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Institute of National Planning

In cooperation with

United Nations Development Programme

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Konrad Adenauer Foundation

PROCEEDINGS OF THE EXPERT GROUP MEETING ON GOVERNANCE, SOCIO-ECONOMIC DEVELOPMENT AND POVERTY ALLEVIATION

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Preface

These Proceedings contain the final report and the papers presented to the Expert Group Meeting on Governance, Socio-Economic Development and Poverty Alleviation, which was held in Cairo from 11 to 13 November 2001. The United Nations Economic and Social Commission for Western Asia (ESCWA) organized the Meeting in cooperation with the Institute of National Planning, Egypt, the United Nations Development Programme (UNDP), the Canadian Parliamentary Centre and the Konrad Adenauer Foundation. These Proceedings reflect the discussions held by the Workshop participants and their recommendations.

The Meeting papers were presented in both Arabic and English languages. It consists of two parts: the final report; papers presented by experts on the experiences of Arab States in this field. The papers contained in these Proceedings contribute to providing additional information and data about the experiences relating to policies concerning poverty alleviation and reduction.

The opinions expressed are those of the authors of the papers comprising these Proceedings and do not necessarily reflect the views of the United Nations Secretariat.

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PART ONE

REPORT OF THE MEETING

I. ORGANIZATION OF THE MEETING

A. LOCATION, DATE AND OBJECTIVES

1. The Expert Group Meeting on Governance, Socio-Economic Development and Poverty Alleviation was held in Cairo from 11 to 13 November 2001, in order to raise awareness of the recommendations made at international conferences and the need to implement them, given their significance and direct connection to development in Arab countries. Recommendations on governance and its relation to development and poverty alleviation were some of the most important recommendations of the International Conference on Population and Development held in Cairo in 1994, the World Summit for Social Development held in Copenhagen in 1995, the Fourth World Conference on Women held in Beijing in 1995, the United Nations Conference on Human Settlements (Habitat II) held in Istanbul in 1996 and the World Summit for Children held in New York in 1990.

2. The United Nations Economic and Social Commission for Western Asia (ESCWA) organized the Meeting in cooperation with the Institute of National Planning, Egypt, the United Nations Development Programme (UNDP), the Canadian International Development Agency (CIDA) and the Konrad Adenauer Foundation. The major objectives of the Meeting included the following:

(a) To raise and discuss the concept of governance in its various social, economic and political dimensions and its relation to the formulation and implementation of judicious and sustainable development policies aimed at poverty alleviation. Such policies can only be effective and produce tangible results when they form part of a comprehensive framework for sustainable development and are supported by a stable, legitimate Government acting on fundamental principles, the most important of which are democracy, law, transparency and the full participation of all elements of society;

(b) To open discussion on the role played by the State and the market in development and poverty alleviation and examine the role of legislation in that regard, evaluate the role of parliaments, civil society institutions and the media in developing models of governance and its mechanisms, and strengthen the role of those institutions in the development process and improving the conditions of the poor, the underprivileged and other disempowered social groups and strata. Any serious discussion of the subject will query whether good governance is the way to achieve development and eliminate poverty when centralized planning and economic reform programmes have failed to do so;

(c) To arrive at specific recommendations and ideas for implementation in the Arab region, as part of a series of activities that deal with the issue of governance as a starting point and mechanism for strengthening development and achieving effective poverty alleviation.

B. PARTICIPANTS

3. A number of members of Arab parliaments and experts participated in the Meeting, as well as representatives from regional and international organizations. A full list of participants is attached as annex I to this report.

C. OPENING

4. Mr. Osman Mohamed Osman, Director of the Institute of National Planning, Egypt, opened the Meeting by welcoming the participants. Mr. Akil Akil, Chief of the ESCWA Social Development Issues and Policies Division, expressed his gratitude and appreciation to the members of parliaments and experts who had responded to the invitation to participate in the Meeting, as well as to the Egyptian Institute of National Planning and other organizations that had assisted ESCWA in its organization and provided financial and technical support. He emphasized that governance, which includes institutions, legislation, policies and executive programmes and related methods for the administration of public affairs in all sectors at all levels, had become the subject of growing concern in research and policy circles, given its importance and direct connection with development issues, quality of life and resource management. Poverty was one of the social phenomena and problems most closely linked to governance, because good governance had a particular and direct role to play in its alleviation and in addressing the economic and social ills that it generates. Given the basic components of good governance, including transparency, accountability, participation, the rule of law and its fair and equal application to all individuals in all economic, social and political spheres, the pillars of development were in place and reinforced, poverty declined and all elements of society could participate in the government and decision-making process.

D. ADOPTION OF THE ORGANIZATION OF WORK

5. At the start of the first session, on 11 November 2001, the Meeting adopted the programme of work contained in annex II of the report.

II. DISCUSSION TOPICS, PRESENTATIONS AND DEBATES

A. DISCUSSION TOPICS

1. *Governance and poverty alleviation*

6. Under this topic heading, the concept of governance was discussed and, in particular, its evolution and contribution to development and poverty alleviation. The prevailing form of the State in the Arab region and its particularities and effect on development were also discussed. A practical review was undertaken of political reform being carried out in Arab countries, which included questions of political openness and democracy. Attempted reforms were evaluated in terms of their

contribution to increasing participation and strengthening efficacy, accountability and transparency. Methods, policies and programmes aimed at improving forms of governance were defined from the perspective of achieving sustainable political and socio-economic development that could affect and reinforce poverty alleviation.

2. *The role of the State in socio-economic development and poverty alleviation*

7. Participants discussed the role of the State in future political and economic and socio-economic development, reviewed past development experiences characterized by direct State intervention and evaluated the accomplishments and shortcomings of such experiences. They also discussed the major problems facing the State-dependent development model and those caused by the current economic liberalization activities, which are the basis of a development model driven by the particularities, dynamics and diversity of the market. Discussion centred on defining the role of the public and private sectors, and the role of the State as against that of the market with regard to the sustainable development process and poverty alleviation programmes.

3. *Legislation and poverty alleviation*

8. Participants discussed the most important ways and means of strengthening feasible laws and policies for poverty alleviation. The discussion also shed light on the role of Governments, parliaments and civil society institutions in taking initiatives, raising awareness and defending and supporting such laws and policies, including, *inter alia*, labour laws, social benefits, microcredit programmes and empowerment and capacity-building policies. The focus was on the role of parliaments in strengthening social policies and poverty alleviation programmes by allocating sufficient resources thereto when discussing and approving State budgets.

4. *Governance, employment and poverty alleviation policies*

9. The provision of employment opportunities and the employment of poor persons was discussed in this context as the most effective way to save the poor and underprivileged from material and psychological suffering. Material sufficiency was fundamental for the provision of basic human needs. It should be noted here that the employment of citizens is not the sole responsibility of the State: the private sector and civil society organizations also have an important role to play. They must cooperate and coordinate their efforts in order to make a real contribution to the creation of employment opportunities and the effective implementation of employment policies.

5. *Civil society, socio-economic development and poverty alleviation*

10. Effective means of building the capacities of civil society and strengthening its role in and influence over the alleviation of poverty and combating of its causes were discussed during this session. The discussion also focused on ways to ensure the

participation of poor and marginalized groups in the creation of social development policies and programmes and, in particular, those of relevance to them; methods of applying such policies and programmes that would ensure that those groups benefited therefrom; and the identification of the methods and policies that must be applied in order to enable poor social groups to obtain resources and become integrated into society.

6. *The role of the media in development and poverty alleviation*

11. Every form of the media has a vital role to play in disseminating the information that raises public awareness of policies, mobilizes national support for their implementation and promotes discussion of these policies. The media also have a role to play in communicating the positions and views of poor and other marginalized groups to officials and decision-makers. They provide a space in which citizens can express their views on the policies and programmes that affect their lives, and should not neglect this important function. Discussion of this topic included a review of the relationship of the media to development in the Arab world and proposals for appropriate ways to foster a suitable environment for the improvement of the performance of the media and communications, given that these are important factors in development and the alleviation of poverty.

7. *Open discussion*

12. In order to derive maximum benefit from the participation of members of parliaments, experts and representatives of civil society and regional and international organizations, with their varied expertise and differing views of governance, three hours were given to a round-table open discussion. During that time, opinions were expressed and subjects raised that had not been included on the agenda but merited attention, and future activities related to the follow-up to the Meeting were also discussed. The objective was to put forward specific recommendations.

B. PRESENTATIONS AND DEBATES

1. *Governance, the State and poverty alleviation*

13. Mr. Khaldun al-Naqib presented a study entitled "Governance, the State and poverty alleviation" in which he considered the concept of governance and its relation to the new utopianism and authoritarian liberalism. He shed light on the situation of governance in Arab countries with certain quantitative indicators and an analysis of some relevant political expressions, including "democracy" and "globalization", indicating that this is a new phase in experimentation with, *inter alia*, social engineering. The researcher believes that the fundamental role of a regime is to control social activity. The relative political openness or de facto democracy practised by a regime is the outcome of the ability to exercise effective control by means other than oppression or physical violence. The capacity of civil society and its institutions

to affect governance defines the scope of the freedoms enjoyed by citizens; at the same time, this capacity and the institutions themselves exercise other material and psychological forms of social control.

14. On the basis of the foregoing, it is not correct to say, as some do, that we are currently witnessing a transformation in the functions of the nation-state rather than a weakening of the State and its role. It is also arguable whether democracy on the Western model has recently made major gains, with the majority of States in the world becoming democracies. Those who claimed that this was the case refused to accept the fact that democracy on the Western model was not suited to societies based on factionalism and tribalism in which social structures were based on ethnic and sectarian divisions.

15. The analysis of the situation of governance in the Arab countries was based on a number of indicators, including the frequency of elections, the licensing of political parties, the right of women to stand for office and vote, the right of parliaments, whether appointed or elected, to legislate and the accountability of the executive authorities. Those indicators were used in order to categorize the Arab countries into groups by indicator or criterion.

16. The paper expressed doubt as to the current capacity of Arab countries to dismantle the public sector, on the basis of political and economic considerations, the most serious of which are State financial straits and the continuation of the exceptional border that the State is required to bear in order to escape the vicious circle of poverty.

17. Mr. Hassan Krayem commented on the paper, noting that it had concentrated on the particularities of the State in the Arab world, despite the fact that it was difficult to generalize on that subject. The paper had grouped together the predominant patterns and characteristics common to the welfare or quasi-welfare State and the security State, namely, institutional weaknesses, lack of accountability, the prevalence of a State pattern characterized by factionalism and tribal and sectarian loyalties, burgeoning bureaucracies and ineffectual public administration. He emphasized that the concept of good governance required a stable political system and rule, civil calm, a peaceful, democratic process for the transfer of authority and the rule of law. It required prudent and intelligent administration of the economy which accorded the social dimension of development due importance and status and recognized its organic link with the economic dimension. Good governance also required systems of political and administrative accountability and responsibility. This comprehensive concept of governance was considered a sound basis for the establishment of a link between gov ernance and development on the one hand, and governance and poverty alleviation on the other hand.

18. Mr. Mohamad Al-Jabri distributed a commentary on the presentation in the form of a response to the question of whether it was possible for a developing country to make the transition to the new liberalism. The commentary included an exhaustive

discussion of the concept of governance and State which emphasized that the concept of governance, its development and its contribution to development and poverty alleviation made it necessary to consider three fundamental issues. The first is the extent to which the political reform process in the Arab world, including attempts at democratization and economic liberalization, has progressed. The second is whether such reform has increased universal participation and the efficiency, responsibility and transparency of State institutions and made them more representative. The third is the need to monitor the indicators, objectives and programmes aimed at improving forms of governance in the Arab world, in order to guarantee socio-economic development and alleviate and curtail the spread of poverty.

2. *The role of parliaments and Government budgets in poverty alleviation strategies*

19. Mr. Antoine Haddad made a presentation on behalf of Mr. Steven Langdon, who apologized for being unable to attend himself. The presentation considered the role of parliaments and Government budgets in poverty alleviation strategies, emphasizing the need for parliaments to take a dynamic approach to that issue, both in the broad developmental context and with regard to State budgets. Examples were provided of ways in which parliaments could achieve this task. It was argued that the relationship of members of parliament with their electoral base and, in particular, the poor who had elected them, made it legitimate for them to raise the issue of poverty and work in support of programmes and draft policies aimed at improving the conditions of the poor, identifying the root causes of poverty and limiting its spread. Examples were also provided of areas, emphasized by many parliaments, in which governance could be developed and improved. The most important of those were increased transparency in the provision of information to citizens and the media; greater participation in the system of government and strengthening such participation in order to include all sectors of society; respect for the law and its application; and preservation of the independence of the judiciary. Parliaments and members of parliament usually sought the participation of civil society institutions and organizations to that end. The great challenge was the extent to which a parliament was able to influence forms of governance that could make a positive contribution to giving the requisite priority and status to poverty alleviation policies. Broad lines for a poverty alleviation strategy were suggested, based on the successful models to which reference had been made. That strategy is based, in general, on four fundamental priorities, namely, the participation of the poor; efficient implementation of public services; continual review of the impact of policies; and the evaluation and monitoring of changes in the situation of the poor, in the framework of the overall economic administration. It was important to develop a work plan that allowed parliaments to retain their power to intervene and use their independent expertise in supervising and providing advice; launching various initiatives with regard to the drafting and implementation of poverty alleviation policies and strategies; preserving the environment and improving the quality of life; and providing basic social services to

those with limited incomes and marginalized groups without influence or political support.

20. Mr. Antoine Haddad commented on the presentation, reviewing the Lebanese experience. He thought that Mr. Langdon had shed light on the pivotal role played by parliaments in democratic regimes in the preparation of public budgets and, in particular, with regard to expenditure in social areas and its contribution to development and poverty alleviation. The value of the presentation has increased by the fact that it was based on a synopsis of the experiences of developing countries comparable to Arab countries with regard to their political regimes, the extent of democracy they enjoyed and their human development levels. The presentation contained an analytical review of the realities of poverty, the mechanisms that produced it and general policies related to it and its alleviation. It also dealt with new approaches in the field, that concentrated not only on growth but on other, equally important, factors including the quality of growth, the environmental aspect of deprivation, gender inequality, the lack of regional balance, the importance of forming human and social capital and the role of interventionist policies in strengthening equality.

21. Based on the experience of Lebanon in this area, Mr. Haddad agreed with M. Langdon's view that the budget, as a discontinuous and isolated annual exercise, was of limited use in illuminating Government financial policy on the overall-economic environment in which that policy was made, and of even less use with respect to the exercise of real parliamentary influence. Its inadequacies did not relate so much to the details as to the basic options and broad lines. Notwithstanding the fact that once the war was over, Lebanon had returned to the normal budget preparation mechanism, which included detailed discussion over a period of weeks by the parliamentary Finance and Budget Committee, and that the Plenary voted on each separate clause of the budget law; and regardless of the fact that exhaustive, serious discussions in which civil society was involved accompanied the adoption of the budget and resulted in some significant adjustments, the basic options for the Government in financial, monetary, economic and social spheres and the policies in which those options were embodied were never subject to change effected by parliament.

22. Mr. Haddad believed that this could be attributed to the fact that a not insignificant number of representatives lacked basic knowledge and experience in the sphere of public finance and economy and of complex, multi-faceted phenomena including poverty and development. A large number of representatives were also subject to pressures from local interest groups, which increased the burden on public spe' ding without necessarily having a real developmental return. The unconditional submission of parliament to the control of majority parties and the respective parliamentary blocs which constitute the Government precludes real Government accountability.

23. If it were applied, the proposal made in the paper concerning adoption of a medium-term expenditure framework and with respect to dissatisfaction with the annual budget, could ensure more sustained parliamentary involvement in the examination of Government economic policies and enhance the capacity to make early amendments where needed. Two recent experiments in Lebanon were relevant, namely, the economic recovery plan known as Horizon 2000 developed in the first half of the 1990s and the Government financial reform programme of 1999-2000. Neither of those experiments had been successful, and both had been shelved less than a year after being made public. Horizon 2000 had been submitted to parliament at the same time as the 1995 budget, in the form of laws and for a 10-year programmes period. The second programme had been presented to parliament independently without being put to the vote, and had no real legal force. Horizon 2000 had foundered because of the unrealistic model and, in particular, the estimated growth rates on which it had been based. The reform programme had failed because it dealt only with financial issues, rather than economic issues, and because the Government that had proposed it fell.

24. Mr. Haddad cited models of parliamentary practice that sought to rectify the overall economic framework in order to make it both more rational and more consistent with the norms of social justice and poverty alleviation. Such practice related to fiscal and monetary policy and, in the case of the former, involved the introduction of a more appropriate allocation of direct and indirect taxes whereby direct taxation, which is more just would be increased. With respect to monetary policy, such practice includes limiting the accumulation of public debt and, in particular, foreign currency debt, and limiting interest rate increases that would increase the welfare component of the economy and exacerbate economic and social inequalities.

25. Mr. Mohamed Masalha reviewed Jordan's experience with regard to the role of parliament in poverty alleviation and outlined the development of parliamentary life in Jordan since it was resumed in 1989 after a break of 15 years. He emphasized the increasing importance of the role of the House of Assembly in debating and adopting legislation of every kind and in supervising and following-up the executive authority and its decisions on economic reform, poverty alleviation and poverty limitation programmes. He pointed to the mechanisms that had been developed in order to enable the House of Assembly to perform those tasks, including the establishment of 16 specialized committees which dealt, *inter alia*, with financial matters, the fight against corruption, the exploitation of office for personal aims, and the monitoring of commodity prices and, in particular, those of bread, rice and wheat. The House of Assembly played a fundamental role in amending the State budget presented to it by the Government for discussion and adoption, and accorded special attention to the inclusion in the budget of clauses that could assist the poor and channel public expenditure in a manner likely to benefit citizens with special needs and limited incomes.

26. A working paper prepared by Mr. Robert Miller was distributed, entitled "Parliaments that work: a conceptual framework". The paper aimed to evaluate and reinforce the role of legislators and the legislative authority. Based on the Canadian experience, the paper put forward a conceptual framework of the "ecology of governance" in which parliament is considered to represent a bridge between citizens and the State and pointed to the practices necessary for good governance, namely, accountability, transparency and participation. It also concentrated on the necessity of providing a balanced system of governance based on a productive market, a vital and diverse civil society and a just and active State based on active citizenship. It also outlined the distinguishing features of corrupt governance, namely, the lack of an independent judiciary, highly centralized Government, weak civil society and impotent media.

3. *The role of the State in socio-economic development and poverty alleviation*

27. Mr. Atef Kubursi presented a study on the role of the State in socio-economic development and poverty alleviation. Using the experience of South-East Asia, he assessed the role of the State, emphasizing the nature and features of that role, the practices associated with it and the timing of intervention. He did not discuss the extent to which the role of the State was necessary. In the eight South-East Asian States, the State had been responsible for the economic growth known as the South-East Asian economic miracle. The study used that model in order to analyse the role of the State in formulating policies. The component elements of that economic miracle include high rates of investment in human capital and natural resources, a high level of exports, a balanced distribution of income and wealth and stable Government. The State did not take the place of the market but complemented it, maintaining the position and status of the market without overstepping or undermining the position, role or standing of the State. Governments in South-East Asia had been aware from the outset in the 1960s that the market had specific limitations, including the achievement of broad major objectives, the maintenance of overall economic stability and the continuing regular and appropriate performance of the markets. While Governments intervened in all markets, they did so within limits and in an impartial manner. A system was established which was based on reward for performance in exports and growth and linked to incentives and State support for the market and its institutions. The State made efforts to ensure that both the system and the manner in which it was applied served to regulate and limit corruption. The researcher noted that policy-making comprised five fields, namely, manufacturing policies, encouragement for cooperation, competition management, balanced growth and exports contributing to growth. He also considered the role of the State immediately prior to the South-East Asian financial crisis, saying that there were two schools of thought on the matter. The first focused on internal factors, including institutions and the fragility of the local situation, while the second focused on such external factors, as world financial markets and the speculations, investor panic and other elements that had governed them.

28. The study summarized the most important signs of strength in the South-East Asian model. High rates of savings, balanced budgets, a trained and educated labour force, substantial investment in the private sector, low rates of inflation, and a consistently strong export record were characteristic of most States. It also summarized signs of weakness that had become prevalent a few years prior to the crisis, which included current account deficit, shrinking export rates, an acute slowdown in the development of labour force skills, and the failure of production and products to keep abreast of technological and other developments.

29. Mr. Ibrahim al-Issawi commented on the study and remarked that he fully agreed with the description and analysis of the South-East Asian model, which emphasized the role of the State in development. That description could be supplemented with reflections on Arab developmental experiences and the lessons to be learned from them. Many recent theories on aspects of weak market performance were formulated by Western economists whose primary experience was of developed economies and their markets which, from the point of view of the developing countries, are well-developed and mature. He speculated about the shortcomings of the economies of the developing countries, which had prompted discussion not only of the deficiencies of the markets, but also of the absence of markets in some cases. He also considered the shortcomings caused by the lack of institutions that must be in place if markets are to operate more efficiently: the World Bank calls this building institutions for markets. He considered it strange and contradictory that Arab markets should be characterized by such shortcomings while those who support adaptation to the new economic liberalism insist that confidence must be placed in the market and the role of the State limited. The process of building, developing and bringing to maturity markets and institutions was surely part of the development process. Discussion of market mechanisms would remain largely abstract and obscure as long as no consideration was given to the private sector or, more specifically capitalism. The issue was not the abandonment by the State of its interests to the market, but ensuring that capitalists should have the opportunity to operate in the market. Where markets were not mature or did not exist, as was the case in many developing countries, discussion should centre on the immaturity or absence of capitalism. Where capitalism did exist in such countries, it was far removed from the prudent, savings-oriented, technology-based capitalism of developed countries. Capitalism in developing countries was too weak to be given the responsibility of leading development. With regard to the Arab experience of the State, the market and the public and private sectors in the past 30 years, during which Arab countries had followed the dominant liberal trend, liberalized their markets, reduced the role of the State and abolished many tariff barriers to foreign trade, the speaker merely referred to the statistics and reports on the weakness of the role played by the modern private sector in the industrialization process despite all the incentives and facilities that it had been given. Private sector investment capacities were limited, and the sector did not help the Government to perform its new, restricted role in the development of the infrastructure and provision of services. It was not prepared to take any risks and, ultimately represented only a very small proportion of non-governmental activities.

4. *Governance, employment and poverty alleviation*

30. Ms. Salwa Shaarawi Gomaa presented a paper in which she argued that there was a definite relationship between the concept of governance and the issue of employment for purposes of poverty alleviation. On the basis of that relationship, she wondered how governance could assist in dealing effectively with the issue of employment and outlined the economic, administrative and educational dimensions of employment and job creation as the background for any response to that question. She emphasized that responsibility for employment and poverty did not lie solely with the State, but must be shared by the private sector and civil society institutions. Ms. Gomaa provided an analysis of the employment situation in Arab countries, showing that most have pursued employment policies based on a legislative or legal framework that include plans, work programmes and specific measures designed to affect supply and demand in the labour force. She also indicated that the role of non-governmental organizations (NGOs) and the private sector could increase in terms of both quantity and quality.

31. One of the most important findings of the paper was that it would not be possible to confront the issue of employment and reduce unemployment rates and poverty without the coordination and cooperation of all the relevant parties in society and, in particular, the Government, the private sector and civil society institutions. The information network should be supported and strengthened in order to gather and facilitate the dissemination of information to citizens on employment opportunities and ensure the participation of those responsible for the provision of such opportunities, as well as maximum transparency in the media. Attention must also be paid to the concept of the administration of employment and the amendment of laws, the organizational frameworks and work arrangements entailed by such a concept and which are necessary in order to deal competently with the issue of employment.

32. Mr. Ibrahim Awad commented on the paper, pointing out that "governance" and "public administration" were different concepts. Public administration was a dependent rather than independent variable. In his view, it was necessary to provide an appropriate environment that would reinforce values and render them active and effective. It was pointless to discuss figures and employment indicators in the Arab countries because the decision-making environment and labour markets varied from one country to another and the laws reflected the current situation and environment in which the employment process took place.

33. With regard to policies and measures, he emphasized the importance of fiscal policy as a means to encourage investment and, consequently, employment. The task of the State was to encourage the private sector which, ultimately, had a responsibility to itself to be profitable. He also emphasized that NGOs had an important role to play in providing employment opportunities and increasing employment rates. In his view, it was necessary to begin with overall policies before sectoral and subsectoral policies when dealing with the issue of employment.

5. *The role of the media in socio-economic development and poverty alleviation*

34. Mr. Jihad El Zein presented a paper entitled "The media in 'exhausted' societies", in which he raised two fundamental questions, namely, the connection between governance and socio-economic change and the extent of any Arab particularities with respect to the eradication of poverty. In order to measure 'exhaustion', the researcher used particular criteria, including the exodus of the political elite, the "brain drain", capital flight and declining levels of education. He concluded that the societies of most Arab countries were exhausted, with the exception of the Gulf Cooperation Council (GCC) States in which the surplus of oil wealth had permitted considerable expenditure on health, education, labour and social services. As a result, most GCC States had not known the acute poverty experienced by other Arab countries. In this context, the paper considered the position and role of the media with regard to development issues and the eradication of poverty. Recently, Arab countries had experienced, albeit only relatively and to varying degrees, a correlation between expansion of the role of NGOs and freedom of expression by means, principally, of the media, and popular representation and participation in the developmental, political and advisory bodies and institutions of the State. This correlation meant that the role of the media and their influence on political and economic options, including development and poverty alleviation programmes, was restricted and determined by the nature of the political regime and its democratic orientations, including its position on pluralism, and the position of the State and the market in economic life and human development. In most Arab countries, the relationship of Governments to civil society and the media ran on broadly similar lines, in the sense that there was a sustained dynamic of mutual attraction between the State and the media and national labour organizations. A major obstacle to the media taking a more active role in inducing Governments to employ greater transparency or monitoring Government performance and administration was that the media were also suspected of being involved in the mechanisms of corruption that form part of political systems. Arab critical intellectual discourse had propagated the idea that the relationship of the media in general and of the press in particular to political authority lacked values. That idea had retained currency in that discourse and had been responsible for suggesting other "shortcomings" whenever the press and media were criticized.

35. Mr. Muhammad Sayed Sa'id commented on the paper, posing two questions. The first concerned the extent to which the handling of poverty in the Arab world was an aspect or legacy of contemporary media culture in that world. The second concerned the analytical and technical means, methods and points of departure used by the Arab media in order to promote discourse on the eradication of poverty. He emphasized from the outset that over the past 40 years, Arab "radical" regimes had established a bourgeois market culture in the official media that was extremely averse to contact with or exposure of the manifestations of poverty. The explanation for this was that such regimes believed that they had "rooted out" poverty and that the role of

the media was to present a good image of society and vaunt its accomplishments in order to market the political regime. The media had become a tool for propaganda and justification rather than playing a critical and active role in documenting problems and founding dialogue that could lead to proposals for solutions and orient policies and decision-making. It appeared that the culture of denial or superficial treatment of poverty had begun to fall apart in recent years, due to the influence of two factors. The first was the transition to a limited form of pluralism, in which poverty had come to the fore in political and social discourse. The second was the Gulf War which, some believed, had imposed the issue of poverty and pushed it to the top of the Arab social and political agenda. The media and, in particular, the Arab press abroad had promoted the idea that the war was between rich and poor Arabs. Although he did not agree with views put forward and promoted by some of the media, he emphasized that keeping silent about and ignoring poverty in Arab countries, including the GCC States, was no longer acceptable or possible and that the phenomenon of poverty must be addressed at the political level and in the media.

36. The Arab media still viewed poverty in the traditional and absolute sense, namely, as deprivation of basic material needs, ignoring its more profound implications. These included, *inter alia*, being denied culture, knowledge, choice and access to such contemporary skills as education and sport and the finer things in life, including art and literature. Poverty also entailed lack of freedom and participation.

37. The official media failed to give poverty and the manifestations of poverty sound treatment from the perspective of economic and social rights, presenting those rights as part of the justification for the political regime. In general, the attention of the official mass media was attracted by information with a modern stamp, including the adjustment of the minimum wage, workers benefits or improvements to the health system. Data on the social struggle against poverty, including increasing productivity, improving professional training, raising the standard and efficiency of performance and proficiency, seldom received any attention.

38. The official media tended to treat the poor as passive objects rather than as active subjects. The poor were the object of programmes and policies and received what it had been decided they should receive. The concept of empowerment and participation was absent from the media, although the empowerment and integration of the poor into society, planning mechanisms and the implementation of development activities relevant to their concerns had been at the fore of modern development thinking and was considered the best way to limit and reduce poverty.

6. *Civil society, social development and poverty alleviation*

39. Ms. Elissar Sarrouh presented a paper on civil society, development and poverty alleviation in which she stressed the central role of civil society in sustainable development, good governance, democracy and poverty alleviation. She discussed the issue of building confidence between the State and civil society, building the

capacities of civil institutions and enabling them to influence policies and provide social services. She proposed ways of strengthening and consolidating the relationship between the State, parliament and civil society, based on the Canadian experience in this sphere. She also put forward a framework for evaluating the participation of civil society in social development and strengthening the participation of the poor. Civil society had a fundamental role to play in the model of governance for liberalization, liberal openness and democracy.

40. The paper discussed the transition to democracy and liberalism in Arab countries; how those processes affected civil society; and their role in strengthening popular participation in politics and the drafting and implementation of policies.

41. Ms. Sarrouh analysed of the relationship between good governance and poverty alleviation in the Arab world and discussed some of the programmes funded by the United Nations and some donor countries that are being implemented in the region with a view to strengthening the institutions of governance. She also discussed the economic reform and trade liberalization processes in Arab countries, emphasizing the importance of strengthening the capacities of legislative institutions and legislators in order to enable them to exercise greater actual influence on reform processes, act in harmony with them and monitor their social impact, and make it possible for civil society and its various organizations to become a full partner in development and the eradication of poverty. The paper called for the role of executive, judicial and legislative bodies and authorities to be limited and for their performance to be improved and measured using specific criteria. Their relationship to civil society, including trades unions, NGOs, professional associations and organizations working to defend the rights of citizens and serve them must be defined.

42. Mr. Osama al-Ghazali Harb commented on the paper, emphasizing the importance of considering the experiences of others and, in particular, Western countries, with regard to the role of civil society in the eradication of poverty. Attention should be paid to the circumstances of national undertakings, the role of such undertakings and the nature of their relationship to Governments in Arab countries, which differed from those in Canada and the West. Democracy was younger in the Arab countries than it was in the West, and the level of development and cultural factors also differed. He cited as an example the fact that the Arab world was experiencing a crisis in democracy because the cultural heritage of recent decades was not conducive to democracy. Political regimes played a decisive role in issues of democracy and the participation and role of civil society, and the vitality of civil society was an inseparable part of the democratic regime.

43. He also pointed out that while the legislative authority influenced public policies, the media also contributed to influencing them. With regard to foreign funding of institutions and social programmes, he expressed the fear that it would have a negative effect on national undertakings by reducing motivation to volunteer and

creating conflict between worthy national objectives and those of foreign funding institutions.

III. RECOMMENDATIONS

44. The Meeting concluded with an open discussion during which a variety of interesting topics were brought up. The following research subjects were proposed:

(a) *Governance and democracy*

(i) Deeper understanding of the development of the current Arab State (the nature of governance) through a comprehensive study;

(ii) A critical review dealing with indicators of democracy used in the Arab world, with the objective of defining an indicator that embodies the Arab situation.

(b) *The roles of the State and the market*

(i) A critical review of the roles of the State and the market: international experiences;

(ii) A critical review of the roles of the State and the market in Arab countries;

(iii) The relation between democracy and development in the countries of the Arab world;

(iv) Employment policies within the framework of social policies.

(c) *The role of parliaments*

A comparative critical study on the mechanism by which Arab budgets are set and approved.

(d) *Civil society*

(i) The efficiency of administration in civil society institutions;
(ii) Development of indicators to assess the situation of civil society.

OPENING STATEMENTS

Statement of the Institute of National Planning

Osman Mohamed Osman[*]

Good morning and welcome to Cairo and to the premise of the Council for National Planning that, to our pride, has always been a platform for thought, creativity, and active participation in the creation of a better future for our people, and future generations.

In fact, the subject of this meeting of experts in the fields of development, poverty reduction, governance and its role, is not a novelty. ESCWA and the Council for National Planning have cooperated on this subject before and have recognized contributions in this field.

These two institutions have contributed since the early nineties in developing the concept we are about to discuss. Following the publication by the Council for National Planning of the first regional report on human development, we held a joint seminar with ESCWA during which we launched this concept and promoted its recognition by the Arab experts connected with the offices and activities of the United Nations Development Programme (UNDP) in various Arab countries in order to introduce and develop this concept in the Arab media.

These efforts and the publication of the report on human resources development became constant. Their address of the issues of poverty had unprecedented impact. Before the publication of this report, rarely did we mention poverty, and it was never mentioned by those in positions of authority. After the publication in 1996 of the report on human development that addressed the issue of poverty in an objective scientific manner, the Egyptian parliament took up the subject, its issues, indicators, and statistics. Hence, it is a positive indication that this Meeting is attended by parliamentarian colleagues. The Egyptian parliament contributed visibly to exposing the issue of poverty and the importance of facing it head on without detours, based on the report of human development published in Egypt in 1996.

Afterwards, the Government began expressing openly its readiness to face the issue of poverty and deal with the subject in a more serious manner. For the last two years, this issue, together with the issue of unemployment, became the main priority of the Government. I will not keep secret the fact that yesterday I spent more than two hours in a private meeting with the Prime Minister. He heard my comments and asked me, as Council, institution, and experts to give him advice and our ideas about how to face these two serious issues in Egypt. I think that the same conditions, related to the

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[*] Director, Institute of National Planning, Cairo, Egypt.

issues of poverty and unemployment in Egypt, apply to a substantial number of Arab countries, and most Third World countries. The truth is that the current effort is due, in our opinion, to the scientific, analytical, and executive work that compels all concerned parties to deal with the issues of the nation in a serious and objective manner.

As I previously stated, parliamentarians play an important role in this process. We are, in fact, hoping that our meeting be interesting, useful, and constructive, and that we study the concepts and deepen our understanding of the subjects under discussion. I do understand that due to tactical and institutional reason we limit ourselves to discussing economic and social development. In this reputed institution, in cooperation with ESCWA, we have moved beyond this concept. Development cannot be economic and cannot be social; development is human development with all its implications. Regardless, we still suffer from a mix up between human development and human resources development; furthermore, whenever we talk about economic or social development, we in fact, mean human development.

Human development is our route to face poverty and eradicate it. It is impossible to reach human development and to confront the issues of poverty and unemployment without the need of a significant role needed to be played in this instance by the system of governance, its structure, and institutions. We can infer the relation between democracy, and participation on all levels by all parties and development. None of the active parties in society can achieve development alone, as an interaction between all parties is necessary. Accordingly, on the practical level, we must strengthen the mechanisms and institutions that contribute to support the interaction and partnership between all social participants.

Although we addressed the concept of Participatory Development, this concept, despite its clarity, remains confusing to some. The issue of democracy is controversial. What is meant by democracy? What form of democracy? We state participation, and participation is, same as human development, a broad concept that needs refining. The terminology Governance has also given way to some confusion, given that to this day a proper translation or corresponding word in Arabic is lacking. I appeal to you so that we take the occasion during this Meeting to find a proper Arabic replacement for the word Governance.

In fact, I do not want to forestall the outcome of your discussions, but you must have felt that I have a lot I could impart with, due to the practical experience and expertise that we gained by working in a renowned institution—The Council for Na' onal Planning—that has never been a closed or isolated institution. It has a distinguished record in building and working via a network of relations within Egypt, the Arab World, and with all concerned international organizations. This premise witnessed continuous serious discussions and meetings between Arab and Egyptian experts. We hope that this Meeting will achieve the thought after benefits on the level of thought and application in our great nation.

Lastly, I would like to convey to you the greetings and welcome of Dr. Ahmed Al-Daresh, Minister of Planning and International Cooperation and Chairman of the Board of the Council for National Planning who, like many others, would have liked to participate in this Meeting, had it not been for his participation in the Arab Woman Congress. Once again, I welcome you and wish you a pleasant stay in Cairo, and an interesting and useful meeting that will be beneficial to our Arab Nation.

Salaam, and remain with God's blessing.

Statement of the Economic and Social Commission for Western Asia

Akil Akil[*]

Excellencies, Honorable Members of Arab Parliaments,
Honorable representatives of international and regional organizations,
Dear experts, friends, and guests,

It is my pleasure to welcome you in the name of the Economic and Social Commission for Western Asia (ESCWA) and to convey to you the greetings, compliments, and best wishes for luck and success from Ms. Mervat Tallawy, Executive Director of ESCWA.

I salute you, an outstanding group of parliamentarians and experts that gracefully accepted the invitation to participate in this significant Meeting on Governance, Socio-economic Development, and Poverty Reduction.

Ladies and Gentlemen,

Governance in its institutional, legislative, policy setting, and executive aspects—including the related approaches in all sectors and on all levels of public administration—has won an increased attention in academic and political circles due to its significance and connection to the issues of development, quality of life, and the management of natural and human resources. The phenomenon of poverty is considered one of the social issues and problems that is most of all related to governance. Good governance has a distinctive and direct part in fighting poverty and all related socio-economic ailments and inequities.

In the presence of the fundamentals and basics for good governance such as transparency, accountability, the rule of law, and its just and equitable enforcement on all levels, economic, social and political, we find the essentials for achieving development; poverty retreats, and all parties become involved in the process of government and decision making.

Ladies and Gentlemen,

Based on ESCWA's conviction of the importance of objectively discussing and appraising the issues of governance and its implication on the social, economic and political levels, process through which an elucidation of the concept, its fundamentals, its manifestations and how it relates to sustainable economic development, improving quality of life, answering the hopes of citizens, and insuring freedom, equality and justice. ESCWA organized this Meeting in the hope that it is the beginning of a series

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[*] Chief, Social Development Issues and Policies Division, ESCWA.

of activities to be jointly organized over the work programme of the coming two years with the Arab and International Organizations concerned by this important subject.

In this new era of globalization where walls fall down, the communication revolution spread, complex regional and international conditions prevail, and where geographical and political borders are no longer capable of fending off external influences, countries have to, willingly or not, accommodate their political performance, plans and development policies with the conditions of the new reality. Globalization creates opportunities, but it includes consequences and dangers among which the threat for national and political identity, expansion of the circle of poverty, and increase in exclusion and discrimination are all directly related to governance. It became necessary to adopt new models, essentials and methods consistent on all levels with the givens and conditions of the new reality, especially in the various social, political and economic fields related to the management of public affairs, institutions and the private and public sectors.

Consequently, the debate and discussion around subjects related to governance, development, poverty reduction, and the roles of the civil society, the press, parliaments, the legislative, are important in the management of public affairs and the resources of the country. Will Good Governance be the way and means to achieve Development and the Eradication of Poverty? Will Good Governance be able to achieve what Central Planning, and Structural and Economic Reform plans were unable to achieve?

Ladies and Gentlemen,

ESCWA trusts your efforts and expertise, and looks forward for the works of our meeting to clarify one of the most essential Arab issues, and to uncover the best ways and means to deal with these issues in relation to governance, considering it the opening and way to reach socio-economic development and poverty reduction.

Finally, I would like to address my thanks and appreciation to the Arab Republic of Egypt, government and people, and to the Institution for National Planning, for their kind hosting of this Meeting, their efforts and care.

I do present my thanks and appreciation to the United Nation Development Programme (UNDP) and to the Canadian Organization for International Development and to Conrad Ednauer Institution for their support and cooperation. We hope for a continuation of this cooperation in future activities derived from today's meeting.

I wish this Meeting success in achieving its aims and pray to God to direct us on the road to good and construction.

Salaam and remain with God's blessings.

PART TWO

PAPERS SUBMITTED TO THE MEETING

FIRST SESSION

THE CONCEPT OF "GOVERNANCE" AND THE NEW IDEALISM

by

Khaldoun al-Naqib[*]

The last quarter of the Twentieth Century witnessed significant developments as is always the case with end of century periods or the beginning of new historical eras. Market Capitalism flourished in the West during the eighties due to advancements in technology and informatics. The fact that the Socialist Camp collapsed within a period of few months gave the impression that the predetermined winner is Western Liberal Democracy. Then, the Western world entered the era of post-Modernism that freed the forces of globalization. This drove the Third World countries to renounce their traditional authoritarian regimes and to adopt a flawed model of Western Democracy. These significant events gave rise, on the left and right, to several explanations which are the least to say, idealist. On the left, many intellectuals developed the conviction that the institutions of the civil society and the new social movements are capable to effectively participate in the management of economics and the society. This arose from their belief that the nation state was weakened to an extent that allows for such participation. On the right, the belief that western style democracy is "an aim that deserves to fight for" even without achieving social reforms prevailed, and that "all democracies are to a certain extent capitalistic", also that the problem with development in the Third World is not due to the move towards democracy, but to the various political cultures inherent to these countries (Gills and Rocamora, 1992).

