Freedom and Democracy?” *Economic and Political Weekly* (Mumbai), May 15, 1999, p. 1191.

⁴ There is no dearth of evidence to prove that in the Third World market economy has been sustained by authoritarian and in many cases, dictatorial governments. And such governments have been supported by advanced capitalist countries. West Asian examples in the context of liberalisation are no different. For a discussion on the relation between democracy, market and voluntary agencies, see James Petras and Henry Weltemeyer, *Globalisation Unmasked: Imperialism in the 21st Century*, (Delhi, 2001), pp. 128-138.

capitalism in the early 20th century, Gramsci argues that capitalism is ingrained in the realm of ideas of the people—a modification of the Marxist position that the economic ‘base’ created and supported the ‘superstructure of ideas.’

Gramsci rejects the metaphor of economic ‘base’ on which an ‘ideological superstructure’ is founded. For him, the material sphere is itself a ‘structure,’ which may be allied with – and is analogous to, but does not support – a superstructure of ideas. These ideas are institutionalised in the ‘civil society’– the law courts, the bureaucracy, the religious and educational systems and the mass media. In Western Europe (as opposed to Russia), these ‘ideological’ institutions are more important than any purely economic factors in upholding the hegemony of the ruling class. This, in turn, could be the reason why — although the years following the First World War produced an unprecedented economic crisis, which rocked states like Germany and Italy to their foundations — people’s ideas remained in thrall to the ruling powers.⁵ Gramsci argued that civil society lies between the coercive relations of the state and the economic sphere of production. It is that area of social life that *appears* as realm of private citizen and individual consent.⁶

Following on the heels of Gramsci’s theoretical construct, Althusser theorised the contrast between ‘ideological state apparatus’ and ‘repressive state apparatus.’ The first task of any economic system, according to Althusser, is to reproduce its own conditions of production. The ability of the modern capitalist state to execute the same is dependent on two types of institutions – the ‘repressive’ that includes the police, law courts and the army, and the ‘ideological’ state apparatuses that include the Church (in

⁵ David Hawkes, *Ideology*, (London, 1996), p.119.

⁶ Antonio Gramsci, *Selections from the Prison Note Books*, (London, 1971).

the context of Western capitalist countries), the family, political parties, media, and education system.⁷

Civil society is thus the aggregate of ideological apparatuses that sustained capitalism in the West. According to Mahmood Sarioalghalam, 'civil society is a Western concept. The concept of civil society developed and matured within a certain historical and socio-economic setting. Western global economic dominance and its global security concerns launched a parallel process of introducing Western social, political and cultural norms to the [Middle Eastern] world.'⁸ This is because neoliberalism, like other components of capitalism, needs to install itself in civil society in order to survive. Global promoters of neoliberalism such as the World Bank presume that the European experience of civil society's success in sustaining capitalism is universally applicable. The World Bank Development report of 2002, *Building Institution for Market*, discusses civil society –which includes media, voluntary organisations, etc. as *an institution of the market*. But the Western European experience is not absolutely compatible with the realities of West Asia, where there is already a set of values and cultural institutions entrenched in the society. The effort to replace this traditional 'norms and networks'⁹ with the norms of globalisation and market may lead to conflict

⁷ Louis Althusser, *Lenin and Philosophy and Other Essays*, (London, 1971).

⁸ Mahmood Sarioalghalam, 'Prospects for Civil Society in the Middle East: An Analysis of Cultural Impediments' in Elisabeth Ozdalga and Sune Persson (eds.) *Civil Society, Democracy and the Muslim World*, (Istanbul, 1997), p. 55.

⁹ *World Development Report 2002* discusses traditional norms in terms of its 'utility and shortcomings' vis-à-vis market facilitation. It's interesting to note that, not a single 'traditional institution' from the West Asia finds mention in the report as useful for the market. WDR talks about 'integrating formal and informal institutions' for the success of the market, no informal method of economic transaction from the region qualifies to be mentioned –except a reference to the possibility of a 'formal' Islamic banking providing norm-based credit dispensation. See *World Development Report 2002*, pp 171-191. Though the question whether 'traditional values' of the region are compatible with neoliberalism is debatable, the disgruntled people, or the outcastes of a failed modernism, as Olivier Roy argues, assemble around the myth of an Islamic authenticity. (See also Olivier Roy, *The Failure of Political Islam* (London, 1994.), p. 196.

in the realm of civil society. This chapter deals with the contradiction of civil society's role in West Asia in pursuing neoliberal agenda.

Conceiving Civil Society in West Asia

A vibrant civil society has been variedly identified as a proliferation of organisations, the existence of 'civility'¹⁰ – pluralism, tolerance and moderation – in the civil society and one that emphasises a certain quality informing state-society relations.¹¹ According to Mustapha Kamel al-Sayyid, 'civil society evokes an image of a political order respecting the civil and political rights of the citizens, leaving free space for a wide variety of their activities, and responding to their deeply held wishes and aspirations of personal dignity and decent living.'¹² But these factors should collectively endorse the logic of the market in order to qualify as 'civil' in neoliberalism's conception of civil society. Social forces which were in favour of a particular variety of liberal economic reform were considered 'civil society' and in need of 'empowerment', while others that were less welcoming or outright hostile were spoken of as 'vested' or 'special' interests that needed to be kept in check.¹³

If one were to set pluralism, tolerance and moderation as the benchmarks for the functioning of the civil society, what does one do with the many Islamic groups that

¹⁰ For Ferguson, 'civility' is the product of civilisation characterised by honouring private property. The economic connotation of the concept of civil society was vivid even in this work, first published in 1767. See A. Ferguson *An Essay on the History of Civil Society*, (Edinburgh, 1966).

¹¹ Rex Brynen, Bahgat Koranyand and Paul Noble, "Introduction: Theoretical Perspectives on Arab Liberalisation and Democratisation" in Paul Noble, Rex Brynen, Bahgat Koranyand (eds.) *Political Liberalisation and Democratisation in the Arab World: Theoretical Perspectives*, Volume I (London, 1991), p.11.

¹² Mustapha Kamel al-Sayyid, "The Concept of Civil Society and the Arab World" in Paul Noble, Rex Brynen and Bahgat Koranyand (eds.) *Political Liberalisation and Democratisation in the Arab World: Theoretical Perspectives*, Volume I (London, 1991) p. 142

¹³ Bjorn Beckman, "Explaining Democratisation: Notes on the concept of Civil Society" in Elisabeth Ozdalga and Sunc Persson (eds.) *Civil Society, Democracy and the Muslim World* (Istanbul, 1997) p. 2.

argue for a monolithic Islamic society? Should the state tolerate them? If the state imposes restrictions on them, doesn't it invalidate the very fundamentals of civil society, which presumes the right to organise, and the right to freedom of opinion? And in any case, is not the right to practise and propagate one's religion itself within the definition of civil society?

In the West Asian context, these questions become all the more complex because the rise in religious radicalism is directly linked to market economy. Many radical Islamic groups perceive globalisation as a compromise with the West, which is opposed to Islamic notions. The more autonomous the civil society or the public space, the more questions are raised about the market economy. Islamic organisations never fail to articulate all the other concerns that an active civil society should generate – questions concerning human rights, individual rights, justice, government's accountability, corruption etc. are on the agenda of Islamic groups. What marks them out is the usage of Islamic idioms in articulating this. Moreover, they prescribe an Islamic solution to state authoritarianism and market domination. By projecting the regime as anti-Islamic, the Islamic groups capture the imagination of the people much easier than, for instance a secular Left opposition group could have. 'Formulated in moral and corresponding political categories, Islamic fundamentalism expresses mass sentiment and belief as no nationalist or socialist ideology has been able to do up until now.'¹⁴ During neoliberal reforms, the state has been withdrawing from more and more areas of social welfare, and the vacuum created by the state withdrawal is occupied by Islamic groups. As Girijesh Pant puts it, '[D]uring the phase of economic liberalisation, even the nature and composition of civil society undergoes changes. While the organised labour, urban poor and peasants have been facing the risk of

¹⁴John L Esposito and James P. Piscatori, 'Democratisation and Islam' in *Middle East Journal* (Washington), vol. 45, no. 3, Summer 1991, p. 428.

marginalisation, the Islamists have been gaining ascendancy by taking over the space vacated by the state and capturing the civil society.’¹⁵ It is ironic that some such organisations were partners in government’s economic reform measures in the early stages.

What emerges from West Asia’s tryst with civil society experiment is not in conformity with the neoliberal hypothesis of the circularity of civil society, market and democracy where one leads to another. If anything, liberalisation of the political space – whatever little has been done, that is – has contributed to more opposition to market reforms, forcing the state to quickly withdraw its limited concessions and impose restrictions on freedom of opinion in West Asian countries. What, however, goes unhindered is economic reforms, though with considerable use of suppression, far less by the consent of civil society. But there has certainly been a rise in recent years in the number of voluntary organisations and other forums, which could be interpreted as a sign of expansion of civil society in West Asia.

The vibrancy of the civil society is often gauged by ability of the people to form voluntary associations independent of the state, and articulate opinions that may not necessarily conform to the state’s. The quality and extent of participation in decision-making by such voluntary associations, and the amount of independence that the media enjoys are the criteria by which the significance of the civil society can be analysed. In all the countries under survey, the number of CSOs (Civil Society Organisations) have gone up, media has enhanced its role; hitherto excluded sections have been given access to decision-making, though restricted in the recent years. It has been connected to the region’s integration into the global market regime. Despite this

¹⁵ Girijesh Pant, ‘Islamic Resurgence and Neoliberal Reforms in West Asia,’ in *International Studies* (New Delhi), vol. 38, no. 4, (2001), p. 335.

increase in the number and extent of CSOs and media, civil society in West Asia leaves a lot to be desired. The state has given civil society only that amount of space that already guarantees that the authority of the state will not be threatened. The differentiation that Mubarak made between Islamic organisations – the ones that challenge his authority and the ones that express dissent¹⁶ – applies to other countries and other types of organisations as well. Expression of dissent is tolerated, but questioning of authority is not. In other words, the civil society itself is under the close monitoring of – and in many cases even steered by – the state. If gauged by values associated with the concept of civil society such as tolerance, pluralism and moderation, West Asian countries fall ‘short of all these qualities.’¹⁷

West Asian Civil Society: Seeking a Role in Governance

In the initial days of the Turkish Republic, the state was conscious about the requirement of maintaining a modicum of communication with society; accordingly, attempts were made to facilitate the same. Despite some efforts to establish civil organisations based on the Western model, various Islamic movements and provincial rebellions made it necessary for the state to maintain ultimate authority at the centre.¹⁸ However, since the 1980s, following the last military intervention and the introduction of aggressive implementation of IMF prescribed reforms, there has been a hugely significant expansion on the number of civil society organisations in Turkey. More than 65 per cent of the CSOs in Turkey have been founded post-1980. There are approximately 60,000 associations, more than 2000 foundations, 1000 labour unions and nearly 500 career organizations in Turkey, making for a total of 65,000 organisations. But 35,000 - 40,000 are made up of civil initiatives like small

¹⁶ Esposito and Piscatori, n.14, p. 429.