Lets us look thoroughly at the leftist explanation of the actual events in the era of globalization and then address the right's point of view. Most of the left's analysis is based intrinsically on a transformation in the ideology from an attempt to change the world to an attempt to just reform it. To reform the political system necessitates setting a vision for organizing or effectively coordinating social activity (in all its forms) in which the institutions of the civil society, the new social movements, and the voluntaristic organizations are to participate. This concept is what is referred to as "governance". Jurgen Habermas (1987), for example, considers social activity as the "World of Life" that includes two levels: the Public Sphere, and the Private Domestic Sphere. Public Sphere includes the civil society that is outside the realm of the State (power) and exterior to economics (money), i.e. the midlevel between the Private Domestic Sphere and the State. In this case, democracy is no more than "seeking to forbid market forces and the brutal governmental bureaucracy from invading the World of Life".

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There are some writers who widen the understanding of the concept of governance to the whole world and do not hesitate to talk about Global Governance. Martin Show (1994) and David Held (1995), each in his own way, consider that the International Non-Governmental Organizations such as the United Nations, the World Bank, the International Monetary Fund, the G7, and the International Charitable and Voluntary Organizations are capable to set international criteria for political behavior and to implement these criteria or to exert enough pressure on governments to implement them. Those who adopt this line of thought do not take into consideration that most of these organizations comprise the representatives of nation states, or that they function only within the parameters allowed by the governments. Martin Show goes further to believe in the possibility of the creation, within a short period, of an international government and an international society. David Held is more cautious, he hopes for the emergence of an international civil society.

The events of 11 September 2002, brought us back to our senses. Instead of a weakening of the nation state, the essence of the global terrorist events has necessitated, due to national security reasons, a wide intervention by the State in economic life, society and the media. In fact, the conservative rightist movement in the American Republican party, that came to power during the last presidential election, was adamant to draw away the US (and the West in general) from the ideology of globalization preached by the Clinton liberal administration, back to the conservative ideology that prevailed during the Thatcher-Reagan era. The new republican administration, contrary to the previous liberal administration, does not aim at being liked and emulated by the peoples of the world; it simply wonder as to why people of the Third World hate it, and then proceeds to impose its brutal hegemony on the world under the slogan of "if you are not with us, you are against us (i.e. with the terrorists)". The new world order is no more than an expansion of the Pax Americana.

Governance and Authoritarian Liberalism

Those, on the left, who call for globalization, do not recognize that the weakness of the nation state is pure fiction. What is unfolding now is a shift in the role of the nation state and definitely not an indication of weakness. They consider that the strength of the nation state is just a transitory event that will conclude with the end of its security justification. Similarly those on the right believe that the western style democracy did achieve huge successes as most of the countries in the world have shifted towards democracy. They refuse to recognize that western style democracy does not fit to societies built along tribal/sectarian (or primordial) structures, i.e. societies divided along racial or sectarian lines.

The left and the right equally misinterpreted the situation (the source of their idealism) by not acknowledging that the main role of the system of governance is to control and discipline social action. The relative political emancipation practiced by the system of governance—called "effectively applied democracy"—is derived from its potential to achieve effective control and discipline without resorting to coercion

and physical violence. The ability of the forces and institutions of the civil society to influence the system of governance designates the limits of freedom or freedoms that the citizens benefit from. Still, forces and institutions of the civil society themselves, practice material and psychological means to control social activity. Social control is the main role of the systems of governance. How do we, then, explain the wave of democratization that overrun the world during the last two decades of the Twentieth Century?

What launched this wave of democratization (the flawed model of democracy) is its concurrence with the strategic American/Western ideology of Low Intensity Conflict. President Reagan, in 1982 and under the slogan of "a crusade for democracy", aimed at weakening and exhausting the Eastern Camp by the means of US interference in local and regional conflicts. Since that date, the US gradually began to withdraw its support and protection to their patrons whenever these authoritarian oppressive rulers lost their ability to control and dominate. This is what occurred for example, in Argentina, Guatemala, the Philippines, South Korea, Chili, Congo and Indonesia. The rulers that followed the fall of the despots undertook limited or temporary reforms that resulted in what was named "Low Intensity Democracy" as per Gills and Racamora (1992), or "Liberal Democracy" as per Fareed Zakaria (1997) or "Loose Democracy" as per others.

The regimes in the Arab world confirmed their legality by resorting to the mechanism of "authoritarian elections" as called by Marsha Bossni (1998). It is when peoples elect their authoritarian leaders, or elect consultative councils with no powers or constitutions, or when there is no possibility for succession in power. None of the developed nations was able to present a model of democracy applicable in the Third World. The American system of democracy can be considered as "special". Fareed Zakaria stated that "the special in the American system is not in what is democratic but in what is undemocratic, considering the multiple restrictions it puts on the electoral majority" (Zakaria, 1997:39) The last elections were a clear example of the limitations stated by Zakaria; the president who won is not the one that got the majority of the votes, but the one who won the majority of the electoral college.

Most of the Arab countries (and the Third World countries) when they started modernization chose the French model of centralized government over the Anglo-Saxon non centralized model. The practical application of this model resulted in several local specificities and discrepancies that we will discuss henceforth.

Governance in the Arab Countries: the indicators

Table 1 presents a complete survey of the progression of democracy in the Arab countries during the last two decades of the Twentieth Century. This survey clarifies how the new democracy mechanisms got attached to or inserted into the political regimes authoritarian undemocratic practices. According to the information included in this table: twelve countries are run directly by the president without a prime

minister, out of twenty middle-eastern and Arab countries only eight include the cabinet system. The importance of this information is that ten out of twelve countries are ruled by an almost supreme head of state without any real limitations to his power.

Despite the fact that all countries mentioned in the table have parliaments or consultative councils, the parliaments in three of them are nominated without any form of election. Elections are held intermittently in five of them, and political parties are prohibited in seven of them. The electoral laws, in the countries where elections are held, vary from a list system in some to the system of one representative for each electoral region or several deputies for one electoral region in others. Women have the right to vote in most of the countries where elections are held, however, they have the right to present themselves for elections only in some of them. Kuwait is the only parliamentarian country where women do not have the right the vote or run for election.

If we take the six gulf countries for example, as clarified in table 2, we notice that most of these countries have began, only after the second Gulf war, to look at the possibilities of political reforms. Kuwait is the only exception to the rule. Most of the consultative councils (shawra) created after 1990 do not have the right to legislate or to hold the government accountable, they only have the right to discuss and advise. Four Gulf countries give women the right to vote and run for election. All of them limit the succession to power to the ruling family.

In previous studies I mentioned data related to the Gulf countries that elucidate the level of political danger that these are subject to due to the undemocratic prevailing conditions (the author, 2000). Nevertheless table 3 presents updated and more complete information related to the whole Arab world.

The information included in this table indicates that eight out of sixteen Arab countries fall into the last part of the classification of countries according to human development. The eight remaining countries, mainly the oil countries except for Lebanon, do not exceed, for the best of them, the rank of 40 out of 162 countries worldwide. Most of the Arab countries got a terrible evaluation regarding civil liberties. In sixteen out of eighteen countries, the freedom of the press and of expression is restricted, and only in three of them the freedom of the press is partial. The Arab countries do not benefit from the flow of information available on the Net as the best percentage of fully connected persons is 17 per cent (United Arab Emirates). The percentage of those under 25 years old is 50 per cent of the total population in most of the Arab countries. This number may be considered as an indicator for poverty.

TABLE 1. NATIONAL ELECTIONS IN THE MIDDLE EAST AND THE ARAB WORLD SINCE 1980

Country	Executive and legislative system	Current number of seats	Length of term	National elections	Are political parties legal?	Current legislative electoral system	Suffrage	Comments
Algeria	President, National People's Assembly	380	5 years	1991, *1995*, 1997	Yes	Party-list proportional representation, 7 per cent threshold	Universal at 18	The 1996 constitution calls for a second chamber, which has not been established
Bahrain	Absolute Monarchy, appointed Consultative Council	30	Not specified	None	No	None	None	
Egypt	President, Prime Minister, Consultative Council and People's Assembly	CC: 258 PA: 454	6 years 5 years	1984, 1987, 1990, 1995	Yes	Majority run-off, multi-member districts	Universal at 18	The president appoints 86 members to the CC and 10 to the PA, the remainder are elected
Iran	Supreme Religious Leader (Faqih), President, Islamic Consultative Assembly	270	4 years	1980, 1984, 1988, *1989**, 1992, 1993, 1996, *1997**	No	Majority run-off, single-member district	Universal at 16	Religious minorities are given 5 seats: 2 for Armenians and 1 each for Jews, Assyrians and Zoroastrians
Iraq	President, National Assembly	250	4 years	1980, 1984, 1988, 1992, 1996	Yes	Majority run-off, single-member district	Universal at 18	In practice, Iraq is an absolute dictatorship
Israel	President, Prime Minister, National Assembly (Knesset)	120	4 years	1981, 1984, 1988, 1992*, 1996*	Yes	Party-list proportional representation, single national constituency	Universal at 18	Since 1996, the PM has been elected directly under separable ballot, rather than by Knesset members
Jordan	King, Prime Minister, National Assembly with Chamber of Notables and Chamber of Deputies	CN: 40 CD: 80	4 years 4 years	1984, 1989, 1993, 1997	Yes	Limited single non-transferable vote, multi-member district	Universal at 19	By-elections were held in 1984 to replace members missing since the last elections in 1967. The CN (Senate) is appointed by the King
Kuwait	Amir, National Assembly	50	4 years	1982 1992, 1996	No	At large, single national constituency	At 21 for males who resided in Kuwait before 1920, their sons and sons of naturalized citizens	
Lebanon	President, Prime Minister, Chamber of Deputies	128	4 years	*1982*, *1989*, 1992, 1996	Yes	Confessional system, party-bloc vote	Universal at 21	The President is directly elected by the CD. The 1989 presidential election was neither regularly scheduled nor popular
Libyan Arab Jamahiriya	General, General People's Congress	750	3 years	None	No	None	Universal at 18, though elections are never held	In practice, the Libyan Arab Jamahiriya is an absolute dictatorship. Members of the GPC are appointed

TABLE 1. (*continued*)

Country	Executive and legislative system	Current number of seats	Length of term	National elections	Are political parties legal?	Current legislative electoral system	Suffrage	Comments
Morocco	King, Prime Minister, National Assembly with Chamber of Councilors and Chamber of Deputies	CD: 333	5 years	1984, 1992, 1993, 1996, 1997	Yes	Single member district plurality	Universal at 20	The CC, created in 1996, is indirectly elected: 60 per cent by local councils and 40 per cent by unions and professional associations
Oman	Absolute monarchy, appointed Consultative Council	80	4 years	None	No	None	None	
Palestinian territories	Palestine National Authority, Palestine Legislative Council	PLC: 88	4 years	1996	Yes	At large, multi-member district	Universal at 18	The PLC has 6 seats for Christians and 1 for Samaritans
Saudi Arabia	Absolute monarchy, appointed Consultative Council	61	4 years	None	No	None	None	
Sudan	President, National Assembly	400	4 years	1986, *1996*	No	Single member district plurality	Universal at 21	Of the Assembly's current 400 seats, 275 are directly elected and 125 are indirectly elected
Syrian Arab Republic	President, People's Council	250	4 years	1981, *1985*, 1990, *1991*, 1994	Yes	Single member district plurality	Universal at 18	In practice, the Syrian Arab Republic is an absolute dictatorship. 84 seats are reserved for independent candidates
Tunisia	President, Prime Minister, Chamber of Deputies	163	5 years	1981, 1986, 1989, 1994	Yes	Parallel party-bloc system, multi-member district; semi-proportional	Universal at 20	Party-bloc voting is used for 144 seats; the remaining 19 are distributed to non-majority states according to proportional representation. These 19 seats are set to increase to 20 per cent of assembly for 1999 elections
Turkey	President, Prime Minister, Grand National Assembly	550	5 years	1983, 1987, 1991*, 1995*	Yes	Party-list proportional representation, 10 per cent threshold at both district and national level	Universal at 18	
Yemen	President, National Assembly with Consultative Council and Chamber of Deputies	CC: 80 CD: 301	4 years 4 years	1993, 1997	Yes	Single member district plurality	Universal at 18	The CC, established in 1997, is appointed by the President

Source: Mark Levine. *Middle East Report*, Winter 1998.

Notes: Regular text = parliamentary elections;
Italics text = presidential elections;
* = change in government.

TABLE 2. CONSULTATIVE COUNCILS, NATIONAL AND PEOPLE'S ASSEMBLIES

Country	Council	By election	By nomination	Term	Nr. of members	Prerogatives						State of the Constitution	Women's Right to Vote and run for election
						Legislation		Accountability		Discussion and advice			
						Yes	No	Yes	No	Yes	No		
United Arab Emirates	National Assembly 1972	•	?	Two years	40	•	?	•	?	?	•	Constitution 1996	Do not have the right to vote or run for election
Bahrain	Consultative Council 1992	•	?	Four years	40	•	?	•	?	?	•	Some of the articles of the 1971 constitution were suspended. A new constitution is being studied	Gained the right to vote in 1992 but did not practice it
Saudi Arabia	Consultative Council 1992	•	?	Four years	90	•	?	•	?	?	•	Fundamental governing statutes 1992	Do not have the right to vote or run for election
Oman	Consultative Council 1990	?	•	Three years	83	•	?	•	?	?	•	Constitution 1996	Have the right to vote or run for election
Qatar	Consultative Council 1972	•	?	One year	35	•	?	•	?	?	•	Temporary constitution. A new constitution is being studied to be announced in 2002	Have the right to vote or run for election – participated in the local election of 1999
Kuwait	National Assembly 1962	?	•	Four years	50	?	•	?	•	?	•	Constitution 1962	Do not have the right to vote or run for election

Source: Archives of the *Qabas* Newspaper, 2001.

TABLE 3. THE CONDITION OF THE ARAB WORLD TOWARDS THE END OF THE TWENTIETH CENTURY

The group of the most underdeveloped countries that falls in the second half of the world classification (out of 162 countries) according to the UNDP level of development: percentage of analphabetism, percentages of child mortality, percentage of availability of drinking water, together with the remaining development indicators.

Country	Rank out of 162 countries according to development indicators	Average yearly domestic economic growth for the period 1962-1999	Civil freedom indicator 1=most free 7=least free	Press freedom -full -partial -restricted	Percentage of Internet use (1999)	Percentage out of the entire population of those under 25 years old 2000
Oman	133	NA	6	Restricted	0.1	68
Saudi Arabia	122	4.2	4	Partial	0.2	55
Egypt	105	5.6	5	Restricted	0.3	56
Algeria	100	3.9	5	Restricted	0.1	57
Syrian Arab Republic	97	5.7	7	Restricted	0.1	63
Tunisia	89	5.0	5	Restricted	0.3	51
Jordan	88	4.7	4	Partial	1.8	61
Iraq	NA	0.3	7	Restricted	NA	62

The group of the less underdeveloped countries that falls in the first half of the world classification (out of 162 countries) according to the UNDP level of development.

Country	Ranking	Average yearly GDP	Indicator of civil liberties	Freedom of the press	Percentage of Internet use	Percentage out of the entire population of those under 25 years old
Oman	71	9.5	5	Restricted	2.0	63
Saudi Arabia	68	4.6	7	Restricted	1.34	62
Lebanon	65	NA	5	Restricted	6.3	50
Libyan Arab Jamahiriya	59	0.5	7	Restricted	0.1	58
Qatar	48	NA	6	Restricted	NA	39
United Arab Emirates	45	3.3	6	Restricted	16.7	41
Kuwait	43	0.0	5	Party	5.3	55
Bahrain	40	NA	6	Restricted	NA	44

Sources: A.T. Kearney; World Bank; UNDP; (as published in Newsweek Magazine, 15 October 2001).

If we look at this indicator and at other economic and social indicators we can reach the same conclusion as Abdul Razzak Fares (2001:13); the high levels of population growth contribute to an increase in labour supply. The levels of unemployment increase due to the introduction to the labour market of the youth (first time job seekers) or women, noting that by mid nineties the average unemployment rate in the Arab world was 15 per cent. The World Bank estimates that the levels of unemployment in the Middle East are double unemployment levels in Western Europe and Central Asia. Furthermore the persistent decrease in the levels of real wages in most Arab countries, and the phenomenon of marginalizing the middle class occupations adds to proportional destitution. This has not been seriously studied yet.

Governance in the Arab countries: political considerations

If the numeral indicators of development convey a dark picture of the Arab countries' socio-economic conditions during an era of developing democracy, then does it mean, as it appears, that there is no relation between development and democracy? Or does it mean, as is hoped by the partisans of democracy, that the bad socio-economic conditions are a result of a flawed government institution that hinders the development of real democratic practices? Here I would like to remind you of our primary theory about the role of systems of government: control and discipline. The limits of freedoms are a product of the ability of the forces and institutions of the civil society to influence the institution of government. It is important also to separate between the principles of democracy and the terminology used by the Western countries as a weapon in their worldwide cultural/ideological conflict.

Ali Al-Kuwari recognizes that applied democracy, i.e. the regimes that are identified as democratic "are less complete and less inspired in essence than the ideal democracy" meaning the direct democracy that "has not been achieved in the past, does not exist in our present, and is not expected to be obtainable in the foreseen future" (Al-Kuwari, 2000:15). In order to resolve this dilemma, Al-Kuwari resorted to the five indicators mentioned by Robert Dale as an indication of the existence or non-existence of democracy: (i) effective participation; (ii) equivalence of the vote at the difficult junction; (iii) enlightened understanding; (iv) hegemony of the democratic decision makers over the works of the democratic process; (v) the widening of the base of those who participate in the democratic decision-making process. If all of these represent the first characteristic of contemporary democracy, the second characteristic is that the democratic process is bound to a constitution that was attained through a consensus or a sort of consensus (Al-Kuwari, 2000:33).

Reverting to the indicators derived from the data available in the aforementioned three tables we clearly notice that the contemporary democracy is just a project adopted by the Institute for Democratic Studies. The colleague Al-Kurawi is one of its founding fathers. The project of democratic practices, to be applicable in the Arab countries, necessitates the understanding of the specificity of the civil society and its institutions in our countries. There are three elements worth noting in this

specificity. The first element is the elite-class dimension within the civil society. This is the subject mentioned by Mohamad al-Jabri when he linked the civil society with the emergence of the metropolitan aristocracy that came to power following the end of colonialism. Furthermore, the policies of the Arab regional state helped in the formation of what al-Jabri called the "determined class", i.e. the class that was formed as a result of the policies of the welfare state—modern education, governmental employment, and other public services. The emergence of this class coincided with the revelation of a third class that called for political participation and remonstrated the fact that it has been robbed of it historical and legal (and majority) popular representation right (al-Jabri, 2000:188-193).

The struggle of these three classes engenders the "fear" of democracy. The urban class fears democracy because it does not control the population's numeric majority and is not able to gain its electoral votes. The determined bureaucratic class "fears democracy because it knows for a fact that any real democratic practice" will result in the loss of its position and prerogatives related to its reliance on the advantages provided by the central governmental bureaucracy. The popular class or classes that sympathize with the political Islamic movements do not accept democracy because they fear the coming to power of the "contemporary elite" that is of urban origin. Here lies the real predicament of democracy in the Arab world. This analysis fills a big gap in the process of theorization for democracy in our countries. However, al-Jabri passes by the reality when he says that the relation of various social elites "is not filtered into institutions such as the institutions of the civil society that constitute the primary veins and channels that include .... the respect of the rules of democratic practices".

These elites are the product of the second specificity of the Arab civil society. It is the tribal/sectarian dimension. The relations of the social elites pass through institutions abetting and parallel to the institutions of the political society (the state). It is the public life society, as previously mentioned by Habermas, that falls halfway between the Private Domestic Sphere, political society, and the government institutions. It is based on social strong ingroup loyalties such as tribalism, sectarianism, the military, the one party, the bogus parties and so on. It is what was previously identified as tribal politics. Accordingly, it becomes clear that democracy was and is not one of the priorities set by the ruling elites. A superficial facade of a bogus democracy is enough for the time being to minimize the pressures exerted by the forces of globalization on the ruling Arab regimes and to satisfy the international criteria for political behavior.

This is the third element in the specificity of the civil society in the Arab countries; the western style democracy is an external obligation aiming at submitting the Third World to the demands and interests of the West (Az-Zaher Labib, 2000). The imperialist element of Western democracy plays an important role in the era of globalization. It limits economic and political legislation so as to facilitate the flow of capital, direct investment and world trade. This does not mean that the concepts of

freedom and constitutional guarantees of civil freedoms are not the universal aspiration of all people. We will later indicate that this aspiration can constitute an effective weapon against regional despotism and international hegemony.

The matter that I would like to discuss at this point is the degree of independence of the institutions of the civil society from the institutions of the state and central bureaucracy. Never in the Arab history did the institutions of the civil society gain strength except when the central government got weaker. This fact was observed by Ibn Khaldoon centuries ago, however, the modern era witnesses two major differences. With the birth, in the shadow of colonialism, of the regional bureaucratic modern nation-state, the idea of the government's public responsibility was born. In the last part of the Twentieth Century the policies of the welfare state played a big role in the realization of development projects by the institutions of the public sector. This sector is actually facing a big challenge and a real threat by the forces of globalization.

Governance as a tool of social engineering

Few of those who write about globalization do realize that it is one of the means of social engineering. They envision globalization as being the technology driven economy and science based informatics and that from the effect of these two motivating forces, the networks' society emerges. Globalization is an agenda or a set of policies implemented by global capitalism and its allies, the compradors, in the Third World countries by the means of the multinationals and smaller size companies that provide a downstream and upstream intermediary role in the various countries. Among these policies are the innovations in the field of management such as restructuring, privatization and digital economy. Prior to globalization, the world witnessed several projects of social engineering: welfare policies, central planned economy, social nationalism such as Nazism and fascism and nation building in the wake of colonialism. Globalization is, therefore, a new phase of the experimentation in the field of social engineering.

The applications of globalization in the Third World find in the welfare state policies constrains on the forces of globalization: a market economy driven by a brutal capitalism. Among the constrains on the forces of globalization are the policies that protect national industries, the restrictions on the free movement of capital and on national currency speculation, the policies of governmental subsidies, governmental employment and public services. The improvement in the levels and quality of life in the Arab world is a resultant of the previously mentioned policies and their targeting makes the Arab countries vulnerable to the dangers of unfair international competition. The accusations of lack of transparency in the economy, misuse of resources and low productivity are used as a justification for dismantling the welfare state and the sale of the profitable public sector projects to the private sector.

I do believe that, for political and economic reasons, none of the Arab countries is capableof dismanteling the public sector today. The political reasons are that we are facing a fiscal crisis of the state again. The citizens will not easily give up the gains they acquired after a long struggle. As for the economic reasons, the state still has a significant role to play in the process of breaking the vicious circle of poverty or the attached culture of poverty. This cannot be accomplished except after implementing the political and social reforms that are urgently called for by the elite and the popular classes alike. Democracy, when defined by the exercise of civil liberties, the respect of human rights, popular participation and the exercise of citizenship rights, is an essential motivating factor for breaking the cycle of poverty. Accordingly, democracy, as previously mentioned, is not directly related to development. The countries that achieved a good level of development are not in less need to apply the principles of governance in their practice of democracy.

The setback that globalization suffered due to the War on Terror, if pursued as is, will endanger the gains of democracy in the West and the Third World alike due to the police method used to manage the "battles" of the war on terrorism. It is an opportunity for the old conservative school forces worldwide to achieve new gains in view of the new world order, Pax Americana.

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COMMENTARY

Hassan Krayem

The paper presented by Dr. Khaldoun al-Naqib is based on the premise that the primary role of governing systems is to monitor and control social dynamics. The organizations of the civil society share with the institutions of government the role of monitoring. In view of that, Dr. al-Naqib combines state and civil society, by using the terminology "system of government" instead of "governance" or "government".

The paper goes on to depict the Arab world conditions, where autocracy and "make belief democracy" lead to a total lack of accountability and a total control by the executive head, whether president, king or emir. Participation and separation of powers are also missing. We can add to this, that civil liberties are restricted in most Arab countries.

To explain the lack of democracy, Dr. al-Naqib looks at three reasons:

1. The responsibility of those social forces that do not consider democracy as their priority: the national aristocracy and the governmental bureaucracy that started within the sate but later on widened to the popular classes. This is due to the dynamics of the class struggle that generates a "fear of democracy" in every class, which leads to suppressing the forces of democracy.

2. The specificity of the civil society and the control of "political tribalism" contribute to develop a nominal and shallow democracy where the class struggle materializes in a violent non-democratic form.

3. Western style democracy is an externally forced style of democracy that aims at submitting the Arab world to the demands and interests of the West, in order to facilitate capital movement, direct investments and international trade.

I will comment on this paper in six points:

1. Dr. al-Naqib begins by specifying a reference framework for the concept of "government" or "governance". He notes that the left has presented the idea of reforming the political system, through the organization and coordination of the social actions carried by the civil society organizations together with the new social movements and the social work organizations. This idea is in fact what falls under the designation of "governance".

There is serious discord as to the reference point of these ideas; many refer, since the late 1980s, the launching of these concepts to the World Bank and the organizations of the United Nations such as the United Nations Development Programme (UNDP). This is an attempt to encompass the dimensions, political, institutional, social and cultural, not accounted for in the classical concept of

development and the concept of human development. The aim being to present answers to the failure of development in achieving continuity and sustainability, and the fact that it was subject to political or social set backs in many countries. Dr. Mohamad al-Jabri, in his paper, refers to the same idea even though giving a different rationale to "governance" and its theoretical framework; the Neoliberal ideology.

2. Dr. al-Naqib states that the systems of governance in the Arab world have succeeded in affirming their legitimacy through resorting to "authoritative election mechanisms" as named by Marsha Yoscesny: the people elect dictatorial governors or elect consultative bodies with no real powers or with no Constitution, together with an impossibility of alternance in governance. One can say that many regimes suffer a crisis of legitimacy. The authoritative elections that are accompanied by coercion, threat of violence and civil wars cannot confirm or realize the legitimacy of these regimes.

3. Some indicators derived from foreign sources need further scrutiny. Table 3 of the status of freedoms in the Arab world is inconsistent in its definition of civil liberty in the Arab world, in particular, when comparing various Arab countries. For example, to judge civil liberty conditions in Jordan and Morocco as better than in Lebanon and to consider that the freedom of the press is restricted in Lebanon while describing a bold press in Kuwait, Jordan and Morocco, is definitely not accurate. There must be a hidden political agenda for such an evaluation of civil liberty.

4. The stuggle of the three classes presented in the analysis, in reference to Mohamed al-Jabri, should be situated historically. It is well known that the national aristocracy experienced a "liberal"form of democracy, even though limited and distorted, during the early 1930s and 1940s. The bureaucrats and the military classes were directly linked to the construction of the nation-state and the nationalist project of the 1950s and 1960s. The last stage that witnessed the collapse of the nationalist project started in the 1970s. The struggle shifted to a confrontation between the bureaucrats and the military on one side, the middle and marginal classes on the other side, in particular those that are involved in "islamist" projects. The result was violent confrontations that gave rise to a "fear of democracy".

5. As for the notion, that western style democracy is forced on the Arab world by the West to serve its own needs and interests, there is ample evidence that democracy is not necessary for the realization of the aforementioned aim. In fact, it is mostly achieved in the region by a neglect of democracy and human rights, as is the case with all the conservative authoritarian bureaucratic regimes. Limited democratic attempts such as Jordan, Morocco and Yemen, do not change the situation significantly as these experiences are still unstable, subject to set backs and have not reached effective democracy yet.

6. Dr. al-Naqib asserts in his conclusion, "if by democracy we mean civil liberty, the respect of human rights, popular participation and the exercise of civil rights, then it is an essential factor in breaking the cycle of poverty". Here, not only I agree, but I

also stress the necessity of such a conclusion in an Arab world that is suffering the lack of such a "democracy".

Al-Jabri and is Neoliberalism possible in an underdeveloped country?

After a comprehensive discussion of the concept and the necessity of respecting its point of reference when transcribing and translating it, governance is defined as a combination of checks and balances by the state (up to down) and the NGOs (down to up). The ideological setting of governance is Neoliberalism, where the concept of governance replaces state.

The main problem is that this concept does not fit the Arab environment and does not express the level of development or "no development" of the Arab countries. It does not fit the conception of the role of government in the Arab world and is not able to fit in a place where authoritarian regimes are backed up by oil interests. It is a concept that does not take into consideration the interests of workers, but stresses on globalization. It is impossible to apply this concept in the absence of advanced national capitalism. The issue is that, what was nurtured in the matrix of an advanced—technologically and scientifically—economic condition, cannot bear the same fruits when transferred, as is, to another condition that cannot bear it. Added is the negative destructive influence of the external forces represented by the Western hegemony.

What is requested by development is "internal renewal": a historical movement representative and free of any economic, social or cultural hegemony able to lead, objectively and independently, to the realization of development and progress. This historical movement is based on a national project aiming to complement and coordinate the Arab resources to win over the "ideological sectarian dividing" ventures in favor of the greater national interest. Nationalism is in the interest of all.

I have two main remarks:

1. Discussing the concept and exposing its ideological background is quite important. However, it should not divert our attention from the importance of the disparity between the concept and its application that varies from one country to another, and the necessity of adapting it to diverse environments. Most concepts originated in the West (as was the case for Marxism) hence, it is necessary to link these concepts to the conditions of political participation and democracy in the Arab world.

2. Ideology and its role in the historical movement seems global, not class related and serving a nationalist ideology. The historical movement that presents a project clearly serving the interests of the majority, not all and sundry, necessarily groups a wide coalition of the underpriviledged classes that have an interest in development and democracy. The most underpriviledged classes play the most significant role.

Government or "Governance", a concept for development and democracy

Governance is a concept that expresses the exercise of political authority and the management of the affairs and resources of society. It is a system of managing the affairs of the state with the participation of the private sector and the civil society organizations. The terminology "good governance" is often used when evaluating the performance of a political power in managing the affairs of society that lead to development and progress. It expresses the commitment of the system to develop society's resources and bring about progress and opportunity to its citizens with their accord, participation and support. Good governance is related to taking actions related to economic activity, distribution and relations with other economies. It affects essential social issues, such as equitable distribution, poverty and quality of life. The political dimension of good governance is for the government and its various institutions, to be responsible for the process of decision-making and setting national policies that guarantee the legitimacy of the state, the separation of powers, civil liberty and democratic elections. The administrative dimension includes the application, by an effective and responsible public administration, of governmental decisions.

We can define good governance by negation if we look at the specificities of what is described as "poor governance":

- A regime that fails to achieve a clear separation between what is public and what is private, accordingly public resources are misused for private interest;
- A system that lacks a legislative framework and is not a country of laws, hence laws are often not applied, applied by choice or applied unfairly;
- The presence of priorities that conflict with development, they lead to bad allocation of resources and corruption;
- The process of decision-making has a base that is small, restricted or that lacks transparency;
- The government legitimacy and the popular trust are lacking, leading to sequels of violence where governments resorts to repression, restrictions on freedoms, and a discard for human rights;
- A prevalence of corruption, its mechanism, its culture and the values that justify it.

The specificities of "good governance" can be summed up as follows:

- The prevalence of a system of governance that is stable, of civil harmony, and a democratic peaceful system of succession;
- The institution of a nation of laws with an independent judiciary;

- A full respect for human rights and civil liberty;
- To establish a rational responsible economic administration that would give priority to the social dimension of development and would contribute in providing the essential social services;
- The prevalence of a system of political and administrative accountability and liability;
- The availability of information and transparency;
- To increase the level of popular participation to confirm political legitimacy;
- The prevalence of a public administration that is responsible and independent from political influence;
- To adopt policies that would empower women, the poor, and those that are on the margins of society;
- To galvanize the role of the civil society and to create communication and discussion networks between the government, the private sector, and the local authorities.

The Arab condition; the nature and role of government

I do believe that the concept of "governance" is closely linked to a reconfirmation of the role of government in view of the various developmental experiences of the last decades. We notice two concepts. One concept promotes a global role for the State where it is in charge of development planning in all its aspects through planning and executive central mechanisms. Another concept promotes a reduced role for the State. This is a neoliberal concept that calls for leaving development to the mechanisms of the market and of competition, stressing the importance of productivity, profitability, reducing the role of government, and privatization. Facing these two contradictory concepts, a new different concept emerged. It redefined the role of the State basing itself on the experience of the countries that achieved the best development during the last decades, especially in East Asia. It is centreed on solving the contradiction between the State and the Market and insuring the participation of the civil society. It is the concept of the "open state" where the State is concerned with public policies related to the fields of education, health, food, labour, vocational training, culture, housing, environment, distribution of wealth, and the reduction of poverty. These public policies aim at remedying inequalities, balancing the economic and social dimensions, and asserting the role of the civil society.

The East Asian experience established that development does happen without an intervening role of the State in promoting and encouraging productive investments and without an advanced educational policy linked to the needs of the labour market and the general scheme for development.

It is important to study the nature and specifics of the State in the Arab world despite the difficulty to generalize due to the existence of various models. However, there are many common particulars that one can sum up in the following:

1. The prevalence of the "revenued state model": a State that relies on external revenues and incomes, or relies on external demand such as crude oil, tourism, transit trade, workers transfers, loans and foreign investments.

2. The prevalence of the "police state model": a State characterized by repressive governmental control of political, economic and social life usually by an arbitrary exercise of power by the police. It resorts to violence while maintaining a certain appearance of care and guidance, but this role is receding.

3. The weakness of the institutions and the lack of accountability and liability prevail in a model where the State is considered private property in service of the interest of an individual, a family, a sect or a coalition of private interests.

4. This leads to a confirmation of the absence of the Nation Sate, as the nature of the contract is not built on citizenship and equality. The citizen has no basic rights The State is rooted in strong in-group loyalties, concordats and understandings that reflect the failings of the civil society and confirms it by tribal, employment, and religious groupings. This results in a crisis of legitimacy in most of these regimes, robbing the minorities and society as a whole of their rights. Services are granted as if they were gifts and not basic acquired rights.

5. An overwhelming growth in bureaucracy and public administration, together with a deterioration of this same administration, a higher Budget Deficit, a bigger National Debt and a reduction in productivity are the result of the misuse of government. It is used as a place to split and distribute benefits.

6. The multiplicity of models for development, sometimes within the same country, lead to a one and only result; the failure of social development and poverty reduction.

7. Despite the fact that the ideological, economic, social, and political role of the State is affected and changes due to economic and political crisis, expanding or contracting depending on its seriousness, the overall trend in the Arab countries is to resort to various forms of economic liberalization while controlling and restraining political freedom. Hence, the scarcity of democratic experiences and the limitation of a re ıl shift towards democracy.

DISCUSSION

Khaldoun al-Naqib

Before opening the session for discussion, I would like to state some quick remarks, also subject to discussion, about Dr. Hassan Krayem's commentary. I am honored that Dr. Kareem has summed up my thoughts in a better form than I was able to express.

The second point is the "control from down to up" that was stated by Dr. al-Jabri. To talk about the possibility of a control from down to up in the Arab society reminds me of Machiavelli when he advised the prince "as soon as you are in power, condemn to death one thousand persons, then release monthly five or ten persons, you will be considered a good, upright, and virtuous prince". Our rulers behave, without being aware of it, in a Machiavellian manner.

The third point is that the Market—and our economist colleagues can clarify this to us—does not function without the intervention of the State and the countries that are against this principle have reached development through a wide and direct intervention of the State.

The fourth point, the East Asian experience did take place in authoritarian non-democratic countries: Korea, Philippines, Malaysia and Indonesia.

These are just, in a few points, additional subject proposed for discussion.

Mohamed Hamdan Masalha

I believe that the presentation of the speaker was serious, academic and global as for explaining the terminology and concept, and in relation to situating democracy and its challenges in the Arab world.

I was intrigued by the table 3 of the analytical paper of Dr. Khaldoun al-Naqib where he categorized the countries to two types: one where the freedom of the press is restricted, and another where it is partial. For example, he considered Saudi Arabia and Jordan alike as for the freedom of the press being partial. What do you mean by restricting freedom (the level of restriction) how? Maybe it was an inaccurate representation of the press in Jordan. The Jordanian press exercises a great amount of freedom that has resulted sometimes in political crisis between Jordan and some Arab gulf countries. The reporting of some subjects related to these countries was considered not acceptable by their governments. Jordan sometimes had to carry the weight and pay the price for this freedom; its relations with some Arab countries did deteriorate.

I believe that your representation of these terminologies should be more specific. What do you mean by restricted freedom of the press? I do not know what this table was based upon. It was published in 1996; Jordan saw significant legislative reforms related to the press law during 1993, and then in 1999 when the laws restricting the freedom of the press were annulled largely. I am not talking about the public media, television and radio, they are governmental institutions and act accordingly. If we depict exactly what we mean by freedom of press whether absolute, restricted, free or as is said responsible, and if we have in mind the western concept of freedom of press, then I consider that the ceiling of the freedom of press in Jordan is quite high. I do not consider that the indication for this freedom is the tens of newspapers, the political parties' press, the use of satire press, or the use of caricature for the political critique of the officials. If we are talking about the freedom of the press in societies that suffer from the problems of social diversity, and the issues of ethical and religious concepts, these traits in themselves are a natural limitation, among others, for the freedom of the press.

Karima Aly Korayem

In fact, the lack of expansion in democracy to many Arab and underdeveloped countries, whatever the definition of democracy or its limitations, lead to the neglect of the phenomenon of poverty due to the extreme susceptibility of the ruling elite to this issue. This sensibility relates to an erroneous understanding of poverty, its recognition is equated with a condemnation of the ruling regime. This led the ruling elite to neglect it. This is a wrong understanding, as poverty is one of the manifestations of economic decline, same as population increase, drop in the levels of growth and unemployment. In view of that, it is the product of many generations and the resultant of an accumulation of social and economic policies over several alternating governments.

The correct understanding of this phenomenon places it in its proper dimension, one of the challenges of economic development. This would lead to setting us free from this political susceptibility an then it becomes possible—despite the lack of democracy—to put poverty reduction on the upper echelon of our development priorities, same as increasing the levels of economic growth, prevailing over unemployment, etc. It is very important, in order to deal with the issues of poverty, to have precise indicators necessary for the serious and objective analysis of this phenomenon and the ways and means to eradicate it. We have a significant lack of relevant studies in the Arab world.

Jawdah Abdal-Khaliq

I have several remarks on the paper presented by Dr. Khaldoun al-Naqib.

1. The paper has a title that give rise to high expectations: Governance, the State, and Poverty. It handles well the subject of Governance and State. However, what

about Poverty? I did not find, in the paper, an approach to this element relative to the others. Specifically, is the most democratic country the best able to solve the problem of poverty? Alternatively, is the contrary true? Moreover, what is the nature of the relation between democracy and the consistency of policies including those related to poverty reduction?

2. In relation to globalization, I would like to corroborate the idea of social engineering mentioned in the paper, nevertheless in a different sense. Globalization has two sides: a tangible side that is represented by the huge development in the means of transportation, communication and information. This led to the redefinition of, not only the geographical space, but also the economic, social and cultural ones. We have to understand this aspect and devise the means of creative and positive interaction. The other aspect is an ideological one. It was what I will name the globalization discourse: worship and ecclesiolatry of the market. This aspect is promoted by the policies of structural reform and free market. Accordingly, many will assume that the lost paradise is to be found in the market, it is not so. All experiences proved that relying fully on the market and freeing it from all restraints is strongly related to the expansion of poverty, not only in the developing countries, but also in the developed ones. We have to steadfastly face this aspect and to struggle politically and ideologically against the market priesthood. I say this because, if we are interested in poverty reduction, the untamed market forces (the basis for the ideology of globalization) will only lead to enlarging the scale of poverty.

3. The tripartite division of society into an urban aristocracy, a governmental bureaucracy and a popular class is an interesting division. It gives rise to questions such as: where do we place the military? What is the basis of the legitimacy? What is the mechanism of accountability, if available? What is its institutional expression? I think that we need to pay attention to the institutional or structural aspect of our society whenever dealing with the issue of government/governance and the State.

4. The documentation presented in this paper needs proof and further attention. For example, in table 3, we have a categorization based on non-quantitative indicators related to a classification indicator. If the fundamentals of the indicator are not clear, the reader (and the writer) will be left uncertain about some of the conclusions included in the chart. Take, for example, the fields of civil liberties and the freedom of the press. Are civil liberties, in a country such as Saudi Arabia, more spread or less restrained in comparison with Egypt and Tunisia? The same goes for the freedom of the press.

5. Good governance, as presented by Dr. Hassan Krayem in his commentary, reminds me of the lost paradise. How do we achieve these fundamentals and implement them in reality? What mechanism? This brings forth, once more, the issue of the institutional and structural basis within the concept of governance in various countries.

6. Last, it is understood from the discourse of the commentator (Dr. Kareem) about the East Asian experience that these countries have achieved economic development within the framework of good governance or close to it—a better role for the institutions of the civil society, a bigger attention to education, health, nutrition, and so on—and this, in my opinion, is not true especially within the course of discussing Governance and the State. These countries witnessed strong authoritarian regimes; they relied on force and the restriction of public freedoms to be biased to the Capital over the Workers.

Antoine Haddad

I thank Dr. al-Naqib for his efforts, and Dr. Krayem for his critical remarks and his participation. I have four remarks relating to this subject:

The view of democracy espoused by Dr. Khaldoun considers that the primary role of democracy is control and regulation, while the idealistic view considers democracy to be a management system that rectifies representation, participation, accountability and the rule of law. I consider that this differentiation is severe and fictitious. I do believe that the truth lies halfway through these two views. It can be found in those countries that achieved their transformation to democracy or are on the road to. Democracy, whether in the United States, or in Yemen, is a mixture of both views. The issue is an issue of proportions and weights, even if democracy in Yemen is not yet a reality and did not even reach the point of no return. Here, we notice the importance of measurement and the significance of the project of Dr. George Kossaifi about a rule for indicators related to democracy in the Arab world.

The second remark is related to the evaluation of the merit of democracy in societies based on a tribal sectarian structure, i.e. societies split on ethnic and religious lines. The illustrations and models in the Arab world or in the Third World are not helpful, but a quick look at some western countries such as Switzerland, Belgium and Canada demonstrate that democracy is possible in multicultural societies.

The third remark is related to the corroboration that the events of 11 September have reinforced the intervention of the State in the economy, society and the media, opposite to the limitations of the role of the nation state achieved by globalization. I do believe that this confirmation is somehow hasty. We must be deliberate because we are passing through exceptional times, an instance of a struggle that did not mature yet. This is why it is advisable to deal with this instance as an interim condition, not permanent.

The fourth remark is related to the lack of correlation between, on one side governance or the political system and poverty on the other. This relation did not get enough attention. The question remained hanging: is the political system or regime a neutral factor in relation to the occurrence of poverty, or not?

I express my appreciation to the presentations of the speaker and the commentator, and I underline two points. The first point is governance, even if I prefer to use "governing". The second is the position of poverty in relation to this issue. Talking about governance (and sometimes good governance) indicates a departure from a fractional approach to the diverse sides of human reality towards a comprehensive methodology. The discourse used to previously separate between systems and mechanisms of decision-making, and the issue of political organization of the State was addressed and despite the various opinions, there is a rising call to democratization in its western meaning. Furthermore, the economic system was dealt with and here also the opinions differed, but lately the balance tipped towards a free economy based on market forces. Moreover, visions over the social side differed, lately the call for the empowerment of the civil society organizations gained momentum.

What is becoming apparent, from the vision that is adopted by several parties influential on the international level, is an attempt to relate democracy in its western meaning with economic freedom and expanding the activities of the civil society organizations. All of these are transformations in the internal regulations skewed in favor of the forces benefiting from globalization that Dr. al-Naqib considered, rightfully, a new social structure engineering. Some reflection will indicate that this view of governance favors the parties that govern globalization. I think that the recent discourse about governance is an attempt to suit the people's choice. It aims at selling, the same as in economy, a ready-made prescription. Furthermore, it aims to define movement boundaries for various countries, especially those underdeveloped on the political, social and cultural levels. The ultimate aim is to prepare them for the endpoint, their position in relation to globalization.

The discourse about political systems was well defined and based on well known philosophies such as Montesquieu, the theory of separation of powers, and democracy. Specifics used to relate to the State. Economy seemed to abide to a separate system and sociology to another. I believe that the issue here is an attempt to group all of the issues in what is called governance to have a situation where any given vision is subject to arguments from another angle.

At this point comes the issue of the role of the State as it takes root within this framework and can be addressed by what I call the societal system with all of its political, social and cultural dimensions. The role of the State is specified by the regulations that define the operation of decision-making and the type of participation it has from all factions of the human society. Here, I would like to point that these factions are no more than only the individuals, the classes and the social organizations within the government. But due to globalization, new foreign decision-makers appeared such as the multinationals, the related institutions and the allied countries. Here also the power of the State in America is clear on the local intervention level, and

shows on the levels of foreign intervention. Where can we situate this in relation to governance, good governance or bad governance?

This leads us to the intention of this organization of the decision-making process and to the role of the individual and the various social organizations including the government in decision-making. The issue is quite related to poverty, so there are two sets of questions: the first relates to who is responsible for poverty and its dimensions, and to what extent it relate to the quality of governance. We noticed different levels of poverty associated to various systems. Some totally lack democracy and political freedoms, some others suffer social coercion despite achieving economic development and international overture and sometimes there is total eradication of poverty in an atmosphere of political and social dictatorship.

The second set of questions is related to the ability of the poor to participate in the decision-making process within the framework of regimes that diminished their economic effectiveness, their political voices and their social organizations; and the relation of all this with the characteristics of governance. If we consider it acceptable to view the poor as powerless, then we accept to relegate their affairs to third parties. Then we start the discourse about the role of the State and of the civil society organizations.

What is asked for from a government is to permit the poor to participate in the decision-making process, if this is indeed at all asked for. Are the poor viewed on the political, social and cultural levels, as a less capable-powerful-lucky class, and accordingly are incapable to manage their affairs? Then a custodian is appointed over the efforts and plans that aim to remove them from the state of poverty. Will this guardian be the State? Or will it be the civil society organizations? Or maybe external sources that would choose the issues needed to remedy to internal issues to allow the internal organization to view its dependants.

Caroline Faraj

We need, in my opinion, to specify which democracy we are discussing. Moreover, which democracy we want. At this stage, it is necessary to put the terminology democracy between brackets when discussing the Arab or developing worlds; we do not have a clear and consensual answer in this instance.

Dr. al-Naqib mentioned that democracy is forced on by the West. I would like to place a remark at this point. The poor countries, as many of the Arab world countries, rely on foreign western aid. This means that they have to comply with conditions associated with the assistance, among them the type of democracy required by the foreign countries. Relying on this aid and related conditions, democracy or other, is not a welcomed matter, or a way to plan our life in all its dimensions, including the issue of poverty in a manner that suits our state of affairs or hopes in the Arab world.

In Jordan, during the last decade, the terminology "the silent majority" became well known. I think it is also present in all Arab countries; it is the biggest faction of society that does not participate in elections or means and ways of expression. The reason may be that this faction does not trust the mechanisms of democracy as applied at home, or maybe it is not concerned by participation. The pity is that, this is usually the educated faction of society. This means that parliaments in the Arab world, when present, do not represent in fact the majority of the population or of society.

If we take into consideration what was stated by Dr. al-Naqib about the fact that parliaments in the Gulf countries have a consultative, not a legislative role, and that legislative parliaments in other Arab countries face various forms of pressure and coercion by the executive power and that governments often resort to granting parliamentarians unjustified payouts such as pensions, travel discounts, presents and so on. We realize that all of these methods limit the role of the parliaments as legislative bodies and as monitors of the executive branch of government. These constrained parliaments are, sadly, responsible to legislate the regulations related to, for example, the press (and I chose this example as I am a journalist myself), which means that the opinion of those concerned by these laws, in this instance the journalists, is neglected, and this applies equally in relation to all other laws and concerned parties.

As for the subject of poverty, I do agree with all those who preceded me in considering that the paper of Dr. al-Naqib did not give it enough attention. In conclusion, I wonder about the indicators used by Dr. al-Naqib in preparing the charts presented in his paper. Are these the western indicators, or what?

Mohamed Samir Mustafa Mohamed Hussein

In fact, I have some important remarks: the first remark is addressed to Dr. Khaldoun al-Naqib. The speaker chose not to tackle the predicament of defining the terminology of governance and quickly moved to measure the indicators of governance in the Arab countries based on a unified model for the State. He could have reached better measurements and deductions if he had used the different systems available in various countries: the Capitalist State, the Socialist State, and the Islamic State. Each of these three models has separate economic, social, political and cultural characteristics.

In my second remark, I will address the statements made by the colleague Hassan Krayem. The definition of governance by Dr. Krayem is quite similar to Plato and Aristotle's concept of government and the definition of the sociopolitical science of government. Some of the terminology used is quite similar such as government, governance and ruling. It is important to stress that these terminologies are issued from western cultures and it is necessary to confirm them from an Arab viewpoint and within the Arab reality.

The third remark is that the Arab terminology used for translating governance does not have an unwavering and consensual content in our Arab world. The English terminology also did not reach a firm quintessence yet. It might be useful to specify that the terminology "ruling and good ruler" has its roots in the history of the Islamic State. This can be indicated and summed up in what was said about Omar Ben El-Khattab (blessed by God): "Omar ruled, was just, was upright, and so he was able to sleep well."

The final remark relates to the fact that the relation between governance, socio-economic development, and poverty reduction, and the different backgrounds of the various systems in various countries will lead to various methods to fight poverty. The diverse levels of poverty can also be quite significant.

Fatima Sbaiti-Kassem

First, I would like to thank the speaker and the commentator. The points mentioned are quite important. However, I have some remarks that I will sum up as follows:

1. The relation between managing the affairs of the State and the society, i.e. governance and poverty is not clearly presented in the paper. This relation is effectual and needs a thorough analysis, as this would lead us to a balanced and just, development, equitable economically and socially.

2. The relation between legitimacy and the dissolution of the social classes, and what Dr. al-Naqib mentioned in relation to the fear of democracy is quite significant and should be addressed. An appropriate solution has to be found if democracy is to prevail in our Arab countries. It is well known that there is no taxation without representation. Is this the case in the Arab countries? I do not think so.

3. Concepts evolve and develop with the passage of time and with new developments, they are dynamic in nature. Accordingly, one can say that globalization has been with us for a long time, but one can apply to it by the saying "old wine in new bottles". The same goes for the terminology of governance; it has been with us for a long time and I prefer it to be understood as the management of the affairs of the State and the society. In this concept, we find all the required fundamentals of government such as transparency, accountability, liability and participation from the base to the summit. Another example is the terminology "gender". I may have further comments about the concepts of equality in citizenship, political participation, feminization of poverty, and the equality of sexes.

4. Long ago Hedley Paul spoke about "global governance" and about the chaotic administration that might be the price to pay for democracy. We should take this into account. What is requested as solution is a compromise between democracy, liberalism and free trade. None of them is absolute; they are "directed". There is a

"directed free trade", a "directed democracy" and a "directed liberalism". The required is not minimalist states. Governments have to interfere to reach the desired development. What occurred in the East Asian countries was appropriate for the conditions of that time and place and should not be generalized. Development should be comprehensive and balanced on all levels.

Atef Kubursi

First, I would like to join my voice to that of my colleagues who have thanked the speaker and the commentator on a rich lecture and a profound commentary. However, two concerns drew my attention: the first is about the relation of globalization with democracy and the second concerns the relation of democracy to development. In both cases, we cannot simplify.

The relation of globalization with democracy, the first concern, is a crucial subject specially that globalization is based on making place inconsequential and lowering barriers, and thus, at the end, it has to face democracy. Democracy is in its essence based and pertinent to place as elections do not happen on a global level, for example, we do not elect the president of the United States while globalization gives the American hegemony power and control over all countries. Furthermore and maybe most important, globalization heightened the power of multinationals to an extent that made them more powerful than the State. Thus, states and governments, in view of international competitiveness, took an increased interest in the swings of Wall Street and Lombard Street and moved away from Main Street, home of citizens, their problems, worries, and hopes. Hence, we witnessed within the framework of globalization a weakening of the role of the state in favor of the multinationals, their strategies and interests. In view of that, politicians became bound to issues and hopes that extend to outside the nation; some considered it an indication that globalization detracts from democracy.

The second intricacy is the relation between democracy and development. I do not believe that democracy is at odds with development. The important issue here is to question whether the success of some undemocratic countries (East and South-East Asia) in achieving development is a proof that democracy is an obstacle to development. Some economic literature considers democracy as an obstacle to development due to its encouragement of consumerisms over investment (saving), due to the important role played by pressure groups in the political decision-making process and due to the prevalence in democracy of a short and time limited view over the long-term planning view. This view neglects the fact that democracy promotes discussion and consensus as a means to reach decisions, protects the society from irresponsible non productive wasting investment, encourages participation, and relates economic and political decisions to the focal point of development, i.e. the human being.

Elissar Sarrouh

I do agree with much of what was said during this session. I would like to start with a small remark as the paper of Dr. Khaldoun al-Naqib comprised a confusion of sort in the definition of NGOs as the paper considered some of the international organizations (World Bank, IMF and G7) as NGOs. This is not correct, as NGOs group only organizations such as the institutions of the civil society, the labour unions and associations, businessmen associations, local development societies and so on.

Concerning my second point, I would like to go back to the concept of governance. It is a western concept applied by the donor countries, the World Bank and the IMF: it calls for the interaction of State Institutions, the Civil Society, the Private Sector and the Market. For this model to be successful there must be some sort of balance, interaction, and real participation from all parties. Hence the stress is on strengthening the institutions of the civil society, the private sector and the state institutions, parliaments in specific. I believe that parliaments through their role of control and legislation should encourage the participation of the poor and all the civil society so that development becomes expressive of the needs and hope of all.

I agree with Dr. Krayem when he related the process of political overture to economic reforms. We notice that some Arab countries took up economic reforms without addressing the issue of political reforms. This resulted in hindering poverty reduction. The relation between democracy, development, and poverty relation is strong and certain. We need further in-depth studies of the experiences of those countries (such as Canada) that stressed the concurrence and harmony between these three dimensions.

Motassem Rashed

In the Name of God the Compassionate, the Merciful,

I present my thanks and appreciation to the speaker and the commentator. I will begin by a question: is it enough to have a parliament to speak of democracy? The role of most parliaments that we see in our countries is limited to sanctioning all of the government's referrals. Even the role of control is not genuine. Furthermore, democracy needs an appropriate atmosphere and this should happen prior to talking about its practice. As for legitimacy, who identifies legitimacy? Does the United States alone define international and regional legality, the same way that has been happening recently with the bombing of Afghanistan—under the pretence of fighting terrorism without a single proof of condemnation?

Subsequently, why is it that we take up the concepts the West put forward and set off to study them in depth? In the recent past, the West presented "globalization", and returned afterwards and proposed "regionalism". In consequence, we are revolving in a vicious circle, which is this is the aim of the West. Their wish is to

divert us from our main issue. At this point, I want to stress that development will not be achieved in any Arab country in any way other than relying on ourselves. Let it be clear that to rely on others will only lead to more dependence.

The issue of poverty must occupy an important position in our concerns especially that we are at a crossroad: either we secure ourselves a place on the world map, or we will have no status. Poverty is directly linked to the issue of democracy, and I revert here to several studies that confirmed the close relation between economic needs and the weak possibilities for political stability. We strongly need to strengthen the principle of participation and discussion as a means to achieve the kind of development that would lead to the realization of our goals and hopes.

The focal point we should stress upon in our discussion is transparency in its broader meaning. We should also stress that the fear of discussing our issues in a transparent manner can result in several problems that would be difficult to remedy, noting that terrorism is the natural child of poverty and oppression.

Elakad Hassan Ali

First, I wish to indicate that the speaker missed mentioning some Arab countries such as Morocco, Sudan and Yemen. Then we question if measuring development according to western standards, or according to the UNDP, is a fair measurement and if the same standard fits all countries and all societies. Within the conjecture of intensifying the role of the Arab League (in particular with the beginning of the tenure of Amro Mussa) should the Arab countries continue using western standards of development? Wouldn't it be better to develop Arab mechanisms of measurement by way of a special institute for economic, social and societal development? This institute and its mechanisms would play the role of guidance for the experts, the leaders and all the partners in development in the Arab countries that aim to fight poverty and consolidate the role of the middle class in the Arab societies so that it is apt to play a role in governance or government in order to reach the real democracy that we call for in the Arab world.

I think that it is not possible to reach good governance, socio-economic development, and poverty reduction by separate actions by each of the Arab countries given the prevalence of globalization and regional economic groupings; Arab-Arab cooperation and economic complementarity is the solution.

Ahmad Hammouda

First, I would like to comment on the issue of defining the concept of governance and its difference from the concept of government. I do not agree with some of the previous interventions in relation to considering the term governance as imported. The western terminology has multiple interpretations; the World Bank has its own concept, UNDP has a different interpretation and so forth. Accordingly, we

have to set our own understanding of the concept of governance. Governance is the process of the exercise of authority and decision-making through the social, economic, and political institutions that constitute the body of the State and society. Its expression can be found at all levels in the principles, standards, and conditions according to which the affairs of the country are conducted. Thus, we Arabs can endeavor to reach definitions that represent the operation of governing. and not the government or executive power.

I consider that there are three dimensions that need to be stressed in accordance with this framework: the first dimension is the manner of choosing the government, which is a part of governance. The second dimension is the methods and mechanism of checks and balances over the operations of the Government, this is also part of governance, not the Government. The third dimension is to ensure the role of the institution or institutions that control the interaction and complementarity between the economic and social levels.

As for the second issue, it is the relation between governance and poverty. This relation is certain that governance may be the most essential factor in poverty reduction and supporting development. The literature in this field indicates that the relation between governance indicators and poverty indicators is a significant and direct relation; the misuse of authority, its weakness, or the bias to certain factions reflects on the poor. Their suffering increases, they are denied services and the returns of development, and they are robbed from their rights to ownership and participation (those without power do not get the support of the powerful parties in power). In other words, poor governance generates more poverty and need in its economic and social expressions. Our task at this Meeting is to shed light on the relation between governance and poverty in the Arab countries.

George Kossaifi

I wish to enter some remarks, summarized as follows:

1. I wish for the final draft of Dr. Khaldoun al-Naqib paper to stress the nature and type of the actual Arab state. Is it close to the concept of Ibn Khaldoun that emphasizes tribalism or more in tune with the Institutional State present at this time in the West? Where do we stand between these two concepts?

2. The concept of governance is still in a state of development. The World Bank and the UNDP have both confirmed the political dimension of governance. However, they have stressed mainly on the economical and developmental dimensions. In this session of our Meeting, we attempted to address the political side of governance with acumen and diligence.

3. It is necessary to review the actual indicators for democracy. We, at ESCWA, are in the process of elucidating an initiative to set the indicators for democracy in the

Arab world. I would like to mention that UNDP is in the process of publishing the Arab Human Development Report under the supervision of Dr. Nadir Farajani who developed an improved indicator for human development based on introducing development indicators derived from the reality of developing countries.

Khaldoun al-Naqib

It seems that my discourse about the events of 11 September was misunderstood by some who considered it derisive. This is not true. What I meant to explain through this example was to emphasize that the primary role of the system of government is checks and balances. And what governments did, still carry out and, I expect, will continue doing, is in accordance with what was stated in my paper as the role of government: a country the security of which is endangered reverts to being a police state, and this is what is happening today. By the way, I welcome the developing countries to the Third World club, this is the way they conduct themselves, and these are the methods they use when their security is endangered. I welcome them because we have been in the same swamp for quite a long time, and this is not meant at all in a derogatory manner.

As for the political system and its relation to poverty, I touched on the subject rapidly at the end of the paper, due to the fact that the stress was on the subject of governance and government. In relation to the issue of poverty, I stressed the non-existence of an anthropological essence to it and the necessity to break the cycle of poverty. As for the subject of idealism, it is not necessarily a negative factor, but we can view it as a drive or a way to prop up the public opinion in order to achieve our aim. Idealism can be a positive factor in driving people to act towards achieving democracy.

Hassan Krayem

The East Asian model with no doubt is in general a bureaucratic authoritarian one that does not relate to democracy. However, I consider it only an example for the role of the state in development and an answer to the liberal understanding that calls for the total withdrawal of the state and forbids its intervention. Most studies related to East Asia proved that without the state intervention in guiding investments towards production and encouraging investments in specific fields such as education and in particular technical education, there would have been no development. I might disagree here. Is it development or not? Even the partisans of compliancy say that development is development, compliant, but development. Recent indicators and trends reveal that development involves much more than mere economic performance and economic growth.

IS A MOVE TOWARDS NEOLIBERALISM POSSIBLE IN AN UNDERDEVELOPED COUNTRY?

by

Mohamad al-Jabri[*]

Discussion in principle

"Neoliberalism" is a new economic theory that emerged during the last two decades in the United States and Great Britain. The most important aspect of this new concept is, perhaps, the ideological appeal for a new form of government that would exercise authority according to the model of governance used by the Anglo-Saxon capitalist corporations: the shareholders exercise a sort of "monitoring" and guidance upon distribution of profits in order to drive the directors to work on improving the profitability of the companies they manage. This model, in the exercise of authority through a system of checks and balances carried out by the concerned individuals, is the epitome of "governance". Governance is an English word derived from the word govern simultaneously meaning "governing", i.e. exercising authority (government), and control. Neoliberalism advocates a system of "governance" that would limit the role of government to guidance under a system of checks and balances by those whose position, in relation to the government, is equivalent to that of the shareholders *vis-à-vis* the CEOs in the corporate world.

Before discussing this model, we would like to review the translation of the word "governance" into Arabic, not for the sake of "translation" itself, but as an introduction to an idea we propose to explore: the seriousness of studying the Arab condition based on this concept.

The terminology "governance" was translated in the advisory preliminary paper of this meeting[1] by the Arabic word "al-hukum" (governance). It came linked in context with the word "state", thus becoming "governance and the state". This infers to two separate words. The Arab reader finds himself confronted with an expression correct on the linguistic level as both words have Arabic roots. However, linking them with the Arabic word "waw" (and) (governance and the state) provokes confusion and ambiguity in the mind of the reader that brings about his questioning: "what difference between the denotation of 'state' and the notion of 'governance' justifies positioning

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[*] Professor of philosophy, Mohammad V University, Rabat. The paper was distributed and the author did not attend the Meeting.

[1] Conference "Governance, Socio-economic Development and the Eradication of Poverty": ESCWA, Cairo 11-13 November 2001.

them in this manner"? The conjunction "waw" (and) is usually used to combine elements of distinct, corresponding, concurring or equivalent types. "Waw" is used as a function for linking the part and the whole (bread and food, giving and generosity, or foot and man, amd so on), only in literary texts that resort to metaphors, similes, figures of speech, and so on.

This issue becomes, perhaps, irrelevant when using the foreign corresponding terminology, particularly the English one "governance and the state". Either the reader is related to the milieu that uses this terminology, or is uninformed of the subject matter. In the first instance, he has no problem understanding; he is as we say "at home". In the second instance, he can resort to the linguistic or specialized English dictionaries where he will find ample information that will clear out the ambiguity and obscurity.

What can be implied?

It implies that, in relation with these two words, there is a difference between the Arab and European frame of reference. This does not infer to a failing of the Arabic language. In order to comprehend the translation of several Arabic words it is necessary to revert to the Arabic indicative field. Therefore, we are witnessing a difference in the frames of reference here: "governance" and "state" are two terms that indicate a certain meaning in Arabic, while in the modern European languages they indicate a different, or more specific, more comprehensive, less comprehensive, or richer meaning.

The terminology "dawlat" (state) in Arabic comes from a root that carries the meaning of alternation or changeover, for example, as in money changing hand, or a change in power (alternation in authority) etc. This terminology became historically common after the "Amer" (governance) was handed over from the Umayyad to the Abbasids. Their followers started using "dawlat" (state), signifying "our time in the exercise of power". The corresponding European word to "dawlat" is state. Within the political context, state indicates the body or institution that runs the public affairs by representing all the people in a role of governance that includes orderliness, refereeing and sentencing, using force in order to apply law and so on. This European meaning of the word is an innovation in the Arab language. It became widely used, accepted and understood later on (to a certain extent only).

The terminology "hukum" (governance) carries two interpretations in Arabic, one of them being: to arbitrate a conflict including the sentence passed by the arbitrator to solve a conflict or argument etc. The corresponding European terminology is judgment. The second meaning is: prohibition and deterrence, which are the roots of "hakamat" which is "what surrounds the horse's jaw to prohibit it from disobeying its owner". From the combination of these two meanings comes the significance of "hukum" (governance): to exercise power in order to organize public affairs, referee and judge conflicts etc. "Hukum" is used as a translation for

"governance" which comprises in English the meaning of control, guidance, organization and the exercise of power. It is a separate concept and terminology from government as in the institutions of ministries etc., and it does not include a linguistic relation with the word or concept of "arbitration" as in "the ruling of the judge".

The core of the difference between the Arabic word "hukum" and the English translation "governance", as previously defined, is that the latter includes a meaning not found in the first: the concept of vertical "control" in both directions, upwards to downwards or downwards to upwards. Those who preach Neoliberalism insist that governance is a combination of controls in both directions: upwards to downwards by the government and downwards to upwards by the organizations of the civic society. It is quite clear that the aforementioned meaning cannot be inferred from the word "hukum" (governance) as defined by the Arab language. This is why, until we find a proper Arabic term, I prefer to use the Arabic transcription of the word governance instead of the word "hukum" as is the case for many concepts such as liberalism, democracy, geographical, phenomenological, philosophy, and so forth.

One might wonder: why all of this linguistic digression? Would it not have been better to just pinpoint the meaning from the start and then enter the subject promptly? I answer: I intended to draw attention to the fact that the subject of this meeting does present an issue for discussion similar to the one depicted in relation to the two terminologies "governance and state". As per the preamble presented, it is requested from us at first to explore the concept of governance, its evolution and its contribution to development and the reduction in the levels of poverty. This requires us to:

(a) Look at the extent of progress achieved by the political reform process in the Arab world including the democratization and economic liberalization experiences;

(b) Consider if the aforementioned did contribute in expanding the circle of participation, and increasing the degrees of efficiency, responsibility, transparency, and representation of the governmental institutions;

(c) Observe the indications, objectives and programmes aiming to improve the modes of governance in the Arab world to ensure socio-economic development and a reduction in poverty levels.

Based on the abovementioned intentions the advisory preliminary paper defined the concept of governance by referring to the exercise of power in the full sense of the word; including not only the government, its institutions and those active in the exercise of power, but also their counterparts from the private sector and the civic society. The concept of governance is meant to embody a complex phenomenon composed of mechanisms, institutions (those active in government, the market, the social environment) and the manner in which all these elements interact, within a global conceptual context. Good governance is characterized by essential elements

such as transparency, responsibility, effectiveness, participation and the rule of law. Good governance is to relentlessly work on ensuring that these essential elements prevail on the socio-economic and political levels.

We clearly notice that the direct frame of reference to this vision of the concept of governance, as stated in the first part of this paper, is the well-known economic theory, Neoliberalism. This economic theory is subject to contest and debate in the economic circles. This is, at this point, of no substance to us. Our interest rests in two issues. First, this is the same economic theory that is applied one way or another in the Arab world under the advice of World Bank and the IMF. Privatization and liberalization are its main characteristics. Second, the framework of this Meeting, as presented in the preliminary paper, is the evaluation of the application and outcome of this theory in the Arab world, vis-à-vis the different systems of government applied in the Arab world during the last few decades. These systems of government, as is agreed on, are of two types:

(a) A type derived from or implementing the capitalist system that is the foundation of Neoliberalism. Whether this is the case since independence such as in Morocco, the Gulf countries, or since the 1980s liberalization trend, as in Egypt;

(b) A type that remained faithful to the Socialist system that flourished in the Arab world mainly during the 1960s, for example Algeria, Iraq, the Libyan Arab Jamahiriya and the Syrian Arab Republic,.

Accordingly, the subject is related to two different experiences based on two separate theories, contrary in essence and aims. My undertaking here does not include the field of application or fieldwork; it is not my area of expertise. However, if we take into consideration the overall situation in the Arab world, as described in the actual politico economic discourse, one can say that both experiences did not achieve the desired levels of development. Accordingly, one needs to explore the reasons for this failure. One can also say that the "socialist experiences" failed in their countries of origin, the Soviet Union and the East in general. This is true, but this judgment cannot be extended to those countries that chose a different approach to the socialist theory such as the Scandinavian countries. The same can be said of the European socialist parties that achieved many of the aims of socialism in the fields of social services, education, health, social security, unemployment and so forth.

It is not our aim to reach the conclusion that the failure is a failure in application and not a failing of the theory; it would be too general and treads on a subject that is not relevant to our discussion. What we aim to propose is a different subject matter expressed by the question: is it possible to apply a theory that came out of a definite condition, to a different condition?

During the 1960s and 1970s, Marxism in the Third World addressed the same issue: is it possible to reach socialism in an underdeveloped country? Today we can

ask the same question in relation to Neoliberalism: is it possible to reach Neoliberalism in an underdeveloped country? What gives credibility to these questions is that we are dealing with two ideological concepts similar in structure even though opposite in direction. This is clarified in the table below where we place concepts corresponding within the two opposite structures facing each other (no specific ranking arrangement).

Marxist ideology	Neoliberalist ideology
Imperialism	New world order
Socialism	Liberalism
Economic independence (auto sufficient)	World market integration
National independence	Globalization
Nationalism	Minorities
People's rights	Human rights
Nationalization	Privatization
Governmental economy	The end of government
Governmental interference	The end of politics
Burning stages	The end of history
Class struggle	Clash of cultures
Proletariat	The civil society
Independent development/industrialization	Sustainable development/human resources
Defeating exploitation	Reducing poverty
Government	Governance
Ideology	Culture
Resistance	Terrorism

Looking at this table, we notice that governance takes the place of government, and so with poverty, exploitation and so forth. The period discussed here is through the 1950s to the 1980s. The first ideology precedes the second in the Arab world. Hence, extraneous of the type of government, our evaluation of the achievements in the fields of socio-economic development, reduction in poverty and so on, in fact means that we are judging the accomplishment of the first ideology based on the promises of the second (passing judgment on the issues stated in the first column by opposing it to the second column). The main problem of this trial is not the ideological choice portrayed by the question: who has the right to judge whom? The problem is in fact prior to this question. We raised the same issue at the beginning of this paper when we discussed the manner in which translations come about, as was the case with "hukum" and "governance". Here I mean translating/transcribing from dictionaries instead of reverting to the frame of reference of the word of origin and of the end word.

Transferring the ideological concepts from their original frame of reference to a sphere different on the social, cultural and historical levels does not differ from transferring a word/terminology from a language to another. It requires a full consideration of their specificities. For the purpose of clarity, we can inquire: what is

the relation of the two aforementioned ideological concepts to the Arab world? Did one of them, or both, emerge from the Arab wisdom? Were they children of the Arab land? The answer is obvious. The Arab world imported or was the recipient of the first ideological structure during the mid 1950s. Some countries adopted some of its elements for some time and as soon as it buckled in its place of origin and became a "has been", the Arab world started importing the other structure, Neoliberalism. Now most of the Arab countries are adopting some of its elements! In both cases, the Arab world faces a problem in dealing with this "import". This complex, practical problem divided into several practical and conceptual problems.

Let us pinpoint some historical factors:

The first structure is Marxist, hence based on an economical analysis of the capitalist economy of the Nineteenth Century. Karl Marx (we should not forget that he was foremost an economist) deduced that the conflicts within this system—struggle of the proletariat/bourgeoisie—will end in the creation of a communist system in the most industrialized countries, then being Europe and in particular Germany. One of the conditions for the success of the socialist revolution—that Marx considered as the method to overcome exploitation and poverty—was, as per his analysis, the industrialization of Europe to the highest levels, which would lead to the increase in numbers and awareness of the European working class. By then, most of Europe would have reached a "revolutionary state" through the "workers' union" as part of an "international" revolutionary movement. The final aim being to overcome the exploiting classes and abolish exploitation and poverty. Governments who are not needed in a "classless society" would "vanish". Notably, in the view of Marx and Engel, to reach socialism there are two main conditions: Europe must reach the highest level of industrialization, and a union of all the workers of Europe must be formed. It is as if these two conditions aim at providing the tools and the protection: a high level and global European industrialization—then, Europe alone was industrialized—would expand the numbers, awareness and struggle of the working class resulting in the burst of the capitalist contradictions. A workers' union on the European and international level would provide the protection necessary for the realization of socialism: internal and external protection from the capitalist system that would then be collapsing.

We will not assess this theory. All theories derive their credibility from being the expression of an actual situation or of the representation of this situation. Nobody can deny that Marxism fitted this criterion in the mid Nineteenth Century Europe. The success of a theory, however, depends on its ability to adapt its conceptual tools, and deductive views to a fluid reality and changes in the course of history. Marxism witnessed two dissimilar courses of evolution: in developed countries of Europe, Marxism, through the parties and intellectuals, related to the concept of "social democracy" in all its forms, remained true to its induction, observing the course of evolution and adjusting its analysis accordingly. This movement resorted to democratic means in its struggle to reach socialism. It contributed significantly in

major economic transformations (public sector for example), in addition to major achievements on the social, political, and "humanitarian" levels.

In direct opposition to the above is Russia, where Marxism became Leninism. The international Russian leader, Lenin, lead Marxism on a different course. One can even say that it is contradictory to the basics. He determined that Socialism can be achieved in one country, and then went further to say that this country is Russia, not taking into consideration the levels of industrialization that were significantly less than the rest of Europe. With the escalation of a desire for more hegemony inside Europe itself and the competition over the colonies and so forth, the struggle altered from a social struggle within the continent to a political and strategic conflict. On one side, capitalism together with the European social democracy and on the other, Soviet communism in Russia with the parties affiliated to it inside and outside of Europe. After the Second World War, this same conflict became the Cold War. A conflict between the colonial European powers and their colonies in Asia and Africa developed in parallel to the conflict between the capitalist and communist camps. Within this context, the socialist ideals and the communist movements reached the Arab world. Furthermore, a meeting of interests came about between the national liberation movements of the Arab world and the countries of the communist camp. This interaction made the Arab world as a whole, suffer the consequences of the Cold War on the political, economic and ideological levels. This is still fresh in our memory and does not require to be further expanded.

Let us go back to the problematic question previously mentioned that has plagued the Arab leftist vision particularly during the sixties and seventies: How can we achieve socialism in an underdeveloped country?

The point of interest for us today is that this question expressed a sentiment that the equation proposed by "socialism in the Third World" is an impossible one due to the contradiction between its two aspects. Socialism, as stated by Marx, cannot be achieved except in a highly industrialized country. Socialism in this instance means "the beginning of industrialization" and "ending of exploitation", i.e. eradication of poverty by bringing its causes and constituents to an end. On the other hand, the Arab world as a whole, is an "underdeveloped country", distant from the levels of industrialization necessary for the realization of socialism.

Let us reconfirm that what is requested from these givens, that some might consider as obsolete (and most new givens will become one day obsolete), is the shortcoming or failure—whatever we prefer to call it—that correspond to the type of gov rnment based on "socialism" or "state economy" or "nationalizations", or however we wish to label the model of "Abd El-Nasser's Government in Egypt" and the other Arab replicas. What is intended from this recollection is the following conjecture:

1. The experience produced by this type of government was an imitative one, transcribed from an unrelated context.

2. This experience was out of context.

3. It took place during the Cold War; Colonialism and all of the Capitalist Imperialist camps fought it.

4. The Soviet camp supported it according to its own interests and its needs.

5. What was achieved in the fields of development and poverty reduction was much lower than satisfactory.

6. The Arab countries that remained faithful to the Capitalist liberal system did not achieve better results in the fields of socio-economic development or poverty reduction (with the exception of the Gulf countries that achieved, thanks to the oil revenues, a certain superficial, snobbish and consumerist "development" far-off from transparency, "governance" and all what Neoliberalism advocates).

At this point, what can we say about Neoliberalism?

The first point to isolate, separate from an appraisal, is that the Arab world, comparing yesterday's Marxism and today's Neoliberalism, is similarly situated:

1. An ideological structure that represents the finest of what Capitalism achieved in its country of origin, exactly as was the case with Marxism previously.

2. The transcription of this ideological structure, or parts of it, to the Arab world takes place in the context of what is called "globalization" or "new world order", or "clash of cultures". The negative effects of these circumstances on the Arab world do not differ in substance from the negative effects produced by the Cold War. A sufficient example is the destruction of Iraq and the siege enforced eleven years ago.

3. The aspects of the Palestinian question did not change despite all the concessions made by the Arabs and Palestinians themselves, despite their acceptance of the American mediation and their reliance on the West as a whole. We do not believe that any development in the Middle East is possible before a final solution of the Palestinian question. Within the framework of any liberal model, the condition for any positive transformation is stability, conductive to tranquility and confidence.

4. The support that the West gives Arab governments, that strongly oppose political, social and cultural modernization, is still strong and continuous as it is subject to the need of the West for oil, regardless of democratic values, human rights and so on.

5. The slogan of governance preached by Neoliberalism and the accompanying calls for transparency, accountability, correctness, productivity, and so forth, is a principle that institutes the representation of the government as a "corporation" with directors (government) and shareholders (the organization of the civil society). The aim being a reduction in the role of government. This might be possible and acceptable in a stable society, advanced in its socio-economic and cultural structure. It is however a questionable matter in an unstable and fluid society.

6. This theory does not take into consideration the workers and employees, exactly as Marxism excluded social classes such as the middle class. It makes its primary concern to maximize profits in order to attract investments. However, it does not consider the issue that this cannot be achieved by impoverishing the middle class, as this would result in spreading poverty instead of reducing it.

7. Neoliberalism moves in the sphere of globalization. The reactions we have been witnessing lately against globalization in the United States and in other industrialized nations, prove that Neoliberalism and globalization have started bringing about their opposition at home first.

8. Last but not least, the necessary condition for the theoretical institution of credibility for the type of "state" preached by Neoliberalism is the existence of a corporate world that dominates a major part of the economy, meaning the existence of a national advanced capitalist system. This condition is similar in essence to the theoretical condition of Marx and Engel that stated the necessity of a developed proletariat for the realization of socialism. The Arab world that did not fulfill the conditions for the realization of Socialism yesterday, does not fulfill the conditions for the realization of Neoliberalism today.

We find a justification for these reservations in the Arab reality of today. Without detailing, we can note the indicative following particulars:

1. It is known that Morocco did not witness, at any time since its independence, any experience derived from Socialism. On the contrary, it remained the "faithful son" of the Capitalist camp, its private sector opened to all, North Africans and foreigners. The public sector was not the resultant of nationalizations but partly an inheritance from the French protectorate; part of the governmental duties that due to the weakening of National Capitalism was driven to represent and act for. Since 1980, Morocco entered the cycle of restructuring imposed by the IMF. This hindered its capacity to implement the necessary measures to reduce the levels of analphabetism, spr ad education, expand social services, etc. This resulted in the fact that, during the last years, Morocco ranked 125th, i.e. at the bottom of the ladder of world human development.

2. Egypt that had adopted "socialism" and was able to register accomplishments on the levels of industrialization, education and social services, changed its course

twenty years ago and engaged into the road of liberalization and Neoliberalism. It seems that what liberalization was able to achieve during the last twenty years did not exceed the achievements of socialism during the preceding two decades.

3. As for Tunisia, one cannot view the actual positive levels of development in human resources and the reduction in poverty without reverting to the tremendous efforts made in the context of a "socialist choice" that stressed during the sixties and seventies on human development.

One can review the experiences of the various Arab countries within the framework of these three models (for the exception of the Gulf countries that cannot be considered within this framework as their economies are totally non productive). The conclusion would not be different from what was previously inferred. The problem does not rest in the choice of this or that "market available" system. The problem is in the fact that what emerged from the depth of an advanced economic condition (technologically and scientifically) cannot bear the same fruits when transposed to a different condition that cannot sustain it. If we add the negative or destructive role played by the external factor represented by the western political and economic hegemony (government and corporations), the protectionist policies implemented, the Arab/Arab competition derived from the similarity in produce (industrial and agricultural), we realize the extent of the complexity of the problem we are tackling: the problem of development and poverty reduction.

Distant from ready-made solutions or previous ideological experiences, one can say that a development built on other than "internal renewal" cannot achieve the wanted results. "Internal renewal" requests a sort of historical coherence of all the parties and elements involved: government and society, society and the individual, new and old, traditional and modern, cultural and innovative, city and country, and so on.