¹⁷ al-Sayyid, n.12, p.142.

¹⁸ Bekdik, M. ‘Non-governmental Organisations in Turkey’. *Insight Turkey*, vol. 1, no. 4, (1999) at <http://www.bilkent.edu.tr/~zafer/turkey.htm>.

associations for building mosques or for the maintenance or betterment of a village or a street. So, out of these 65,000 active CSOs, only 10,000 -15,000 of the organisations conduct their activities in a larger public space, possess a reasonable membership, and operate in a more professional manner.¹⁹

However, labour unions and their activism, which form a very important aspect of independent civil society, have been severely restricted and suppressed by the state in Turkey in the same period. It is not difficult to unravel the reason why – labour unions constitute the most organised opposition to neoliberalism. Restriction on labour movements is the major factor (after Islamic radicalism) in limiting the scope of West Asian civil society, and this will be discussed elsewhere in the chapter.

Considerable public space has been created in Turkey with the help of media and the societal organisations. Since 1993, private radio and television stations have been allowed to function, and in 1995, the restriction on CSOs working in coordination with political parties was lifted. People have responded to this availability of public space with enthusiasm, as indicated by the increase in number of CSOs and the popularity of certain media programmes. For instance, talk shows or panels discussions that bringing together people with different world views and thoughts are very popular in Turkey.²⁰

Turkey has no overt censorship on its press, but there are prohibited areas for the press — in certain cases legally and mostly using indirect mechanisms. Broadcasts in the Kurdish language are illegal and distribution of pro-Kurdish or leftist publications is

¹⁹ O. Silier, 'Acilis Konusmasi'. *Kuculen Dunyamizda Buyuyen Sivil Toplum - Sivil Toplum Kuruluslari ve Yurtdisi Iliskiler Sempozyumu* 1995. (Uc Sempozyum. Istanbul: Tarih Vakfi, 1998) cited at <http://www.bilkent.edu.tr/~zafer/turkey.htm>.

²⁰ <http://www.bilkent.edu.tr/~zafer/turkey.htm>.

banned. 14 journalists were imprisoned in Turkey in the year 2000 and many journalists ended up in court for prosecutions related to their profession. Highly sensitive areas for journalists include the role of Islam in politics and society, Turkey's ethnic Kurdish minority and the conflict in south-eastern Turkey, the nature of the state, and the proper role of the military.

In Egypt, in the early days of economic reforms, the religious right wing was Sadat's counterweight to the political Left that had reservations about his economic reforms of privatisation and state withdrawal. Sadat initiated his 'Reform Movement', aimed at boosting economic growth and partly reversing the authoritarian policies of the former era. Sadat reached a compromise with the Islamist forces to counter the Leftists – several accommodating measures were taken, including banning 'reformist' books, novels and other publications on Islam or those that referred to Islamic themes. Even English translations of the Koran were banned, including the translation by the UK-based Penguin Books, which is otherwise allowed in conservative Muslim countries like Saudi Arabia.²¹ !

However, Sadat could not sustain his subtle alliance with the Islamists for too long as criticism from the secular and Islamic opposition for his overtures of peace towards Israel, his friendly foreign policies towards the West, continuing violations of the freedom of speech and freedom of association, widening income inequalities, and the regime's perceived 'secular' character destroyed that understanding with the Islamists. The repression and arrest of over 1000 leading opposition figures, the closing down of many newspapers and magazines and the dismissal of several journalists followed.²²

²¹ Reinoud Leenders, 'Egypt: State Control Versus Armed Islamic Groups' at http://www.euconflict.org/euconflict/sfp/counsurv_f.html.

²² *ibid.*

Initially, Mubarak restored the accommodation policy towards the Muslim Brotherhood and secular opposition forces. The Muslim Brothers were allowed to participate and ultimately take over the leadership of several professional syndicates, which, with a more heavily controlled parliamentary life, increasingly began to operate as an alternative platform for political expression.²³

Table
Islamists in boards of Professional Syndicates
1992

| Syndicate | Total number of members of board | Number of Islamists on board |
|------------------|-----------------------------------------|-------------------------------------|
| Physicians | 25 | 20 |
| Engineers | 61 | 45 |
| Lawyers | 25 | 18 |
| Pharmacists | 25 | 17 |

Source: Kandil, Amani. 'Occupational Groups and Political Participation' in The Reality of Political Pluralism In Egypt, Ed. Mustafa El Sayyed, Cairo: Madbouli, 1996.

Kandil, Amani. The Process of Democratisation in Egypt (1981-1993), Cairo: Ibn Khaldun Centre for Development Studies, 1995.

Moreover, the Muslim Brotherhood was tolerated in setting up alliances with legal parties, currently the Labour Party, thus enabling it to occupy a limited number of

²³ Ninette S Fahmy, 'The Performance of the Muslim Brotherhood in the Egyptian Syndicates: Alternate Formula for Reform,' *Middle East Journal* (Washington), vol. 52, no. 4, Autumn, 1998, p.551-61.

seats in parliament. But such accommodative measures were soon proving threatening for the regime and what followed was an intense re-establishment of state control over public space.

In 1992, intense armed conflicts broke out, which still continues till today in varying intensity. In June 1992, Farag Fawda, a secularist writer, was killed because Islamists suspected him of having ties with Israel. The army came down heavily on all oppositional parties. In addition to the already sweeping powers given to security and army forces by the prolonged state of Emergency, an 'anti-terrorism' law (Law 97) was promulgated in 1992. The law introduced death penalty for members of 'terrorist organisations' and gave additional powers to the security forces to fight 'terrorism' with all means – these and many other laws introduced in Egypt were directly linked to the economic reforms being introduced by the IMF and World Bank. These laws were defended as necessary to curb Islamic radicalism, but were used equally to deal with working class activism and other protest movements, as the next chapter will proceed to substantiate.

This, however, doesn't undermine the proliferation of CSOs in Egypt over the last few years and even their increased roles. The number of associations registered in Egypt increased from 7593 in 1976 to 22,000 in 1999. These include business associations, professional groups, advocacy organizations, clubs, youth centres, and political parties in addition to NGOs. The Federation of Chambers of Commerce, the Federation of Egyptian Industries, and the Egyptian Trade Union Federation (ETUF) are important umbrella organizations. There are several significant human rights organisations that have been actively functioning in Egypt.

Table 1

Egypt's Civil Society Organizations (CSOs) At the End of the 1990's

| | Number | Size of Membership |
|--------------------------------------------------|---------------|--------------------|
| 1. Private Voluntary Organizations (PVOs) | 14,700 | 4,250,000 |
| 1.1. Welfare Associations | | |
| 1.2. Cultural and Scientific Associations | 6,682 | 2,800,000 |
| 1.3. Community Development Associations | 4,306 | 350,000 |
| 1.4. Foundations | 3,521 | 1,100,000 |
| 2. Clubs | 191 | 10,000 |
| 2.1. Social | 6,020 | |
| 2.2. Sporting | 931 | 3,000,000 |
| 2.3. Youth Centres | 1,079 | 500,000 |
| | 4,010 | 500,000 |
| 3. Cooperatives | | 2,000,000 |
| 3.1. Consumers | 5,600 | |
| 3.2. Services | 1,300 | 1,250,000 |
| 3.3. Producers | 1,800 | 650,000 |
| | 2,900 | 500,000 |
| 4. Syndicates | | 100,000 |
| 4.1. Labour Unions | 89 | |
| 4.2. Professional Syndicates | 23 | 7,030,000 |
| 4.3. Business Associations | 23 | 4,000,000 |
| 4.4. Civil Companies | 8 | 3,000,000 |
| | 35 | 25,000 |
| 5. Advocacy social Movements | 138 | 5,000 |
| 5.1. Human Rights | 31 | 200,000 |
| 5.2. Women and Gender Related | 15 | 50,000 |
| 5.3. Environment | 34 | 60,000 |
| 5.4. Others | 58 | 10,000 |
| | 33 | 50,000 |
| 6. Independent Media (Press) | 14 | Readership |
| 6.1. Opposition Parties Press | 19 | 400,000 |
| 6.2. Independent | | 400,000 |
| | 14 | |
| 7. Political Parties | | 3,000,000 |
| Total | 26,594 | 24,600,000 |

Sources: Ministry of Security and Social Affairs: Goals, Fields, and Major Activities. Cairo: Ministers Office, May 1998.

Ibrahim, S.E. Egyptian Law 32 on PVOs, Cairo: Ibn Khaldun Centre for Development Studies, 1996.

Zaki, Moheb, Civil Society and Democratisation in Egypt. Cairo: Ibn Khaldun Centre for Development Studies, 1996, 59, 78, 79.

The most active exponent of Egypt's human rights movement is the Egyptian Organization for Human Rights (EOHR), established in 1985. EOHR conducts excellent research on human rights issues, publishes reports and assists victims of human rights abuse and their lawyers. Although the EOHR did not receive a formal status as NGO, the government largely tolerated its activities. However, since November 1998, the government has stepped up its campaign against the EOHR after the latter had published a report on human rights violations in the predominantly Coptic Christian village of al-Kushh, Upper Egypt. The Secretary-General of the EOHR, Hafez Abu Sa'ada, was accused of illegally accepting funds from the British embassy without giving required notification to the authorities, and briefly detained.²⁴

The Centre for Human Rights and Legal Aid, established in 1994, provides free legal assistance and representation to victims of human rights abuse. The Legal Research and Resource Centre for Human Rights, established in 1991, organises human rights education programmes for lawyers and school pupils in various regions of the country. Other human rights organisations include the El Nadim Centre for the Management and Rehabilitation of Victims of Violence, the Centre of Women's Issues, the Association of Human Rights Advocates, the Cairo Institute for Human Rights Studies, the Regional Program for Human Rights Activists and the Land Centre for Human Rights.