The need for such a historical coherence has three relevant reasons in the Arab actual condition that prevent progress and make any needed development almost impossible:

1. There is a big divide that separates between rural and urban, between what is rural in the countryside and the cities, what is urban in the cities and the countryside, in the areas of economy, sociology, thought and culture. It is a divide that confirms a process of reproduction related to the phenomenon of a deepening of the divide between an elite associated with the West and an elite chained to the past, an immigrant elite and another isolated, an elite that reads the past in the future and another that reads the future in the past.

2. There is the lack of proper coordination, continuous cooperation, and developing comparability between the Arab countries. The need for coordination, cooperation and comparability is no longer an ideological luxury at present. In the

realm of globalization, it is a necessity for existence. The " regional Arab block" is a historical one on two levels: from one aspect, it is necessary for each Arab country to be able to win over its specific problems; it is also necessary in order to be able to withstand competition and hegemony inside globalization itself.

3. There is no Arab country that prevails economically, socially or culturally, in order to be able realistically and independently to "represent" others in the achievement of development and progress. The condition for socialism was the prevalence of the working class. The condition for Neoliberalism is the prevalence of the capitalist class. Wherever this is not the case, the achievement of each of the ideologies is impossible. The result is that the historical blocks where the ideological segregative class related projects are put on hold for the national benefit, the benefit of the whole, is the only solution, in our opinion, to face the actual Arab condition: fragmentation, confusion, and the lack of any solution for the future. Neoliberalism and Liberalism are not, due to their nature, an outlook for the future, they are always "an outlook for the present". It is a sure fact that its directives will change as soon as it is faced with a changing present. Isn't it based on the philosophical concept of empirism, and the moral concept of pragmatism?

SECOND SESSION

PARLIAMENTS AND THE BUDGET CYCLE PROCESS IN POVERTY REDUCTION STRATEGIES

by

Steven Langdon[*]

A. A STARTING PERSPECTIVE

Throughout the world in the last 15-20 years, there has been a marked expansion in the profile and significance of parliaments in governmental frameworks in most countries. As the complex governance web of interacting institutions and social forces has expanded and deepened in many societies (as discussed in other papers in this conference), parliaments have often become key bridging structures that contribute linkages amongst the disparate actors now involved in shaping the decisions and directions of nations and broad regions. From Nigeria to Brazil to Indonesia, some of the world's largest countries now feature newly powerful and assertive parliamentary institutions, and reform and renewal have been on the agenda in many parliaments to build new leverage and capacity to influence policies and state actions.

It is possible to identify broad themes in governance improvement, which many parliaments have stressed, from increased transparency in providing information to citizens and the media, to widened participation by all strata of society in the governance system, to strengthened respect for the rule of law enforced by a truly independent and capable judiciary, to improved accountability by executive authorities with respect to their actions, to tougher actions taken against corruption. There are examples to cite of many parliaments taking initiatives to achieve such results, often in conjunction with civil society groups.

There are, however, two broad challenges which parliaments also face. The first is how their increased influence, and these governance improvements, can contribute to the overwhelming policy priority of countering poverty. Many studies show that poverty has persisted, and sometimes even increased, even as parliaments have become more significant.

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[*] This paper was prepared by Mr. Steven Langdon, Director, Poverty Reduction Program, Canadian Parliamentary Centre, Canada. Mr. Antoine Haddad presented the paper and the author did not attend the Meeting.

The second challenge is how parliaments can use their greater leverage to assure better economic performance by their nations, through improved budget policies and performance. Because in that context, also, studies show parliaments having limited impact in many cases on this crucial area of policy development and implementation. Faulty economic choices, moreover, must often be seen as crucial to that persistence of poverty.

This paper focuses on these two areas of challenge, as core elements in good governance. The basic question is: how can parliaments improve their role in the budget cycle process so as to contribute to significant poverty reduction?

B. UNDERSTANDING THE BUDGET: KEY EVENT OR ONGOING PROCESS?

There is a tendency for parliamentarians, and many citizens, to see the "budget" as a major political and economic policy event, where the executive announces its spending, revenue and investment plans for the year ahead. Such a perspective puts the focus on the frantic next few weeks or months, when the specific details within the budget documents are scrutinized by different committees. Civil society groups react to particular choices that have been announced and debate is structured around what is usually quite a strict timetable that leads to overall budget approval by a target date.

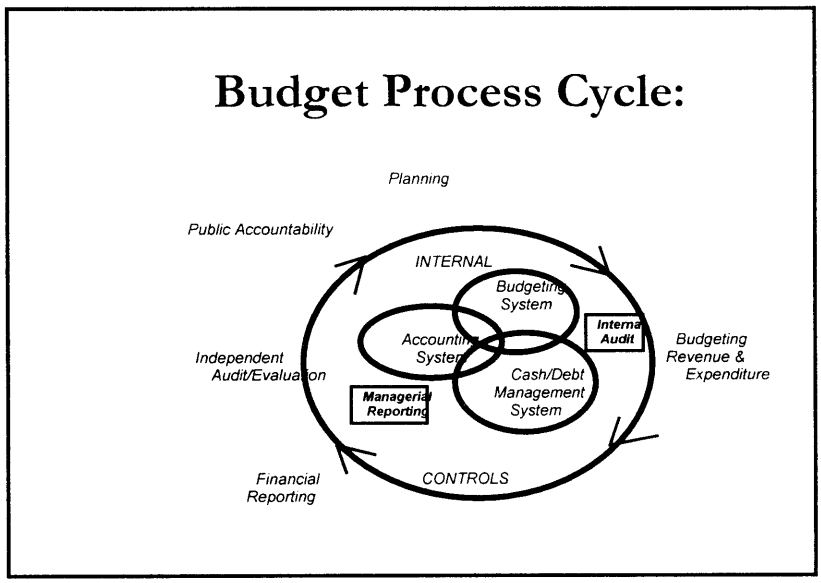
This tight time frame, plus the focus on specific details of spending and revenue, have the effect of limiting public participation because so many ministries and agencies must be considered in such a hurried way. All of this is internalized within parliaments in a rather complex system of hearings and executive-parliamentary interactions. And many of the broader issues of economic choice are not even reviewed, like macroeconomic policy, questions of improving overall income equality or matters involving restructuring of access to key assets in the society (such as land rights). Social issues relevant to poverty reduction, such as gender balance in economic opportunities, may also lie outside the scope of many of the budgets that governments present.

In reality, however, the budget cycle process should be seen as much more of a multi-step, multi-year circular flow (as suggested in the diagram below), and the real challenge for parliaments is to have more input at all stages of this flow, on a wider set of concerns including those noted above, rather than just using its leverage at the one yearly expenditure-revenue setting point.

The budget cycle can be thought of as an integrated, ongoing set of activities reflecting and influencing the pattern of financial planning, implementation and accountability within a country. As the diagram suggests, the process has important internal operations (usually under the control of the minister of finance) including the accounting, cash/debt and budgeting systems, and the internal audit and managerial reporting systems. At the same time, the budget cycle has more important broader

elements it encompasses, including budget planning (where both macroeconomic and structural questions should be assessed); the authorisation and reviewing of detailed budget expenditures and revenues; financial reporting (a crucial element in transparency); assuring effective independent evaluation and monitoring of activities; and public accountability with respect to the results of financial audits.

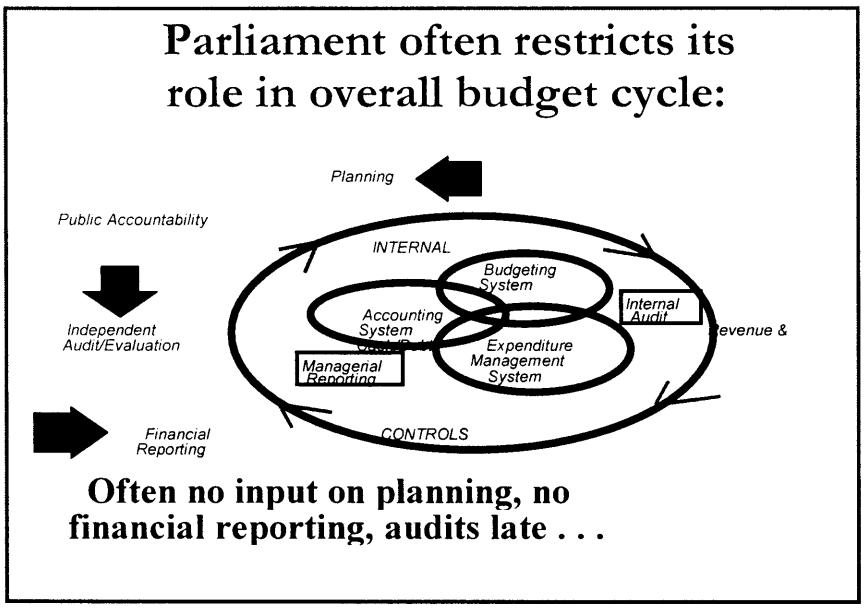
Figure I. The budget cycle



However, as the next diagram suggests, parliaments, too, often limit themselves in what they do in their work with respect to the budget, sometimes because executives pressure them against intervening, sometimes because issues being considered seem too complex (at the macroeconomic level of planning, for instance), and sometimes because the staff and research support to pursue detailed evaluation or financial probing is absent.

With the movement of many countries towards Medium Term Expenditure Frameworks (MTEFs), the yearly spending/revenue approval step is often just a ratification of directions set months earlier, so that constrainig discussion about this point means that, parliament misses the real debate about where spending should shift several years down the road. Both to increase the chances for significant participation by civil society and the poor, then, and to assure serious parliamentary input into governmental choices that matter. Parliaments need to relate to the budget cycle process at earlier stages of analysis and enforce accountability on financial reporting, on evaluation of programmes, on policy implementation and on timely follow-up of financial abuses uncovered by audit procedures.

Figure II. Gaps in Parliament's Role in the Budget Cycle



In many countries, a continuing parliamentary interface with the budget process is required by another factor. Serious macroeconomic pressures mean that cash balance budget procedures are in place—so that overall budget plans in practice mean very little. Governments only spend on the basis of the cash they have in hand each month, and in the real world this means that the key priorities that month are what receive financial allocations. Parliaments need regular reporting on such decisions and some capacity to exercise control and policy influence with respect to them—otherwise, the actual budget process will become a set of month-by-month pressuring efforts by different political and economic forces to determine cash allocations for that month, and the cycle of planning, approval, reporting, evaluation, etc., will become no more than a work of fiction. Poverty priorities are certain to lose out in such a system.

C. POVERTY AND POLICY PRIORITIES

The dynamics and texture of persistent poverty are coming to be better analysed in many country settings in this new millenium. Widespread and detailed micro studies are being combined with new theoretical considerations of factors that have been neglected in the past (from environmental dimensions of deprivation, to gender imbalances, to the importance of the social capital encompassed in the web of community interconnections). The simple perspective of the past claimed that economic growth was the crucial answer to reduce poverty—so priorities became foreign capital inflows, increased domestic savings and maximized exports to raise

average incomes per capita. But the new insights from careful micro analysis and broader thinking suggest structural changes, deliberate equality efforts and widespread community-based reforms must be combined with growth to overcome poverty.

The new approaches can be seen in the Poverty Reduction Strategy Papers (PRSP), that countries are adopting as the new basis of their relationships with the international financial institutions (the World Bank and the International Monetary Fund (IMF)).

So far, the countries moving ahead with defined PRSPs are all continuing to see economic growth as important—but the *quality of that growth* is the fundamental focus of their policy analyses and plans:

- Uganda, for instance, has stressed that achieving improvements in equality of income distribution will be essential to reducing poverty levels, since the gains from most export increases are concentrated in limited regions of the country and not shared with other regions—or even with that part of the rural population that relies mostly on food crop production;

- Burkina Faso in West Africa identifies the same lack of connection between export gains in a few key regions—and increased poverty among food crop producers and cattle farmers in most other regions; women are seen to be particularly disadvantaged, in education, in access to health facilities and in ability to take advantage of credit opportunities for income gains; so the policy mix stressed looks to reorient spending in health and education so that it is aimed more at disadvantaged rural areas, making use of community control mechanisms, and special instruments are established to spread income opportunities to women, especially through small-scale credit;

- Bolivia is another case where economic growth has been taking place, but poverty has been worsening, in urban areas, especially for non-Spanish speaking Indians, and particularly in certain rural areas where concentrated populations occupy tiny plots where environmental degradation is worsening; redress of land distribution inequalities, measures to improve environmental conditions and more balanced access to urban services all become policy priorities in this context;

- Nigeria, where PRSP analysis is still ongoing, is a case where massive petroleum revenues brought high rates of economic growth, but led to the negligence of rural development (where most people were living), and led to inflation increases and service declines that took poverty levels from 45 per cent of the population in 1985 to 66 per cent in 1999; the revival of oil revenues under the new democratic government after 1999 has been managed more carefully and is being prevented from destabilizing the

economy in a major a way—even as revenues are being allocated to the redress of rural deprivations in a changed set of policy priorities.

Dominique Njinkeu underlines these patterns in a careful review of the main components in the first five agreed PRSPs from African countries, comprising the "pro-poor policies" that have been brought together to make up the basic packages that have emerged in these cases:

- Agricultural development initiatives are a central focus, stressing stronger rural credit mechanisms, improved research and extension services, repair and extension of rural roads, wider availability of agricultural inputs, improved market access, and irrigation investments (all aimed at achieving more balanced equality);

- Human capital investment is a crucial priority, via greater access to better quality primary schools, improved cost-sharing to reduce financial barriers for the poor, reduced drop-out rates and greater involvement of the poor in programme design; greater access for girls is also stressed;

- Health provision improvements are also stressed, through better delivery systems, health education and greater orientation to rural areas;

- Governance and security provisions are also widely stressed, with better policing, increased transparency and stronger local governments commonly noted as themes contributing to more community-level social development;

- Macroeconomic stability is emphasized in all the PRSPs, with policies against inflation stressed and extra-budget aid resources seen as the crucial basis for financing initiatives, rather than domestic budget deficits or highly variable export-based tax revenues.

Overall, there is a broad new perspective on the realities of poverty within these patterns.

First, poverty in many poor countries is seen as a function of deep discontinuities in economic and social structure—of socio-economic segmentation that means that growth and change in dynamic parts of the economy do not easily spread in positive ways to the rest of the society. Unlike the complex, interconnected economics of most Organization for Economic Cooperation and development (OECD) countries for instance, income and production gains in one sector do not translate through a wh le series of linkages and income flows throughout the whole economy. Thus, some sectors and regions can prosper dramatically, while large parts of the population are left without direct income opportunity gains. Hence, market forces cannot be expected to simply transfer national economic growth gains to most people—instead deliberate policy measures must be adopted.

Second, this relatively thin slice of many economies within which dynamic economic impulses have their impact means that external shocks, negative or positive, can have very marked macroeconomic effects quite quickly. Large export revenue gains can very quickly set off large price increases as monetary inflows hit a relatively narrow range of monetary policy factors—or capital outflow increases can quickly destabilize foreign exchange rates and domestic credit institutions, as in Asia in 1998. Macroeconomic stability emerges as a major policy priority, and in the context of heavy reliance on key export sectors, such as petroleum, so does stabilizing the economy against revenue ups and downs by contingency funds that externalize revenue bonanzas for later use.

Thitd, these are structural and macroeconomic planning concerns. Access to assets represents another crucial area—not just in the sense that is true in the Bolivia case noted above, where land reallocation seems crucial, but even more in the context of human capital. Equitable access to high quality education emerges as one of the most fundamental reform issues in reducing poverty over time.

Fourth, reallocation issues emerge strongly on rural-urban lines, but also within rural and urban areas. This is also likely to be an area where state effectiveness is a critical focus, since achieving reallocation has proved to be much more difficult to do in practice than on paper. The defensive protection of their privileged access to state resources by large civil service establishments becomes a key blockage in many cases to institutional reforms that can improve service delivery so that education and health care actually reach the poor.

State-manipulated privileges can also be at the core of extensive self-serving accumulation by minority power groups, as documented in certain Indian States, in the Indonesian public sector or within the business and political elite in Kenya. This often underlies widespread discrimination with respect to gender, and neglect of environmental considerations to safeguard the long-term land assets to which the poor do have access. Social norms in various contexts also make it difficult to see that land conservation becomes a priority and that the myriad ways are overcome in which women are disadvantaged.

Empowerment of the poor at the community level is a concept to which policy, it seems, must ultimately move to achieve serious improvement. Service delivery can be decentralized in hopes of redressing imbalances; educational improvement can be made a goal; environmental security can be emphasized more in national policies. But there are too many examples of practice on the ground resisting efforts in national plans or the equivalents of PRSPs. Indian studies, for instance, show how electricity, water and other service agencies of government failed the poor in Bangalore, providing better service to middle-class citizens at lower prices. Uganda district officials similarly failed to pass government financial help on to poor schools for which it was designated. Zambia health and education fees fell especially hard on poorer rural farmers and their children, because they were due during periods of heavy farm production expenditure.

Only community-based organizations where the poor can safeguard their rights seem to be able to enforce fairer allocations. Some evidence of such local empowerment working can be seen in cases in Bolivia at the municipal level, in Tanzania in certain village settings, in Philippines local government reform to small-sized "barangays" and in Gujarat state in India, where a key local civil society group monitored budgets closely to help assure money got to the poor "tribal" peoples for whom it was intended.

Overcoming poverty, then, is no easy task. The record shows that policy failure is common. But serious policy change may be able to make a difference when it is built on challenging existing economic structures and social power concentrations, stresses macroeconomic strategy as well as changing social spending, aims at overcoming gender and environment imbalances and helps empower the poor at the local community level.

D. Impact the Budget Cycle Process: in an MTEF framework

The challenge for parliaments is to take such fundamental thinking about poverty reduction into the process of ongoing budget cycle work, within the broad multi-year context of Medium-Term Expenditure Frameworks (MTEF).

Is it realistic to think that parliaments can meet such a challenge?

Certainly there are those who would seriously question such a possibility. It is common to hear major objections to a significant parliamentary role in economic policy making:

1. Parliamentarians lack the technical expertise to be able to participate in economic planning and analysis and therefore cannot be expected to be real players in the budget cycle process.

2. MPs are pushed by the pressures of local constituency interests and will seek to increase spending in their areas, thus accelerating spending in general and distorting the overall budget.

3. Parliaments are also subject to political party dominance that prevents the exercise of significant oversight responsibilities on the executive and can make MPs subservient to partisan priorities in analysing resource allocation and service delivery issues.

Such points cannot simply be dismissed, since there are certainly examples of such limitations evident in various countries. But these problems also represent institutional constraints that parliaments can work to overcome through reform and capacity building. And there is considerable evidence of an increasing number of developing-country parliaments that can and do become important independent factors in the broad budget cycle process.

The most important ongoing instruments of effective parliamentary action on the budget cycle have been parliamentary committees. Finance or budget committees have been especially important with respect to budget planning, to reviewing budget allocation details and to pursuing financial reporting goals. Public Accounts Committees (PAC) have been especially crucial in evaluating the effectiveness of programmes, checking out financial probity and initiating sanctions against corruption.

In many cases, the activities of committees have been becoming more significant. In Ethiopia, for instance, the budget committee receives budget proposals some weeks before the Parliament to discuss priorities and policy approaches in detail with the executive before the budget takes its final form. Mexico, too, has moved towards better agreements on budget matters since the traditional governing party lost the majority of its seats to the House of Commons in the Congress. The Finance Committee in Ghana has also been very effective. It insisted on public hearings in implementing a new value-added tax in the country, over executive objections, and brought in a resulting tax that was somewhat broader but at a lower rate and much more acceptable to people than previous proposals had been. That committee also succeeded in forming a more detailed financial report that has provided better guides to Ghanaians about what is actually happening in the economy. The committee also insisted on the transparency of the conditions involved in the assistance provided by international and regional financial institutions. PACs have also become quite active and influential in certain countries. The PAC in Ghana has been able to take initiatives and tighten financial administration of local school authorities. In Tanzania, government has now accepted that opposition members should head the PAC to give it more credibility. And in Uganda, the Committee has dramatically increased its efficiency by taking many inancial irregularity suspects to court.

However, confronting the fundamental structural and distributional issues that shape ongoing poverty will require parliamentary actions on a broader level. More activism in the traditional areas of work for MPs will not be enough. Reviewing the details of ministry-by-ministry resource allocations, improving the details of a new tax that is being implemented, enforcing stronger sanctions against cases of abuse of public office, these are all important tasks for MPs to do well in the context of the ongoing budget cycle. But the challenge of poverty reduction calls for greater impact in a wider context.

One of the most important new elements providing greater potential for such poverty reduction impact through the budget cycle process is the shift taking place in many countries towards MTEF, the system of medium term financial allocation and planning that sets the budget in a three-year context and ties spending and revenue generation to the achievement of specific results. The fundamental goal is to require government and financial management to think about the reasons for raising and spending funds, to establish benchmarks to measure whether results are in fact being achieved over time, and to provide a longer timeframe within which shifts in priorities and programme implementation can occur designed to achieve the specified results.

Such a longer timeframe and clearer outline of results to be achieved, combined with regular updates on financial data and on indicators of results, should provide much greater transparency in the governance system and permit more effective ongoing oversight and policy input by the parliament.

Thus the MTEF process becomes the lens through which the changes are specified clearly in results to be achieved as a consequence of the poverty diagnosis and new policy determinations, as the financial implications are treated in integrated detail to shift resources toward those goals and therefore away from other possible results. The MTEF process, if it fenctions as expected, should also assure that the macroeconomic context of the timeframe is consistent with the levels of spending and revenue set out within a poverty reduction plan.

How does this MTEF process specifically influence the budget cycle responsibilities that rest with the parliament, especially with respect to poverty reduction?

A Ghanaian MTEF expert, S.E.K. Anipa, has suggested that the new framework should lead to three new sets of steps:

1. This more strategic budget cycle approach means that parliamentary oversight of the process, to be effective, has to have a wider range than in the case of the more routine, incremental budget-making processes of the past. Parliament and its Finance Committee should play a role during the policy analysis and review phase, where the basic economic policy choices are now being made in many respects, and therefore where accountability, transparency and participation concerns are most important to concentrate, if they are to be effective in influencing and improving budget performance and increasing participation by the poor.

2. Since the budget cycle is now a more comprehensive, rolling-plan process, more regular appearances by ministries and agencies before parliamentary committees are also be required, so as to explain their priorities and implementation choices—and to permit parliamentary input and scrutiny on these matters, especially in light of directions set for poverty reduction.

3. Chief directors should also be drawn before parliamentary committees, because they are a part of the system and should define their personal commitment towards the MTEF process. The assessment of outputs achieved should include the reviewing of such performance commitment and this process, Anipa says, should include review by the relevant parliamentary oversight committee, so that the ultimate authority of parliament is maintained in budget matters.

Implementing MTEF institutional reforms can be a difficult process. In practice, for instance, Ghana failed in its initial implementation efforts. As Armah stresses in his review of Ghana, "The rapid introduction of the MTEF process has

compromised the quality of implementation, as reflected in the formulation of strategic plans. The key reason is that the technical complexity of the process requires that more time is needed for it to be internalized"*. It is also noticed that the macro-framework has failed to provide credible estimates and lack of contingency funding has meant external shocks, such as, changes in cocoa export and oil import prices, could not be offset.

Thus MTEF initiatives are a crucial tool for improved budget cycle management in the poverty reduction context, but they must be implemented well if they are to improve transparency, increase effective participation and lead to better achievement of results. One fundamental concern of parliaments should be to see that MTEF changes are well conceived and implemented, so that the ongoing parliamentary input to the process would have a real impact.

E. THE PRIORITIES OF POVERTY REDUCTION BUDGET ACTION

Scrutiny of specific spending and revenue details, in themselves, are not sufficient areas where parliaments should concentrate in working for the poor in the budget cycle context. There are four fundamental poverty reduction priorities that parliaments of many countries should concentrate on:

1. Participation of the poor: The poor have considerable insight about constraints they face and initiatives that would widen their opportunities. Consultations with poor people reveal that they attach high importance to reducing the risks associated with corruption, crime and lack of access to the justice system. Yet most parliaments show a certain reluctance to engage closely with the small, community based groups that best represent the poor. Parliamentary committees may cooperate with national organisations representing the poor, but keep their distance from community level groups. The new emphasis in poverty reduction strategies will require fundamental commitments to building links with civil society organisations at all levels. Participation of the poor is crucial in identifying priority areas for public action and assessing effective mechanisms to impact those areas.

2. Public service implementation effectiveness: In many countries poverty often endures even if the appropriate policies are put into practice. This may be the result of lack of capacity or commitment on the part of the government and the public services. As noted in a recent report of the Ministry of Health of Nigeria with respect to HIV/AIDS policy, "a substantial amount of planning has been undertaken, but what often fails is that these plans have not been implemented in most cases". The great challenge for developing poverty reduction policies is to actually get results from projects and programmes so that they have a positive effect on the poor. Oversight of programme effectiveness is one of the most important parliamentary contributions in the fight against poverty.

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* Bartholomew Armah, "The Medium Term Expenditure Framework – A Case Study of Ghana." Presented to the African Forum on Poverty Reduction Strategies, Dakar, Senegal, September, 2001, p. 7.

3. Policy impact review and poverty monitoring: In most developing countries, the gravest shortcoming in the budget process is the lack of follow-up analysis of the effectiveness of policies, projects and programmes that truly impact on social and economic conditions. Mostly accountability work in parliaments focuses on inputs, especially money spent, rather than on the outputs or the actual results that have been achieved. In part, this is because measurement of results in the public sector is conceptually difficult. Yet, the scarcity of resources in many poor countries and the obstacles that the poor face in accessing the available resources are argued in favour of ensuring that the expenditures that do reach the poor should be as beneficial as possible. This means that financial and other committees of parliaments need to be as aggressive and innovative as possible in probing the actual impact of given policies and programmes to reduce poverty. Overall, this underlines the need for continual poverty monitoring.

4. Macroeconomic management: Failed macroeconomic stability can set off extreme internal imbalances, destructively high inflation and crises in state finances. This in turn leads to the breakdown in essential public infrastructure and services. These issues should be a continuing focus of poverty conscious parliamentarians who should draw into their work local and external expertise to review and access the policies being pursued and then report publicly on their findings so that the fullest possible debate and understanding of macroeconomic policy is achieved.

This macro economic area deserves further consideration, since it is often overlooked by parliaments as a crucial anti-poverty factor.

The scope and direction of macroeconomic strategy will vary considerably, depending on the economic structure and nature of external linkages within any society and also on the existing macro conditions in the economy. Is there instability and disequilibrium in monetary and foreign exchange terms? Is the situation quite stable with limited inflation and fiscal imbalances? Is there stability combined with steady economic growth in the national economy?

There is no single recipe for macroeconomic policy choices, differences in these factors will call for varied responses.

But there are certain guidelines that can assist MPs in reviewing macroeconomic policy-making in the poverty reduction context, as follows:

- Contemporary macroeconomic policy is usually based on technical work by forecasters using one or more macro models of the overall economy and how it reacts to different external changes or policy initiatives. It is important in most countries for government agencies, such as the finance ministry and the central bank, to cooperate together to coordinate the thinking and assumptions being used to build such a model and then to compare findings from that with what is being suggested by other models developed by private

forecasters, in think tanks or universities, for instance. Detailed knowledge of how the models are constructed is not crucial for MPs, but understanding what the models are showing is. How will inflation increase if domestic government borrowing grows quickly, for instance? How will export revenue increases or decreases work their way through the different sectors of the economy and either help or hurt the poor?

- Macro analysis suggests that economic growth is needed to reduce poverty, but it is not enough; distribution of that growth matters a lot to the poor, so improving income and asset distribution seems essential to poverty reduction through land tenure reform, pro-poor public spending and measures to gain more access to financial markets by the poor. Growth in sectors where the poor are concentrated will also help, such as, regions of the country where feeder roads would make a big difference to small-scale farmers there;

- Macro instability, especially high inflation rates and spending cuts that fall heavily on the poor, can greatly worsen poverty. So there is a strong case for prudent macro policies via avoiding rapid accumulation of debts, maintaining appropriate exchange rates that do not create illicit markets and safeguarding sufficient international reserves to deal with external shocks without having to cut pro-poor spending;

- Fiscal policy choices need to consider the distributional results of tax policy and public spending and can also improve conditions for the poor when fiscal reforms reduce corruption problems, improve the efficiency with which programmes are delivered and see to it that richer citizens pay their fair share of revenues through improved tax collection procedures. Fiscal policies should also try to avoid spending patterns that follow, and therefore amplify, the business cycle ups and downs in the economy finding ways to "tie the hands" of public spending during boom periods, so as to avoid inflation, and then having that cushion to cover periods of distress in which pro-poor spending would otherwise be cut;

- Policies should also aim to insulate the poor against adverse shocks, by putting social safety nets in place when they are not needed, so that they will be available when the need arises and by then protecting the spending on those safety nets during periods of economic downturn and external or environmental pressures;

- Monetary and exchange rate policies are also important to manage carefully, with attention to anti-poverty priorities. Changes in the money supply can affect output in positive ways in some circumstances, although it is also true that overly-excessive expansion in the money supply can set off inflationary pressures, which at high rates can have negative effects on the rate of growth. Similarly, the exchange rate regime can buffer external shocks with

a devaluation, for instance, helping maintain more robust economic activity in the face of export price declines. Though exchange rate changes can also have adverse distributional effects on the poor, as in Nigeria, where oil revenues led to high values for the naira and urban purchases from abroad rather than from poor rural Nigerians, in that case, holding far more of those revenues in reserves abroad could have safeguarded the economic stability of the country and assured less damage to the rural poor.

By following these sorts of guidelines, parliaments can underline the importance of equity considerations in broad economic strategy and thereby help assure better sharing of economic benefits. They can also act as a watchdog against economic instability that would hit the poor particularly hard.

F. WORK PLANS FOR RESULTS

It is especially crucial for parliaments to recognize that achieving results against poverty requires a long-term strategy and internal steps within parliamentary institutions themselves.

A categorized work plan will be needed to give parliaments the ability to sustain their interventions, bring significant independent expertise to bear and exercise effective leverage in their oversight activities and policy initiatives with respect to the executive power.

Certain steps can be taken at the national level of the parliament itself. Innovations that can be taken should include:

1. Formation of an institutional planning capacity to shape improvements, such as a Board of Internal Development involving the speaker and key elected leaders.

2. Establishment of new committees, such as a Standing Committee on Poverty Reduction.

3. New emphasis on overall watchdog committees such as Committees of Assurance.

4. Establishment of well-paid research capabilities to serve parliament.

5. Changes in internal rules to permit tougher and more direct scrutiny of key exe utive leaders, e.g. the Prime Minister in Tanzania cannot be asked questions dur ng Question Period.

6. Strengthening of existing committees as part of this process, as well as taking into consideration the possibility of recruiting employees these committees, particularly in the case of committees dealing with the budget cycle process, and with

key areas of service delivery relevant to the poor, such as, education, health, roads and rural development support.

7. Encouragment of committees, party caucuses and Parliament itself to work more effectively to improve the conditions of the poor.

Most MPs would agree with the conclusions of the Dakar Declaration on training matters: "Where necessary, upgrading programmes for parliamentarians should build into them skills to enable parliamentarians to engage effectively on poverty reduction strategies. These courses should be supplemented with specially designed courses on basic economics and government budgeting skills because a significant portion of the resources for combating poverty must come from national budgetary provision. Support is required for the conduct of workshops to enable parliamentarians to share views on the problem of poverty."

Of all the areas of parliamentary strengthening, the building up of committee capacity seems to be at the heart of serious improvement in the contributions MPs can make.

Parliamentary committees can have an important impact in the context of the budget cycle process. But significant improvements in performance, which committees work to achieve are often necessary to have such an impact. This reality underlies the efforts of Ghana's economic policy committees to use a series of workshops and other initiatives to improve their effectiveness, the activities of Uganda's watchdog committees to do likewise, and similar initiatives underway in Ethiopia, Tanzania, Indonesia, Cambodia, Kenya, Nigeria and elsewhere.

Efforts to strengthen parliamentary committees can include various programmes and institutional innovations. Key points stressed in a variety of countries are:

1. Work on consensus-building and strategic planning within committees, so that they can develop leadership and priorities to be able to exert leverage effectively. Regular retreats, ongoing interchanges on key policy issues and serious goal-setting and self-evaluation processes are main features of such work.

2. Building linkages with civil society organizations and independent policy-advisory institutions, on local and national levels, so as to strengthen information inputs, widen numbers of allies that can help in achieving transparency/participation/accountability goals and deepen sources of political credibility that parliaments have by improving local-level perceptions of the institution.

3. Developing sources of expertise for committees, by improving systems of information resource access through skilled staff personnel, through broader societal linkages and through international connections via the Internet and regional and wider networks.

4. Establishing institutional and legislative mechanisms to open up transparency, including strong freedom of information laws, improved staffing and more regular reports from general accountants and greater institutional independence for public statistical agencies.

These initiatives are in turn reinforced by moves to improve the general credibility, access to information and widened linkages of parliament in a more general sense. This is especially true with respect to the anti-corruption impact of parliamentary activity. Thus, broad efforts are important to establish Codes of Ethics for MPs, to make campaign financing transparent, honest and constrained and to broaden diversity of representation in parliaments.

CONCLUSION

An active role for a parliament is a priority in achieving poverty reduction, in broad development terms and in the budget cycle context. The direct, continuous, links of members of the parliament with the poor people who elect them, can give these members credibility in working for poverty reduction in the Middle East, just as it has in many cases in Africa, Asia and Latin America.

That is not to say that parliaments will always listen to, connect with, and work for the poor. Weak electoral systems, party structures run by wealthy and self-interested minorities, or constitutions that give power monopolies to the executive can all mean that parliaments become part of the problem for the poor, not part of the solution.

But this paper has stressed examples and cases that illustrate the potential for a parliament to carry forward poverty reduction reforms and initiatives.

In the broad poverty reduction strategy context in particular, parliaments can have a crucial oversight role to play regarding development and implementation of strategies; MPs should take special responsibility for safeguarding the integrity of the participation process, particularly for the poor; parliamentary review of the budget cycle process is fundamental and MPs should be essential leaders in the monitoring and evaluation stage, given the need for scrutiny independent of the executive to assess results.

However, such tasks necessitate improved institutional capacities within most parliaments, where basic infrastructure is often missing. The challenge for parliaments in this region is to develop the workplans that will give them impact and then use that influence to work for poverty reduction results.

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COMMENTARY ONE

Antoine Haddad

As a start, I would like to mention my overall positive evaluation of the paper presented by Mr. Steven Langdon and my appreciation for the efforts made to clarify the crucial role played by the parliaments in the democratic system in the matter of studying, discussing and voting the budget, especially in relation to social expenditures and funds aimed at stimulating development and fighting poverty.

In my opinion, what substantiate the contents of this paper are two issues:

1. The fact that it is based on experiences from African and Latin American Third World countries little differs from the Arab countries in the nature of their political system, their degree of democratization or their levels of development in general and their indicators of human development in particular. The author did not only limit himself to experiences from the North or the West that do not necessarily reflect the reality of poverty, development, governance, transparency, accountability, and participation as applied in the Arab world.

2. The paper encompasses analytical references that focus on public policies that affect the reality of poverty based on the importance of the deep understanding of the phenomenon of poverty, its reasons and mechanisms of resurgence, in addition to the new approaches for combating it. They are not limited to focusing on the importance of economic growth, but highlight other factors that are not less significant, such as the type of growth, ecological dimension of destitution, gender discrimination, regional disparity, the importance of social and human capital formation and the role of guidance rules in securing equal opportunity.

First, in my opinion, an important idea that the paper by Steven Langdon aimed at pinpointing is the limitation of the Budget Process Cycle. It is a yearly exercise, isolated and non-continuous. It is not enough for:

(a) Covering the monetary policy of governments;

(b) Covering the macroeconomic side of this policy;

(c) Permitting parliaments to be effective in influencing this policy on the level of essential choices and outline.

Based on what I know about the Lebanese experience in the field of budget and the role of parliament in its induction, amendment and deployment within the framework of a clear vision in the service of development and poverty reduction, it is only natural for me to agree, in general, with this inference.

Since the end of the war in 1990 and the restoration of the natural role of the government institutions, specifically since 1993, the Government resumed preparing a yearly budget that is not a pure replica of the previous year's financial plan. The Parliament started to play a significant role in the detailed discussion of the budget during the sessions of the "Money and Finance Committee" again. The Plenary Session of the Parliament went back to vote for the budget point by point in contrast with the war years', 1976-1990, where the budget used to be adopted in one vote without discussion or real participation.

The "Money and Finance Committee" counts 15 members elected from the 128 deputies of the Lebanese Parliament. The discussion of the budget takes place on a yearly basis almost three months, from October to January, 20 sessions are usually dedicated to this issue. The sessions are the scene of in depth debates between the deputies and the representatives of the Government and the Finance Ministry and between the deputies themselves in the presence of representatives of the concerned parties in the entry or the subject being discussed. Sometimes, representatives of the unions, the syndicates and the civil society organizations are also present. These discussions very often lead to the introduction of significant amendments on some of the articles, but these amendments have to be reached to an agreement by the deputies and the representatives of the Finance Ministry, especially what concerns the increases; the deputies cannot force it on the Government.

The Plenary Session of the Parliament reserved for the discussion of the budget is the scene of serious discussions in and outside the Parliament with the participation of the deputies, the experts, the academic circles and the press. The discussion is usually an occasion for holding the Government responsible for its policies and choices: economic, financial, fiscal, social and regional. The discussion ends with a vote on the budget: laws, articles, indexes and addendums. This discussion rarely results in significant alterations in the critical numbers of spending and projected returns. More important from the latter is the fact that the main choices of the Government in monetary, fiscal, economic and social fields, together with the policies that aim to realize them are never altered due to Parliamentary pressures.

This fact confirms Langdon when he stated in his paper that the Budget Process Cycle as is dealt with in most parliaments is not a sufficient framework for achieving accountability and participation in relation to development and poverty policies. The reasons in Lebanon's case do not differ significantly from those countries mentioned in Langdon's study paper:

1. A significant number of deputies lack the necessary skills and knowledge in the fields of money, finances and economy. Accordingly, the possibility of their participation is reduced to discussing matters such as distribution of numbers and shares, without a real understanding of the macro side of the governmental possibilities, the various alternatives at its disposal and their possible implications. The

question becomes quite difficult when related to complex and multi-layered subjects such as poverty and development.

2. A significant number of deputies are subject to the pressure of various organized and non-organized interest groups. Often, they have to yield to pressures in order to protect their electoral interest. This is a fact that burdens public spending and increases the deficit without having a real developmental or economic value and does not achieve any improvement on the conditions or quality of life of any of the people represented by the interest groups.

3. The tendency of most parliaments is to submit, unconditionally, to the majority parties and the parliamentary blocks. Usually, these are the same parties and coalitions that constitute the government. The result is a diminished, not to say inexistent accountability.

In the first point, the lack of skills and knowledge can be remedied by: (a) The government's relying on a greater degree of transparency and on more efforts to clarify the theoretical side of the choices and policies. Greater clarity is also requested in the presentation of the numbers, their meaning, indication, chronological sequence and their relation to the declared policies and choices; (b) An effort should be made by the deputies to acquire the essential financial and economic knowledge by resorting to training sessions in order to increase and intensify their skills. They should also call for external expertise, from the academy, consultancy companies and experts; (c) Increasing, intensifying and simplifying the discussion about alternatives and public policies in the economic and developmental fields so as to result in a more serious, objective and intellectual discussion, and to make use of the public media for this purpose, away from demagogy and disorderliness.

The second point is related to the level of consciousness of the electorate and how much they can differentiate between a limited progress resulting from situational gains and the critical possible gains resulting from a major change in alternatives and policies. In addition, it relates to the electoral strategy of the deputies, parties and political coalitions, and their concerns towards giving the priority to the immediate demands or contrary the indirect ones to the electorate.

As for the third point, it is normal that the government who is issued in theory from the majority and has its confidence represents the parliamentary majority. Accordingly, it is normal that the government gets the support of the majority by a vote in favor of the projects presented. However, it is the responsibility of the deputies of the majority before the minority, not to blindly support the government. The majority has to hold the government accountable and submit its policies to a continuous profound examination. The deputies of the majority have to make sure that the government is upholding the constitution, the law and the goals, choices and policies stated in the ministerial declaration on the basis of which it was granted the confidence, together with all those presented to the public. Otherwise, democracy

loses one of its main pillars, the separation of powers. In this instance, a separation between the executive and legislative power. The parliament loses one of its main functions which is; observation, assessment and to be held accountable. The deputy loses one of his most important duties, which is being the honest representative and the mouthpiece of the elector who gave him his voice.