The most promising, perhaps, have been the activities of the Cairo-based Ibn Khaldun Centre, established in 1988. This Centre publishes a magazine called Civil Society and is involved in local development projects and democracy awareness campaigns. It advocates a 'peaceful and constructive way of dealing with Islamic militants through a

²⁴ Leenders, n.21.

strategy of inclusion'. The Centre has provided former Islamic militants with financial aid and guidance to set up their own small-scale businesses and thereby facilitates their reintegration into society. In 2000, the Centre produced a video urging voters to participate in the parliamentary elections, touching upon the restrictions imposed on the freedom of expression and organisation. This initiative triggered off the arrest of several staff members of the Centre, including its director Sa'ad Eddin Ibrahim, on charges of accepting unauthorised foreign funding and unspecified charges of embezzlement, which carry penalties of upto 15 years' imprisonment. Following several extensions of their detention, the 28 defendants were released on bail.²⁵

Even during the highly controlled times of Nasser's period in office, Egypt's professional syndicates have been a prominent site of public discourse and among the most active groups advocating respect for human rights. Some of Egypt's political parties have also been involved in human rights advocacy and have often called for a peaceful solution of conflicts. A Leftist coalition of secular opposition forces, the Tagammu party, has organised symposia and raised awareness campaigns on human rights and the use of non-violent means to achieve political ends. It has also expressed its strong opposition to the state's Islamisation of society that it views as playing into the hands of violent Islamic groups. On several occasions, Egypt's legalised opposition parties have made joint appeals to the government to address the country's over-stretched crisis of political participation. In 1997, opposition parties released 'the Programme for Democratic, Political and Constitutional Reforms' which centred on the need to adopt a political system that ensures a peaceful sharing and transfer of power. In April 1999, four licensed parties in addition to the outlawed Muslim Brotherhood and the Communist Party released a joint petition stressing the need to

²⁵ *ibid.*

introduce urgent and basic political reforms, especially with regard to the method of electing the head of state.²⁶

Even the Muslim Brotherhood is involved in the activities of a 'think tank' run by the prominent Islamic judge Tariq al-Bishri. It publishes an annual report on human rights and democracy in Egypt, entitled 'Nation in a Year', modelled on a similar annual report by the semi-state sponsored Al-Ahram Centre for Political and Strategic Studies. More recently, the Muslim Brotherhood has also begun publishing leaflets advocating the use of non-violent means to bring about social change.²⁷

It is estimated that 30 per cent to 40 per cent of all existing Private Voluntary Organisations (PVOs) are Islamist in orientation²⁸. A great number of them work in the various areas of social welfare. In fact Islamist PVOs are currently the most active and efficient of all Egyptian PVOs. Their activities are primarily, but not solely, religious in nature. Islamist PVOs are active in the fields of social aid, family care and charity. It has been found that most charity work being done is undertaken by Islamist PVOs²⁹. The Islamists use PVOs as a channel to gain and mobilise public support and to create a popular base for the Islamic movement. For instance, it was the Islamist organisations that took the lead in relief operation after a massive earthquake killed nearly 600 people on 12 October 1992, 80 km south of Cairo, and their volunteers carried huge banners that cried 'Islam is the only solution.' And it doesn't stop there -- Al-Shaab, one of the Islamist newspapers wrote that the disaster was 'God's early

²⁶ *ibid.*

²⁷ *ibid.*

²⁸ Kandil Amani, *The Process of Democratisation in Egypt*, (Cairo, 1995).

²⁹ *ibid.*

warning to Egypt for its straying off the straight path of Islam and reluctance to implement the Islamic legal code.³⁰

Table 9
PVOs Distribution According to Field of Activity 1997

| Field of Activity | Number | Percentage of Total |
|------------------------------------------------|--------|---------------------|
| Welfare | | |
| 1. Mother and Child care | 868 | 5.9 |
| 2. Family care | 851 | 5.8 |
| 3. Social Aid | 4591 | 31.4 |
| 4. Care of the elderly | 56 | 0.38 |
| 5. Care of special groups and the handicapped | 212 | 1.45 |
| 6. Cultural, Scientific and religious services | 4265 | 29.2 |
| 7. Organization and management | 22 | 0.15 |
| 8. Care of prisoners | 21 | 0.15 |
| 9. Family planning | 81 | 0.55 |
| 10. Friendship among people | 41 | 0.28 |
| 11. Literary activity | 25 | 0.17 |
| 12. Social advocacy | 26 | 0.17 |
| 13. Pension takers | 2 | 0.01 |
| 14. Protection of the environment | 53 | 0.36 |
| 15. Economic development of family and income | 3 | 0.02 |
| 16. Consumer protection | 46 | 0.3 |
| Total number of welfare associations | 1163 | 77.97 |
| Community Development | 3437 | 23.5 |
| Total | 14600 | 100 |

Source: Ministry of Security and Social Affairs: *Goals, Fields, and Major Activities*. Cairo: Ministers Office, May 1998.

Ibrahim, S.E. *Egyptian Law 32 on PVOs*, Cairo: Ibn Khaldun Centre for Development Studies, 1996.

Islamist PVOs derive their strength from two main sources: the influence that religion has on people in Egypt and its mobilising power. The financial autonomy and the abundance of resources available to some of the Islamist PVOs as opposed to most

³⁰ Saad Eddin Ibrahim, Huwaida Adly, Dina Shehata, 'Civil Society and Governance in Egypt' at <http://nt1.ids.ac.uk/ids/civsoc/docs/Egypt.doc>.

other PVOs of a more secular nature, is a case in point. Religious PVOs, unlike other PVOs, are not required to seek permission to raise funds in places of worship (Articles 17, 18, 19 of Law 32, 1964). This stipulation enables Islamist PVOs to raise funds five times a day each day of the year.³¹

According to the general legal framework for NGOs in Egypt, organisations must serve the public's interest, be formally registered, have internal regulations, and have a non-sacramental mission. Associations are not to engage in political activities unless they are registered as political parties.

Even in the archetypal rentier states in the Gulf, there has been a gradual increase in the public space -- even if as stated earlier, much short of challenging the authority of the regime. For instance, in Bahrain, The Ministry of Labour and Social Affairs reported a total of 65 new associations already been founded in the year 2002, including 11 political societies and 13 professional societies.³² Throughout the last decade, members of Bahraini civil society have made widespread demands for political liberalization and the institution of elections. The demands were particularly vocal from 1994-1996. The Popular Petition Committee (PPC) of the Bahrain Freedom Movement has been active since 1994 in organizing these protests.³³ In Bahrain, newspapers are still regulated, but of late, there has been considerable relaxation of government clutches and symbolic involvement of women and minorities in legal bodies -- four women, one of them Christian, and one Jewish man were appointed in September 2000, for the first time in Bahrain's history, as members of the Shura Consultative Council, the advisory council to the King. Even a Human Rights

³¹ *ibid.*

³² www.pogar.org (Programme on Governance in Arab Region-POGAR Website)

³³ *ibid.*

Committee was formed in the recent years. A new National Charter of Action was approved in a referendum in 2001, which includes provisions for the expansion of personal freedoms and equal rights. Constitutional amendments promulgated on 14 February 2002 guarantees the right to set up private, scientific, cultural, and vocational associations and syndicates on patriotic bases, for legal purposes and through peaceful means in accordance with conditions and situation stated by the law. No person shall be coerced into joining or remaining in an association or a syndicate.

There are no formal political parties in Kuwait, but quasi-political groups of Bedouins, merchants, moderate Sunni and Shi'a activists, secular liberals, and nationalists are organized. The Kuwaiti civil society is made up of public interest associations, trade unions and many informal groups. An crude form of civil society – for instance through Diwaniya, the collective term for public meetings in homes, whose number has increased in recent years – exist, but the state grip over such public space is substantial. In 1992, the government lifted censorship following Kuwait's return to sovereignty and removed other press restrictions. Although no Kuwaiti television stations are privately owned, residents have access to satellite broadcasting without government interference.

Qatar is one country where satellite television has contributed substantially to the development of civil society. In 1995 the official censorship of the domestic press in Qatar was lifted. In particular, the satellite TV channel al-Jazeera, launched in 1997, has played a very important role in the development of civil society in Qatar. The station gained international reputation its candour in general terms about sensitive issues, even though the station has been careful not to be directly critical of Qatar and its closest allies. It is the only independent satellite television news of its kind in the

Arab world. Further, to ensure more free flow of information, the government dissolved the Ministry of Information and Culture in 1996.

The content of al-Jazeera TV in particular and Gulf TV in general could be an illustration for what some scholars have suggested as the possibility of an 'Islamic civil society.'³⁴ There is a high Islamic content in TV programmes in the Gulf countries, including live transmission of daily night prayers live from Mecca, which lasts for one hour every night. The total airtime filled with religious programming reaches an average of 80 per cent in the Holy Month – such programmes are sought to be the counter-influence to infiltration of Western cultural 'holocaust' into people's minds.³⁵ In another instance, al-Jazeera reported the banning of two Muslim girls from a school in France for wearing the veil, from the perspective that the ban contradicts basic human rights, which a reasonable society holds extremely high. Another example is related to the media's role of entertainment; Al-Jazeera does not seem to--with limited exceptions--focus on the notion of entertainment for its own sake, simply because it is considered a total waste of time, given the limited life people live. For example, the very popular program 'Clothes Show' reinforces what people already know about fabrics and design; it makes people react to it and learn from it. It is very socially educative to a certain segment of audience.³⁶

It is claimed that 70 per cent of Arabs with satellite TV rely on al-Jazeera for news, documentaries and politically related programmes. Although al-Jazeera focuses on major Qatari issues from an official view and tends to neglect other Qatari domestic

³⁴ Robert W. Hefner, "Public Islam and the Problem of Democratization," in *Sociology of Religion* (Florida), vol. 63, no 4, Winter 2001), pp. 491-514.

³⁵ Ali al-Hail, "The Age of New Media: The Role of Al-Jazeera Satellite TV in Developing Aspects of Civil Society in Qatar" at <http://www.tbsjournal.com/Archives/Spring00/Articles4/Ali/AI-Hail/al-hail.html>.