Second, Steven Langdon, following on his remarks related to the limitations of the Yearly Budget Process Cycle as a framework sufficient for achieving enough parliamentary participation in the setting of sociopolitical policies and choices, calls in his paper for going further than the Yearly Budget Process Cycle and adopting a Medium Term Expenditure Framework (MTEF), a framework extended on several years. This idea meets the concept of long financial planning adopted by several countries and differs by focusing on a continuous participation, not seasonal, of a parliament: being informed day to day of the economic policies of the government and having the means to intervene, amend and change these policies at the early stages when need be.

Lebanon witnessed during the last decade, two applications of this idea:

- The first experience was in the first half of the 1990s, with what became known as "the Economic Revival Plan" or "Horizons 2000" of the first government of Prime Minister Rafik Hariri;

- The second experience was in 1999-2000, with what became known as the "Governmental Plan for Financial Reform". It was the five year plan of Prime Minister Selim Hoss.

As for the first experience, several copies of the Revival Plan were prepared during the early 1990s, but the Parliament participated in 1995 for the first time, during the discussion of the 1995 budget. The budget of that year comprised in its preamble (the preamble is the introduction of the law and is considered integral part of it) a recitation of facts, knowledge which is necessary to the understanding of the law. The financial dues of the budget were stated in several laws, the 10 year programme that is attached to the budget project.

This plan was barely discussed in the Parliament, except by some deputies of the opposition. However, the discussion outside the Parliament was intense and detailed, later on significantly influencing public opinion and the Parliament. Nevertheless, the "Economic Revival Plan" or "Horizon 2000" was withdrawn from circulation during the next year, not because of the limited parliamentary opposition, even though serious, but due to the retreat of the macro in face of reality. The projections and numbers failed to be matched especially in what concerns the very high rates of growth projected by the plan, 8-10 per cent over many years. It is worth noting, for the sake of comparison, that Steven Langdon states the same reason for the

failure of MTEF in Ghana where a model that includes growth projections much higher than those that were achieved later on was adopted.

As for the Law Projects voted with the 1995 budget, most of it remains in effect until today. However, over the years, it was subject to so many vicissitudes and changes that it lost most of its preparatory and indicative value.

As for the second experience, "Governmental Plan for Financial Reform", contrary to the first experience has limited its goals to insure a macroeconomic stability by means of:

1. Stabilizing the amount of the national debt in order to contain it, after it reached 100 per cent of the domestic product in 1999.

2. Generating a first surplus in the budget and reduce the deficit compared to the domestic product, after it reached 25 per cent.

The Governmental Plan for Financial Reform was presented to the Parliament in 1999 and was thoroughly discussed. However, the Government did not present it for voting as a law, so it remained a document indicative in nature, not binding. This was not the only reason for the plan's failure that it was disregarded with the governmental change of 2000. Then the national debt had reached 125 per cent of the domestic product. The main reason was the limitation of the macroeconomics of the project to financial, fiscal and monetary outlooks without taking into consideration the negative growth of -1 per cent in the year 2000. It was the first negative growth since the end of the war.

The Governmental Plan for Financial Reform remained valid through some of the positive amendments that were introduced in parallel, among them the amendment of the tax return law. The corporate profit tax was increased from 10 per cent to 15 per cent while the individual income tax was increased from 10 per cent to 20 per cent with an exemption for all those with incomes lower than one million Lebanese Pounds monthly (USD650). It is known that the direct taxes, such as the income and profit taxes, have a good progressive distributional impact that contributes to bridge the gap of inequality. These amendments witnessed a wide parliamentary discussion that was an occasion to expose the social dimension of the fiscal policies and its effect on poverty, distribution of income and wealth.

Third, the role of a parliament and the deputies in rectifying the macroeconomic fran ework:

The most important domain through which the deputies and the parliament try to influence the microeconomic framework is the management of the national debt and the money supply. They influence in an indirect way the fiscal policy by influencing all what is related to it, such as interest and exchange rates.

According to the Constitution, any national indebtedness has to be approved by the Parliament who has to specify the amount of the debt, the currency of indebtedness and the maturity period. As for monetary policy, including fixing the rates of exchange and interest, it is not part of the powers of the Parliament; it is the privilege of the Government. Credit control and fiscal policy, together with all measures related to monetary management are the prerogative of the Lebanese Central Bank that enjoys a significant independence from the Government and has the freedom to chose the type of exchange and affect the trends of the interest rates. The significance of exchange rate and interest on credit, investment, growth, income distribution, wealth, equality and poverty does not need further clarification.

The Lebanese Central Bank is not directly subject to the Parliament; so many deputies try to influence the monetary choices by either restricting or liberating the hands of the Government in the process of bond issuance. The almost unique door, for the deputies to play their regulating role in this domain, are entries in the Budget Law that set a yearly limit to indebtedness and specify if it is done in local or foreign currencies (usually, article number 6). Owing to these stipulations, the Parliament can control the Money Supply, influence the direction of indebtedness, and distribute the Debt over a basket of currencies.

However, due to the flexibility needed by the Government in this field, and due to the limitation of the budget exercise that lacks the mechanisms for proper follow-up, the yearly confrontation over article 6 of the budget usually ends up by granting the Government full freedom for indebtedness in Lebanese Pounds, while setting limits in foreign currencies. Despite that, a timid transformation took place since 1997. A section was added to article 6 of the budget that forces the Government to inform the Parliament in a quarterly report of any loan that goes beyond the limits of the effective budget deficit with an explanation of the reasons.

In general, one can say that the Parliament remains short of full and effective participation, supervision and regulation of a significant issue in macroeconomics that relates to growth, distribution of income and wealth, the mechanisms of poverty and impoverishment: the management of the national debt and monetary policy. Accordingly, setting these policies remains largely at the hand of the executive branch of the Government and its institutions.

COMMENTARY TWO

Mohamed Masalha

I will be commenting on the paper presented by Dr. Langdon. I intend to address the Jordanian understanding of the concept of parliaments and their role in economic development, to be followed by an analysis of poverty as a phenomenon in the Jordanian experience.

I wish to start by some remarks about notions pertaining to the institution of parliament. Parliament is a form of an authority and an institute of government. We, as individuals, often look at the institution of government from a critical or envious viewpoint. We often are harsh in our criticism of those in power. These remarks may help us to be objective in our study of the works of parliaments and parliamentarians:

1. Parliaments are based in the notions of competence and representation. It is not a necessity for the deputy to be competent in the ordinary sense, i.e. to be highly educated or expert on one or several subjects, not to mention the impossibility of being an expert on all subjects. In fact, in addition to competence, representation is quite important. Representation generates a sense of acceptance and political satisfaction. Maybe the most important aspect for a member of parliament is to have a wide support basis. This is why we find in some electoral areas, uneducated parliamentarians that have a wide support such as religious leaders, tribal chiefs or political patrons, etc. This is the reality of democracy. Competence is needed badly, however, true-life democracy may result in a representation that lacks competence. Democracy is not the search for technocrats.

2. Parliamentarians do not necessarily, as I heard stated by some of the colleagues, support the government on all counts because they belong to the same parliamentary majority. I ascertain it based on my six years of experience as a deputy. Deputies from the majority and the minority are critical whenever need be. We should not forget that parliaments are the children of an existing sociopolitical and cultural milieu and that the constitution clearly states the ways and conditions that rule their establishment and the electoral laws. Accordingly, the constitution and variations within parliaments are ruled by the sociopolitical and cultural milieu.

3. Parliaments constitute a chain link between the public, the civil society and the system. Accordingly, I believe it to be an important element of the system and it is essential to political stability. We might be harsh on parliaments in our countries; it is true that their performance is modest and sometimes does not meet popular ambitions, but I believe that their mere existence is better than their absence. They are tools for popular representation and they help to create a sort of political acceptance of the regime. They also help in the monitoring process. All of these facts that are quite relevant to our discussion herein whether in the fields of development, combating corruption or the exercise of authority in the economic or political decision-making

process. Accordingly, and in all truth, parliaments are a headache to governments as even the most compliant parliaments are not always to the liking of governments. This is why governments sometimes resort to the dissolution of parliaments before their legal term.

These are general remarks I chose to stress taking into consideration that parliament is not always the centre of legislation, meaning here internally based legislation. This may be explained by what I previously stated: parliaments include some persons that have a wide popular support but are not competent enough to deal with all parliamentary matters. Thus, governments are the centre of legislation as they group experts and information. For this reason, the laws derived from proposals presented by the government to parliament are complete and cover all the dimensions of the social equation between government and the individuals much more than the projects of laws proposed from inside the parliament. This definitely does not negate, as stated in the constitutions, that parliament legislation is one of the rights of parliaments. For example, when we refer back to Jordan, we notice that the last Parliament did not propose more than two or three law projects, but has presented the government many ideas to be studied and formulated into laws related to this subject.

I will present our Jordanian experience as for the role of parliament in relation to control and development. Our parliamentary experience was brought to a halt from 1974 to 1989 due to the occupation of parts of our homeland. Then, after the disengagement, we were able to hold elections for the first time in 1989. The economic situation in Jordan was quite bad during this year: a decrease in the value of the Jordanian currency, an increase of the cost of life, very high levels of poverty and the foreign debt reached more that eight billion U.S.D. The emergence of a parliament helped in two important issues: political development and economic development.

In regards to political development, political parties were formed and plurality came into being. Furthermore, the press gained more freedom than it had, a fact that gave a big boost to the freedom of expression. The civil society organizations became active and in comparison to the previous period their activities were multiplied by ten folds. Citizens got motivated to participate in political parties, pro democracy societies or women's rights organizations and so forth. Hundreds of societies became active, not only in the economic field, but in all venues of public life.

Parliaments did result in our country in what I would call sociopolitical fluidity, i.e. persons belonging to the lower classes got represented and gained political power that allowed them to reach the position of member of cabinet. Accordingly, parliamentary life pulled several social factions to sociopolitical positions that were previously out of reach. This is one of the merits of the Jordanian experience. Furthermore, we witnessed in the Jordanian Parliament the first accountability questioning of a cabinet minister in the history of parliamentary life in Jordan. Some ministers were held accountable, decrees were issued and the Parliament was able to indict those who were corrupt and bring them before the district attorney for trial. One

of the deputies has even accused the Prime Minister of corruption during the year 1999/2000. The case was investigated and independent from the results of the investigation, this event is in itself a precedent that shows a clear indication of the seriousness and efficiency of the monitoring and accountability role of the Jordanian Parliament.

As for participation, it is a fact that parliamentary life allows people to participate via parties, parliamentary coalitions and even the town meetings between the deputy and his electorate on condition that the relation between them remains continuous, not electoral and seasonal.

Parliaments help the process of an authentic political culture. With the return of parliamentary life to Jordan and other Arabic countries, democracy gained momentum and acceptance, not only on the political authority level, but on the popular level too. All of these are positive transformations. However, we cannot transgress the social structure, for example, we in Jordan are a tribal society. This is a reality that the researcher cannot ignore when appraising the configuration and performance of parliaments, parliamentary life and their effect on public policies. Nonetheless, the performance of the Jordanian Parliament during the last five years witnessed many positive actions especially in the fields of control and monitoring through the deputies' questions and examinations (the deputies' questions and examinations reached the number of 150 during some of the sessions) within the framework of the parliamentary role of control and monitoring over the executive power. Moreover, the actual Parliament held four parliamentary discussions of several essential issues related to medicine, food and procurement policies. The last three discussion sessions stressed on the distribution of resources in an equitable manner on various regions and social factions with special attention for the less fortunate regions and classes. However, we have to recognize that in view of the transformation towards a market economy and of privatization, the role of the Parliament in Jordan is being undermined after having played a primordial role in issues crucial for combating poverty, such as price control of primary food products for instance; flour, rice and all other essential products to the poor classes.

Moreover, parliament has played an essential role in setting in motion what I call public opinion monitoring through the media coverage of parliamentary discussions during confidence or general policy discussion sessions. These discussions include among others a critique of the government. A free media plays an essential role within this framework. I do believe, many would not agree with my view, that the press in our countries has evolved in this direction quite significantly during the last few years. A clear indication is the caricature that represents the prime minister and other political figures in a satirical manner. Taken within the social Jordanian context this would have been unacceptable, however, within the framework of democratization it became acceptable in Jordan. It has created an atmosphere of self-enlightenment whereas the politicians became more open to political criticism.

The budget process is definitely an occasion for the parliament to exercise checks and balances related to socio-economic development and to insure the fair distribution of budget expenses over all regions and in favor of the less fortunate members of society. The Jordanian Parliament was quite successful in the aforementioned role as previously, in view of the government single-handedness in the distribution process, ministers were able to move resources from a region to another based only on their regional or tribal affiliations.

What I want to say is that social care under parliamentary life is better balanced than it was in the absence of parliamentary life. The deputies of the remote regions have contributed a lot in achieving better distribution and development. This is a direct result of the fact that through the emergence of a parliament and a monitoring role, political empowering became a fact, and the will to decrease the levels of unemployment and poverty reduction became a priority.

I will conclude by saying that parliaments are not institutions that take money from the government vault or the pockets of the rich for distribution. They are institutions that can achieve the same by legislating and setting checks and balances to the policies of the government and by amending or annulling laws that are no more valid and voting replacing laws and so forth, until economic development is achieved in an equitable and balanced way between all regions.

DISCUSSION

Atef Majdalani

I thank Dr. Haddad and Dr. Masalha, and I have two remarks: the first remark is that I fully agree with the paper presented by Mr. Steven Langdon in what relates to his review of the subject of parliamentary majority and minority in discussing the Budget Cycle Process. However, I would like to state that it is normal for a deputy belonging to a parliamentary block represented in the government to agree with the projects presented by the government. But this does not hinder his ability to discuss these subjects within his parliamentary block, this is part of the demaocratic life

The second remark has to do with the commentary of Dr. Haddad. It is certain that he addresses factual matters relative to the Lebanese experience, however, it might be appropriate to indicate that the growth expectations presented by the governments of Prime Minister Hariri and Prime Minister Hoss resulted from the actual Lebanese situation, a civil war that raged from 1975 to 1992, the continuous Israeli aggression, the occupation of South Lebanon by Israel, the resistance and the transformation of the Lebanese economy into an economy of steadfastness and resistance.

Mahmoud Abdelhai Salah

1. It is to be noted that we immerse ourselves in the technical and managerial side of the budget process and the ways and means of follow up. Nobody can deny the importance of these dimensions, however, in my opinion, it is not the core subject of our Meeting. If we follow on the goals of this Meeting, it might be more appropriate to address the subject "the role of parliaments and governmental budgets in development and poverty" from the viewpoint of the philosophy of development, its fundamentals, it main socio-economic direction and the nature of the actual political system. Within this framework, we need to address the role of parliaments by:

(a) Identifying the economic system, its mechanisms: standard, compensatory and extraordinary. If market economy is the basis of the actual economic system world wide, then market mechanisms becomes the standard system. In its essence this system limits to the minimum state intervention. It calls for compensatory and extraordinary mechanisms in order to remedy to socio-economic upsets and poverty upsurge that result from market mechanisms. Parliaments are to study and approve these mechanisms, the practical procedures needed and to supervise their implementation by the government;

(b) Discussing and approving the socio-economic projects and policies after amending and correcting them, whenever need be, according to the expected results whether trying to avoid poverty upsurge or in order to promote poverty reduction;

(c) Achieving a balanced development on the regional level through empowering and enabling the deputies to oversee the developmental interests in their own electoral districts on a constant basis and not only during the few weeks or days of electoral campaigning;

(d) Overcoming the inability of many deputies to follow up the technical economic side of the budget process, its details and reasons. This, through the works of parliamentary specialized committees, in which all parliamentary parties are represented, and with the support of the works of expert bureaus within the general session of the parliament. This, conditional to the fact that the persons working in these bureau are on a high level of technical expertise, scientific competence and are far, in their work, from party influence. Accordingly, the political parties are to include in their internal charters the formation of expert bureaus to assist their deputies in their parliamentary performance.

2. A clarification of the concept of poverty is needed. It is important to differentiate between absolute poverty, the best definition is the impossibility to fulfill the bare necessities of life, and relative poverty which is the lessening of the potentials, economic, scientific, cultural, etc., of a person, family or social group in comparison to the potentials of others. According to the last meaning, almost everybody is relatively poor. Hence, the poverty we aspire to reduce in our meeting, as is the case in most discussions, studies or poverty reduction programs, is absolute poverty, not relative poverty. The concept of absolute poverty gives rise to a dilemma in defining in each society the bare necessities for human life and the basis to reach satiation or what is known as the line of poverty. It is clear that this is not only a technical issue, it is a sociopolitical issue that I think should be discussed, decided on and approved in parliaments. It is to be a guideline for parliamentarians to discuss the budget from the viewpoint of social development and poverty reduction.

3. Reforming the parliamentary performance in relation to its impact on the executive power, the government. The levels of response of the later to criticisms and suggestions is more important than the levels of criticisms, suggestions and the growth in the means of expressing these criticisms and suggestions. What is required is a real democracy based on the effective participation of all parties and not a linguistic democracy used as a security for venting grievances.

4. The issue of the parliamentary majority blindly supporting the government that is formed from the predominant parliamentary parties and the negative effect this has on national interests in the fields of development, poverty reduction, etc., in particular when the government is, for any reason, mistaken. This issue requires all of us, parliaments, governments and individuals, to be committed to the morality included in what the Prophet, blessed by God, said: "Support your brother whether oppressor or oppressed" and when asked: how can we support an oppressor? He answered: "By making him stop his oppression". If we abide by this morality that has a tremendous ethical, political and social reach, the support of the parliamentary majority to its

government remains fair and appropriate. It supports all governmental actions that are in the national interest and steers it clear from corruption in general and in particular from all that impairs development and the interests of the poor and the deprived. This is the real democracy.

Fatima Sbaiti

I will sum up my remarks as follows:

1. What is essential is to move away from wishful thinking so as to be able to develop an overall workable strategy for social, political and economic development that would include a social dimension in relation to the issue of poverty.

2. Democracy is based on parliamentary representation, electoral laws and the separation of the executive and legislative powers. Is this separation established in our countries? This is an issue that warrants study and resolution.

3. Where are women in all of this? They are the most affected by poverty in a region suffering from armed conflicts. It is necessary to develop a complete strategy to build up potentials including training seminars, practical aid and to stress on women and gender equality. This is based on poverty's wider concept; poverty is not only related to income, it is also the poverty in potentials.

Ahmad Hammouda

Parliaments are part of a government, they are the legislative branch of power whose role is accountability, control and legislation. This is supposed to serve development, equitable distribution of income and to set appropriate strategies to reduce poverty and improve quality of life etc.... Furthermore, parliaments discuss and study the budget point by point in order to reach a formula that would serve the public interest. All of this is supposed to induce poverty reduction and an improvement in socio-economic conditions and the balance of payments... Then why is poverty increasing, development failing and the burden of national debt increasing in some Arab countries during the last two decades? Is it that parliaments did not fulfill their role, or what? The experiences of Lebanon and Jordan were explored during this Meeting, and I wish we could have heard about more experiences.

Jaafar Saeed Basaleh

As for Yemen, we are still a young democracy and we try to learn and benefit from all experiences and ideas. Regarding the role of parliaments in fighting poverty, this role is quite limited in Yemen due to reasons inherent to the Yemeni constitution. The Yemeni constitution states, for example, that the yearly budget that is presented by the Government is not subject to any executive action by the Parliament. The Parliament cannot effect any amendment of the budget except with the prior approval

of the Government. This is why when a joint committee, to study the budget project, is formed, the Minister of Finance is surely the most difficult party during the discussion and does not accept any questioning or significant amendment of the numbers.

I do believe that the struggle against poverty is a very wide title; how to fight poverty and how to reduce poverty? Parliaments are basically a tool, however, they are more or less the creation of the government. What is called the strategy or a vision for the future is what drives countries towards development. In Yemen, we are seeking a future vision for Yemen 2005 through a study project. This project got the support of the Uinted Nations Development Programme (UNDP), the World Bank and the International Monetary Fund (IMF). As for planning, we, the Parliament, discussed the second five years plan 2001/2005, which was adopted and included as one of its objectives poverty reduction by the use of social security. The Parliament plays an important role in simulating and channeling the projects related to the social security issues in society. However, in what relates to the budget, the government almost single-handedly formulates and decides it. The Parliament and Senate can only bless the measures taken by the government in the Budget that could reduce poverty.

Elissar Sarrouh

At some stage in our discussion of Arab parliamentarian experiences we must address the measures adopted for poverty reduction and if these measures were successful or not. If not, what were the impediments? Answering these questions will allow us to lay down the mechanisms and procedures to set these measures in motion. Just mentioning the positive aspects will not lead to a reduction in poverty.

During these discussions, the necessity to monitor the government's response to the deputies questions was mentioned. I wish to point out that, in case the government answers the deputies seriously and act in a rational manner, then the parliament would have accomplished a positive function. However, if the government does not respond seriously to the parliament's questions and takes them lightly then should the parliament stop bringing up its stipulations? I think not. The parliament has to pursue its monitoring role and to keep up its questioning until the government fulfills its duties by responding in words and deeds.

It is very important to provide the deputies with technical assistance. It is essential whenever we aim at galvanizing the role of the parliament. In relation to the parliamentarian voting with or against his ruling party, it is an issue related to the prevailing political system. For example, in the parliamentary system, if the deputy votes against his party, he is subject to expulsion or suspension.

I would like to stress that women are the poorest of the poor and it is necessary to study policies and mechanisms that would protect them from any additional suffering such as inflation and unemployment brought about by economic liberalization.

Atef Kubursi

My comments are about the remarks mentioned during the discussions that relate to the issues of separation of powers, the minister/deputy and women. I base myself on the Jordanian experience.

In regards to the concept of separation of powers in the parliamentary system, it is true in principle, but in practice crossing points and interaction do exist. The issue of the minister/deputy is part of this interface. We witnessed this experience in Jordan for a period of time. Lately, we moved away from this model as we realized that the end result is a dictatorial parliamentary government. It sticks the Government and the Parliament in the same boat and thus the deputy loses his legislative and monitoring power. In case the deputy is a governmental employee he will tend to permit the government to take over all matters and will have a tendency to serve the interests of his employer.

What regards women's issues, despite all the political and encouraging male discourse, women will not get their rights except by their own efforts. Men will not grant them their rights. Truthfully, women have to fight for their rights because men, as democratic as they are, will not renounce their political prerogatives willingly.

As for the role of parliaments in poverty reduction and economic development, I do not believe that any parliament has an independent strategy related to poverty reduction. The institution of government, the executive power, is the party responsible for implementing policies. The parliament participates either in the planning stage or in a consultation role or by advice, which is different from setting a strategy. For this reason I mentioned that parliament participates in setting the plans for regional development by presenting recommendations. In Jordan the Parliament issues at the end of each budget cycle a recommendation related, for example, to the agricultural sector and how the government can help small farmers, or related to the educational sector and in particular in the remote areas and other recommendations such as the necessity to insure animal feed and water at reduced prices.

Jihad El Zein

I would like to point out that the role of parliaments is not measured only by individual, technical and scientific performance. During the last twenty years and with Neoliberalism reaching the South, we notice that poverty reduction is not linked to good governance. Sometimes and in some parliaments, very few in the Arab world, we notice a real popular representation. This means that there are some parliamentarians, individuals or groups, that have a popular feel and work on preserving the social gains achieved by previous governments even if these gains, as became acceptable during the last twenty years, go against the trend of good governance or economic modernization. An example well known in Lebanon and I also believe well known in Egypt and in many other countries, is the disbanding of the

public sector. There are many parliamentarians in these countries who have a popular basis and are committed to it, so they do not encourage the break-up of the public sector despite the fact that this concept became a sacred one, almost universally accepted.

In Lebanon, for example, all deputies, elected democratically or not, reformers or not, stood against the reduction of the public sector due to the popular sensitivity towards this matter. Reducing the public sector is a big issue in this country. Everyone in Lebanon knows the meaning of a reduction in the public sector: expanding poverty on all levels, reducing the military and reducing the education sector, for all essential services sectors. It means laying off a great number of employees. It becomes clear that poverty reduction, in our countries, is at odds with modernizing government and proper economic management of the bureaucracy. In such a situation, how do we judge parliamentary performance? Do we praise it when it obstructs reducing the public sector and prevents the lay off of a great number of workers? Or do we criticize it for hindering economic modernization of the economy and the State and for promoting bad management of economic resources? I do not have a clear answer, I just want to draw your attention to this issue.

Mahmoud Abdelhai

At the end of this session it might be appropriate to summarize two remarks noted during the discussion: first, the 11 September 2002 events have had, without doubt, a negative effect on the democratic trend and politico-economic liberalism. The effect is not clear in most of the developing world due to the infancy of politico-economic liberalism and the incomplete democratic experiences in most of these countries, yet, the outcome is quite clear and worrying in the developing world, specially the United States and the United Kingdom. There is a deterioration in the quality of governance and democracy, the extent of which is still unknown to us. If we consider that these two factors are necessary for poverty reduction, then will the last events result in a retrenchment of poverty reduction in favor of issues such as, security and the elimination of any struggle inlet against the hegemony of the superpowers and their supporters in the region? I leave the question unanswered, yet the answer is not difficult to reach.

The second issue is related to women. Truthfully, one cannot and should not ignore women and their effective role in all aspects of life. They should be given all material, morale and ethical credit for their role. All the shortcomings of our society related to women's rights or the lack of empowerment in certain fields are social issues that take root in political, cultural and socio-economic problems embedded in society as a whole. They should be addressed within this framework and should not to be considered as women's issues only. To consider that women have issues of their own, independent from the problems of society as a whole, women, men and children, is not wise and does not serve social unity and cohesion. For example, the most particular issues of women are not separate from a man's issues (being the husband,

the father, the son and so on). Women's particularities should be addressed and taken care off as social issues that we all have to ensure to the best of our abilities. Here I would like to indicate that the experiences of the developed countries and other societies are certainly rich with positives that can be useful. However, they are also rich with negative factors that we must work to avoid. The western woman's achievements are not all good and the situation of women in our countries is not all bad. What the western women accomplished, putting aside the difference in values and sociocultural criteria despite the validity of accounting for them, took more than three to four hundred years to be achieved. Those who try to impose these achievements in our countries within a period of five or ten years are endangering the social structure itself because women are the pillars of stability in society and are the persons who implement the values of ethics and belonging. It is a fact that their roles increase in power and effectiveness whenever we advance on the road of supporting, improving and empowering them.

PARLIAMENTS THAT WORK: A CONCEPTUAL FRAMEWORK

by

Robert Miller[*]

Introduction

In its Aide-Memoire, ESCWA writes that "the conference will discuss means to enhance the performance, efficiency, accountability, representativeness and responsiveness of state institutions, including governments, parliaments and the judiciary". The purpose of this paper is to propose a conceptual framework for assessing and strengthening the performance of legislatures and legislators.

Chapter I of the paper describes the "Ecology of Governance", a conceptual framework within which parliament is seen as serving as "a bridge between citizens and the state". This part of the paper also describes common, systemic failures of governance.

Chapter II of the paper points out the crucial importance of empowerment and participation of the poor to the success of poverty reduction strategies. It goes on to argue that legislatures can and should, but too often do not, serve to support and facilitate the participation of the poor in the decision-making processes of government. This part of the paper also offers recommendations for how parliaments can better serve the poor.

Chapter III of the paper goes on to argue that for parliaments to be held accountable it is useful to employ a means of measuring their performance. This part of the paper refers to a worldwide movement to develop indicators of good governance and describes a project of the Parliamentary Centre in cooperation with the World Bank Institute to measure parliamentary performance.

I. THE ECOLOGY OF GOVERNANCE

The work of the Parliamentary Centre of Canada concentrates on the following parliamentary mission statement:

> "Parliament should be a vital institution that serves as a bridge between citizens and the state. To that end, parliaments—and parliamentarians—

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[*] This paper was prepared by Robert Miller, Executive Director (CEO) of the Canadian Parliamentary Centre, Canada. The paper was distributed and the author did not attend the Meeting.

should carry out their legislative, oversight and representative responsibilities in ways that respect and strengthen good governance values of accountability, transparency and participation."

The accompanying diagram, "The Ecology of Governance", helps to explain our approach. We start from the view that all countries in the world now face the challenge of creating a balanced system of governance combining a productive marketplace, vital and diverse civil society and an effective, just state, with the system centred on active citizenship. Although we argue that the challenge is now a universal one, it must be met in ways that respect history and culture for a sustainable national identity to emerge. Further, as the diagram shows, this challenge of good governance presents itself in the surrounding context of an ever-encroaching global village

We use the term "ecology" to underline the fact that good governance requires a complex web of institutions nourished by common values. We would highlight, in particular, the following governance values:

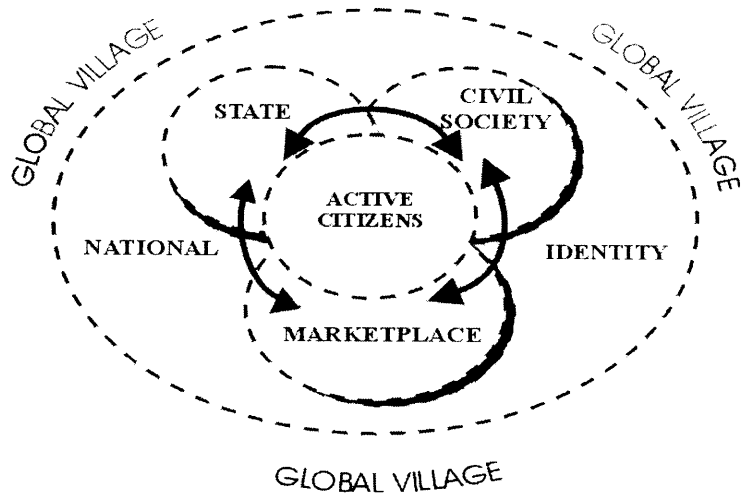
1. Accountability is the value that recognizes the obligation of those in power to serve and answer to all citizens, not the other way around. It flourishes when a healthy balance of power exists between the state, civil society and the marketplace, with no institution being able to control the lives of citizens. The same requirement of balance applies to relations between the executive, legislative and judicial branches of government. Accountability breaks down when any one of those institutions dominates and controls the others.

2. Transparency is a complementary value to accountability. It requires that citizens be able to acquire the knowledge and information about governance needed to make informed choices. It also means that dialogue between citizens and state institutions should be continuous and open.

3. Participation is the value recognising the right of citizens to act on their governance choices and to play an active part in the public life of the society. In practice, this means that all citizens should have a fair opportunity to participate, regardless of economic class, gender, religion or ethnicity. Correspondingly, it imposes an obligation on citizens to participate in the affairs of the community and nation.

Although accountability, transparency and participation are separate and distinct governance values, their realization in practice depends on them mutually reinforcing one another. It is evident, for example, that accountability can only be realized in practice if citizens can acquire the information necessary to judge the performance of those in power and the ability to act on the judgements once made.

THE ECOLOGY OF GOVERNANCE



The imbalanced ecology of governance

Parliamentarians who have participated in the Laurentian Seminar* over the past several years have overwhelmingly endorsed the ecology of governance as a succinct statement of global governance ideals. They particularly emphasized the importance of rule of law and balance of power, while stressing that strong effective governments are a prerequisite of development.

Many were also emphatic in saying that the reality in their own countries was a long way from the ideal. They described what might be called The Unbalanced Ecology of Governance, having the following salient characteristics:

1. State Centered, Executive Dominated. State institutions are large and powerful in relationship to those of civil society and the marketplace, both of which are relatively small and underdeveloped. Within the state, the executive dominates both the legislature and the judiciary and central institutions dominate regional and local government.

* The Laurentian Seminar is organized by the Parliamentary Centre, in partnership with the World Bank Institute and the Canadian International Development Agency. It brings together parliamentarians from around the world to discuss practical means of strengthening parliament's contribution to good governance.

2. Governance is closed and hierarchical, not transparent and participatory. The unbalanced model is closed and exclusive, not open and participatory. Information is guarded jealously and participation is neither encouraged nor welcomed. It is for the executive to know and to act, largely unencumbered by other institutions or citizens.

3. Parliamentarians are denied the means, (information, staff, offices and so on), that would allow them to play an effective role in governance. Instead, government and opposition parties mount rhetorical battles in parliament and members of parliament play the role of glorified municipal councilors, spending much of their time seeking benefits for their constituents or themselves.

4. Among the high costs associated with unbalanced governance, corruption is one of the most insidious and destructive. While stressing that corruption has a multitude of causes, including poverty and the business practices of many transnational corporations, parliamentarians identified the following traits of unbalanced governance as contributing to systemic corruption.

5. Lack of independent judiciary. Many parliamentarians saw the weakness of the judiciary as the single gravest flaw in their countries' governance systems. Instead of an independent judiciary enforcing the rule of law, judges and courts are often under the thumb of the executive and susceptible to bribery. The resulting lack of public confidence in the courts contributes to an atmosphere of lawlessness that facilitates corruption and poses grave dangers to the stability of society.

6. Centralized government. Executive dominance expresses itself in two ways: first, in relations with other branches of government, particularly the judiciary and parliament. And second, in relations between the central government and other levels of government, particularly at the local level. Many parliamentarians see it as being especially important to devolve power and resources outwards and downwards. It was acknowledged this might result in short term increases in corruption where local accountability systems are weak.

7. Top down political parties. There was considerable discussion, particularly in South Asia, of leader dominated political parties that subvert standards of accountability, transparency and participation. Elections and the ensuing confrontation between parties in parliament are often narrowly focused battles for the spoils of office rather than struggles over competing policy agendas. Consequently, elections often feature "goons, guns and gold."

8. The watchdogs are chained. Specialized agencies like Auditors General and Ombudsman offices are one of the established means of strengthening accountability so as to reduce corruption. However, the proliferation of such agencies may create turf battles and public confusion. Additionally, many of these organizations are under the political and budgetary thumb of the executive.

9. Civil society and media are weak. The weaknesses in state institutions are compounded by the weakness of civil society and the marketplace. Instead of vigorous, independent spheres of influence able to hold government accountable, civil society organizations are often dependent on or closely allied with government. Like watchdog agencies, media is often dependent on, if not under, the direct control of the executive.

The Governance services of parliaments

Good governance is realized when citizens and their institutions, working together, convert governance principles into day-to-day practice. The ecological perspective helps us to understand that no one institution, by itself, can guarantee these values. Only by working in combination with other institutions can parliament, or the executive or the judiciary make a sustained contribution to good governance.

Then how should we think of the particular contribution that parliament can and should be expected to make to good governance? To answer that question we have developed the following matrix of "Parliamentary Good Governance Services" based on the parliamentary mission statement presented at the beginning of this paper. The matrix is designed to measure the performance of the basic parliamentary functions, the legislative, the oversight and the representative functions, by applying good governance tests of accountability, transparency and participation.

A MATRIX OF PARLIAMENTARY GOOD GOVERNANCE SERVICES

	Legislative	Oversight	Representative
Accountability	*X*		
Transparency		Y	
Participation			*Z*

To illustrate, the cell marked X focuses our attention on the issue of whether parliament is carrying out its legislative function in a manner that strengthens the practice of accountability. For example, does parliament have the power to require the executive to explain and justify the legislation it presents to parliament? Are parliamentarians accountable to constituents and citizens in general for their support of or opposition to legislation? The cell marked Y raises a different set of concerns about parliament's ability or willingness to carry out its oversight functions in a transparent way. Do parliamentarians have access to the information they need to oversee government operations? Are they open in sharing that information with citizens and their organizations? The cell marked Z focuses attention on representation, arguably parliament's most basic function, and raises questions about the participatory way that the services of representation are performed. For example, in carrying out their constituency responsibilities, do MPs help the favoured few or seek to broaden and deepen participation by reaching out to all?

Conceivably, a matrix of this kind could be used to develop a parliamentary good governance report card, although none of the functions or values being measured is simple or one dimensional. Accountability, for example, is a complex notion, open to differing interpretations. Therefore, instead of thinking of the matrix as a report card, we think it would serve better as a set of good governance benchmarks applied to parliament. If approached in this way, the guidelines could serve citizens in demanding services of their parliament and parliamentarians in planning ways to better provide those services. It can also serve as the basis for developing indicators of parliamentary performance (see chapter III).

We would argue that values like participation have universal application though their realization will vary with economic and cultural and conditions. Participation will be realized quite differently in a country where many people can neither read nor write compared to a country where literacy is more or less universal, but it still remains a fundamental governance value. Recognizing this, shortly after the commencement of black majority rule in 1994, the Gauteng Provincial Legislature of South Africa established an Office of Public Participation whose primary mission was to encourage the participation of the poor and marginalized in the business of parliament. Among its innovations was a procedure for oral parliamentary petitions as distinct from the traditional written petitions that assume literacy. In another departure from common parliamentary practice, the legislature also committed itself to actually examining the petitions and, where possible, acting on them.

II. POVERTY, PARTICIPATION AND PARLIAMENT

Poverty is a multidimensional problem with no single, simple solution. Economic growth, and therefore the right macroeconomic policies, is important. But trickle-down economic growth by itself has not worked, as the growing gap between the rich and the poor makes clear. It is now widely recognised that economic development should be linked closely to social development and good governance.

Powerlessness is a key dimension of poverty. Lack of power explains poverty and poverty explains lack of power. This can help us understand why levels of poverty are higher for women, children, minority groups and the handicapped. In many political systems, including formal democracies, the poor are politically marginal, having little opportunity to influence the policies that influence their lives. The result is that there is little accountability by state institutions to the poor, who make up majorities or substantial minorities in most countries of the world. Democracy is helpful but could do far more to benefit the poor. Evidence suggests that civil and po' tical rights are associated with higher rates of economic growth, lower corruption and poverty reduction. However, there are wide variations in how well democracies respond to the needs of the poor, leaving open the question: How could democracies better serve the poor?

The participation of the poor in governance is essential. States respond to the interests of the poor according to their level of participation in policy making and the quality and effectiveness of organisations working to support the poor. Empowerment of the poor is good in itself and as a way of ensuring the responsiveness of the state. But the key instruments of empowerment and participation are hard to determine and harder still to implement. For example, parliaments can play an important role in facilitating the power shifts that can benefit the poor, but will they? Will parliaments be part of the solution or part of the problem?

Rule of Law has a tremendous impact on the lives of the poor. Law reform commonly includes such things as changing inequitable laws, for example, those denying women property rights, reducing police brutality and corruption, and speeding up legal and other disputes so as to reduce their prohibitive costs for poor people. Devolution of power to local government can also help if approached carefully. Bringing government closer to the people can be a way of empowering the poor, provided that the political and administrative requirements are in place. Otherwise, devolution may reinforce the power of existing elites or create new, unaccountable power holders.

Increasingly, empowerment must extend to the global level. International economic and social forces impinge powerfully on the prospects of the poor in all countries, as do the policies of such powerful international organisations as the World Bank, International Monetary Fund (IMF) and the World Trade Organisation. Therefore, empowerment of the poor must extend to the negotiations that take place between these institutions and individual countries. It must also extend to the parliaments of rich countries where policies impacting developing countries, debt relief and official development assistance, are debated.

Who sits at the negotiating table?

If we define participation as the right to influence decisions, we should ask ourselves, who sits at the negotiating table? "Participants" may be divided into four groups.

First, there are the people who obviously hold power and have the most influence in the final decisions. Usually the poor are not well represented in this group. Senior members of the government and bureaucracy are often in this category while Parliamentarians are usually not, though they may be on their way to sitting at the table.

Second, there are the token participants. It may be that people often forgotten or excluded from previous public debates are suddenly given a prominent place at the table. However, this does not mean that they are genuine participants. They may be there because it serves the interests of the genuinely powerful that they be there, for symbolism or to silence critics. Parliamentarians should be especially sensitive to

others, or themselves, being used to confer legitimacy on otherwise bogus proceedings.

Third, there are the people not sitting at the table who have access to and can influence those who are at the table. Groups that have been traditionally excluded from decision-making, such as women or rural people, have tended to develop their own mechanisms for making their point with people who do not have access to mainstream channels of negotiation and decision-making. This may lead to the favouring of certain individuals and groups that are not necessarily committed to the long-term advancement of the interests of poor people. Parliamentarians often belong in the category of those in a position to influence those with power and therefore, if motivated to do so, can serve the poor as power brokers or intermediaries.

Finally, there are the vocal and militant critics of the people who are at the negotiating table. Recent demonstrations at the World Bank and IMF meetings provide an interesting example of people who become part of the debate though not invited to sit at the table. Members of Parliament most opposed to the status quo may lend their prestige to these groups or serve as a broker between these groups and the power holders.

Voice and empowerment: how can parliamentarians help?

Empowerment is a prerequisite to participation. The token participant referred to above may be sitting at the table but without any real power to press the interests of the people he or she represents. Empowerment means that one's voice is being heard and that one's opinions and interests are being taken into account in decision-making. Other indicators of empowerment include the following:

- Access to information;
- Capacity to mobilize constituents and formulate positions;
- Access to resources;
- Role in monitoring, evaluating and adapting programmes.

Parliamentarians can help empower the poor by knowing their constituencies, more than superficially. Some of their constituents may be socially or politically invisible, for the simple reason that they are engaged in a daily struggle for survival. Parliamentarians need to go beyond what meets the eye to understand the various social groups that make up the constituency and explore the social dynamics and the prevailing power structures.

Parliamentarians need to know the formal and informal leaders in the constituency. This may seem obvious but it is not always easy to detect who really exercises power as distinct from those who hold only token power. Parliamentarians should examine how information flows through the social and political structures and

use this knowledge to help groups that are often left behind. Parliamentarians can also help create opportunities for these groups to be heard, thereby expanding the political space for the poor at the negotiating table.

Parliamentarians can and should work to facilitate participation but it is certainly not the case that they always do. One of the main obstacles to playing such a role, and one of the main sources of public cynicism about politics, is "state capture" whereby representatives, and other officials, sell their decisions and influence for money. In so doing, they set aside the interests of the people they represent in favor of their private clients. Some research suggests that this is not an occasional problem but a fairly common one. Institutions like parliament, rather than serving as bridges for the people at large, serve as networks for the well connected who exchange favors and use government for their own interests. In order to control or distort public policies, these networks work to ensure that public participation is kept to a minimum. This, in turn, facilitates corruption and the misallocation of resources that might otherwise benefit the poor. The cure for state capture rarely comes from the state itself or the state alone. It comes from an active civil society, buttressed by an independent media, asserting that these public institutions belong to, and are accountable to, the people rather than privileged minorities. This process of challenging private power is often a tumultuous and not infrequently a violent one.

The ability of parliamentarians to support participation of poor people depends, in part, on the institutions that represent or work with the poor. Where civil society is well developed and accustomed to playing an active role in governmental decision-making, parliamentarians can easily serve as policy brokers between civil society and government. Similarly, it is relatively easy in those circumstances for parliamentarians to strike up alliances with established and politically adept civil society organisations to support strengthened poverty reduction policies. However, civil society and marketplace institutions are relatively weak in many developing countries or they perform functions that are no longer as relevant as they once were to meeting the development challenges facing the country. In those circumstances, the building of state-civil society relations becomes a major and politically sensitive parliamentary challenge.

In supporting a poverty reduction agenda, parliamentarians should be agents of change, striving to change attitudes, providing information and mobilizing groups. They should be guided by an ethic of service to constituents, grounded in accountability.

There are obstacles that sometimes stand in the way of parliamentarians developing a relationship of service, accountability and trust with their constituents. For example, the political process may operate as a "world apart" from the average person. Violent conflict in a country can reinforce this tendency by making it difficult for many people to trust those in authority. Many people, especially the poor and uneducated, do not understand how the political system works or how the member of

parliament can help them. MPs may spend much of their time at parliament in the capital city, far away from constituents. This situation may be worsened if the salaries and allowances paid to members are for the work they do in parliament but not in their constituencies. In addition, MPs often lack the basic tools needed to serve their constituents effectively, such as properly staffed offices and communications equipment.

In order to strengthen representation as a core parliamentary function, parliaments should pursue an active strategy of improving service to constituents. The following are examples of actions recommended by serving parliamentarians:

1. The parliamentary budget should provide funds to cover constituency offices and staff, expenses associated with travel to the constituency and meetings with constituents. MPs should be paid not only for the time they sit in the parliament but also when they consult and meet with the people.

2. MPs should use community organisations for focus group discussions and as sources of information and advice on development issues. Parliamentarians should carefully check the track record of organisations representing the poor.

3. MPs should consult with their constituents before casting important votes in parliament. To facilitate this, they should post their schedules in public places in their constituencies and hold community forums in various parts of the constituency.

4. The parliamentary committee on rules and procedures, or its equivalent, should set out guidelines for consulting with and accounting to constituents. MPs should be required to produce periodic public reports on development issues in their constituencies and what they have done to address them.

5. MPs should be given training in serving constituents, including on methodologies of public consultation and citizen engagement. In addition, many MPs need training in project development in order to better function as development agents in their constituencies.

6. MPs should work closely with other levels of government and especially with local governments in their constituencies. In turn, they should help their constituents find their way through the maze of modern governance.

Parliamentarians' ability to network with colleagues in other parliaments, both within their own country and abroad, is an essential professional skill. All public policy issues now have powerful global and local dimensions and parliamentarians can play an important role in connecting the two. Moreover, there is now an array of modern technological devices to assist parliamentarians in their work of networking. Unfortunately, parliaments have been slow to take up this new technology compared

to the executive, the private sector and civil society. Should this persist, there is the danger that parliamentarians will be further marginalized in the policy process.

It is especially important that MPs use the new technology to benefit the poor. Otherwise, the revolution of communications could deepen the divide between rich countries and poor, rich people and poor. International networking is a way of sharing policy information with colleagues in other countries and mutually reinforcing one another. The African Parliamentarians Network Against Corruption (APNAC) is an excellent example of international parliamentary networking. Similar networks can and should be established in support of policies to reduce poverty.

The web is now a vital source of research and information on governance. It may be possible for parliamentarians to get needed information off the Internet when they cannot get it from their own government or within their own country. Agreements between international organisations and governments is one example of information that may be scarce locally but available globally. Networking is equally important between parliaments at different levels within countries. Policy effectiveness depends on coordination between national, state and local governments, and MPs can play an important role as channels of policy communication between the different levels. In Ghana, Members of the National Parliament sit as non-voting members of District Assemblies, a role that allows them to support and oversee poverty reduction policies at the District level.

III. PARLIAMENTS THAT WORK – MEASURING PERFORMANCE

In the two previous chapters of the paper we presented a conceptual framework of parliament as "a bridge between citizens and the state" and we applied that framework in arguing that parliaments should support the political participation of the poor and the marginalized. But how does one know whether or not parliaments are providing these "good governance services"? How does one know whether the performance of a parliament in this regard is improving or growing worse? What tools do we have for measuring parliamentary performance?

In many countries efforts are underway, often in the face of considerable resistance, to strengthen parliaments. International assistance programmes that once shied away from activities in this sensitive area now give substantial support to legislative strengthening projects. However, these projects too often achieve poor results, in part because they are unclear about the results they seek to achieve and lack adequate means for measuring results. In turn, these shortcomings arise partly from the fact that governance programming still rests mainly on a foundation of anecdotal learning characterized by informal, ad hoc sharing of experience and lessons learned. One result is that there appears to be a high propensity for the same mistake to be made over and over again.

As the United Nations University has observed, there is a serious need for more reliable, relevant and regular cross-country data on governance issues.

"While the quality of governance is increasingly highlighted as a critical factor in explaining variations in development performance around the world, "unsatisfactory" is probably the best word to describe the current debate on governance issues. Key questions still need to be answered more authoritatively: In *what ways* and *why* does governance vary in countries around the world? *What* rules affecting governance matter most? *When, why* and *how* do these rules make a difference to the way a country develops? *What* deficiencies in political arrangements make conflict more likely? A better understanding of the processes, institutions and actors in governance around the world should enable us to provide more informed policy advice in this area".

In seeking to answer those questions, the United Nations University has begun a major project to gather cross-national data on governance towards the objective of producing a *World Governance Report*. International IDEA has commenced a similar "State of Democracy" project. In the field of parliamentary development, the Parliamentary Centre in cooperation with the World Bank Institute has just begun a project to identify indicators of parliamentary performance employing the Ecology of Governance framework. In undertaking this effort, we confront the challenge of developing indicators of parliamentary performance that are both quantitative and qualitative and of gathering reliable data that relate to those indicators.

Using Matrix of Parliamentary Good Governance Services (p. 9) we have developed *Nine Tasks of Good MPs*.

Legislative

Good MPs will:

1. Critically scrutinize legislation to determine the relation between objectives, means and the likely effectiveness of implementation. To carry out this task MPs must possess the ability to analyse legislation.

2. Ensure that citizens and their organizations have access to the information they need to critically scrutinize legislation. For this task, MPs must be familiar with the various sources of legislative information and analysis in their country.

3. Facilitate citizen participation in the legislative process early enough to influence outcomes. This task requires that MPs have good working relations with the various interest groups having a stake in the proposed legislation.

Oversight

Good MPs will:

1. Closely study the implementation of legislation to determine compliance with legislative intent and programme effectiveness. This task requires MPs to be familiar with the relevant programmes and organization of government.

2. Access and share information regarding programme evaluation. To perform this task MPs must understand the various sources of programme evaluation such as Auditors General.

3. Ensure that feedback from citizens on the way government programmes impact on their daily lives is brought to the attention of government. To carry out this task MPs must develop good working relations with citizens' organizations and government officials.

Representative

Good MPs will:

1. Meet regularly with their constituents to report on and receive feedback concerning the impact of government policies. This task requires that MPs be able to organize productive meetings with constituents.

2. Ensure that they report regularly to constituents on their activities and respond promptly and fully to constituent enquiries. This task requires that MPs be able to communicate regularly and effectively with constituents.

3. Facilitate the participation of constituents in policy and other activities of parliament such as committee meetings. In order to carry out this task, MPs must be familiar with the parliamentary agenda and able to share it with constituents.

The first step in developing indicators of parliamentary performance is to subject this list to critical cross-cultural scrutiny. Do the tasks apply in different cultures and regions of the world, as for example the Middle East? Assuming one can arrive at some agreement on parliamentary services, how do you develop indicators, specific, comparable measures, to test whether and to what degree the services are being provided.

We have selected parliament and the budget process as the focal area in evaluating parliamentary performance. This reflects the importance of the budget as the basic priority setting mechanism of government and the fact that many developing country legislators have given high priority to strengthening their role in the budget process. The project will document case studies on practical projects to strengthen the

budget process showing the utility of the data generated by this project. Many parliaments are actively engaged in efforts to strengthen their role in the budget process and some are breaking new ground in developing models of parliamentary performance. The Gauteng Provincial Legislature of South Africa, for example, has developed a model of budget oversight focussed on the efficiency and effectiveness with which key public services of the provincial government are developed and delivered.

Relating this project to the theme of the ESCWA meeting, the Parliamentary Centre is interested in developing a project with Middle East parliaments to prepare and use indicators of how well the parliamentary budget process addresses the needs of the poor.

CONCLUSION

No conceptual framework will prove fully adequate to the task of describing the complexity of governance across all political systems, histories and cultures. The Ecology of Governance framework is no exception. However, such frameworks can perform a valuable service in challenging those working in the field of governance to strengthen their conceptual tools and to examine the good governance values that inform their work. Our hope is that this background paper will prove to be useful in this way.

THIRD SESSION

RECONSIDERING THE ROLE OF THE STATE IN SOCIO-ECONOMIC DEVELOPMENT*

by

*Atef Kubursi***

Introduction

There is hardly an issue in economics that has received more attention than that of the appropriate role of the state in economic development. It results that there is not much that one can say or write about this matter that has not already been said by others.However, there is a striking fact about the history of thought on the role of the state in economic development. It seems to swing between extremes, from one set of ideas that give primacy to the role of state over markets to another that gives supremacy to markets and stresses their advantages over the state and back again. Therefore, dynamic and drastic changes can be expected. In this sense there are always surprises, novelties and discoveries.

The earliest systematic thinking on the role of the government in the economy came from the Mercantilists. They advocated sweeping government intervention in industry and trade. Adam Smith's *Wealth of Nations* was majorly a reaction to mercantilist beliefs. The "invisible hand" doctrine of Smith was advanced to liberate markets from state interference. It became the dominant idea in economics and culminated in the 19th Century "gold standard". Major counter ideas emerged with Marxism, Fascism and Keynesianism in the late 19th and early 20th Centuries. Each in its special way contributed its special ideas about why the state needed to intervene in order to achieve desirable socio-economic outcomes.

Economic development policies in Third World countries have reflected this pendulum like shifts in ideas about the role of the state. In the 1950s and 1960s, most developing countries adopted development planning and gave the state a key role in economic transformation, both through intervention in markets and through the establishment of state enterprises.[1] The debt crisis in the 1980s gave lenders and their financial institutions, including the World Bank and the International Monetary Fund

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** This paper was prepared by Mr. Atef Kubursi, Professor of Economics, McMaster University, Ontario, Canada.

(IMF), the chance to repudiate these policies. The policy reforms of the "Washington Consensus" were informed by a minimalist conception of the role of the state, which is confined to the provision of secure property rights, sound macroeconomic policies, adequate education and some infrastructure.[2] The Washington Consensus policy prescriptions are strongly in favor of reducing the role of the state in the economy. The earlier optimism about what the state would be able to achieve has been replaced by excessive pessimism.

The recent rush towards globalization and a sense of triumphalism about capitalism in the aftermath of the disintegration of the Soviet Union and Communism have combined to revert much of the economists to a new fundamentalism about the virtues of markets and the shrinking of government. Today there is a stunning imbalance in ideology, conviction and institutions that favor markets over the state. Ironically, nowadays, capitalism that thrives on competition is now virtually without competitors.

This triumphalism has been challenged both on theoretical and empirical grounds. The pendulum is swinging back under the force of systematic and highly refined theoretical questioning of the orthodoxy and the reassessment of the Southeast Asian experience.

I. THE THEORETICAL PERSPECTIVE

At the core of the celebration of markets is a relentless tautology. If we were to begin by assuming that nearly everything can be conceived as a market and those markets optimize outcomes, then everything leads to the same conclusion, marketizing. If, in the event, a particular market does not optimize, there is only one possible conclusion, it must be insufficiently marketized. A system like this does not fail, because it guarantees that the theory trumps the evidence. Should some human activity fail to behave as an efficient market, it must logically be the result of some interference that should be removed. There is no admission anywhere that the theory could misspecify human behavior or fail to account for deviations from its enormously rigid assumptions.

Economists are increasingly dissatisfied with simple rules of thumb, such as non-intervention, simplicity, uniformity, transparency and non-discretion, that are often advocated as guides for policy based on naïve neoclassical economic models. The recent formal approaches to political economy have relied heavily on the integration of a number of transaction costs in addition to standard market failures that render the policy formation process more complex but more relevant and effective. Policy-making and the role of the state in the economy has to contend with imperfect and asymmetric information, adverse selection problems, moral hazard, inability to monitor effort, opportunistic and rent-seeking behavior, multiplicity of principals (principal agent problems), time inconsistency, bounded rationality and incomplete markets. All of these constitute formidable transaction costs that influence the policy-making at the conceptual level as well as at the implementation level and call for a

more nuanced role for the state in the economy. Avinash Dixit (1996) makes this point so clear that it is worth quoting at length:

"My starting points are simple to the point of being trite, one must accept that markets and government are both imperfect systems; that both are unavoidable features of reality; that the operation of each is powerfully influenced by the existence of the other and that both are processes unfolding in real time, whose evolution is dependent on history and buffeted by surprises. Most importantly, I will argue that the political process should be viewed as a game between many participants, principals, who try to affect the actions of an immediate policy maker, agent. What follows from these observations is orthogonal to, and perhaps destructive, of the whole "markets versus governments" debate. Typically, the equilibrium or the outcome of the game will not maximize anything. Any attempts to design, or even identify, the desiderata of a truly optimal system are doomed to failure and no grand or general results about the superiority of one organizational form over another can be expected. What we can do is to understand how the whole system consisting of markets and governments copes with the whole sets of problems of conflicting information, incentives and actions that preclude a fully ideal outcome."[3]

The message is clear, once governments cannot be wished away and that they necessarily face multiple political pressures in an environment of incomplete information and markets, the traditional dichotomy of governments versus markets does not make sense and the simple minded advocacy of laissez-faire, even in its ideal form, becomes irrelevant.[4]

Perhaps the issue which is more interesting is the realization that what appears to be government inefficiency and delays in decision-making and implementation are often the natural outcome of a constrained Nash equilibrium. In other words, they are a reasonable way for the system to cope with transaction costs.[5]

Research by theorists over the past two decades has not been kind to the tidy story of the competitive equilibrium model the centrepiece of neoclassical economics. The simple message of this model, to decentralize and that prices would act as sufficient statistics for optimal equilibrium, have been challenged from many quarters. The notion that distributional decisions can be separated from those on allocation is equally challenged.

First, the lesson that competitive prices are sufficient statistics for all relevant information has been shown to be incorrect when information can be used to further an agent's own welfare or where acquiring and transmitting information is costly. The importance of this finding here is that it re-opens one of the central questions of the socialist controversy of the 1930s, Grossman and Stiglitz (1976).[6] Once information problems are introduced, the view of the world embodied in the general competitive equilibrium model does not hold. To begin with, the existence of equilibrium becomes doubtful. Even when and if an equilibrium does exist, it might not be a market-clearing price-taking one, but may instead involve other phenomena such as credit

rationing. The trusty normative criterion, Pareto efficiency, becomes ambiguous with incomplete information, Holmstrom (1985).[7] Thus there is no generally accepted optimality concept that may apply to the world of creative destruction rife with information costs and asymmetries. These points gain added significance on noting that informational problems are more central in developing countries than in advanced capitalist countries. The fact that the neoclassical paradigm says little about real-world institutions for dealing with transaction costs is of marked significance in judging its applicability to the design of policies and in pronouncing on the appropriate role of the state in the economy.

Second, entry and exit wholly processesthe creation of new sectors and activities, the weeding out of inefficient state enterprises, and the integration into the world economy will be of crucial importance during development and reform. But to understand the costs and benefits of markets with entry and exit, it is necessary that we employ a very different perspective on human behavior than is embodied in the traditional rational actor model.

When future-oriented decisions, like entry and exit, are made in the absence of complete set of future and risk markets, economic agents must form expectations about the behavior of other agents. In some sense, each rational actor would need a whole model of the economy. In such a conceptualization of economic behavior, as K.Arrow (1987) remarks, "the superiority of market over centralized planning disappears. Each individual agent is in effect using as much information as would be required for a central planner".[8]

What is clear here, is the fact that once the assumption of complete risk and futures markets is violated, then the use of neoclassical rationality leads to the violation of the assumption of informational decentralization that is often used to propound the virtues of markets. Decision making under bounded rationality seems to be inherent in entry and exit decisions. There is as a matter of fact no theory of the comparative properties of different economic systems under conditions of bounded rationality. Nelson (1981) makes this point rather forcefully in his discussion of the relevance of neoclassical welfare economics to an assessment of the strengths of private enterprise.[9]

Third, in a world of product differentiation, consumers gain from increases in variety but lose from the suppression of economies of scale. Thus, a large number of outcomes are possible when trading off between varieties and larger production facilities. The competitive economy chooses on the basis of profits and leads to different results than those that maximize consumer surplus. The superiority of one economic system over others in a world of product differentiation is not supported by theoretical considerations. It may come to depend on bureaucratic costs of organizing production versus the cost of too many varieties and the loss of economies of scale. Surely these are empirical considerations over which theory has very little to offer.

Fourth, the second welfare theorem implies a separation of distributional decisions from allocation decisions. When private information affects both allocation and distribution, that information can be used to improve a person's welfare, possibly at the expense of efficiency. There are vast publications on the question of the "incentive compatibility" of economic mechanisms that developed from this observation. These publications have changed the conventional wisdom regarding the possibility of achieving Pareto efficient allocations through decentralized markets.[10]

Fifth, the market misdescribes the dynamics of human motivation, ignores that civil society needs realm of political rights where some things are not for sale and prices many things wrongly.

The market model portrays a rational agent maximizing utility in an institutional vacuum. It misses the point that people also have civic and socialvisions. The act of voting can be shown to be "irrational" because the expected benefits derived from the likelihood that one's vote would afect the outcome is not worth the "cost". But people vote as an act of faith in the civic process. Self interest is not the only motivation of people. There are innumerable instances where altruism prevails. In the absence of this notion we will be unable to explain much of human behavior. People help strangers, return wallets, do not cheat on exams, leave generous tips in restaurants they will never visit again, give donations to charity when theory predicts they would generally "free ride". To conceive altruism as a special form of selfishness misses the point utterly.[11]

Potentially, everything is for sale in a market. While it keeps trying to invade the politics, we typically refuse to sell our dignity, public office and our notions of fairness and justice.

If market forces are to be left alone, they lead to lower investment levels, avoidable panics and recessions. History is rich with examples of sub-optimal results generated by the exclusive reliance on markets. Intervention is quite often necessary to rescue the market from its own excesses. The state provides oases of solidarity for economic as well as social ends, in realms that markets cannot value properly, such as education, health, public infrastructure and clean air and water.

Sixth, there are a number of issues about the role of the state that were inspired by the work of Friedrich List and the German Historical School.[12] The German economic vision differs from the Anglo-American view embodied in Adam Smith's *Wealth of Nations* in many ways. These differences are profound and the choices offered are real and substantive that no developing country can afford to ignore. Below we list some of the crucial differences:

1. *Automatic growth versus deliberate development*

The Anglo-American view exaggerates the unpredictability and unplannability of economies. Technologies and tastes change. The best way to plan in this world is to

leave the adaptation to the people put their money in risky investments. No planning agency can have better information about the direction of events than the agency itself, and no one could have a stronger incentive than those who hope to make a profit and avoid a loss. By this logic, if each individual does what is best for him or her, the result will be the best for the nation as a whole. The German school was more focused on "market failures".the ideal representation of market failures is pollution. If the law allows factories to dump pollutants into the air or water, then every factory will do so. As a result, competitors will have lower costs and will force them out of the market. This rational behavior will worsen the situation. List argued that industrial development entailed a more intense sort of market failure. Societies did not automatically move from farming to small industries to major ones just because millions of small merchants were making decisions for themselves. If each person invested in what gives him the best in return, it does not follow that the nation will benefit more. For a nation to achieve this, List argued that it needs a plan, a push, an exercise of central power. He mentioned an example from history where Britain encouraged manufacturing (Corn Laws, tariff and physical protection of domestic industry, and subsidies) and the fledgling American government deliberately discouraged foreign competitors and built canals and railway.
List wrote the following in 1837:

"The lessons of history justify our opposition to the assertion that states reach economic maturity rapidly if left to their own devices. A study of the origin of various branches of manufacture reveals that industrial growth may often have been due to chance. It may be coincidence that leads certain individuals to a particular place to foster the expansion of an industry that was once small and insignificant, just as seeds blown by chance by the wind may sometimes grow into big trees. But the growth of industries is a process that can take hundreds of years to complete and one should not ascribe to sheer chance what a nation has achieved through its laws and institutions. In England Edward III introduced the manufacturing of woolen cloth and Elizabeth founded the mercantile marine and foreign trade. In France Colbert was responsible for all the needs to develop the economy in this great nation. Following these examples every responsible government should strive to remove those obstacles that hinder progress of civilization and should stimulate the growth of those economic forces that a nation carries in its bosom".

2. *Consumers versus producers*

The Anglo-American approach assumes that the ultimate measure of a society is its level of consumption. Competition is good because it blows away inefficient producers with high prices. Cleansing the system of inefficient producers is good, because more efficient producers will give the consumer a better deal. Foreign trade is great because it means that the most efficient suppliers in the whole world will be able to compete. It does not matter why competitors are willing to sell for less. They may really be more efficient (large economies of scale, the advantage of first comers, etc); they may be determined to dump their goods for reasons of their own. In either case

the consumer is better off and that is what counts. The consumer will have the computer and the car he wanted plus the money he saves by buying foreign goods.

List believed that this logic leads to false conclusions. On the long run List argued that society's well-being and its overall wealth are determined not by what the society can *buy* but what it can *make*. This is the corollary of the adage, "Give a man a fish and you feed him for a day. Teach him how to fish and you feed him for life". List was not interested in the morality of consumption. Rather, his interests focused on a strategic concern. In strategic terms nations ended up being dependent or independent according to their ability to make things for themselves. Why were Latin Americans, Africans and Asians subservient to England and France in the 19th Century he asked? Because they could not make the machines and weapons Europeans could. He argued that in material terms a society's wealth over the long run is greater if that society also controls advanced activities. That is, if you buy a ton of steel or cask of wine at bargain rates this year, as a consumer, you are better off right away. But over ten years, or fifty years, you and your children may be stronger as both consumers and producers if you learn how to make steel and wine yourself. Because if you are a maker of steel, you may be able to make machine tools. If you are able to make machine tools, you will be able to make engines, robots and airplanes. If you are able to make airplanes and robots your children and grandchildren will be more likely to make advanced products and earn high incomes for decades ahead. The German School argued that emphasizing consumption is self-defeating. It would bias the system away from wealth creation and ultimately make it impossible to consume as much. List wrote:

"The tree which bears the fruit is of greater value than the fruit itself. ...The prosperity of a nation is not greater in proportion in which it has amassed more wealth, values of exchange, but in the proportion in which it has more developed its powers of production".

3. *Process versus result*

In economics or politics the Anglo-American theory emphasizes how the game is played, not who wins or loses. If the rules are fair, then the best candidate will win. If you want a stronger economy you need to concentrate on reforming the rules by which economic success is measured. Make sure that everyone can bring products to the market. The role of government in this system is not to tell people how they should pursue happiness or grow rich. Rather, its role is that of a referee, making sure no one cheats or bends the rules of "fair play". The government is basically involved in guarding the process, not in steering the results. It requires corporations to publish detailed financial reports, so that investors will have the same information. It takes companies to court, Microsoft, whenever they seem to be growing too fast and stunting future competitors. The market will always price things correctly and will ensure that scarce resources are allocated to where they produce the largest returns.

The German view is more paternal. People might not choose the best for society. The market may be myopic and will not price things correctly. Returns may not be optimal. According to this view the state should be involved in both the process and the results.

4. *Individuals versus the nation*

The focus of the Anglo-American view is on individuals. It does not care much about communities and nations. These are no more than a group of people. If you care for individuals, communities and nations care for themselves. As for nations outside the narrow field of national defense they are not presumed to have economic interests. The German view is more concerned with the welfare and indeed the sovereignty of people in groups. List attacked "cosmopolitan theorists" like Adam Smith, who ignored the fact that people lived in nations and that their welfare depended to some degree on the condition of their fellow citizens. In the real world, happiness depends on more than how much money one takes home. If the people around you are also comfortable, you are happier and safer than if they are desperate. List wrote:

"Between each individual and the entire humanity stands the Nation, with its special language and literature, with its peculiar origin and history, with its special manners and customs, laws and institutions, with the claims of all these for existence, independence, perfection and continuance for the future, and with its separate territory; a society which, united by thousand ties of mind and of interests, combines itself into one independent whole".

Within this view, economic policies are judged as good or bad depending on the fact that whether they take the national interest into account, rather than the individual interests within the group.

The German view contrasts, rather markedly, with that of the Anglo-American. Instead of being grouped horizontally on a flat field, nations have always been organized vertically in a hierarchical division of labor. More accurately, the structure of the world economy resembles a pyramid. Nations that industrialize and organize their development will rise, the rest will be condemned to a destiny of servitude. The state has a major role to play in the economy and development. The theoretical foundations of this role are solid and profound. The historical record is clear and blatant. The empirical evidence is equally compelling and persuasive. The Anglo-American view of economic ideology, organization and institution is being foisted on the world in the name of globalization. It opposes to theory, history and evidence.

Like astronomers, economists must rely primarily on natural and historical experiments for their data and facts. In the next section, I will deal with two natural experiments. Both unfolded in Southeast Asia. The first covered the period between 1960 to 1996, during which the state played a major role in leading development and in transforming a basically underdeveloped region into a major economic success story. The second, started in 1996 and continues until the present. In this experiment

the state failed to ward off the negative effects in a major financial crisis in some countries and succeeded in few others. In both cases, the state is at the centre stage of events. The message in these experiments is simple, when the state is dynamic and committed and when it is weak and indifferent makes the whole difference to whether the economy will succeed or fail.

II. THE ROLE OF THE STATE IN THE ASIAN MIRACLE

The remarkable success of the Southeast Asian economies since the early 1960s raises a fundamental question: what is the explanation of this success? It is an undeniable fact that in the eight economies that are part of the "Southeast Asian Economic Miracle", Indonesia, Thailand, Japan, the Republic of Korea, Malaysia, Taiwan, Singapore and Hong Kong, the state was responsible for economic growth.[13] The real question is, which policies and what actions taken by the state contributed to the success these economies, and why?

There is a general consensus about the main ingredients of this success. The ingredients cannot be separated as they form a complete interacting package. Among the most important ingredients are the following:

- High rates of savings;
- High rates of investment in human and physical capital;
- High levels of exports;
- Equitable distribution of income and wealth;
- Stable governments;
- Macroeconomic stability.

Each country in the region is unique and different. Some, such as Hong Kong and Singapore are city-states. Others are large. Many are racially homogeneous but Indonesia and Malaysia are culturally diverse. It does not make sense to attribute the success of each of these countries to special and specific factors; it makes more sense to look at common factors and explanatory variables.

Why were savings rates so high? This was not always the case. In the 1950s and 1960s many of these countries had much lower savings than developing countries elsewhere, for example Egypt and many Latin American countries. The annual domestic savings rate of the Republic of Korea between 1955 and 1965 averaged only 3.3 per cent of GDP compared with 14.8 per cent in Mexico, 16 per cent in Brazil and 21 per cent in Peru. Between 1990 and 1994 Korea recorded an average domestic savings rate of more than 35 per cent of GDP. The corresponding rates for Mexico, Brazil and Peru during the same period were 17.2 per cent, 20.4 per cent and 18.9 per cent, respectively.[14] But again who was responsible for this shift in the savings function? It did not come by compulsion, but then how did it come about?

If there was a sort of a propulsive force driving the East Asian economies, it surely was capital accumulation both in physical and human terms. But again who

revved up the engine to encourage a higher rate of capital accumulation. There are more metaphors than the one about the engine that have been advanced to explain the miracle of growth in these economies. Stiglitz uses two other metaphors, the chemical metaphor, where the government acted as a catalyst without being consumed in the process. He also uses a biological metaphor, where he shows that governments in these economies were adaptive systems. Their policies were flexible and responsive to change. The East Asian economies demonstrated that governments could be highly adaptive and seem to have learned quickly from mistakes. The real question remains, what set these countries apart from other developing countries?[15]

The East Asian experience clearly points out to the visible hand of government in promoting and accelerating development. The state in East Asia did not replace the market but complemented it and ensured that it has a place but it kept it in the right place. These governments recognized the limitations of markets and their failures to generate desirable outcomes and pursued deliberately a specific set of policies, which involved the following:

- Gave precedence to economics over politics;
- Generated overall macroeconomic stability;
- Regulated markets to ensure that they function properly;
- Created markets when they did not exist;
- Directed investment towards high growth and high export sectors;
- Created a conducive environment for private investment and private initiative within publicly defined goals;
- Reversed market inequitable outcomes and distributed resources more equitably;
- Minimized rent-seeking behavior;
- Created a merit-based civil service system.

The government intervened in all markets, but its intervention was measured and carefully balanced. They made sure that government does not suppress the markets. They also worked to intervene in a way that reduced the likelihood of rent-seeking behavior and increased their ability to adapt to changing circumstances. They designed a novel system of performance-based reward structure that provided strong export and growth oriented incentives and formed the basis for allocating government subsidies. The application and design sought to minimize corruption. What worked best for them is that they were able to develop a meritorious civil service system, which compensated employees well and built safe-guards against corruption.

State lead development manifested itself into five major areas, I will discuss each in details.

1. *Industrial policies*

This is related to an elaborate selective industrial policy that sought to encourage high growth sectors, develop domestic technological capabilities, promote exports and build domestic manufacturing capacity in a range of intermediate goods (steel and plastic). This overt state policy which started in Taiwan in the late 1950s and in Korea in the early 1960s took many forms from the support of technical education particularly that of science and engineering that provided a solid intellectual infrastructure that facilitated the transfer of technology to the discouragement of investment in real estate through financial repression, which practically meant more capital was available for industry and technology, and increased profitability of investment . Also, the state directly promoted exports and developed science centres and industrial parks that offered services directly to both private and public firms that did not have research and development facilities of their own and allowed firms to reap external economies and reduce barriers to entry. The state also nationalized banks and financial institutions and provided credit at concessional terms (negative real rates of interest) to selected industries it wished to promote while keeping high interest rates to encourage domestic savings. It also promoted higher rates of profits for industry to levels unknown in the West, e.g., the Statute for Encouragement of Investment in Taiwan.[16]

While not all countries promoted foreign investment, a prevailing non-xenophobic and accommodating attitude towards foreign investment prevailed in most of the East Asian countries, Korea being an exception here. All promoted capital flows and tried to ensure that technological and human capital would accompany the capital inflows. All of the countries in the region sought to maintain stable and credible macroeconomic policies, stable political environments, and well managed labor and capital markets. The government fully participated in the negotiation of foreign investment contracts to wrestle more concessions from the competing foreign parties (Japanese, European and American) and to raise more capital, empower domestic entrepreneurs and speed the transfer of technological know-how. They did well by discouraging competition among buyers of the foreign technology and increased the competition among sellers. The state succeeded in appropriating more of the surplus associated with the transfer of technology than could have been captured otherwise.[17]

Market failures played a significant role in justifying state interference. East Asian governments quickly recognized that their capital markets are weak, incomplete and inexperienced. They also recognized that these market failures bias prices and make them inadequate signals for investment allocation. They quickly moved to build new institutions. In the rural areas they established and promoted postal savings banks, they also created development banks to extend long-term credits. They developed bond and equity markets. They went beyond the development of financial and capital markets, they directed the allocation of capital to industries and activities they deemed desirable for growth and social objectives.

Private markets in developing countries do not have much incentive to allocate funds for technological development and large industries. The risks are often too high. Markets are typically myopic and in developing countries the legal systems often prevent private firms from adequately appropriating the returns on adoption and adaptation of new technologies. Government interference is required to complement the market and to ensure that the legal deficiencies do not thwart private investment in this field. Besides marketing spillovers are rampant, and public involvement is critical for the provision and sustenance of this strategic activity. In Singapore, marketing of exports is left to the all powerful Economic Development Board and in Hong Kong the government levied a special tax and yielded to promote exports. In Taiwan, the government promoted the production for exports under recognized brand names. The embassies of all the countries were instrumental in marketing their exports in foreign markets.

It is almost axiomatic that firms in developing countries are usually too small and that the abundance of these firms reduceseverybody's profitability. From Japan to Thailand, governments encouraged the formation of clusters and condoned and cajoled concentration. Japan promoted rationalization of the steel industry and at one stage tried to discourage Honda from entering the car market. In both Korea and Taiwan a significant number of public enterprises, in basic industries, were established in the 1960s and 1970s. These enterprises received generous budget allocations and favorable credit terms. The public enterprises accounted for a large share of manufacturing output and investment in each country and their importance actually increased during the take off years in the 1960s.[18]

Economies of scale and capital shortages can easily hinder the growth of small firms in the industry. These small firms simply cannot expand to take advantage of increasing returns either because they cannot raise capital or because the only capital they have access to is very expensive and risky, loans. Government help was necessary to reduce the expenditure of capital by giving a social character ro taking risks and increasing access to the capital.

Increasing return to scale and imperfect markets makes it necessary for government interference and government subsidies. This is in the essence of the infant industry that List argued about, which the East Asians applied unabashedly.

The absence of markets in developing countries, by necessity, implies that prices not only fail to reveal the true scarcities of resources and products, they also fail to perform their coordination role. This means that government must take over this rol . This has been manifested well by government undertaking upstream and downstream investments at critical junctures in the development process when markets failed to create them. From balanced growth theory, it does not make sense to develop a steel industry if there isn't a steel suing industry. If both wait, nothing is realized.[19]

If a large steel industry is required and with it a large steel using industry to take advantage of increasing returns to scale, market failures will preclude the possibility of establishing these industries. There are no markets in the developing countries markets that can divest the inherent risks in these industries. No single entrepreneur or a collection of entrepreneurs could raise the kind of capital to undertake these projects in most of the developing countries. Indeed, these problems can be dealt with through trade, but there are many industries where trade may not be the answer. Consider the set of sectors in the East Asian countries that represented the take-off sectors, such as textiles, footwear, sporting goods and toys, these were the sectors in which economies of scale and/or coordination failure were not evident and trade solved most of their growing pains. But consider the intermediate sectors that supplied the inputs to these sectors. There is no question that these downstream activities played a significant role in supporting and engendering the take-off industries and in promoting the deepening of industrial experience in these countries. Importing these inputs would have been a poor substitute, as it would not have supported all the backward and forward linkages that sustained the manufacturing development effort. The suppliers of intermediate goods are often unable to capture all the benefits that their greater availability provides. It is here where state interference has improved the user-producer interface and the advantages to proximity prevail. In Malaysia, it is believed that the production of cars provided significant side effects to the spare part manufacturers that ultimately made the car industry more profitable and encouraged and promoted other manufacturing activity.

These industrial policies have been unsuccessfully used in many developing countries; they ended up financing infra-marginal investments and succumbed to rent seeking activities and corruption. So why were they successful in the East Asian countries? They certainly had some very powerful initial conditions working in their favor, such as a highly educated labor force and a cohesive society. But one cannot exaggerate the importance of these policies and the way they were implemented and the overall environment that these countries have so doggedly ensured. There is also a number of contributing factors. These include the fact that most investment decisions were left to the firms but influenced heavily by government intervention. Second, the government instituted an elaborate network of consultation between business and government. Third, the government made mistakes, but seems to have been open and flexible. It made major changes and was not heavy handed. It did not force its opinion on business. Fourth, the government did not literally pick winners, instead, it picked a winning development strategy. Fifth, it avoided micro management of the economy. Even when the government identified industries for support, it typically left it to the discretion of banks whether or not to support the chosen industry. Sixth, the industrial policies seem to have focused not on picking winners as much as on dealing with market failures, where social benefits and social costs diverge from private ones. Encouragement of technology transfers and underwriting of training are examples where the government felt that the market would under-invest in these activities because private concerns cannot provide the returns to their investments. Picking winners conjures the image of a government picking from a fixed pool of applicants. It

fails to appreciate the entrepreneurial role of government when it stepped in to fill the existing gap in these skills in the early stages of development.

2. *Encouragement of cooperation*

When market failures are rampant, individual pursuit of self interest does not lead to public benefit. The government must step in to reconcile private interest with the public benefit. The East Asian countries recognized early on that firms have better information about investment than they do, and that this information base can be expanded and improved. Japan, for instance, developed formal and informal business councils that brought business and government together. These functioned well because they were long-term and depended on developing sustainable relations and reputation that raised the long-term returns on cooperation over the short-term gains from pursuing self interest. Few tried to cheat and free ride knowing that they could be ostracized. Many cite cultural factors here as the main reason for the success of the cooperative effort. Stiglitz argues that this is not true because many countries with similar cultures to Japan have not been equally successful.[20] The government rewarded honesty and punished dishonesty. Cooperation created rents that the government appropriated and distributed as rewards to cooperative behavior and reduced bankruptcies giving businesses long-term security. Restricting credit raised the value of credit to those who could access it. The stability of the political system gave more value to long term associations and to reputation and the effectiveness of incentives. The "recession cartels" that the government created during recessions to avoid the problem of excess capacity in capital-intensive industries are excellent examples of using cooperation to deal with difficult problems where individual action could produce disastrous outcomes for all.

The labor and capital markets provide other examples of the importance of cooperation. Long-term employment prospects and bonuses created the necessary cooperative framework that allowed workers to feel as if they were co-owners of the enterprise, which reduced shirking and monitoring costs. Besides, basing wages on group performance instead of individual performance allowed each worker to monitor his or her peers and signaled the importance of cooperative behavior. When workers feel that their interests coincide with those of owners, they are not likely to resist long-term productivity innovations that raise profits or even those that involve labor-saving techniques.

The fact that banks were allowed to own shares of industries encouraged their involvement in the affairs of these firms when they faced trouble. This reduced the risks inherent in credit financing and created a coincidence of interest between lenders and borrowers.

3. *Managing competition*

The encouragement of cooperation runs the risk of creating collusion to raise prices and restricting output and entry. There is always the risk of rent-seeking

behavior and corruption when discretionary powers by government are exercised. Fostering competition increased efficiency and reduced the possibility of abuse of discretionary powers. The East Asians looked at competition in terms of its effectiveness and not in terms of the number of firms, more in terms of outcome than of process. The state sponsored contests within the firm and between firms. Those who succeeded were rewarded (firms that achieved higher exports relative to others received more credit at lower real rates of interest and higher tariff and tax exemptions). The criteria for success were made clear and the rules of the contest were well specified including who will evaluate performance. The system reduced the scope for abuse and corruption.