³⁶ *ibid.*

issues of significant importance to the ordinary Qatari citizen, it has influenced certain sectors of the society--through its revolutionary challenge to some taboo subjects, for instance in addressing questions about secularism and Islam. The unprecedented 47 per cent turnout of Qatari women at the 1998 municipal election and the decision by some leading Qatari women to run for office is considered a clear indication of enlarged public space in Qatar.³⁷

In UAE too, women's associations have been effective in teaching local women to organize themselves, set up literacy campaigns, establish craft and vocational centres, and thereby prepare themselves to play an active role in social development besides commercial associations. Traditional and modern forms of government coexist in the United Arab Emirates. The political system in the United Arab Emirates is often described as direct democracy without suffrage – a tradition that continues even today. Especially in smaller emirates, citizens and tribesmen prefer to wait for their ruler to hold an open majlis to discuss their grievances rather than going through the institutions of modern government. Debates in the majlis, especially in cases where a consensus is formed, have the potential of affecting government policy. On the other hand, the institutions of modern government, with its ministries, departments and municipalities, are better equipped to deal with a broad range of more complicated issues. These institutions have taken over responsibility for a number of tasks with which, traditionally, a ruler would have dealt on a personal basis.

In Saudi Arabia, which is considered one of the most authoritarian and corrupt among the Gulf countries, there has been a tangible articulation of dissent by different opposition groups. In the midst of the Gulf crisis, leaflets and cassette tapes were

³⁷ *ibid.*

circulated underground criticising the ruling family for its inability to defend the country, corruption and its alliance with the non-Islamic US. When people demanded more accountability, the King announced some political reforms in March 1992 – the most important aspect of it being the formation of a national consultative council. Many among the Saudi intelligentsia thought it was inadequate, and circulated petitions calling for deeper reforms, which the regime was unwilling to concede. The establishment of the Committee for the Defence of Legitimate Rights (CDLR) in 1993 was another internationally noticed civil society initiative in Saudi Arabia.³⁸

Restricting Civil Society in West Asia: Religious Radicalism, Retarded Working-Class Activism and the International Context

The dissidents in Saudi Arabia have been questioning the legitimacy of the rulers on the ground that they are not Islamic enough, reducing the debate between the government and opposition into one about who represents authentic Islam. This debate on authentic Islam is proportional to the state's attempt to derive legitimacy from Islam. In Saudi the regime claims to be the true custodians of the Mecca, and the opposition challenges their right to do so. The Opposition portrays the regime as puppets of Western, anti-Islamic cultural influence. The regime tries to perform a tightrope walk by 'supporting modernisation and opposition Westernisation.' Yet, as Nazib Ayubi opines, 'modernisation could not easily be divorced from Westernisation and the headlong rush into capitalist economic relations that was accompanied by the spread of consumerism, permissiveness and corruption.....Wahhabi puritanical ethos was still at odds with the consumerism, indulgence and materialism that

³⁸ Saad Eddin Ibrahim, "Political Liberalization & Democratisation in the Arab World: An Overview" in Paul Noble, Rex Brynen, Bahgat Koranyand (eds.) *Political Liberalisation and Democratisation in the Arab World: Theoretical Perspectives*, Volume I (London, 1991), p. 47-48

resulted' due to the incorporation of Saudi into the global regime.³⁹ The economic agenda is not the least of reasons why Islamists oppose regime.

On the other hand, the 'corrupting' cultural influence of Western consumerism is again a matter of concern for Islamic groups-- and they explore ingenious ways for tackling this. For instance, anonymous Islamic groups in Egypt brought out a series of pamphlets in 1997 attributing anti-Islamic traits to international brands -- Pepsi, they said, stood for Pay Every Penny to Save Israel. The symbol of an international brand, when held against a mirror and read with some imagination, was seen to resemble the Arabic for Allah and considered blasphemous as it appeared on shoes. Curiously enough, multinational brands also marketed their products in tune with the cultural inputs of the region-- for instance, the Pepsi or Coca Cola advertisement in the region would depict family bonding, kinship ties and sense of sharing rather than individualism.

The authoritarian state's attempts to claim legitimacy from Islam are one reason why opposition to it also is articulated in terms of Islam-- with both its cultural and economic components. This influence of Islam makes the West Asian experiments with civil society radically different from that of the European experience.⁴⁰ An

³⁹ Nazib Ayubi, *Political Islam: Religion and Politics in the Arab World*, (London 1991), p.100-1

⁴⁰ The argument is not that religion and civil society are incompatible. On the contrary, in the West, the Church is perhaps the most influential institution of civil society, which Islam also can be, perhaps. (See Rachid Al-Ghannouchi, 'Secularism in the Arab Maghreb,' in John L Esposito (ed) *Political Islam: Revolution, Radicalism and Reform* (London, 1997), p.111) Church also has a history of being authoritarian, theocratic and even condoning genocides before it transformed to its present social role. The point however, is that, neoliberalism's assumption that Western institutions, when transplanted to different cultural and geographical spheres would produce similar results is questionable. Civil society can be of different forms as increasing literature on the concept of an 'Islamic civil society' indicates. (See Robert Hefner, "Public Islam and the Problem of Democratisation," in *Sociology of Religion* (Florida), vol. 63, no 4, Winter 2001). But neoliberalism's uniform conception of modernity and development doesn't accommodate such particularisms. This study is only in context of neoliberalism.

equally, if not more important, reason is the curb on collective consciousness based on economic interests, particularly that of the labour class. The previous chapter had discussed how the authoritarian state behaved in a corporatist fashion, disallowing the emergence of particularist interest articulations. This was then legitimated by the grand project of socialism or nationalism or economic development or a combination of these that the state had taken up. This had a crippling effect on civil society and, consequently, democratisation. This handicap of the labouring class has only intensified with economic liberalisation. 'Organised labour, definitely a component of the civil society, has witnessed an erosion of its political power and living conditions in countries that have pursued economic liberalization.'⁴¹

The emergence of popular democracy and civil society alongside capitalist development in advanced countries has largely been the result of persistent democratic drives in working class mobilisation, which, in combination with middle class activism, can bring about a political configuration favourable to democracy.⁴² In West Asian countries, with the qualified exception of Egypt, working class activism is highly restricted, and this has only intensified in the times of economic liberalisation.

Bromley has argued that class differentiation is a necessary prerequisite for the development of capitalist democracy. In West Asia, if even the local bourgeoisie, in theory a major force for democratisation, is very highly dependent on the state for financing, contracts, employment, and protection. Indeed, the weakness of the middle class--and its economic dependence on the state--is a key factor in contributing to the

⁴¹ al-Sayyid, n.12, p.139.

⁴² Dietrich Rueschemeyer, Evelyne H. Stephens, and John D. Stephens, *Capitalist Development and Democracy* (Chicago, 1992).

state's continuing power.⁴³ Rueschemeyer, Stephens and Stephens contend that the more resources the state controls and the more independent the state elite is from other socio-economic classes, the more likely that an authoritarian regime will take hold. They also argue that the dependent position of periphery countries in the world system involves mechanisms unfavourable to democracy in general, which is very precise in the cases of West Asia.⁴⁴

At a previous stage of the same economic reform— when the immediate aim was to delegitimise socialism — Islamic radicalism was the alliance partner of capitalist countries internationally. In West Asia too, such forces were either compromised with, as in the case of Egypt or Saudi Arabia were active partners in promoting market economy. The international endorsement (of the core) now is to muzzle Islamic radicals — it serves the interests of both regimes in West Asia and the developed countries, both politically and economically. This is an important reason why foreign aid or IMF-World Bank assistance to these countries have hardly been linked to the credentials in political liberalisation in these countries, tall talks on the part of the US and the above institutions about democratisation and the necessity of civil society notwithstanding.

This international linkage of West Asian civil society is poignantly expressed by exiled Saudi novelist, Abdelrahman Munif, who ought to know. Deprived of his nationality and banned from ever returning to the country, he talks of his homeland: 'The 20th century is almost over, but when the West looks at us all they see is oil and

⁴³ Ali R. Abootalebi, 'Civil Society, Democracy, and the Middle East', *Middle East Review of International Affairs*, vol. 2, no. 3, September 1998 at [http:// 216.239.39. 100/ search?q= cache:Orx4yZ8yResC:www.biu.ac.il/SOC/besa/meria/journal/1998/issue3/abootalebi.pdf+%22civil+society%22+%2B+%22Middle+EAst%22+&hl=en&ie=UTF8](http://216.239.39.100/search?q=cache:Orx4yZ8yResC:www.biu.ac.il/SOC/besa/meria/journal/1998/issue3/abootalebi.pdf+%22civil+society%22+%2B+%22Middle+EAst%22+&hl=en&ie=UTF8).

⁴⁴ Rueschemeyer, Stephens, and Stephens, n.42.

petro-dollars. Saudi Arabia is still without a constitution; the people are deprived of all elementary rights, even the right to support the regime without asking for permission. Women, who own a large share of private wealth in the country, are treated like third-class citizens. A woman is not allowed to leave the country without a written permit from a male relative. Such a situation produces a desperate citizenry, without a sense of dignity or belonging...⁴⁵

Thus, the state-controlled civil society in West Asia does not allow voices of discontent to articulate themselves as diverging economic interests, because the state has traditionally disallowed the formation of class-consciousness. In a society where economic grievances are disallowed to be expressed as such, grievances seek alternative ventilations. The result is the increasing popularity and proliferation of Islamic organisations that enunciate issues of economic marginalisation and other social problems in Islamic vocabulary. Sami Zubaida says that 'if the quest for civil society is one which seeks a framework for the exercise of human rights and social autonomies, then the model presented by the Islamic sector falls short.'⁴⁶ And in any case, as Carrie Rosefsky Wickham says, 'the independent sites of social and political expressions within an authoritarian setting is not the same as the emergence of civil society, at least not in its liberal conception.'⁴⁷

Mustapha Kamel al-Sayyid once declared that 'the future of civil society in Arab countries is ...uncertain. The process of political liberalisation. ...stopped short of full democratisation of political systems. On the other hand, some important organisations

⁴⁵ Tariq Ali, 'The Kingdom of Corruption' at <http://www.ccmep.org/hotnews/kingdom092501.html>.

⁴⁶ Sami Zubaida, 'Islam, the State and Democracy: Contrasting Conceptions of Society in Egypt' *Middle East Report*, no. 179, 1992 quoted in Simon Bromley, *Rethinking Middle East Politics* (London, 1999), p.181.

⁴⁷ Carrie Rosefsky Wickham, 'Beyond Democratisation: Political Change in the Arab World,' *Political Science and Politics*, vol. 27, no. 3, September 1994, pp. 507-09

of civil society that could come to power in a situation of full democratisation have totalitarian claims that might endanger the survival of civil society itself.⁴⁸ Ostensibly to restrict such totalitarian claims of the Islamic groups, the state in West Asia has responded with strong-arm tactics -- in other words, state authoritarianism. In West Asia, neoliberalism is sustained more by the coercive apparatus of the state than by the ideological apparatus of the civil society. And the state operates in the role specified for the region by the international capitalist regime. The next chapter elaborates these aspects of state-society interface in the context of neoliberalism.