4. *Equitable growth*

Industrial policy in East Asia followed a determined effort to redistribute wealth. Most of the countries in the region introduced land reforms and balanced the relationships governing urban/rural affairs and capital/labor relationships. This balancing of opportunities and capacities paid well. Raising income and education in the rural areas gave them purchasing power to buy domestically produced goods and the ability to save more and invest in the domestic economy. Higher education meant a steady supply of competent workers and bureaucrats to manage the growing needs of industry and government. Equitable distribution of income, wealth and opportunities sustained the political stability of the countries. In contrast, Latin American countries embarked on import substitution policies within the existing income and wealth disparities. Those who commanded the purchasing power had low marginal propensities to buy domestic goods and when they saved they allocated their saving to unproductive investment, real estate speculation, at home or luxury goods from abroad. The massive inequities were perpetuated and resulted in the destabilization of most of the polities in the region. The Latin American import substitution policies failed while those in East Asia prepared the grounds for the massive transformation of their economies.

Targeting equitable distribution of income resulted in higher wages but did not reduce the high rates of savings. Higher wages (efficiency wages) were matched by increasing productivity and the high rates of bonuses in workers' incomes engendered the high savings rates despite the more equitable distribution of resources. Discouraging investment in real estate prevented housing prices from rising as well as raising investment in productive assets.

The early pursuit of universal literacy formed the corner stone of the distribution policies of the state. These policies promoted greater equality and the emphasis on female literacy reduced fertility, population pressures and increased the supply of educated labor. Affirmative action in Indonesia and Thailand protected the indigenous population and thwarted any imbalances that could have arisen from asymmetric abilities and opportunities.

The East Asian experience torpedoed the presumed conflict between growth and equity. High rates of growth generated resources to be used in promoting equity, just as the more equitable distribution of resources and opportunities sustained the high growth rates.[21]

5. *Export-lead growth*

Early on East Asians were worried that profit signals in the presence of market failure may not be the appropriate signals for allocating resources and investment. They quickly found that exports provide a better measuring rod. Domestic sales performance is not a good measure of efficiency because it could result from the monopoly position of the firm in the domestic market. For the same reason, profits may be the result of similar forces and represent a transfer from consumers and as such they can not be used as measures of social gain. Those who succeed in foreign competition must be more efficient. But banks prefer to finance domestic operations because these are usually less risky. The governments in East Asia focused on promoting exports by way of correcting the market failures inherent in bank finance, tariffs and other restrictions on imports. The government instituted performance-based subsidies and erected a host of export promotion activities. They did this through the provision of infrastructure, differential access to credit and foreign exchange, licenses and other regulatory procedures designed to enhance the reputation of the country's exports and the development of export markets. They did not help by increasing the profitability of exporting relative to domestic sales as some suggest, they seem to have taken some direct initiatives to open markets and increase the value of exports.

The success of the East Asian countries in 1960s until 1996 and the failure of some states in the region in managing and thwarting the financial crisis in late 1990s have questioned the standard decentralized markets paradigm. Advances in economic theory further challenged the simplistic interpretation and policy prescriptions of Neoclassical economics. In the next section, I will focus on how the Asian financial crisis has contributed to the debate about the appropriate role of the state in economic development. It seems that the state again, when strong and weak, can make a substantial difference to the health of the economy and society. It is ironic that those who have championed weak roles for the state in developing countries have pursued unquestionably strong state action themselves.

III. THE ROLE OF THE STATE AND THE ASIAN FINANCIAL CRISIS

Why has East Asia become embroiled in financial turmoil and why has it turned savage? Just when there seemed to be a growing acknowledgement across the economic and political disciplines that state involvement was vital to the rapid growth of the Southeast Asian economies, along came the financial hurricane and with it a reconsideration of the consensus.

Though commentators disagree about the fundamental causes of the crisis, two different views emerged. One focuses on internal variables within the nation-state,

giving primacy to domestic vulnerabilities, i.e., flawed policies and institutions. The second directs the focus outward to international financial markets, i.e., speculators and investor panic.[22]

The crisis had two faces, a normal face and an abnormal one. Linda Weiss (1999) argues that this schematic approach is more fruitful than the internal/external dichotomy. Financial crises have always been a normal pattern of capitalist development.[23] Whether one's perspective is 15 or 150 years, it appears that the history of capitalism is strewn with financial crises of one form or another. The implication that no country is immune does not mean that all countries are equally susceptible to financial crises. In the world of volatile capital flows, some countries have become more vulnerable than others. These are countries that have domestic weaknesses, which before the crisis were thought to be benign.[24] But the Southeast Asian countries were model economies with striking prospects for continued growth. Most of them enjoyed high savings, balanced budgets, disciplined and highly educated labour force, strong private sector investment, low inflation, a relatively egalitarian income distribution and a long and unbroken record of strong exports. Vulnerability should be put in perspective, it seems to be a condition not a cause of the crisis.[25] The crucial issue is why has a problem that should have been transient and quickly rectified, like so many others before, turn into a full-blown disaster?[26] Domestic factors can explain a country's vulnerability but cannot explain why the crisis has turned lethal. They cannot explain why the bursting of the property bubble in Thailand, for example, turned into a full-blown capital flight. The real answer should be seen by examining why were some East Asian countries were more vulnerable than others to the financial meltdown. In other words, why has the crisis been so uneven in its occurrence, why Korea was more vulnerable than Taiwan and why was it so severe in the East Asian setting relative to economic fundamentals and to earlier crises in Mexico and elsewhere?

The main arguments here is that, while global financial markets obviously and directly produced the Asian crisis, by way of speculative runs and sudden withdrawal of funds—the so called investor panic or herding, they were not the primary determining factor. For the financial markets to precipitate the crisis in the first place, two less obvious variables had to be present. The first has to do with domestic vulnerability in the real economy. Here it is the weak and decomposing institutional capacities, particularly those of the state. This in turn exacerbated real economy vulnerabilities such as falling exports, rising current account deficits and surplus capacity. There is also a second factor which is necessary. This is the externally induced vulnerability. The common denominator of the second vulnerability is the strong external power of the United States pursuing its own national economic agenda, with strong input from its domestic financial interests, partly on its own and partly in concert with the IMF.[27] Both arguments implicate state power. The basic thesis here is that the relative weakness of state capacity in Southeast Asia and its marked if not complete decomposition in Korea made these economies prone to speculative investment (in Korea's case over-investment in excess capacity sectors), asset bubbles,

current account deficits and consequently to unabated financial crisis. The other side of this argument is the reason that explains why Taiwan, Singapore and China were able to avoid the crisis.

In the Korean case, the issue was not institutionalized weakness per se but the gradual decomposition of core capacities of the state that paved the way for high-risk and short-term borrowing as well as over-investment by Chaebol, which in turn exposed Korea to sudden downturns and capital flight. Ironically, the weakening of domestic state power to deal with the crisis was accentuated by the relative strength of US international state power.

Then, in what way, is state power concerned in the crisis? When analysts invoke the state's role to explain the crisis, they typically draw on one of two quite different interpretations. By far, the most common is "excessive state interventionism" or "too much state power" thesis.[28] According to this view, the Asian crisis is a demonstration of the folly of state intervention in the economy. The excessive intervention and too much state power have brought the crisis down by distorting the market. For if the state had not intervened as much in their economies in the first place, there would be fewer distortions, corruption, cronyism and rent seeking, blocking efficient market allocation. The crisis was an inevitable consequence of state-led-capitalism (the Japanese model) that has recently proved its failure.[29] For all its crude overtones that replay the fruitless "state-versus-market" dichotomy, this is probably the most popular version of what has gone wrong in Asia. It is favored by the IMF, top officials of US Treasury and the Federal Reserve and by liberal economists generally.

Alternatively, there are those who contend that the crisis was an inevitable consequence of the absence or the weakened regulatory regimes and little state control. As Joseph Stiglitz, Nobel laureate, former chief economist and vice president of the World Bank puts it, "The crisis was caused in part by too little government regulation (or perverse or ineffective government regulation)".[30] The extremely little control thesis is chiefly concerned with the laxity of regulatory control over capital inflows that came in the wake of financial liberalization, hence, overexposed to unhedged short-term debt. After all the opening of the capital account is central to the whole story of what has gone wrong in Asia. The crux of the matter is too much short-term capital (denominated in foreign currency) coming to service long-term investments (at pegged exchange rates). The moral is clear. If the state was a stronger regulator,preventing dangerous inflows, there would be no crisis. It seems very plausible but there is more at issue than the regulatory capacity. The real issue is, why has capital flowed in such massive amounts in the first place? In other words, what were the capital being used for and how did that use reflect underlying institutional weaknesses and exacerbate economic vulnerability? Why has capital flown out in a seemingly unstoppable hemorrhage, to the point that Indonesia, as the worst case, would become totally disconnected from the international banking system?

Identifying weaknesses in the real economy is not a difficult task in the Southeast Asian experience. These include, falling export growth, which caused the ballooning current account deficits in the two years prior to the crisis, slowness to upgrade skills, products and technology and an over-reliance on price-sensitive goods that are being produced more competitively by new producers, e.g., Thailand. The real question here, is why have these countries been unable to stop over investment and speed the process of upgrading skills, products and technology? In all of these cases, Thailand, Indonesia and South Korea, the reason is squarely weakened institutional discipline and the decomposition in the power of the state to coordinate investment and to guide the transformation of the economy. While these factors were crucial weaknesses, a hostile external environment that exacerbated the crisis complemented them.

In Thailand and Indonesia, the state failed to coordinate investment into productive sectors of the economy and to hasten upgrading of skills and technology. This failure paved the way for high levels of speculative investment, particularly in real estate, falling export growth and rising current account deficits. In Southeast Asia, the other side of this institutional failure manifested itself in increased foreign indebtedness by private corporations and financial institutions, massive investment in non-tradable products and ultimately property bubbles which burst, triggering the first phase of the crisis. In Korea, state capacities had been gradually decomposing and the government stood helpless as private companies and banks excessively borrowed in foreign short term markets and companies over invested in leading export sectors, steel, petrochemicals, semiconductors and cars. The excessive supply resulted in falling exports, massive interest payments, a spate of corporate collapses and finally a full-blown financial crisis.

What is clear from the financial crisis in all the Asian countries that experienced it, is the transmission of the real economic difficulties into the financial economy and back into the real economy. In Thailand, the fall in exports resulted in current account deficits. The latter required borrowing. The borrowed funds were invested in non-tradable sectors, e.g., real estate. When repayment difficulties were experienced, interest rate hikes were used to attract more foreign capital to finance the deficits. These triggered a massive decline in real estate prices that burst the economy bubble. They invited speculative attacks against the currency, massive capital flight and ended up triggering massive unemployment and output losses. Had the economy moved to higher level exports, as did Taiwan and Korea, in the past, by a selective industrial policy, which linked credit allocation and tax incentives to investment in high productivity sectors, the cycle of difficulties above may not have been encountered. The end result for Thailand was the massive capital inflows whose composition and destination the state has appeared neither able nor willing to shape.

The decline in the transformative capacities of the state in Asia had another consequence.[31] These weaknesses have tended to underpin weak regulatory control in the financial sector. On the contrary, where the transformative powers remained robust

as in Japan, Singapore and Taiwan, the approach to financial liberalization has tended to re-affirm rather than remove state control over capital flows. Korea and Taiwan affirm this proposition by the way each went about liberalizing the corporate bond market. In 1993, the Koreans folded the Economic Planning Board. When they approached the liberalization of the capital account in the early 1990s, they did so with a view to preparing the ground for further dismantling state control over the economy, not to maintaining it. Rising wages and declining exports in the 1990s made Korea less attractive to foreign lenders, thus placing a premium on long-term interest rates. Long term loans became more expensive, harder to obtain and recorded a net outflow. It was against this background that the Ministry of Finance took the decision to allow Chaebol greater access to short-term portfolio investment. The result was a surge of foreign capital inflow in excess of 27 billion USD between 1991 and 1994. The contrast with Taiwan's deregulation of the corporate bond market in 1993 is instructive. For the first time, the Central Bank allowed corporations to remit proceeds of overseas bonds for domestic use. However, this was accompanied by new rules that such foreign currency remittances must be invested in plant expansion, and the total national aggregate of these inflows must not exceed 3 billion USD. Moreover, the Central Bank backs up the regulations with close monitoring, intervening under its emergency powers when it suspects foreign inflows are not being used for the designated purposes. In the early 1990s, the Central Bank closed the Taiwan Stock Market for a year when it suspected that capital inflows were not invested but used to speculate against its currency.

To the extent that the Korea-Taiwan differences suggest different routes to liberalization. Korea appears to have moved towards state role minimization, market-enhancing direction, while Taiwan, like Japan, has chosen a more state-enhancing path via regulation. Korea succumbed to financial difficulties that Taiwan avoided without much difficulty.

There remains the issue of external pressure and the strong state intervention by the United States, the IMF and other western powers to prevent first the Koreans and then the Japanese from dealing with the financial crisis before it burst. The first manifestation of the foreign pressures came when Korea was preparing to enter the Organization for Economic Cooperation and Development (OECD). It is then that the United Srares made Korea's membership in the OECD conditional by a greater opening of the capital market.[32] It may be misleading to leave the impression that external pressures were the main factor to push Korea into a more liberalizing stance. The drive to liberalization has been underway throughout the 1980s. It manifested itself in many forms and small decisions that coalesced into a major liberalization programme. External pressure simply made the transition easier and more certain.

The Korean financial crisis, which began in January 1997 with the collapse of the Hanbo group, has a lot to do with private sector excesses; uncoordinated over investment exacerbated by state retreat, that is, massive private borrowing for investments in sectors not only already well-supplied by other Chaebol (steel,

petrochemicals, and semiconductors) but also price sensitive and subject to downturn. It certainly had nothing to do with weak-state cronyism (crony capitalism) or even of a strong state overriding efficient market logic.[33]

The domestic vulnerabilities, by themselves, do not produce financial crisis of the magnitude experienced in Asia. Moreover, the kind of vulnerabilities identified above are not lethal. Many suggest that it was investor panic, self-fulfilling expectations and sheer herd behavior where everyone withdraws from the market simply because that is what everyone else is doing. But what sustained and nurtured the panic in the first place? To invoke panic is not to provide so much explanation as a restatement of the problem. Why has capital flight been so massive, so relentless and so damaging? There is no escape but to look outside the nation state for answers.[34]

Of the three international power actors involved in deepening the crisis, it has been the United States Treasury-finance nexus that has been least visible yet the most damaging. While the IMF is also implicated in the unfolding drama, its role has differed on two counts: its interventions have neither enjoyed the level of autonomy disposed by other actors nor deployed their more calculated self-interest. The key proposition is the United States administration that has not merely used the crisis as a leveraging opportunity to prise open markets once closed to foreign financial institutions, it has played a critical role in deepening the crisis.

First, the United States did not act with due speed to contain the panic, indeed it also appeared also to prevent containment by Japan or the IMF, intervening only after the situation had deteriorated to an alarming degree. The United States and the IMF could have easily persuaded the lenders to roll over their loans without IMF guarantees and by calming the foreign exchange markets by ensuring that lenders understood that Korea's problem of inadequate reserves was a temporary problem of liquidity, not insolvency. This is precisely what the United States and the IMF did during the 1996 Mexican currency crisis. Their timely intervention worked perfectly. It was not until Korea's foreign exchange reserves were depleted and after the major damage had already been done that the United States Federal Reserve, in January 1998, took the steps that would have averted the crisis earlier: bringing together the major players to coordinate a programme of debt restructuring and short-term debt rollovers.

By not intervening the United States was merely bringing policy into alignment with the new geopolitical reality in the aftermath of the dismantling of the Soviet Union. In the post-cold war environment, there was no longer a significant national "security" interest in protecting Asia that in the past would so often override the economic interest of opening Korean markets to United States goods and finance. Deputy Treasury Secretary (now Secretary) Lawrence Summers proclaimed in February 1998 that "The IMF has done more to promote America's trade and investment agenda in Korea than 30 years of bilateral trade talks".[35]

While global and national are commonly portrayed as antithetical, mutually exclusive principles of organization and interaction, the Asian Crisis has shown that they are in fact interdependent and mutually reinforcing. The extent and sustainability of financial liberalization will continue to depend on the solidity of domestic structures. Whenever these structures are weak, global networks merely end up undermining their conditions of existence. Indonesia's case is a good example of domestic collapse that had gone hand in hand with the country's involuntary detachment from the global financial system. At the other extreme lies the Malaysian response of voluntary semi-detachment from global finance, ostensibly in an effort to build and strengthen its institutional capacities. Somewhere between these two extremes, others like Hong Kong, Taiwan, and Singapore are drawing lessons from the crisis by tightening and improving capital controls. Above all the lesson from the Asian crisis is that of the implausibility of a world economy sustained by unlimited global flows and instead draws attention to the underlying institutional limits to liberalization.

CONCLUSIONS

Due to the increased importance of trade, the options available to national governments have narrowed appreciably over the past two decades. Governments are now scrambling to maintain international competitiveness. In the process they are loosening their grip on their economies and retreating from their traditional role of providing social safety nets, moderating the negative outcomes of the market and correcting market failures.

Ironically, a key component of the implicit social contract between labor and capitalists in the advanced economies throughout the 1950s and up to the late 1980s had been the provision by government of social insurance and social safety nets that included unemployment insurance, severance payments, universal medical insurance, etc. in exchange for the adoption of freer trade policies and stances.[36] Today globalization and freeing of trade are eroding these social contracts and their programmes leaving labour and vulnerable groups helpless and defenseless in the face of massive restructuring of industry, biased and polarized income distribution regimes and massive employment losses. There are two seemingly contradictory trends in the post-war period in both developed and developing countries, the growth of trade and the growth of government. Before the Second World War, government expenditures averaged about 20 per cent of GDP of the industrialized countries. By the mid 1990s this figure had more than doubled to 47 per cent. These increases in the government role in the economy is more striking in advanced countries like the United States where it increased from 9 to 34 per cent, in Sweden where it increased from 10 to 69 per cent or the Netherlands where it increased from 19 to 54 per cent. It should not come as a surprise that the more open an economy is the more the government has to do to minimize the social impacts of openness to the international economy. It is now clear that the social welfare state was the other side of the open economy. It is here where globalization is perhaps sewing the seeds of its demise. Openness and freer

trade are increasingly eroding social programmes and polarizing labor markets and income and wealth distribution. Greater and more pronounced openness of the economy is taking place against a backdrop of government retreating from the provision of social programmes and from playing the adjudicating force over negative market outcomes and continuing to lead and nurture development and growth.

A whole new nexus of institutions, values, techniques and management have combined to underpin the new economy. At the heart of all these changes is the ability of the new economy to develop, train and expand labor and organizational skills that can lead, manage, coordinate, programme and innovate success in this complex, rapidly changing and highly uncertain world. The change was not about adoption of techniques and the purchase of the appropriate technology. Rather, it was about building institutions, about restructuring activities and about overhauling the entire old Fordist structures. These changes are massive and drastic. They cannot happen piecemeal and they were not left totally to market forces and the private sector. Where the transition was successful, whether in developed or in developing countries, the transformative power of the state has guided and protected this transition. It was also done within a broader context than the small and fragmented nation states. Major trading blocs emerged and solidified the globalization trends. The jump into the world arena, for many if not all the successful experiments, was cushioned and involved preparation through regional arrangements.

The United States has exploited and will continue to exploit its new unchallenged technological and military superiority. It has pursued opportunistic strategies in dealing with the rest of the world. The example in Korea, discussed above, is only one of many. The United States has quickly realigned its policies with the new geopolitical reality, which is basically unencumbered by the past cold war constraints. The rest of the world is facing the stark choice of either accepting United States' hegemonic interests and dictates or face harsh measures, some of which have included the kind of military bashing that Iraq and Yugoslavia and now Afghanistan had to endure. This has prompted many to suggest that the American digital economy is being complemented by binary politics of extreme zero/one choices. You are with us or with the terrorist logic of the "Bush Doctrine" enunciated in Congress after the 11 September 2002 attacks.

As long as developing countries have underdeveloped or missing markets, imperfect information, imperfect capital markets, small and disarticulated firms and as long as development requires acquiring new technology (new information), merit based bureaucracies, the provision of training, credit and subsidies, market mechanisms cannot be relied on exclusively to gear or even spur economic development. A major role for the state is still necessary and the real issues are those associated with the nature, timing and character of its role and not with whether it is needed or not.

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22. For a different classification see K. Jayasuriya. 1998. "See Through a Glass Darkly: Models of the Asian Currency Crisis 1997-1998". Western Australia. Asia Research Centre, Murdoch University.

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COMMENTARY

Ibrahim al-Issawi

I will not conceal that the task of commenting on the paper presented by the colleague Dr. Atef Kubursi, is quite difficult. The paper is clear in conception and exact in development, and, above all, I could not have said it better myself. Hence, and after acknowledging this excellent paper, I will just add some comments (in the manner of "expanding on the established" as is known in our Arab culture) to confirm the arguments presented, whether via conceptual observations, or lessons derived from the Arab experiences in development that the paper did not mention, in particular the Egyptian occurrence.

The reality of the matter is that despite all that was written and said about the role of the state in the economy or development, the paper of Dr. Kubursi remains quite significant at this specific moment in time: in the wake of the Asian economic crisis and at the beginning of the wave of economic stagnation that was aggravated by the 11 September 2002 events. The paper groups many conceptual, humanistic, and practical arguments drawn from old and recent history that, on one side show the collapse of neoliberal economic policies and on another side the importance of stimulating and expanding the economic and developmental role of the state. These arguments are worth reviewing in time as new developments might impinge on our perspective and make them more acceptable.

Furthermore, to have another look at the arguments that indicate the shortcoming of the markets and their inability to achieve the ideal conditions talked about in the Neoclassical economic writings is quite beneficial as these arguments often tend to be forgotten due to their simple and basic nature. Accordingly, it is important to bring them up from time to time.

In fact, many of what has been presented lately as new theories about the shortcomings of the market is often no more than simple and basic facts that can easily be observed when honestly comparing the behavior of the market in concept and in reality. They just have been revamped and presented in terminologies borrowed from the sciences of mathematics and philosophy. It is fine with me. Maybe some of these simple arguments, when presented in such a new look, will gain more credibility in the view of some. This applies to phraseology such as "imperfect information" meaning the lack of perfect information and "asymmetric information" meaning the difference in information between the buyer and the seller. To express the fact that people are not economic calculating machines but social entities with feelings, some good and some bad, but always interacting in a way that is not always clear to us, facts that would put limitation to the conceptual rational of the economic resolution is expressed by "bounded rationality".

It is worth noting that many of the new theories that address the shortcomings in the behavior of the markets were stated by western economists whose main experience

is in developed countries. Accordingly, they noticed these shortcomings in the markets of the advanced economies that we, in the developing world, view as developed and mature. If so, one can imagine the shortcomings suffered by the economies of the developing countries that drove some to not talk about a deficiency in the markets, but a nonexistence of markets. On another level, there is a widening of discussion, not about the deficiency in the markets themselves, but about external shortcomings due to the lack of institutions necessary to the efficient functioning of the markets. The World Bank devoted its last report (World Development 2000) to discussing building institutions for markets and had previously proposed for discussion an important subject, the Comprehensive Development Framework (CDF), that is also related to the institutional framework.

It is strange that the advocates of Neoliberalism in the developing countries do not see any contradiction between two matters. The first fact being that the markets are not mature, they are deficient on various levels, they sometimes simply do not exist and that they lack the institutional frameworks that need to be built anew. The second fact is a constant resolve on a full reliance on market behavior and a reduction in the role of the state. How can it be asked from the developing countries to rely completely or essentially on the market forces at a time when markets are weak or inexistent due to reasons directly related to the markets themselves or to reasons related to the institutional environment they are functioning in? This question directly leads to another one: is it not a fact that the process of building, developing, and maturing the market, together with the process of building the legal, political and social institutions that constitute the environment in which the market function is in fact an integral part of the operation of development that will not happen in one day, but will take at least a few decades? Accordingly, the demand for building the market and its institutions is in fact the demand for development itself. Therefore, we are facing an empty meaningless repetition here, in close succession of an idea (tautology): to attain development you have to build markets and institutionsat first, to build markets and institutions you have to reach development first.

This circular concept is not far away from the circular concept indicated in the paper of Dr. Kubursi. There is a supposition or an essential belief that all is possible in the markets and that any market, if freed, can be successful. If a shortcoming in the economic performance is noticed, then the answer is ready; the market was not left enough on its own, the state is still interfering more than necessary and that it should leave the scene for the markets. The best expression of this idea is "the best thing for the state to do is to get out of the way".

This was the position of the International Monetary Fund (IMF), with the backing of the United States Treasury Department, when the Asiatic crisis came to be. The problem, in their opinion, was that these countries did not liberate their markets enough, and that the solution of the problem resides in opening and freeing the markets and in particular the capital cost as part of the balance of payment. It did not affect the belief of these institutions at all, to note that countries that had limited the

flow of capital were those least affected by the crisis or those who were able to get over the crisis in the shortest period. It is possible that these institutions are not able to notice such facts due to ideological reasons, or maybe due to ethical reasons.

This discussion of markets mechanisms remains abstract and ambiguous as far as we do not discuss the private sector or Capitalism. The issue is not simply for the state to delegate its prerogatives to the market forces; it is to give the capitalists the possibility to work the markets. Therefore, if the discourse is about the lack of maturity or inexistence of markets, it should be accompanied by a discussion of the lack of maturity or lack of Capitalism in the developing countries. In fact, the actual model of Capitalism in the developing countries, terminology allowing, has rarely anything to do with the full-fledged, saving, investing, new technology generating, etc. model of Capitalism we read about in the capitalist economic books, or capitalist propaganda writings. They are a large grouping of small industrials, traders, farmers that work according to a lucrative traditional way and a smaller category of owners of larger and more modern businesses that focus essentially on commerce, real estate and quick gain competitive activities. These people are removed from the era of "the industrial revolution", but are quite close to the period of "capital accumulation". It is well known that this period are associated with services instead of productive activities. This type of capitalists is not competent enough to be left the leadership or even the essential role in the process of development. They need somebody to lead them, protect them form their mistakes or the mistakes of the markets, no difference; they need the state and its intervention.

In fact, the pendulum movement, mentioned in the paper, tends to increase, in some instance, the role of the state versus the markets and in other instances to increase the role of the markets on the detriment of the state. It is worth mentioning and observing. Here is an important lesson even though trivial to a certain extent. It is often forgotten when Capitalism is witnessing a period of prosperity. Such periods witness an increase in articles praising market forces as infallible and Capitalism as the ultimate solution. The last of these is the notion "The End of History" that became popular in the wake of the collapse of Socialism in the Soviet Union and East Europe. The aforementioned lesson stipulates that economic laws and economic models are not stable, and that the share in the management of the economy of market versus state depends on the changes and variations in the stage of economic development for each country, independent of the similarity in the economic model. This is what is learned from the history of old capitalism, the more recent history of the period of crisis in Capitalism and the current history depicting the reasons of the economic boom in Asia and then of the crisis faced by this region during the lasts few years. The paper of Dr. Kubursi described this last experience fully; any further comments would be pure repetition so I will limit myself to a concise and precise expression borrowed from an expert on the Asian crisis, Robert Wade. He described the Asian experience of development as "development led by the state and not by the markets" in his book *Governing the Market*.

I would like to add a comment related to this point, to the Ministerial Meeting of the World Trade Organization (WTO), and to what has been mentioned in Dr. Kubursi's paper. The Anglo-American school of thought considers that the final criterion for the advancement of a society is the consumer's index. In view of that, competition, including opening markets and freeing trade, will result in lowering the prices and bettering the quality of goods thus eliminating the inefficient producers. Ultimately, the consumer is the winner, independent of the form of foreign competition and whether it is legitimate, or fair and so on. However, the consumer is also a producer, a worker and an employer, so if there is a flood of foreign imports that kills the domestic industries resulting in an increase in unemployment and poverty, what source of income will the consumer have to buy the foreign imported cheap goods? Accordingly, the argument is invalid.

The reality of the matter is that the rich countries did not apply the concept of Consumerism; they resorted, by means of subsidies, tariffs and others, to protect themselves until they were able to build a solid productive basis, reach high levels of competitiveness and thus, were immune to foreign competition. Furthermore, these countries still protect some of their sectors and subsidize their imports under various justifications, without any consideration for their membership in the WTO and even more, they fashion cut to size special trade agreements that aim at prolonging to the utmost the protection periods. This is the case with the agriculture sector that gets subsidies of more that one billion dollars per day (400 billion dollars for the actual financial year) in the countries of the Organization of Economic Cooperation and Development (OECD). This applies also to the textile and garment sectors. While the industrial countries pressure the developing countries into freeing their markets and opening them to foreign products, they use all means and ways available to prolong to the utmost possible the period of protection of the agriculture and textile sectors, in other words, to close their markets for products coming from the developing world.

Here, again and again, we notice an embodiment of the divergence between theory and reality and of the double standard applied by the advanced countries. These countries, whenever in their interest, resort to protectionisms and subsidies, hence, closing their markets to the developing countries. Quite the opposite, they pressure the developing countries into freeing and unconditionally opening their markets, except for short grace periods that do not prevent the collapse of the main sectors and the regression of industrialization due to unfair competition. The real issue here is not the theory, but the interest of the stronger forces that govern the world economy.

Another remark that deserves noting is related to the issue of harmony between the behavior of individuals and the public interest in a market economy by way of Adam Smith's concept of the "invisible hand". In fact, while reviewing Adam Smith's writings, in particular a book that brought him fame and riches, *The Wealth of Nations,* the book of the "Theory of Moral Sentiments", we notice that the "invisible hand" is just a philosophical assumption that Adam Smith makes about human nature. It is, as any other assumption, subject to acceptance or refusal. The main assumption of this

theory is that individuals naturally tend to control their behavior for the sake of others, to gain the approval of others and in order to be worthy of this approval. Adam Smith insists that this tendency is inherent to human nature and cannot be explained simply by the drive to fulfill ones own interests.

Accordingly, Adam Smith expects that individuals would behave with self-restraint without the need for external limitations such as the state. To work for the realization of the highest level of gain or of self-promotion is "the enlightened pursuit of self-interest" for Adam Smith.

This assumption is not void of truth and is not fully truthful. People do have evil tendencies that drive them to harm others and could even lead them to harm themselves. Often, the advocates of Neoliberalism neglect this assumption related to the social/moral atmosphere in which the markets function according to Adam Smith and go on repeating clichés about the invisible hand as if it was some kind of magic. In another expression, the theoretical actual liberal movement, not to mention the advocates of the structural theory that are still a few, views economy as functioning in a social and moral void. It is as if they were repeating the crude expression of the former Prime Minister of England, Margaret Thatcher: "there is no such thing as society".

Now what about the Arab experience in the matters of state versus market, and private versus public sector, since these countries went with the overflowing liberal trend and surrendered to its pressures by liberating their markets, reducing the role of government and removing many hurdles, tariffs and others that hindered foreign trade. I chose the Egyptian experience, the longest Arab experience with this type of policies.

The question is, did the Economic Overture, the official given name since 27 years to the policies of freeing the economy, privatization and other economic liberal policies; or the Economic Reform, the new official given name to the same policies that were applied with the blessing of the World Bank and the IMF since 1991, achieve the sought after development in Egypt? Did the mechanisms of the market or the efforts of the private sector succeed in pushing and leading the momentum for development? Did the Egyptian Capitalism succeed in being the real basis for development and to fill the void created when the Government renounced its role in the fields of production and investment, as was requested by the advocates of economic liberalism? In my opinion, the answer to all of these questions is no. The evidence on what I am advancing is related to official statistics or World Bank statistics and I will not address the validity of these statistics. The evidence is:

1. According to the World Bank figures, the regression in the productive role of the Government lead to a reduction of capital investment from 21 per cent of gross national product (GNP) in 1987-1988 to 15.5 per cent in 1995-1996. Private investment also regressed, from 11.3 per cent to 9.4 per cent respectively over the same period. Domestic investment followed the trend receding from 32 per cent to 16

per cent. Despite the increase in the role of the private sector in investments, the level of total domestic capitalization expected for 1999-2000 is no more than 19.8 per cent and for 2000-2001 not more than 22.4 per cent, both quite insignificant. The facts show that the issue of the public sector hindering the private sector has no basis, as it is clear that the private sector is a follower and not a leader.

2. According to the figures of the World Bank, in spite of the increase in the share of the private investment from gross internal capital investment from 37 per cent in 1987 to 68 per cent in 1997, i.e. 31 percentage points in 10 years. The share of the transformation industry sector, including mining, oil and oil related industries, increased only by 2.6 percentage points during the same period of ten years, 23,3 per cent in 1987 to 25.9 per cent in 1997. The share of the private sector in capitalization increased by 3.1 percentage points per year, while the share of the transformation industry (same definition as above) increased on average by 0.26 percentage points per year during the same period.

According to the figures of the Ministry of Planning, the share of the transformation and mining industries, excluding oil and oil related products, from the GNDP in 1999-2000 is 19.4 per cent. It did not reach the 21.7 per cent registered during the early 1960s yet.

All of these indicators show a real weakness in the recent role of the private sector in the process of industrialization, despite all of the incentives and assistance granted. The picture gets even darker when we take into consideration the nature of industries the private sector is engaged in; an industry that limits itself to the assemblage of mostly imported manufactured products. The dividsion is quite wide between the actual manufacturing process and the industrialization we aspire to. For this reason, the economy remains stuck in a loop of imports changeover in a manner even worse than in the sixties.

3. A new study of the World Bank indicates that the distribution of investments of the Private Sector between tradables and nontradables is skewed towards the nontradables side. The percentage of investment of the private sector in nontradables increased from 40.7 per cent in 1986-1987 to 48.4 per cent in 1993-1994, and despite the lowering of the percentage to 35 per cent in 1994-1995, the trend is quite clear, as stated in the study; the investments of the private sector are concentrated around nontradables, in particular, trade and real estates investments. The percentage of the real estate investments from the total of the private sector investments reached 28 per cent in 1993-1994. A fact that indicates a weakness in the exporting role of this sector, and his preference in producing for the domestic market, maybe because the local market, as per the opinion of the World Bank, is protected more than needed. An opinion I do not share.

4. The Investment capacities of the private business sector are limited. A sector with low savings rates that relies in financing most of its investments by borrowing from commercial banks, i.e. by drawing on the savings of the domestic sector. When

this sector achieves profits and saves a proportion of the profits, he tends to invest it outside the country. For that reason the levels of savings remain mediocre. The projected 2000-2001 levels do not exceed 19.6 per cent. Furthermore, the amount of funds drawn on the balance of payments that fell under the entry of omissions and errors reached one billion dollars during the last few years.

5. The private business sector is not adventurous and it is one of the main qualities by which the businessman is defined, or the entrepreneur as named by economists. This sector chooses to "play it safe" by resorting to trading in imports and catering for the domestic market especially for the upper market. The examples are many: ceramics, marble, cars, luxury housing, consumer items, entertainment, etc. The new entrepreneurs in this sector rely in expanding their activities and profits on monopolies and special relations with those in power, i.e. greasing the wheel and various other manifestations of corruption more than they rely on economic and technical skills. All of these factors are indications of Capitalism at the primitive stage of accumulation.

6. The private business sector by resorting to tax and customs evasion hinders the State in achieving its new role that is limited to developing the infrastructure and providing services. The backlog of overdue taxes of the various investing sectors over many years reached 17 billion Egyptian Pounds in the year 2000. Furthermore, the contraband goods in just one sector, the textile and clothing, reach to the least a third. The private sector did not meet the aspirations of the Government in relation to privatization. It did not purchase, as was expected by the Government, the public sector companies offered on the market. These companies are still looking for a buyer. The private sector chose to buy only the profitable companies and did not take over those at loss—as was advocated during the privatization campaign—and transform them by his financial and managerial know how into profitable ones.

7. The new class of businessmen that are brought to light and on which so much hope is placed for leading the economic revival represent a small part of the private business sector that is still dominated by the small traditional enterprises, 98 per cent of the enterprises employ less than 10 workers. This new class is an island in a sea of enterprises that waddle in a technological and managerial backwardness and they do not even try to lend a hand of to remedy this situation. In this case also the private sector failed in taking a leading role in the process of technological and economic modernization.

In conclusion, are not these arguments enough to review the actual standing position in relation to the role of the state in development? In my opinion, they are more than enough. I think that the change should be in the direction of achieving integration between the role of the state and the role of the markets with an upper hand for the state. The state should recover its role in production and productive investment, and should lead the market and the private sector towards a comprehensive and independent development. This is to go hand in hand with an energetic effort to modernize the institution of government.

DISCUSSION

Osman Mohamed Osman

I have a few remarks that I will sum up as follows:

1. The comparison between the market and state intervention is not relevant. The essence of the issue is not the choice between the market functioning with full liberty and the state interfering to work alone, these are two alternatives that do not exist in reality and do not have followers in today s reality. I believe that our discussion today should not be around identifying state retraction or the reduction in its role, but what is required might be a redefinition of the role of the state to answer the results of a long historical period. The role of the state varies from one historical period to another and according to the prevailing conditions. The role that the state might have to renounce is total economical management. Accordingly, the issue is not to review arguments that prove the market failure and thus the necessity for the state alone to manage all matters of economic development.

2. To mix up between the market and Capitalism and that the market is formed only of capitalists, as is understood from the words of Dr. al-Issawi, is not correct. And to call for state intervention is not necessarily Socialism. To link the discussion around the role of the market and the role of the state in socio-economic development to the ideological difference between Capitalism and Socialism has no justification, specially given the developments of the last three decades. There are two points I indicate: first, the market is not a playground for the capitalists alone. The market comprises demand, supply and price; it is socio-economic forces active in supply and demand, and there are mechanisms of equilibrium between these forces. Even if the market mechanisms and its steering of economic life has been historically linked to Capitalism, we cannot ignore the big evolution of the capitalist system towards giving the social issues and dimensions a bigger credence. The second issue is that Socialism, if applied, does not require necessarily the cancellation of the market, and this is a mistake in which all countries called Socialist have fallen into.

3. If we assume that the market is not mature or inexistent or diminished in the developing world, why do we consider that the substitute, i.e. the state will be mature and able to achieve what the market was not able to achieve. This is also a very trivialized representation. The real idea is in distribution of roles. The market remains but the State has to remedy its shortcomings and develop it until it reaches maturity. It should not cancel it and increase its failings by governmental decrees that distort supply, demand and prices.

4. The justification is that state intervention is present in advanced economies and does not present an argument for or against the market or state intervention. State intervention in this case is focused and defined, it makes use of mechanisms that do not interfere with market mechanisms or economic efficiency. The state interferes to

protect a specific social faction or correct a deficiency in the market process through the same market mechanisms and without affecting economic or productive competitiveness.

5. Dr. al-Issawi has described the Egyptian experience as liberal, it is not an accurate description as this experience has nothing to do with liberalism. All that took place or is taking place in Egypt has either been named Socialism or economic reform and overture. It has been done under the heavy hand of the state and maybe more than needed. The bureaucracy manages the Egyptian economy with a heavy hand, which, in my opinion, is not right, to characterize what happened in Egypt as liberalism. What happened in Egypt has nothing to do with liberalism.

6. As for the assumption that the drop in investments in Egypt is a product of the private sector not being able to infuse more investments, this raises a question: is the alternative that the State interferes and pumps up investments into the industrial sector?

7. This draws us to the matter of privatization, the private sector bought all the public sector profitable companies. It does not have to buy the loosing ones. Why should anybody buy them if they do not yield profits?

8. The issue is that the levels of investments in Egypt together with the levels of savings dropped, this is a bad performance of the Egyptian economy. Economic policy is an essential role of the State, no more, no less. This role still needs clarification.

Fatima Sbaiti-Kassem

I would like to thank the speaker and the commentator on their clear and organized ideas presented during the discussion, however, I have some remarks that I will sum up as follows:

1. There are new players in the process of development, including the institutions of the civil society and the private sector for many developing countries among which are many Arab countries. This is why we cannot discuss the role of the state and of the market independently from these new players. We have to discuss a whole structure of complementary forces that are actually active in the process of development.

2. If we look at the success achieved by the "Asian Tigers" during a previous period, the environment is actually different, and we have to account for the role played by Japan in training and preparing the human resources of these Asian countries. And this dimension, training and rehabilitation, has to be addressed in the Arab countries. We should also stress the role of information and technology.

3. We have to include the concept of human and social competence in the idea of confidence and seeking to increase the social capital, i.e. the confidence between all

the active parties in the process of development so as to be able to take into consideration the social dimension necessary to support this process.