⁴⁸ al-Sayyid, n.12, p.145.

CHAPTER-4

NEOLIBERAL REFORMS AND STATE—CIVIL SOCIETY INTERFACE IN WEST ASIA

Increased participation in the globalisation process has made the regimes in West Asia vulnerable to demands of accountability and heightened political participation. Civil society in West Asia and the rising radicalism among Islamic groups have been questioning the legitimacy of regimes, exposing corruption and demanding more accountability in different aspects of governance. The state has responded diversely to such pressures – at times introducing measures to instil some amount of accountability and curb corruption, whether genuine or not, and at times curbing such demands with repressive measures. Piscatori and Esposito¹ have argued that West Asian regime's willingness to meet such demands will only be to the extent "without compromising the traditional power and authority." In the present chapter on state-civil society interface — which covers the state's willingness, on the one hand to negotiate with civil society actors and on the other, to restrict its own powers by introducing checks and balance between different branches of the government is examined. Definition of good governance by neoliberals presumes that such reorientation of the state power and market economy will mutually reinforce each other. However, in the West Asian context, it is in order to sustain the neoliberal agenda that the state has resorted to more oppression rather than more accountability.

¹ John L. Esposito and James P. Piscatori, "Democratisation and Islam", *Middle East Journal* (Washington), vol.45, no.3, p. 428.

This argument, which this chapter sets out to prove, is not to ignore the measures taken by West Asian regimes to at least appear accountable. Such attempts are more pronounced in the Gulf countries because of the extremely unaccountable base of governance that they begin from. In a considerable achievement of Bahraini civil society, monarchy restored its constitution - newly amended after being suspended since 1975 - in February 2002. For the first time since 1973 people voted in a referendum, conducted in February 2001, for a National Charter calling for legislative elections - 90 percent of the voters turned out for the referendum. Legislative elections are to be held in October 2002 in which Bahraini male and female citizens 21 years of age or older are permitted to vote. It is interesting to notice that the constitution was suspended in 1975 after Bahraini women organised to demand the right to vote, and trade unions and unemployed labourers agitated around their grievances. In 1992, in part to stem the growing protests, the Emir established the Shura Consultative Council, signalling that it was attentive to social pressures.²

In Kuwait in an attempt to widen political participation, a committee headed by the Deputy Prime Minister authored a decree calling for female suffrage in 1999. The ruling would have allowed women to vote and stand for candidacy in the 2003 National Assembly elections. This decree was reviewed by the National Assembly in November 1999 and did not receive legislative approval. There is some expectation of a new law pertaining to female suffrage, written by a legislative committee.³ But still the irony is that only a Taking into account these voting restrictions, a total of between 10% and 15% of the citizens are permitted to participate in elections.⁴

² www.pogar.org (Programme of Governance in the Arab Region -POGAR- website)

³ *ibid.*

⁴ *ibid.*

In Oman, an advisory council was formed in 1981 by royal decree. This body, the State Consultative Council (Majlis al Istishari lil Dawlah) originally had 43 members, but this number was enlarged to 55 in 1983. The members were appointed by the sultan and represented regional and governmental interests. In 1991 a sixty-member Consultative Council (Majlis ash-Shoura) replaced the State Consultative Council. The Basic Law, issued in November 1996 by Sultan Qaboos, further elaborated this body. The Basic Law instituted a bicameral parliament, consisting of an upper chamber, the Council of State (Majlis Ad-Dawla), and a transformed lower chamber, the Consultative Council (Majlis ash-Shoura). The 1996 Basic Law, considered to be the equivalent of a constitution, does not specify the lengths of tenure, manner of election, procedural rules, or specific functions of the two chambers of the Omani legislature. The Basic Law states that all of these are to be decided by law. Complaints about the elections are to be presented to the Main Election Committee within five days of election time. Political parties are not permitted. In addition to controlling the candidate lists, the Sultan also has discretionary authority over who is considered eligible to be a voter. The Sultan travels annually with his top ministers from place to place within the country. During the tours, the Sultan meets in public meetings (majlis) with citizens and listens to their personal requests and grievances.

Even in Saudi Arabia, in the midst of growing opposition to the regime during the Gulf crisis, King Fahd announced political reforms in March 1992 that could be termed revolutionary in the kingdom's standard – the reforms were akin to a constitution, providing a formalisation of the basic system of rule in the country, a system of local governance in the provinces and a national consultative council. Comprising 60 members chosen by the king, the council was to carry out all the activities usually performed by parliaments elsewhere except the enactment of laws – initiating debates, discussions and deliberations on public matters, questioning the

members of the executive and recommending new laws and policies to the cabinet which in turn forward it to the king.⁵ What makes such measures remarkable is the fact that it was being promised since 1962, when Crown Prince Faysal talked of promulgating a constitution that would allow the creation of regional and national assemblies. Then after King Faysal's assassination in 1979, Crown Prince Fahd announced that a "basic law of governance" would be drafted. Finally it happened only in 1992.

If regimes in the Gulf introduced such measures - though cosmetic they may be - creating a semblance of accountability, Turkey and Egypt changing notions of governance and hence accountability, depend largely on qualitative transformations of institutions, because legislature and judiciary are already there in these countries. And elections do take place. In both the countries there have been some measures taken in order to address the concerns raised by the civil society, in cooperation with the later.

For instance, to make clean up the energy sector and banking sector, considered to be the two most corrupt areas in Turkish economy, government undertook intensive programmes. As part of the so-called "Operation White Energy," a series of managers and bureaucrats, as well as a former minister, were arrested for irregularities in two rather insignificant energy projects. The operation was carried out by the gendarmerie (police), which is equipped by the army. The most important operation against corruption is dubbed "Hurricane," and is being conducted in the banking sector, where creation of the Bank Supervisory and Regulation Body (BDDK) under the direction the IMF and the World Bank had already made impact in institutionalising the sector.

⁵ Mustapha Kamel al-Sayyid, "Civil Society and the Arab World" in Paul Noble, Rex Brynen, Bahgat Koranyand (eds.) *Political Liberalisation and Democratisation in the Arab World: Theoretical Perspectives*, Volume I (London, 1991), p.145.

Turkish Foundation for Economic and Social Studies (TESEV)⁶ a Turkish NGO supported by organizations such as World Bank carries out large-scale investigations of corruption. By the end of 2000, 10 banks whose funds had been defrauded by the owners or members of the board of directors were taken over by the state. In Egypt as part of a drive towards financial transparency, the Ministry of Economy has also started a “monthly economic digest” of up-to-date economic data.

The regimes and their supporters have been enthusiastic in projecting such measures as a move towards better governance. However, Daniel Brumberg has argued that such measures are merely “survival strategies” and only to the extent where the neoliberal economic agenda is not challenged by the opposition from civil society.⁷ In the context of economic reforms, such limited gestures of accountability and accommodation of representative voices “entails an exchange by which ruling elite offer limited democratic reforms in return for a pledge by popular groups not to assert social demands that might undermine economic reforms.”⁸ And, also not to assert demand that question the political authority of the regime. An authoritarian regime is better equipped than a democratic one to open up political space as and when it feels safe and appear accountable and they successfully “manipulate” public opinion in this fashion.⁹ Evidences are strongly in endorsement of this view. Whenever the regime felt that the civil society’s or the opposition’s demands have overstepped, or judiciary

⁶ Justus Leicht, “Political and Social Dimensions of the Turkish Financial Crisis” at <http://www.wsws.org/articles/2001/mar2001/turk-m07.shtml>

⁷ Daniel Brumberg, “Authoritarian Legacies and Reform Strategies in the Arab World” in Paul Noble, Rex Brynen, Bahgat Koranyand (eds.) *Political Liberalisation and Democratisation in the Arab World: Theoretical Perspectives*, Volume I (London, 1991), p. 229.

⁸ *ibid.*

⁹ Rex Brynen, Bahgat Koranyand and Paul Noble, “Introduction: Theoretical Perspectives on Arab Liberalisation and Democratisation” in Paul Noble, Rex Brynen, Bahgat Koranyand (eds.) *Political Liberalisation and Democratisation in the Arab World: Theoretical Perspectives*, Volume I (London, 1991), p.12.

is more active than the executive wants, they have been arbitrarily clamped by making new laws in some cases and in many acting illegally.

Economic Liberalisation and Political Deliberalisation

Saudi is a good example. After the political reforms of 1992, many among the Saudi intelligentsia thought it was too little. They set up the Committee for the Defense of Legitimate Right (CDLR) in April 1993 to campaign for more political space. Immediately after the announcement of the formation of the committee, the founders, mostly university professors and intellectuals were put in jail and expelled from jobs.¹⁰ In Kuwait, after the Iraqi invasion ruling family was more receptive to demands for accommodation but realising potential challenge that could generate to its authority the government outlawed all associations established after the Iraqi invasion, including the Committee for the Care of Kuwait's War Prisoners¹¹

With the exception of al-Jazeera, which has a self-censorship mechanism, media autonomy is severely restricted in the Gulf countries. In Kuwait, the Council of Ministers retains the authority to suspend newspapers. The Ministry of Information runs the government press and the radio and television broadcasting stations. Copies of all publications need to be submitted to the ministry in advance for approval. Moreover, the ministry does not grant license to magazines with a political focus. In Oman, the 1984 Press and Publication Law enables the government to censor publications if they are "politically, culturally, or sexually offensive."

¹⁰ Saad Eddin Ibrahim, "Political Liberalization & Democratization in the Arab World: An Overview" in Paul Noble, Rex Brynen, and Bahgat Koranyand (eds.) *Political Liberalisation and Democratisation in the Arab World: Theoretical Perspectives*, Volume I (London,1991), p.48.

¹¹ al-Sayyid, n 5, p.143.

In the 1990s, there has been substantial degree of political de-liberalisation in Egypt, much of it to sustain the economic reforms. Repressive amendments to the penal code and to legislation governing professional syndicates and trade unions are examples of this. Containing Islamist groups is cited as the reason for such crackdown, but equally important is the government's desire to contain the increasing opposition to economic liberalisation and reforms. The 1995 parliamentary election was a telling example. There was unprecedented violence and interference and finally more than 94 percent of the parliamentary seats went to members of the National Democratic Party compared to 79 percent in the 1990 elections. A state of emergency has been in force since Sadat's assassination in 1981.¹² In February 2000, the extending the state of emergency Egyptian Prime Minister Atef Obeid said the extension was vital to combat Islamic militants.¹³

Following the large-scale political violence of 1991-92, the parliament amended the penal code and the law concerning the Supreme State Security Courts – prison terms were replaced with forced labour, temporary sentences with life sentences, and life sentences with death penalty. In the 1990s an increasing number of civilians has been tried in military tribunals, which like other special courts handed down an increasing number of death penalties.

The number of civilians tried by military courts has increased. Military judges take orders from their superiors and have little legal training. Judges in the Supreme State Security Courts are also arbitrarily appointed and removed. The number of death sentences passed by the military courts on civilians rose from 8 in 1992 to 31 in 1993.

¹² Eberhard Kienle, "More than a Response to Islamism: the Political Deliberalisation of Egypt in the 1990s." *Middle East Journal* (Washington), vol. 52, no. 2, Spring 1998.

¹³ "Egypt extends state of emergency" at http://news.bbc.co.uk/1/hi/english/world/middle_east/newsid_658000/658803.stm.

Between 1992 and end of 1996, a total of 74 civilians were sentenced to death by military judges. There were an estimated 16,000 political detainees in Egypt in 1996.¹⁴

The linkage between such stringent laws and curbs on political activism and growing discontent among the population resulting from the adverse impacts of economic reforms is too obvious to miss. As early as 1987, Egypt had reached an agreement on macroeconomic stabilisation with the IMF, but had then defaulted. The burden of the economic crisis and reforms was not borne equally by various segments of the Egyptian society. Poverty increased significantly in Egypt between the fiscal years 1981-82 and 1990-91. In rural Egypt, the percentage of the poor rose from 16.1 percent to 28.6, of the total population, while in urban areas it rose from 18.2 to 20.3 percent. Only the top 20 percent of the country's population fared better in the given period.¹⁵

In March 1990, additional measures were taken by the regime to pave way for a new agreement with the IMF on macroeconomic stabilisation in May 1991. In September the same year another agreement on structural adjustment was signed with the World Bank. Tight fiscal and monetary measures were introduced. The liberalisation of prices and of foreign trade and a reform of the public sector, followed by the privatisation of several hundred of its companies were subsequently introduced. However, living standards of the Egyptians deteriorated under reforms – GDP growth could not catch up with population growth, real wages fell by 40 percent between 1985 and 1995, and unemployment rose from 8.6 percent in 1990 to at least 11.3 in 1995. “These developments were significant enough for the regime to anticipate

¹⁴ Kienle, n 12, p 222.

¹⁵ *Egypt: Human Development Report*, Institute of National Planning, Government of Egypt, 1996, pp. 29-32.

discontent and protests from those threatened by or affected by them. The “bread riots of 1967 had not been forgotten.”¹⁶

The coverage of the reforms in opposition newspapers such as the leftist Al Ahali and the Islamist Al-Sha’b was highly critical of the regime. Organised mobilisation also began against the regime with opposition parties and trade unionists, set up various committees for the defence of the public sector. Reported strikes rose from eight in 1990, to 26 in 1991 and 63 in 1993.

The broad definition of terrorism added through the 1992 penal code amendments may be applied to strikes and demonstrations of all sorts. It may also be invoked against tenant farmers who refuse to respect the provisions of law governing the owner-tenant relations. This law was passed in June 1992, three weeks before the amendments in the penal code. Under this law, tenant farmers may be asked to pay higher rent or even to leave the land they have been cultivating for decades. In the spring of 1997 there were major protests from the farmers against this law, and the leftists activist who supported the farmers were arrested under the new provisions which make it serious crime to “obstruct the application of the law” or to resort “terrorist means.”

The enactment of the short-lived “press law” was also connected with economic reforms. Severe penalties were sought for “publication crimes”, such as the spread of “false rumours” or “mendacious information” against public figures, their relatives and the state as such. The vast majority of charges brought against the press, under the new provisions, referred to its allegations of corruption or embezzlement in high places. Reforms such as privatisation has often transferred assets or control of it to

¹⁶ Kienle, n 12, p 233.

actors and groups close to the state.” In 1995, amendments to the criminal code and criminal procedures pertaining to publications enlarged the scope of penalisation to include areas such as “publication of false or exaggerated or information, scandals, information that disrupts or harms social peace ... information that causes terror among the people or *any information that harms the economy* or slanders the state or state officials.”¹⁷ Following tremendous protests from organisations and intellectuals this law was repealed next year.

Professional syndicates, which have been a backbone of Egyptian civil society considering the restrictions on the functioning of political parties, also faced the wrath of the state in the 90s. Since the government promulgated a law setting tight restrictions on their internal election procedures in 1993- adopted without consulting any of the 21 professional associations¹⁸ - the syndicates have increasingly been taken over by government appointees or have become paralysed due to internal divisions caused by the government's infiltration of their administrative boards. In October 1999, 20 leading activists in the syndicates were arrested and brought to trial on charges of their affiliation to an illegal organisation (the Muslim Brotherhood). The arrests occurred a few days after a court had cleared the way for long-delayed board elections in the Bar Association. Three of the defendants would have stood, as candidates during these elections were it not for their arrest.¹⁹

Amendments made to the party law in 1992 makes it more difficult for parties to come up and function. A government commission arbitrates on the requirement of a new

¹⁷ Saad Eddin Ibrahim, Huwaida Adly, Dina Shehata, “Civil Society and Governance in Egypt” at <http://ntl.ids.ac.uk/ids/civsoc/docs/Egypt.doc>.

¹⁸ al-Sayyid, n 5, p. 142.

¹⁹ Ruinous Leenders, “Egypt: State Control Versus Armed Islamic Groups” at http://www.euconflict.org/euconflict/sfp/counsuv_f.html.

party. And the commission rejected all seven applications that it received after 1990, but competent courts gave them recognition

In what the government claims as increasing the role of the general population in decision-making, a new law regulating the functioning of Civil Society Organisations was enacted in 1999. The government claimed that the new law would expand civil society since the modified law allows any group to form and establish an NGO without prior government approval.²⁰

But the new law came under sever criticism for attempting to muzzle the civil society rather than vitalising it- ambiguously, the new law banned private groups from working to influence government policy or union activity, NGOs have to seek permission from the government before accepting foreign donations. The new law set prison terms of up to two years for violations of vaguely formulated offences such as “threatening law, public morality, order and national unity.” Following a wave of protest of both Egyptian and International NGOs, the law was found unconstitutional by the Constitutional Court on procedural grounds and suspended. The country's older law on NGOs (Law 32 of 1964), which is seen as equally repressive, remains in force.

With measures in force to curb the armed Islamic opposition, the government increasingly took repressive measures against the Muslim Brotherhood. In the run-up to the parliamentary elections held in 1995, hundreds of alleged Muslim Brothers were arrested and dozens of them received prison sentences of up to five years. New mass arrests took place in 1999. Hundreds of alleged Muslim Brothers were held in so-called preventive detention without trial while others still await prosecution. In May

²⁰ <http://www.sis.gov.eg/online/html/ngo1.html>.

2000, the government ordered the closure of the Islamic Labour party and its mouthpiece As-Sha'ab. Three journalists of As-Sha'ab were convicted in August 1999 on charges of libel and have since been regarded by Amnesty International as Prisoners of Conscience. In the months preceding the parliamentary elections of October and November 2000, approximately 1,000 alleged Muslim Brothers were arrested, including numerous 'independent' candidates for the elections.²¹

In Turkey, the state's using its authority is more subtle and selective. "You can say there is no freedom of expression, you can say there is press freedom, and you are right in both statements. It's not like in a typical dictatorship—the borders are not clear, you can't know where they are. The application of the law is arbitrary. But in many ways the arbitrariness is worse. You don't know when you will get into trouble," writes Ahmet Altan, novelist and political columnist.²²

The alternative voice raised by civil society is not yet fully accepted as legitimate in Turkey. Criticising the authorities or questioning the state's monolithic view of society is often viewed as a form of disloyalty bordering on treason. Organisations viewed as troublesome can expect to be harassed, raided or closed down, and their members risk prosecution or worse. Members of the Turkish Human Rights Association's (HRA) fifty-nine branches have been detained, tortured, imprisoned and subjected to death threats and eleven Association officials have been murdered by unknown assailants, in some cases in circumstances that suggest security force involvement. The Diyarbakir and Van branches of the HRA and the Malatya branch of the Association of Human Rights and Solidarity for Oppressed Peoples (Mazlum-Der) are currently closed. The

²¹ Leenders, n 19.

²² Christopher Panico and Jeri Laber, "Report Prepared by the Human Rights Watch and The Turkish Press Council, 1997" at http://www.hrw.org/reports/1999/turkey/turkey993.htm#P162_7259

Diyarbakir branch of the HRA was originally closed by the local governor using powers under the Law on Associations, as is still the case with Mazlum-Der's Malatya branch. Diyarbakir HRA challenged the closure in the courts and won. On April 19, 2000 the court overturned the closure order, and after some delay the branch was permitted to reopen. Their first activity was to be a signature campaign against the new generation of F-type prisons (see above). The local governor refused permission for publications and meetings associated with the campaign and, in response, the branch issued a critical press statement. The branch was then closed for three months on the orders of the Emergency Region Governor, whose administrative acts cannot be challenged in the courts. Thirty minutes after the branch re-opened on August 12, 2000, the Emergency Region Governor closed it once again. The Emergency Region Governor also closed the recently opened Van branch of the HRA, because they too were planning a campaign relating to the F-type prisons.²³ Highly repressive measures against civil society organisations have been frequent in Egypt too. This includes repeated arrests of Saad Eddin Ibrahim, Chairman of Ibn Khaludn Center for Development at Cairo and harassment of the Egyptian Organization of Human Rights (EOHR) and its S.G. Hafez Abu Se'da.

Media in Turkey, when reporting on the vast majority of issues, such as domestic party politics or the economy, the media today is lively and unrestricted—indeed often sensational. Nearly all points of view are expressed, from radical Islamist to Kurdish-nationalist and dyed-in-the-wool Kemalist. However, once the media touches issue such as Turkey's ethnic Kurdish minority and the conflict in south-eastern Turkey, the nature of the state, and the proper role of the military, the state and the military get touchy. Repression for reporting or writing on such topics includes imprisonment and

²³ *Milliyet Newspaper*, 14 May 1998 cited at <http://www.hrw.org/reports/2000/turkey2/Turk009-08.htm>

finances against journalists, writers, and publishers, the closing of newspapers and journals, the banning of books and publications, denial of press access to the conflict in southeastern Turkey, the banning of political parties, and the prohibition on the use of Kurdish in broadcasting and education. Media owners and editors sometimes serve as ideological overseers, forcing journalists to practice self-censorship and, at times, firing obstreperous reporters and columnists. In addition, since mid-1997, the powerful military has started to pressure newspaper owners and editors to support its anti-fundamentalist campaign. According to the Committee to Protect Journalists, 14 journalists were imprisoned in Turkey at the end of 2000 and many journalists ended up in court for prosecutions stemming from their work.²⁴

State tolerating a particular viewpoint also depends on the specific consideration of the regime at that given time. Oral Çalışlar, a columnist for the daily Cumhuriyet, interviewed the PKK leader, Abdullah Öcalan, and the head of the Socialist Party of Kurdistan, Kemal Burkay, in early 1993. His interview ran as full-page articles without incident for eighteen days. When the interviews were published in book form in September 1993, however, the State Security Court of Istanbul banned the publication and charged Mr. Çalışlar and his publisher with “separatist propaganda” under Article 8 of the Anti-Terror Law. The interview appeared in Cumhuriyet during an unofficial cease-fire, while the book came out during an escalation of the conflict in the fall of 1993.²⁵ The notion of an all-powerful state, which appears to exist as a goal in and of itself, is sown throughout the 1982 constitution. Until amended in 1995, the preamble of the constitution even spoke of a “sacred state.”²⁶

²⁴ Nilay Karaelmas, “Turks Get Some of the News, Not All” at <http://www.worldpress.org/specials/press/turkey.htm>

²⁵ Panico and Laber, n 22.

²⁶ *ibid*

Human Rights Watch as part of its World Report 1999 states this on Turkey,

“Despite vigorous debates among state officials and in civil society on the 'rule of law,' laws continued to be applied arbitrarily, especially to restrict freedom of expression and freedom of assembly. The military, through powers that it was granted in the 1982 constitution, continued to exert influence over politics in a manner largely incompatible with the standards of democratic states. Amidst the persistence of severe human rights violations, a growing number of state officials, judges, and parliamentarians began to raise questions about the system that permits such severe abuse and an environment of impunity for the abusers. In 1998, however, even prominent and well-respected journalists and writers were prosecuted under the Anti-Terror law. Among the most troubling of these cases was the imprisonment of Professor Haluk Gerger (released after nine months), journalist Ragip Duran (sentenced to ten months of imprisonment), and lawyer and human rights activist Esber Yagmurdereli (sentenced to twenty years), all on free expression charges. In March, the Diyarbakir State Security Court sentenced Sefik Beyaz, a former head of the Kurdish Institute, to one year of imprisonment and a fine of US \$100 for 'making separatist propaganda by playing Kurdish music' during his election campaign in 1995.”²⁷

Labour Unions

Labour unions, as discussed in the previous chapter can be democratising present in capitalist societies. But in West Asian countries, particularly in Turkey and Egypt, which have a working class, state has resorted to highly authoritarian measures to keep it under check and facilitated introduction of neoliberal reforms. In Egypt, state attempted to control labour unions through various political and legal mechanisms. These included Law 91 of the year 1959, Law 62 of 1964, Law 35 of the year 1976 and its modifications in 1981. They also included control over labour unions through a centralized, hierarchical and unified union structure. The state interferes in the

²⁷ Anonymous, “Human Rights Watch report on Turkey: a profile of a police state” 24 February 1999 at <http://www.wsws.org/articles/1999/feb1999/oca2-f24.shtml>

political, administrative and electoral affairs of the labour unions, either through the Attorney General who reviews lists of candidates for labour unions elections, or through the Ministry of Manpower that interferes in the minutest details of labour union organizations.²⁸

The 1641 committees and the 23 unions fall under the umbrella of the General Federation of Labour unions and are tightly regulated by the ministry of Manpower. The ministry, since the Nasser days, interferes in almost all the affairs (inception, management, dissolution) of the unions. The higher-level officials in the General Federation and the 23 unions owe their primary allegiance to the government and are reluctant to approve of or encourage any activities that may antagonize it. Most strikes directed against the state take place outside the unions and are generally condemned by the union leadership. Unlike professional syndicates, labourers do not elect their representatives directly but do so through special electoral committees and all candidates have to be approved by the Attorney General before they can run for office. Labour unions in Egypt are often seen as extensions of the state bureaucracy rather than as independent entities.²⁹

In Turkey, as a result of long years of persecutions and prohibitions, the working class is still disorganised, even at the trade union level, and also it has not overcome its fear of the military-police side of the bourgeois regime. Due to the trade-union bashing policy of the bourgeoisie, the rate of trade union membership has declined to around 7%. This means a total number of approximately 1,300,000 union members, including the membership of the public employees' unions, which totals about 400,000 (who do

²⁸ Ibrahim, n.17.

²⁹ *ibid.*

not have the right to collective bargaining and the right to strike). Among them the biggest union confederation, Turk-Is, has 650,000 members. The DISK (Confederation of Revolutionary Workers' Unions) was a big union confederation before the military coup of 1980 and then lost its strength and has become a small confederation, for it was closed under the military regime, and its officials and thousands of its members arrested. Now it has 120,000 members. Hack-Is, which has an Islamic political orientation, has 100,000 members.³⁰

After the military takeover wages and salaries were frozen despite, an inflation rate of 130 percent. State-owned industries and services were privatised, the currency devalued and state expenditures for welfare, health and education drastically reduced. The military junta suspended workers' right to strike and bargain collectively for several years. These and other measures were demanded by the IMF, Organization of Economic Cooperation and Development (OECD) and the World Bank to ensure the repayment of loans made to Turkey up to the mid-1980s.³¹

In Turkey also, the divergence of economic interests has been sharp and has been increasing under reforms. The richest 20 percent of the population monopolise 55 percent of all wealth, while the poorest 20 percent share just over 5 percent. A third of the population lives on the poverty line, and for 20 percent of the population hunger is a daily reality. Many people have two jobs and work almost around the clock in order to keep their families alive.³² Turkish author Fikret Baskaya notes that entire country's wealth is monopolized by about 1,000 families and their various banks, holding

³⁰ Anonymous, "A Brief History of Capitalist Development and Working Class Movement in Turkey," January 2002 at <http://www.marksist.com/ENG/A%20Brief%20History.htm>.

³¹ Justus Leicht, "Twenty Years Since the Military Coup in Turkey" at <http://www.wsws.org/articles/2000/sep2000/turk-s27.shtml>.

³² Leicht, n 6.

companies and other financial shelters. According to the chairman of the State Institute of Statistics, the “unofficial” sector of the economy has a volume of US\$100 billion, more than half of the country's national income.³³ As discussed earlier in this chapter, in Egypt too, there has been increased deprivation of large sections of people.

Such polarisation of interests makes the society volatile, and left to itself, a liberalised civil society has the potential to become the battling ground for such clashing interest groups. In the neoliberal paradigm ultimate test for good governance is the government's ability to implement reforms, and in the case of West Asian countries, that means exercise of more force by the government. Far from triggering a process of more accountable and transparent government with the active participation of the civil society, neoliberalism becomes the new international paradigm for sustaining the authoritarian regimes in West Asia with cosmetic variations. For instance, the IMF and World Bank regularly praise the present government in Turkey as being “more energetic and reliable than any other government before it”.³⁴

The World System

Thus the international context needs to be brought in once again. Even before the largely artificial state formation in the region, it was in the interest of the oil companies backed by the imperial powers to make deals with feudal rulers, kinglets or sheiks. If the only interest of the core in the region is oil, then a dictator is preferred without much concern for other propagated values of neoliberalism such as democratic participation etc. Though out this study, how international interests in the region shape its domestic dynamics has been discussed. After the First World War, the division of

³³Bülent Kent, “Turkey Today: Cheap Labor Platform for Transnational Corporations,” 27 September 2000 at <http://www.wsws.org/articles/2000/sep2000/tur2-s27.shtml>.

³⁴ *ibid.*

the region was deliberately uneven, with areas with lots of oil handed out to a small number of populations. There are six very rich Gulf States, joined together under the Gulf Cooperation Council (GCC) with a combined population of ten million, and six very populous states outside with a combined population of about 200 million. For every 100 dollars that the West spends on oil in the region, \$ 40 comes back in arms-trade and roughly another \$ 40 goes back to Western banks as investments.³⁵ Such economic and strategic considerations of the world system in the region, the West always prefer powerful and friendly regimes in West Asia to popular and autonomous regimes.

Even while Egypt was pursuing its new set of repressive laws, it had the entire international support it required. President Bush was anxious to obtain Arab support for the war against Saddam Hussein and rewarded Mubarak handsomely for joining the coalition by cancelling Egypt's \$7 billion debt to the US. Bush also urged other creditors, Arab and European, to follow suit as well as offer substantial additional aid. US influence was also brought to bear on the World Bank and the IMF to help improve Egypt's economic performance and to offer financial aid and guidance. All in all, a major part of the \$50 billion debt owed by Egypt was cancelled. Interest rates were lowered and payments were stretched out on the remaining debt. In addition, "Official Development Assistance" from various industrialized countries was raised from \$1.8 billion in 1989 before the Gulf War to \$5.7 billion in 1990 and \$10 billion in 1992. These figures exclude the annual \$1.3 billion military grant from the US.³⁶

Both European official donors and the United States have largely refrained from linking their aid to and cooperation with Egypt to an improvement in the country's

³⁵Ankie Hoogvelt, *Globalisation and the Postcolonial World: The New Political Economy of Development*, (Mac Millan, London,1997), p. 194.

³⁶ *Economist Intelligence Unit, Country Profile-Egypt* (1993-94) cited at <http://www.biu.ac.il/SOC/besa/books/kanov/chap5.html>

human rights record or to the formulation of any policies of conflict management. The United States has similarly refrained from making its aid to Egypt (amounting to US\$ 1.3 billion worth of arms and military training annually for 20 years in addition to US\$ 775 million in economic aid in 1998) conditional on human rights improvements. However, during an official visit by Egypt's president Hosni Mubarak to Washington, June 1999, the Clinton administration put some pressure on Egypt by describing its new restrictive law on NGOs (see below) as 'a step in the wrong direction'.³⁷ Similar has been the case with attitudes towards Saudi Arabia and other Gulf States and Turkey.

Thus the legitimacy of the West Asian regime in the neoliberal paradigm will depend largely on its ability to implement the market economy in respective countries and meet the demands of international organisations. This will often require less accountability than more, since as the WDR reports says, such policies may be against the wishes of a "majority of the people." So until that time when the contradictions neoliberalism exacerbates the social tension in West Asian countries to such an extent that no amount of authoritarianism can contain it, vibrant civil society and accountable governance will remain an unattainable dream in the region. By any means, these cannot be the result of neoliberalism.

Unlike the experience of advanced industrialised countries, there is no unanimity in West Asia civil society in endorsing the values associated with market capitalism. Thus it is very unlikely that the West Asian civil society could be partner in neoliberal economic agenda as the World Bank or other advocates of this economic philosophy desires. Therefore, in West Asia, political authoritarianism seems a more likely and feasible route in implementing neoliberalism.

³⁷ Leenders, n 19.

CHAPTER-5

CONCLUSION

Understanding globalisation as the contemporary manifestation or phase of capitalism, this study set out to explore the role of individual nation states in the new paradigm of development and the state's interaction with the society against the backdrop of neoliberal economic reforms. The study focused on West Asian countries.

This study, following the world systems theory, argued that capitalism evolved through different stages, and at each of these stages it has resulted in a reorganisation of the international order. Since the capitalist "core" is the source of ideas and material resources, in each of these stages it establishes an unequal relation with the "periphery." The periphery's autonomy is restricted by the ways in which they relate to the core. In the globalisation phase of capitalism, the nation state-based core-periphery dichotomy became irrelevant as a consequence of the techno-economic paradigm of globalisation, for instance flexible production, which was discussed in chapter 1.

Instead, there is a "social core" – the engine of ideas and resources of development – that spreads across national boundaries and states. This social core, in order to establish its coalition globally, had to undermine the autonomy of nation states that define and implement an economic and development agenda in a territorially defined and restricted manner. The failures of the state in different fronts created a favourable intellectual climate for neoliberalism that argues for market-driven development at the cost of state's role.

International economic institutions such as the IMF and World Bank promote neoliberalism. Neoliberalism argues that the state has decreasing role in developmental and social issues. Neoliberalism replaced the earlier 'embedded liberalism' which presumed state intervention in order to enable each individual to attain the maximum of his potential – for instance, embedded liberalism allowed for state spending in education.

When neoliberalism proposed market as the best, natural and the only way to realise human potential, the state's role was accordingly redefined — “governance”, as proposed by the neoliberal school and forced across the globe by such institutions refers to this new role of the state.

The new role of the state is to provide institutions for the market, to ensure that there is no hindrance in the functioning of market. This, in real terms, translates as state withdrawal from welfare measures, privatisation and the creation of a positive legal and institutional environment favourable to the market. Thus, good governance is not at all about the non-intervention of state in the economy, but about the intervention of the state in favour of the market, in neoliberal parlance. The World Bank is unequivocal in its definition of good governance-- it is the state's ability to implement market economy.

Now, when the state sets about implementing the neoliberal agenda – which is often due to the unequal relations that developing countries enjoy with the developed world – the domestic social contract of legitimacy of the state comes under strain. The market creates new losers and new gainers. Thus, a new social contract has to be renegotiated. Thereafter, the success of the state in implementing neoliberalism, and subsequently good governance, depends on its ability to negotiate this new social

contract. Exploring a new social contract would require the government to be more transparent, accountable, decentralised and standardised. Civil society is brought in as a component of good governance in this context.

Why does neoliberalism insist on active civil society? Drawing from Gramsci and Althusser and referring extensively to World Bank and IMF documents, this study inferred that civil society is expected to be the site of ideological consent in favour of market. Civil society, on the one hand, takes up many social responsibilities that the state has abandoned in neoliberalism – from old age homes to poverty alleviation, thus by reducing the shock of government withdrawals from such areas. On the other hand, it is expected to involve large sections of the society in the decision-making process by organising them and by raising questions about government's functioning. Such activities of the civil society will also provide a space conducive for negotiation of the state and market with the society, and hence civil society has often been described as the estate "between state and market." Consequently, the ultimate success of the civil society, by neoliberal presumption, lies in its ability to create a social atmosphere favourable for market – a link that this study has elaborated.

This study has also proved that the hypothesis based on the Western European experience of the development of market capitalism and representative democracy as complementary to each other is not valid in West Asia. In West Asia, fragmented interest groups clash in the liberalised political sphere, stalling the process of reforms, while an accelerated economic reform can result in more polarisations of the society's economic interests, meaning more conflicts. While it was possible in the West for market capitalism and representative democracy to co-exist, as we have discussed in the first chapter, the unequal relations of the West with the periphery helped the former transfer the cost of development to the developing world.

This study identified areas of limited reforms in governance currently being experimented by West Asian regimes through the introduction of values such as accountability, transparency etc into administration. West Asian states are facing a crisis of legitimacy. In Egypt and Turkey because of the state's failure to deliver its developmental agenda and in the Gulf because of the unsustainable character of the rentier mechanism. In Egypt and Turkey, the state had implemented a corporatist notion of development that subsumed pluralism and concentrated all authorities to the executive. The state's sole claim over all legitimate political and economic activities was defended by slogans of socialism, nationalism and social justice. Thus, authoritarianism in these countries, with a substantial role for the military in administration, has been based on the coalition of beneficiaries of the state-centred economy and slogans of common betterment. In the oil-rich Gulf States, authoritarianism was a direct product of rentier economy-- with the regime distributing the oil wealth arbitrarily and buying off the loyalty of the subjects.

With the state in West Asia facing a crisis in this mode, and the market gradually entering, regimes had to renegotiate its powers and authority. This renegotiation is part of good governance, in the sense that state should create the political and institutional atmosphere favourable for market.

Civil society in West Asia has been occupied by a large number of Islamic groups, which question not only the authority of the domestic regimes, but also the attendant market capitalism and the consumerist culture. Thus, far from creating an ideological acceptability for neoliberalism, civil society in West Asia has challenged the authority of the State and often questioned the State's intentions in implementing neoliberalism. Many Islamic groups have become the rallying ground for those who have been marginalised by neoliberalism. This, however, does not undermine the fact that several Islamic groups have been close allies of the regimes in implementing neoliberal

economic policies. The point that this study proves is that Islam becomes an ideological rallying point for people who have been marginalised by the market and reforms. At the realm of civil society, they try to challenge the domestic regimes which are perceived as corrupt, inefficient and allies of the American-led West, which is seen as the antithetical to Islam.

West Asian regimes face challenges from within. In Saudi Arabia and Kuwait, people demand more participation in decision-making. In Egypt and Turkey, organised groups challenge the state on grounds of inefficiency and violation of human rights. Corruption in administration is a common problem in all these countries. These issues become all the more relevant in the time of market reforms, since many methods of clientelism that the state had been patronizing have been altered by the market.

The study finds that West Asian regimes are willing to make some attempts to open up the civil society space and at least try to appear to catch up with the requirements of good governance in neoliberal terms. But when the civil society challenges the authority of the state, it is suppressed ruthlessly. Thus whatever political liberalisation is seen in West Asia, serves only as “survival strategies” of the existing regimes as Chapter 2.

The specificities of the region and the failure of the global development ideology of neoliberalism to come to terms with such diversities are starkly demonstrated in this analysis. Neoliberalism’s assumption that the market, active civil society and democratic government are mutually complementary and originate from one another is substantially challenged by the experiences narrated in this study. Islam, the single most important cultural influence in the region, is the key to understanding this challenge. Accordingly, this study has attempted to enquire Islam’s interaction with neoliberalism.

A liberated civil society becomes the ground for Islamic activism, which opposes market and its associated culture. The dilemma of governance emerges from the fact, that, theoretically, both free market and free civil society are components of good governance – but in West Asia one opposes the other. Moreover, many Islamic groups by virtue of their insistence on a monolithic worldview, challenge the notions of individualism and meritocracy that are implicit in neoliberalism. The more open the civil society becomes, the more active and popular such notions will become in West Asia. On the other hand, Islamic groups articulate issues such as human rights, democratic rights, labour rights etc and become the rallying point for the losers in the process of globalisation, and effectively challenge the authority of the State.

The state in West Asia has thus intervened and ensured that civil society activism is restricted to the extent of not undermining its authority and not questioning the validity of neoliberalism. In Turkey and Egypt, there have been more active military interventions in administration in recent years, particularly to stifle labour activism, which is seen as a counterweight to the market. This study also points out that neoliberalism in West Asia is sustained not by consolidating opinion in the realm of civil society, but by increased authoritarianism in many ways. New laws and more powers to the police and army have been directly linked to economic reforms by some studies. In all countries under survey in this study, there has been an increase in the number of civil society and media organisations, but the State has intervened with stringent laws and extra-legal suppressions to keep them under check. Curbs and restrictions on labour unions is an important factor in civil society's failure to follow the Western model.

This study also identified and analysed how the regions' positions within the world-system can shape the institutions of governance in each state. For the developed Western countries Islam was initially seen as a counterweight to socialism and was

promoted correspondingly. But now the West sees militant Islam as a threat and hence allows whatever the authoritarian regimes in West Asia carry out under the garb of curbing religious radicalism. Now, the West's fear of Islam is a major non-economic factor that could shape institutions of governance in the region. Secondly, the West will always pay heed to ensure that the West Asian regimes guarantee their oil supply from the region, and thirdly, that the strategic interests of West's dearest ally Israel are protected. Core countries would first seek these factors out and back regimes that can deliver these. This is indeed the reason why international aid to West Asian regimes is hardly ever conditional to granting more rights to citizens.

In neoliberalism, the ultimate success of good governance is in the establishment and protection of the market – which, in West Asia, calls for more and more state suppression.

So until such time when the contradictions of neoliberalism exacerbate the social tension in West Asian countries to such an extent that no amount of authoritarianism can contain it, vibrant civil society and accountable governance will remain an unattainable dream in the region. By any means, these cannot be co-existent with or leading from neoliberalism.

Unlike the experience of developed industrialised countries, there is no unanimity in West Asian civil society in endorsing the values associated with market capitalism. Thus it is very unlikely that the West Asian civil society will be a partner in neoliberal economic agenda, as desired by the World Bank or other advocates of this economic philosophy. Therefore, in West Asia, political authoritarianism seems a more likely and feasible route in implementing neoliberalism.

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