George Kossaifi

I have some suggestions to develop the paper of Dr. Atef Kubursi in its final form so as to remove some of the ambiguities regarding the culture of development at the popular level. The ideas are as follows:

1. I wish for the introduction of a differentiation in the role of the State in various capitalist countries. The role of the State is different in the United States from the role of the state in the countries of Western Europe, where the government provides essential services to society that are similar to those that existed in the countries of the previous Eastern European block. It would have been fabulous if the role of the state in capitalist countries had been defined by the percentage of its social contributions to GDP or employment. The importance of this point becomes clear when we address the prevalent misgiving that assumes that capitalist states rely on a unique set model of intervention in the market.

2. I wish for the final copy to include a review of the development of the role of the state in the Arab countries, at least for two or three countries. This is useful to clarify that we should not split the state party and the market party into factions. The historical experiences, whether in our Arab countries or in others, indicate that incorporating the state with the market remained a fact throughout most historical eras even though there were variations from one country to another and from one era to another. The principal issue may be to find the appropriate combination between the role of the State and the role of the Market for our historical era. At this point we need a commentary of the "fourth direction", especially that it assumes the existence of an ideal combination between the role of the state and the role of the market and how this reflects on the issues of governance linking it to the institutions and what is needed for their establishment.

Mohamed Mahmoud al-Imam

One can revert to "The fourth direction" in the book *Arab Economic Concerns*, published by the Institute for Economic Arab Studies.

Mahmoud Abdelhai Salah

I do agree that we should not choose between the market and government intervention. There is no escape from relying on the market mechanisms together with a strong role for the state in order to manage socio-economic life.

I wish that during our discussion we could have a scientific and practical view to define, not only the role of the state and the role of the market, but the role of all

parties involved in the process of development: the state, the market, the private sector, the public sector, the NGOs, women and the regional and international forces. How is it possible to define the role of all these players? What is the understanding of the efficiency we seek? Is it economic efficiency alone or is it social efficiency, as stated by Dr. Mohamed Mahmoud al-Imam in many of his publications?

During our discussion of the role of the market and the role of the state, we should not neglect important uncertainties that emerged from the modern development thought. For example, human resources development throws on the shoulders of the state heavy burdens related to insuring quality life and improving human resources. This requires huge resources to be allocated to education, health, public services, poverty reduction and the protection of the socially and economically vulnerable. How can these funds be secured when government returns are diminished as a result of privatization policies that insist that the only way is to sell the public sector to the private sector and as a result of the liberalization policies that call for lower custom duties, lower taxes and tax incentives to the foreign and local private sector? All of these are programmes and policies that in practice result in diminishing the governmental proceeds.

Related to the subject of discussion of this session are the problems of rehabilitating government institutions in the Arab countries that moved from an economy guided by a global national economic plan to an indirect management of the economy through market mechanisms. This change requires us to exert systematic efforts on the intellectual and practical levels to be able to answer questions such as: how does the state manage the economy on the comprehensive level by a bundle of harmonized financial, monetary, commercial and investment measures? How may one appraise the response to these measures by the active forces in development? What are their consequences on the efficiency of the market mechanisms, distribution of income and wealth, regional differences and qualitative and social differences? I think that reaching rational answers to such questions may help a great deal in reaching the best combination between the roles of the market and the state.

Elissar Sarrouh

During the exposé about the important role of the state in the South East Asian experience as to organizing the economy and controlling the market and so on. Are there any ideas that one can indicate in relation to the experiences of the Arab countries that follow actually economic and commercial liberalization where the role of the state is being reduced? What lessons can one deduce from the Asian experiences that could be of use to the Arab countries during the actual era?

Furthermore, presenting the Asian experiences in the manner stated in Dr. Kubursi's paper stresses the success of these countries in developing their economy and presented them to other countries as a paradigm. He did not mention the negative effects of the policies adopted by these countries on democracy, human rights and

neglecting international laws for work conditions and social insurances. Is it right to propose these experiences with all of these important shortcomings as a model for the role of the state?

Antoine Haddad

I would have liked the discussion to include the Arab condition and experiences in relation to the role of the state and the market. I join the outlook of my colleagues at this point, who have stated that the choice between the state and the market is a wrong approach as there will always be a role for the state to play and a role for the market to play. I think that we disagree on this point with Dr. Kubursi and Dr. al-Issawi. The essence of the problem is to coordinate between the two roles. In other words to divide the work between the atate and the market in specific fields that I will sum up as follows:

1. The management of the economy and in particular the monetary policy. Here, I believe, there is no disagreement; the government should, under no circumstances, renounce this role.

2. The role of the state in investments.

3. The role of the state in producing primary goods and services. Here, one should differentiate public services from other services, the government has to regulate these services even if they are not government owned or managed.

4. The social role of the state especially related to social insurance and human resources development.

Caroline Faraj

If we are to discuss the role of the state and the role of the market, there is an important point related to this information. The injustice in the distribution of information leads to the ignorance of the popular basis. I do not rule out that the decision maker in the Arab world also suffers a lack of accurate information. The second point is related to countries racing to join international treaties. What is the interest of the broad popular basis, especially in poor countries, in adhering to these treaties?

Poor countries need aid and that comes with conditions and hidden work agendas that are not exposed to the population that is not given the opportunity to agree or refuse. Who specifies the priorities of the budget spending in the wake of parliaments that lack proper and accurate information and lack expertise and necessary studies? We state privatization as a necessary strategic condition to join the world economy and get financial aid; but what about the increase in unemployment? The

answers to all of these questions are linked to discussing the role of the state, the market and all the parties involved in the process of development.

Moussa Shteiwi

First, I would like to commend the paper presented by Dr. Kubursi and the commentary by Dr. al-Issawi. After reading the paper, hearing its presentation, the commentary and all the related discussions, there are questions that remain unanswered in my opinion.

1. What are the components and elements, or the particulars of the state that lead to a determination of its negative or positive role? Is the issue a matter of mechanism that the state needs in order to play the roles it may play? Or, are there other dimensions to account for?

2. What is the role of the elite or the prevailing political culture in defining the role to be played by the state? What is the relation of political development to this role? Are there political preconditions for the government to play its assigned role in the process of development?

3. What is the required or possible Arab state model in view of the socio-economic actual and previous international transformations?

Motassem Rashed

If we are to discuss the Egyptian experience, we notice that the Government pulled out from the field of production and productive investment that constitute the pillar of the development process. The beginning was a halt in investment and in the expansion of the public sector. This led to its weakening and restriction under the burden of the loans that it was forced to borrow from the banks. This was followed by the process of privatizing the profitable public sector companies. The exposed and unsuccessful companies remained unsold.

The outcome was not encouraging, the proceed of all that was fully or partially privatized and did not exceed 15,8 billion Egyptian Pounds. This did not reach a third of the conservative evaluation for these companies. The value of the public sector companies was evaluated in the early 1990s for around 80 billion Egyptian Pounds. The privatized companies constitute 54.5 per cent of the total number of companies thus the value of the privatized companies should have been 43,5 billion Egyptian Pounds. Furthermore, the government finds itself unable to sell the remaining companies. Accordingly, Egypt irrevocably lost a substantial part of its capital.

Actually the government is incapable of leading the development process after it withdrew from direct production and productive investment and is just active in the process of infrastructure rehabilitation. Concurrently, the private sector does not have

the prospects and venture capacity to lead the development process. The result is a void in the development process in Egypt. The economic policies applied since the early 1990s have failed to increase domestic savings levels without which development is not possible. As a result of this reduced level of savings, the country, to a great extent, still relies on external financing sources for investments and has to cope with low levels of economic growth.

Atef Kubursi

Truthfully, the questions asked are significant and must be answered. I will try to group the answers in a few remarks.

The most important part of the paper is that the duality between the role of the market and the role of the state is an unproductive duality. However, I further addressed a view shared by Dr. Ibrahim al-Issawi: we are in the middle of a cultural war whereas the IMF, the World Bank, and the donor countries require from us under the threat of material sanctions to accept the market, liberalize more, and privatize more and more.

The evocations we proposed are not a pure theoretical exercise, they represent an introduction to debating issues that cannot be ignored such as, the essential ideological framework, globalization, the World Trade Organization and the World Bank and the IMF who are closer to Washington. For this reason, we entered the debate associated to the big demarcation with economic scientific progress that indicates the failings of the market with its shortcoming and failure in the advanced countries, so how can we accept it and talk about its success in the Third World countries that suffer from the failure and inadequacy of the market and organizations unable and failing to function according to the market?

Another point indicates complementary and supplementary roles between the market and the state. Both have shortcomings and failings. The problem in its essence is to define the type of participation, proportion of participation and to stop missteps. There are a number of policies that we deduced from the South Asian experience that have been applied in South America and failed. What are the fundamentals that make some actions and behaviors a success in one place and a failure in another? I believe there are four important implications that are important to the Arab world:

1. Most of South Asian countries have concentrated on building human resources with social, cultural and scientific rehabilitation.

2. When they entered the development process they fully separated between real application and the economic theory saying that production is a separate issue from distribution. The Asian experience was a real example for the amalgam of justice and development and that there can be no economic success without social success.

3. The state has a primary and essential role in choosing the proper development strategy while leaving to the market its role. They cooperated in several roles and the state tried to take care of the matter that the market had no incentives to undertake such as the basic industries that require big capital investment that the investors at that time were not ready to provide.

4. The state withdrew when it felt that the private sector is ready to assume its responsibilities. The government never granted aid without clear norms, they linked the aid to the possibility of export oriented competitiveness. The government had a primordial role in this, without being detrimental to the private sector and the market mechanisms.

FOURTH SESSION

GOVERNANCE, EMPLOYMENT AND POVERTY REDUCTION: THE MISSING LINK

by

Salwa Shaarawi Gomaa[*]

The issue of employment is considered a primary issue on the scale of the priorities of Arab governments due to its significant implications on the socio-economic and political levels. It relates to reaching the best allocation of Arab human resources and establishing economic policies to create new work opportunities. It comprises a social dimension that usually aims at reducing the severity of poverty, lightening the burden of citizens and improving the quality of life. Moreover, it usually contributes to political stability and reinforces the legality of the political systems.

The purpose of this paper is to study the relation between the concept of "governance"[**] and the issue of "employment" in an attempt to reduce the occurrence of poverty. In another word, this paper is attempting to answer an essential question: how can the concept of "governance" contribute effectively in finding a solution to the issue of Employment?

The study will try to address this question based on the following:

1. Addressing the problems of employment and creating new work opportunities to reduce poverty in the Arab countries is tightly linked to the economic, administrative and educational policies; a three-dimensional manifestation:

(a) *An economic dimension*: economic growth results in an increase in the levels of investment that leads to the creation of new work opportunities;

(b) *An administrative dimension*: the redistribution of the work force within the governmental administration in order to avoid overstaffing certain administrations or districts together with taking into consideration job description and specialization

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[**] Despite the fact that the author adopted Governance as an expression of the concept of managing the affairs of the State and the Society, this paper will use the word Governance according to the meaning inferred in the title of this meeting.

when the redistribution is done can unveil the numbers of available posts and help to uncover new work opportunities. Furthermore, it can prevent underemployment or hidden unemployment;

(c) *An educational dimension*: the necessity for a complementarity in the educational policies between the outcome of the educational operation and the real requirements of the labour market. The educational system is to provide the graduates with the information and skills required by the market.

2. New world developments that brought about a modification in the role of the state and introduced new players made the directing of the issues of employment and poverty the joint responsibility of the state, the civil society and the private sector. Despite their common responsibility, these players lack, very often, the proper coordination of efforts and sometimes display a conflict of interests. Apparently, each party is working on creating new work opportunities and reducing the levels and negative outcomes of unemployment, while the reality of the matter shows no joint strategy and no distribution of roles. Furthermore, the private sector, whenever at odds with the government, makes use of a weapon at his disposal due to the privatization process: the capacity to disturb the workforce with massive layoffs.

3. An analysis of employment policies and poverty conditions in the Arab world lead us to notice, in addition to the shortcoming of these policies, the absence of an essential aspect; the efficient management of these policies in order to accomplish the long awaited purposes and to ease the suffering of the poor.

4. Therefore, linking the concept of governance[1] with issues of employment and poverty reduction may be the means to achieve a proper management of these issues. The concept of governance conveys a set of rules and official and nonofficial mechanisms aimed at allocating authority and the management of public resources in society as a whole. This concept has two aspects:

(a) *Theoretical*

It is represented though the set of principles expressed by the concept itself such as transparency, participation, and accountability. It aims at including the widest number of citizens and various sectors in the management of issues related to the government and society, and specifically the issues of development. One can say that if this set of principles is taken into consideration when setting and putting into practice employment policies in the Arab world, it will lead to the inclusion of the relevant concerned parties in the institution of these policies. This would lead to making these policies more relevant to real needs. As transparency will make the necessary information related to employment and poverty reduction programmes equally available to all employment seekers and would lead to defeating logrolling and back-scratching thus realizing social justice. The principle of accountability, whether

on the administrative or political level, will guarantee a strict minimum of competency in the application of these policies.

(b) *Institutional*

It is represented by the concept of "Policy Network" that deals with the nature of the relation between individuals and groups that participate in the conception of policies. This aspect, if instituted, will achieve the missing cooperation between the active parties, state, non-governmental organizations (NGOs) and the private sector, in the issue of employment and poverty. It would also help reveal a clear view of the handling of the issue and would achieve proper distribution of roles in order to achieve this view.

Based on the aforementioned, this paper will proceed with an analysis of the reality of employment in the Arab countries, together with an analysis of the roles of the state, the private sector and NGOs in facing unemployment and creating new work opportunities. We will proceed with an analysis of the contribution of the concept of governance in solving the issues of employment and poverty reduction.

THE REALITY OF EMPLOYMENT IN THE ARAB COUNTRIES

1. The studies and reports related to unemployment and employment in the Arab countries[2] indicate the failure of the Arab labour markets to absorb the available workforce because the Arab workforce growth rate exceeds the levels of growth in job availability.

2. The Arab workforce reached 104 million persons in 2000. It is growing at a rate of 3 per cent per annum. Mohamed Amine Fares considers that "the number of those entering the workforce actually exceed three millions yearly and might reach four million by the end of this century".[3] The reports of the Arab Labor Organization (ALO) indicate that it is probable that those seeking employment in the Arab world will reach 32 million by the end of 2001, while unemployment rates reached 20 per cent in some countries.[4]

3. The participation of women in the economic domain in the Arab world is minimal. Several studies mention the difficulties the Arab women faces in the field of employment. Women constitute 30 per cent of the workforce in some Arab countries like Kuwait, Morocco and Tunisia, dropping to lower rates in other Arab countries.[5]

4. In Egypt, the percentage of women employed out of the overall workforce is 25 per cent. The ratio of unemployment for women is three times that of men and the proportion of businessmen is 5 per cent for women compared to 17 per cent for men.[6]

5. As for the unofficial sector, the proportion of those not accounted for in a specific occupation increases in the Arab world to 58 per cent in Oman and Bahrain,

around 34 per cent in Qatar and Jordan and 20 per cent in Egypt, The Syrian Arab Republic and Lebanon. This indicates an increase in the importance of the unregulated sector in the Arab world;[7] in Egypt, for example, this sector counts 3.8 million units responsible for the creation of 6 million work opportunities per year, i.e. 36 per cent of the total workforce. In addition, the contribution of the unofficial sector is 20 per cent of the domestic product and its units represent 82 per cent of the small size enterprises. Accordingly, refraining from exerting serious efforts in order to integrate the unofficial sector comprises a substantial socio-economic loss.[8]

6. The Secretary General of the ALO, Ibrahim Qodair, attributed the increase in the levels of unemployment to the following reasons:[9]

(a) The failure of progress in meaningfully addressing the social issues and the poor economic performance indicated by low or negative growth rates;

(b) A lack of correspondence between the produce of education and training with the needs of the labour market, or an insufficient investment in human capital;

(c) The failure in creating the proper environment and laws to encourage investment, which would lead to the generation of a sufficient amount of jobs. Adding to it that the amount of internal investment is initially weak;

(d) The inadequacy in the structures related to employment policies and employment offices;

(e) The extreme sensibility to external factors whether economic in nature, such as the prices of oil, the trade agreements, foreign currency fluctuations or sociopolitical in nature, such as the effects of the second Gulf War on employment conditions in certain Arab countries;

(f) Pursuing economic reforms that have negative repercussions on employment.

Even though the size of the problem and its rationale are clear, one cannot pretend that a solution to the problem of unemployment and poverty reduction will come about just by reversing the aforementioned particulars. The realization of higher levels of growth does not automatically and inevitably lead to better employment rates and consequently to a reduction in poverty. Within this framework, the latest report on poverty by the UNDP[10] elucidates: very often the governmental economic policies that aim at achieving levels of economic growth favorable to the poor, and the socio-economic programmes that aim at benefiting the poor fail to reach their goals due to a lack in good governance.

- The poor management of human resources together with a lack of correspondence between education and the labour market show up in the

availability of jobs with nobody to fill them, due to a lack of necessary skills while there are big numbers of unqualified jobless people that cannot find employment;

- The labour market indications in the Arab world show a skewed unusual relation between the levels of education and unemployment; whenever the levels of education increase, the levels of unemployment increase, due to a deficient education system. If we add another indicator, the relation between education and political participation, we find that our Arab region also registers an exceptional type of relation here: whenever the level of education increases, the level of political participation decreases. Consequently, reverting to the notion of good governance becomes a necessity here;

- Is it possible to remedy to the poor level of economic growth and bad allocation of human resources by activating the social capital?

- The creation of a proper environment for investment that would lead to higher levels of employment is not easily achieved in societies that lack the principles of participation, transparency and accountability.

A. THE ARAB POLICIES

The experts in the matters of employment have agreed, despite the worsening of the problem, that a solution can be reached with the exertion of a proper influence on the forces of demand and supply in the labour market that would aim at striking a balance between demand and supply. The Arab countries reverted to policies based on three building blocks.

1. *A legislative framework*

Aims at writing the labour laws. A preview of these laws shows that they do not correspond to the actual economic and social transformations, especially after the shift towards a free market economy. They do not express the new balance of power between the various parties such as workers, employers, unions, etc. This leads to a polarization of society, class struggle, and increases unemployment and poverty. Furthermore, the laws regulating the migration of labour resulted in "an increase in the surplus of labour in the Arab labour markets, it also resulted in a constraint of the labour movement within the Arab world."[11]

Based on the above, some Arab countries are revising labour laws to make them relevant to the new conditions. For example, the Egyptian Government has just finished preparing a project for a new labour law[12] that would circumvent the shortcoming of the actual law No. 137 of 1918 and reflect the transformations that

resulted from a shift from the old public sector oriented economy to the new market economy.

The new law has introduced several contentions that carry the possibility of solving employment problems including the creation of a high commission for the employment of Egyptians on the local and foreign levels. Its role is to draw the general policies related to employment at home and abroad, and to set the necessary rules and regulations.

It also introduced new regulations related to the ministry responsible for coordinating with the labour organizations and trade unions the responsibility of setting up and following up matters related to the employment of cyclical workers.

The law has also introduced a premise that stipulates the necessity of a system of work visas that would forbid a foreign worker to enter the country except with a previously granted work permit. This is to limit the foreign workforce and protect the local market from the illegal use of foreign workers. This rule would be similar to the policies and laws applied in several Arab countries such as Saudi Arabia and the Gulf countries. They do not permit the entrance of foreign workers without a work permit and aim at replacing the foreign workforce with a local one.

The law has mentioned for the first time the formation of a federal bureau of wages that would be responsible for setting the minimum wage rate and finding ways and means to achieve the balance between wages and prices. It is an attempt to comply with the essence of international conferences and agreements related to the concepts of full employment and fair employment.

The validating factor is not the conception of new legislative texts, but the extent to which these laws are applied. The levels of compliance with these laws dwindle for several reasons among which arethose related to the low fines for non-compliance and to the lack of belief in these laws by their recipients. The reason being a lack of consultation with the beneficiaries of laws before their institution and when these consultations take place, they are theatrical and not binding.

Despite the fact that some Arab countries adopt the participatory approach when drawing laws, there is a necessity to encourage its implementation further. Here lies the importance of reverting to the concept of governance.

2. *An institutional framework*

The institutional framework aims at strengthening or instituting representative organizations responsible for drawing, applying and managing employment policies. All Arab countries have labour ministries, central bureaus for employment and employment offices. The number of employment offices varies from one country to

another depending on its size and needs: 3 in Qatar, 4 in Kuwait, 263 in Egypt and 153 in Algeria.[13]

In addition to these ministries, bureaus and offices, there usually are high commissions and agencies for employment that work on supporting the ministries in drawing the national policies to promote employment. On the regional level, the Arab Institution for Employment, affiliated to the ALO, was instituted in order to deal with the data related to the workforce in the Arab countries. It was anticipated that it would play the role of a database for the figures related to the Arab workforce to be used in the planning of the employment policies. It was canceled due to financing reasons. On the national level, there are other mechanisms similar to the Arab Institution for Employment in their conception such as the idea of employment observatories affiliated to the Ministry of the Working Forces in Egypt. It issues a yearly analytical report of the employment information programmes that aim at providing enough indicators about the actual situation of employment in the public and governmental sector and the private sector that employs 10 or more workers. The programme also gives an idea about the labour needs of these sectors for the five coming years starting from the year of the data collection. Accordingly, the labour information programmes became an important source of accurate data for the decision makers.

National employment agencies exist in some Arab countries like Tunisia. Egypt is actually in the process of instituting such an agency with the help of the ILO.

Many studies[14] expose the weakness of the organizational mechanisms of the offices and employment bureaus in addition to the limitation of their role to the managerial matters excluding a real participation in the translation of the employment policies into realities. In some Arab countries, the issues of labour and employment are the responsibility of more than one ministry, a fact that necessitates a proper coordination.

Here also the concept of governance can contribute positively. The institutional dimension of this concept, the concept of policy network, permits a better level of coordination between the aforementioned institutional parties. On the other hand, the regulatory dimension of the concept of comprehensive governance that stresses transparency can lead to the strengthening of these institutions by intensifying the availability of information in a manner that would lead to developing the actual information networks, improving their usage and forming an efficient managerial staff. This would permit these institutions to be coherent with the concept of transparency and use information technologies and communication sciences to achieve full utilization of their capacities. The concept of accountability will lead to an improvement in the performance of these institutions because it necessitates the ministries to follow up and evaluate the duties allocated to the employment offices and bureaus. This would guarantee a more efficient performance. The political dimension of the concept of accountability, i.e. the accountability of the minister or ministers

responsible for the realization of the general policies set to encourage employment will achieve a sense of engagement and reinforce this institutional framework.

Moreover, adopting the concepts of transparency and accountability will lead to a limitation of the manifestations of personal preferences and bad practices in employment. This would reinforce justice and reduce unemployment and poverty.

3. *Employment plans and programmes*

This aims at achieving a balance between the forces of supply and demand related to employment in the Arab countries. In this field, the Arab countries have historically adopted a policy of developing the mechanisms of training by instituting central centres for training as in Bahrain, or setting institutions to overview the planning of the training needs such as the Higher Council for Human Resources Development and Training, as in Egypt. This added to funding small projects and programmes and to affecting general changes in the financial policies.

One can summarize the measures taken by the Arab countries in the following points:

(a) *Measures that affect the demand side*

(i) Countries can adopt several measures aimed at increasing the demand for labour; they are measures and programmes that aim at helping the productive enterprises to employ more workers. One of the most important measures is to adopt a taxation policy that aims at granting tax exemptions or reductions in order to push the companies towards more production and thus creating new jobs and reducing unemployment and poverty. Some programmes aim at giving government subsidies to some productive enterprises in exchange for providing employment to a set number of unemployed. Sometimes, the government subsidies are used to finance the social security charges instead of the employer to encourage him to take in a new number of unemployed. The government can also resort to canceling some of the company's debt in exchange for providing employment to a number of jobless people;

(ii) Albeit the importance of adopting a flexible tax policy, the Arab countries rarely resort to it. To the contrary, when facing economic stagnation and high unemployment rates, some Arab countries resort to tax increases, or the imposition of taxation laws that can contribute to the exacerbation of economic stagnation and unemployment, for example, implementing the second phase of the sales tax in Egypt;

(iii) Many Arab countries have tried to organize the unofficial sector that is usually considered the best container for the absorption of the unemployed.

These trials ended up being just a way to tax those who work in this sector instead of being a way to making them benefit from the social and economic systems;

(iv) Many Arab countries encourage granting monetary subsidies to the producers in exchange for providing employment opportunities. The Libyan Arab Jamahiriya, Tunisia and Jordan resorted to this method in order to generate work opportunities and fight unemployment. The Egyptian Government is actually adopting, jointly with the Chambers of Commerce, programmes that aim to provide low interest loans with a year grace period in order to encourage commercial enterprises to expand and provide jobs for the unemployed. The only conditions are: to prohibit the employment of relatives, friends and family members, to generate productive jobs and not assistance services related jobs;

(v) One can also include under the initiatives that affect labour demand the small loan programmes, the small and very small enterprises that are assisted by the social fund in Egypt, Jordan and Tunisia. For example, the number of work opportunities provided by the Social Fund for Development in Egypt reached around 154.1 thousand new opportunities during 1998-1999 among them 98.6 thousand permanent employments and 55.5 thousand temporary ones. The fund provided about 180.8 thousand employments during the year 1999-2000, 119.8 thousand permanent and 61 thousand temporary.[15]

(vi) Aside from the importance of the social funds and the endorsement of small enterprises, it is very important to follow up and evaluate the produce of the social funds and the extent to which they fulfill their raison d'être. Many of the small enterprise owners, the young fresh graduates, stress the many hurdles they face in marketing, servicing the loan, etc. It is true that the small enterprises help generate work opportunities, increase productivity and industrialization; nevertheless this role loses some of its importance in view of the absence of a leading strategy. There are some questions about the way these funds decide their spending, the objectivity and wisdom of it.

(b) *Measures that affect the supply side*

(i) They usually take the form of training programmes that aim at increasing the skills of those who are entering the labour market, they bridge the division between what the worker gained from the educational system and the practical skills that the market needs;

(ii) The international expertise in this field presents us with several variations of such programmes. Some are popular in Germany, where the employer

undertakes to give training to those newly entering the workforce before employing them. In France, the system of "contract for increasing skills" is applied: the employer provides training to the new employees during 25 per cent of the work time for the first two years and at the end of this period, the trainees acquire various aptitude certificates and degrees.[16] The British experience for providing employment to the youth, the New Deal, stresses on employing the young by giving them an opportunity, limited by time, to find stable employment based on four options:[17]

a. The opportunity to join the private sector in exchange for a weekly 60 Pounds governmental subsidy to the employer for the first six months;

b. To get a temporary six month employment in the public sector to gain skills required by the labour market;

c. To get a temporary six month employment in a voluntary sector to gain skills required by the labour market;

d. To join a training programme in order to gain higher skills;

(iii) One can say that the policies of the Arab countries related to training put emphasis on transformation and small industries and small businesses. Tunisia and Jordan adopted a diverse and transferal system of training linked to the growth programmes of economic institutions. The Kuwaiti Government took interest in training programmes in the fields of communication and aerial navigation and to give vocational training in the field of electricity and water;[18]

(iv) Besides the importance of training, there is an urgent need to follow up and evaluate its returns. It is also necessary to link the training programmes with the policies related to employment and fighting unemployment and with the conditions of the labour market and its needs. This complementarity is the only guarantee for achieving the utmost return from the training programmes.

B. THE PRIVATE SECTOR

1. Studies[19] indicate a growth in the role of the private sector as one of the most influential socio-economic parties especially following the transformation in the role of the government and its withdrawal from participation in the provision of motions and services. For example, more than "500 economic institutions control 25 per cent of the world production and 300 multinationals own 55 per cent of the means of production in the world".[20]

2. In spite of the importance of the private sector, it is limited by the amount of studies that examine the contribution of this sector in providing work opportunities, remedying to unemployment and poverty reduction. There are many studies that handle the role or influence of the private sector, but the majority does not spesifically address the subject of employment even when the title of the study is as appealing as "Employment, New Developments and the Role of the Private Sector".[21] Therefore there is an urgent necessity to compile information on the contribution of the private sector in generating actual and planned employment in the Arab world and make it available to those who are concerned with planning and implementing a regional and national strategy for employment. Based on the necessity of coordination between the active parties in the issue of employment and poverty reduction, any discussion about a distribution of roles among them without an evaluation of the contribution or possible contribution of each of them, the factors of strength and weakness and possibilities of competition, becomes a matter of irrelevance.

3. Statistics indicate that the private sector comes usually in third place in providing work opportunities, after the governmental and public sectors. Studies indicate that the private sector in Kuwait has a very small role in the employment of national workers.[22] In Egypt, of the actual and planned, 2000-2004, work opportunities, the Government sector constitutes 70.1 per cent or 251,001 thousand jobs, the public sector 21.6 per cent or 77,337 thousand jobs and the private sector comes in last with 8.3 per cent or 29,879 jobs.[23]

4. Studies[24] indicate the development of the employers' organizations and businessmen societies in the Arab countries and the expansion of their activities especially in view of the economic reforms set by the Arab countries and the call of the private sector for a noteworthy participation in development. These studies specify the role of governments in the creation of an atmosphere proper to investment that would permit the private sector to invest and produce. On the other hand, the private sector is to address the social issues in addition to his interest in profitability.

5. The private sector and the government meet in their effort to prepare those who are newly entering the Labour Force by providing them with the proper training. Some Arab countries group civil and public employment offices.

6. The private sector in the Arab countries could stress its contribution to employment and training by adopting patronage policies similar to those of the private sector in the developed world by adopting some outstanding students during their scholastic years, directing them towards fields that are in demand, providing summer training programmes and then employing them after graduation.

7. The private sector is also required to participate in scientific research related to Regulatory Development, in order to be able to achieve a better performance of the employment offices.

8. The adoption of the concept of corporate governance, with all that it includes, such as accountability, whether on the internal level (the stakeholders) or on the society level (social responsibility), will lead to achieving a high level of commitment. Transparency, particularly in the monetary matters, will permit a better evaluation of the contribution of the private sector in the area of employment and poverty reduction, and will permit to evaluate the extent to which the private sector discourse about these subjects materializes.

C. THE NON-GOVERNMENTAL ORGANIZATIONS

The studies note a growth and expansion in the role played by the NGOs in the Arab countries. Amani Kandeel and Sarah Ben-Nafissa indicate an increase in the number of NGOs: 15,000 in Egypt; an increase from 272 in 1987 to 444 in 1992 in Palestine; 587 in Jordan 1992; and 5,186 in Tunisia.[25]

1. Despite of the big number of papers that study and analyse these organizations, it is noticeable that the main emphasis of these studies is to account the number, membership and social activities of the NGOs. The studies exploring the economic role of the NGOs are limited and the studies related to the NGOs specific role in fighting unemployment are almost inexistent.

2. Experiences in some Arab countries indicate that the role of the NGOs related to employment and facing unemployment is concentrated around:

(a) Providing small loans, supporting small enterprises and encouraging small industries;

(b) Helping in the rehabilitation and employment of the special people in need. Some of the NGOs aim at an economic rehabilitation that helps the handicapped to become a productive force, thus leading to a better use of human resources, a better use of the non-productive resources in addition to sanctioning the concept of social responsibility. The vocational rehabilitation centres are a clear indication of this concept;[26]

(c) Providing health and social care, as is the case with the Queen Alia Fund and Noor Al-Hussayn Organization in Jordan. The NGOs also collect the "Zakat" (Islamic tax) in Jordan, in 1986 there were 158 Zakat Funds registered with the ministry of Awkaf with a total capital equivalent of 7.15 million USD to the benefit of 60,000 citizens;[27]

(d) Providing training, in particular to the youth as is exemplified by the Future Society and the Coptic Missionary Institution in Egypt that provide training to young people in order to prepare them for the needs of the market.

3. In a study, by Dr. Najwa Abdullah, about the economic role of the NGOs in Egypt and their limitations in facing the negative effects of the economic reform policies by creating small projects and the role of these enterprises in encouraging employment by generating new work opportunities and thus increasing wages, Dr. Abdullah reached several conclusions based on fieldwork. The most important being related to the issues of vocational training and skill development. We find that those who benefit from these programmes constitute about 0,2 per cent of the total number of those who benefit from other programmes provided by the NGOs. We also notice that Cairo occupies the first place as for the number of vocational and trade centres, 135, with a benefit to only 0.1 per cent of the total number of those who benefit from other programmes provided by the NGO. The study further indicates that in 1984 the NGOs had 954 training centres for girls, these increased to 1490 in 1994. In 1984, they also had 411 vocational and trade centres that decreased to 377 in 1994, i.e. a change of 8 per cent.[28]

4. Abdullah Khateeb, in his study about the civil society organizations in Jordan, indicates that these organizations play an important role in the realization of social stability by providing work opportunities and possibilities of voluntary engagement. "The permanent workers in these organizations reach around 7200 workers while the part time labour force reach around 10,000, i.e. the civil sector provides 17,000 jobs, or 7.4 per cent of the total number of workers in the private sector."[29]

5. The NGOs could play a better role in promoting employment and poverty reduction, if it wasn't for the many hurdles they face such as: the legal framework that governs their actions, their financial and institutional weaknesses, an unbalanced and close knit relation with governments.

6. There are new initiatives aiming at realizing better coordination between NGOs and governments, for example, the training programme for rehabilitation of university graduates in order to fit the labour market requirements. The Future Generation Society in Egypt is practicing this initiative with the cooperation of the Ministry of Youth. The ministry provides 20 per cent of the costs, while the organization provides 80 per cent.[30]

7. There is also another example for the cooperation between a number of players and the creation of an employment network. It is an initiative carried out by the National Centre for the Support of the NGOs in cooperation with the centre of information and with the support of the decision makers in the government, together with the ILO support in order to empower the role of the NGOs in the field of employment, training and fighting unemployment.[31]

8. There is no doubt that this model becomes familiar and natural when we take into consideration the concept of governance.

CONCLUSION

Based on the above, we can infer:

- Contending with the issue of unemployment and poverty cannot be achieved without a full coordination in the setting and application of policies between the major actors on the regional and national levels. This is feasible by the adoption of the concept of networks whether permanent or temporary;

- There is a lack of information about the various contributions of the players, especially the private sector and the NGOs, in the process of creation of new work opportunities. Embracing the concept of transparency and energizing the information networks will help in remedying this situation. There is a disparity in the availability of information between one country and another. In this instance, the role of the ALO becomes necessary in helping the creation of a regional information network that would fill this division;

- There is a need for being aware of the concept of labour management with all its content of legal references, organizational structures, and labour laws in order to reach good performance in facing the issue of employment;

- Finally, one can note that adopting the method of effective governance will lead to a proper management of the actual situation if it does not lead to the creation of new work opportunities.

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ENDNOTES

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2. Referring to:

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COMMENTARY

Ibrahim Awad

I will begin with the concept of governance or public administration. It is the real and major point of disagreement I have with Dr. Shaarawi Gomaa in relation to the subject under discussion. I do consider that the management of public affairs is a dynamic contingent, not an independent one. There are organizations and institutions, but there are also the activities of these organizations and institutions.... The activities of organizations and institutions vary according to the environment and various conditions. In fact, we cannot bring about organizations and institutions and then require them to act in order to achieve specific aims related to employment, poverty reduction, and so on, without taking into consideration whether the environment and surrounding conditions permits them. This environment is very significant and it should be appropriate for the realization of goals we aim to achieve. It is not acceptable and unworkable that we induce organizations and institutions and then expect them to act and achieve results in an unfavorable environment.

How did Dr. Shaarawi Gomaa address this subject, I wonder? She stated economic, institutional and educational policies, and then went to define three active parties: the state, the public sector, and the civil society. Then she stated that these parties administer these policies and that there is a problem in their management of these policies, relating the problem mainly to the institutional dimension.

Dr. Shaarawi Gomaa tried to put forward the condition of the labour market. She presented numbers for labour and unemployment. I would like to express a strong reserve here, well known by Dr. George Kossaifi, for example, I do not find it constructive, at all, to talk about 20 per cent unemployment rate in the Arab world when we are dealing with different work markets, and different decision making processes. We could talk about the same indicators for all off the European Union, as there is a unified decision-making body, unified base for financial and foreign policies, etc. My reserve is also rooted in the fact that we must look at the reality, try to analyse it, and then try to correct it in order to reach our aims. We might not reach our aim in one or two days. If we are serious, maybe it will take years.

It is useful to remember that laws are not only conceptual; they are also a reflection of the actual social conditions. Laws do confirm concepts, but they also usually reflect also the material state of affairs. Accordingly, to have laws and policies that can achieve desired aims, it is essential to change reality.

When considering available policies such as fiscal policy, taxes have to be levied first and then tax exemptions aimed at encouraging businesses to generate employment and contribute to poverty reduction, can be implemented. If at the onset taxes are not levied, what type of incentive is this? Such paradoxes are essential; they

are a reason for the weakness of public policies and state intervention in many countries, including ours.

The responsibility of the private sector in issues of Employment is often mentioned; I wonder, is it really the responsibility of the public sector? Personally, I believe that the private sector has the responsibility to achieve profits, and when this happens over a long period, it would benefit the issue of employment. Equally, if each of us fulfills his role properly, we will end up solving the problem as a whole. Nevertheless, we should not fool ourselves and then nothing happens; it is the government's role, by way of various tools, to support the private sector to invest and achieve profit without constraining it with demands and criteria that are not within its priorities.

As for the role of the NGOs in the matters of employment, it does not differ from any of the private sector institutions at all. It should not be expected from the NGOs to employ more labour than their real needs. However, the civil society sector can practically help the undeclared sector in creating new work opportunities through improving the work conditions in this sector by cooperating with the employers, helping them to resolve the problems they face. Thus, NGOs can be effective in raising the levels of employment in a sector that is significant to most of the economies of the developing countries including the Arab countries.

I believe that employment starts with general policies and ends with sector policies. It is necessary to start with general economic policies including sector policies and the emerging institutions will be under one policy that we will identify as the ministry of employment and vocational training. However, all of this should be interrelated in an observatory for employment to be relied on for the study of the goods and services market in order to be able to steer the labour force and the human resources in order to increase the level of participation in economic activities.

Finally, I would like to note that the institutions of the labour market and the active policies of the labour market have to take into consideration the problems of the undeclared sector. It is important to introduce some order in this sector to improve the work conditions, not only for humanitarian reasons, but for productive reasons too. This sector, whether in our countries or in North America, is the sector that saved our countries since the 1980s from a huge problem of unemployment. Nevertheless, this sector's productivity levels remain quite low. Accordingly, it is possible to introduce changes to this sector; however these changes have to take into consideration the interest of both, the employers and the workers equally. It should not hinder the flexibility of this sector in generating work opportunities.

DISCUSSION

Mustafa Ahmed Mustafa

Several triangles were mentioned, some related to the players, the ethical dimension and the institutional dimension. Others related to the issues of governance, employment and the Arab world. This gives rise to many queries, among which:

- How can Asian and non Asian workers flood our labour market, while unemployment is on the rise in our countries?

- Our educational system yields an outcome that is non-marketable as is the situation in the Egyptian labour market. This drives us to wonder why do unemployment levels rise with the rise of education levels?

- Is there a logical and acceptable relation in our countries between education and political participation?

- What is the actual relation between government and unemployment in our countries? What are the consequences on the labour market and the generation of work opportunities of the actual legislations?

- How can we reinforce the role of the private and public sectors in generating work opportunities and reducing poverty?

- How did the transfer of labour develop between the Arab countries? To what extent can it, today and in the future, contribute to a better distribution of investment and work opportunities in the region?

Fatima Sbaiti-Kassem

We are dealing with three concerns: governance or managing the affairs of society and the state, poverty and development. The essential question is how do we effectively relate governance, poverty reduction and development. Men and women should equally participate in decision making and policy setting. This cooperation should expand to include the poor and marginal factions of society.

An important issue stated in Dr. Mustafa's interjection is the relation between the input/output of the education sector and the labour market. This triangle has to function in concert and harmony in order to guarantee human resources development and increasing work opportunities. What are the strategies needed? We have to alter the conditions of several Arab countries where, as stated in several studies, whenever education levels increase, unemployment levels increase. It is necessary to stress women's issues when discussing the subject of education, the labour market and poverty, because women suffer most from unemployment and poverty.

The doctor mentioned another trio: the government, the private sector and the NGOs. She forgot to mention a fourth aspect: the international organizations that play a significant role in addressing the issues under discussion in this Meeting and in seeking a remedy to the consequent problems related to governance, poverty and development.

Elissar Sarrouh

As for the concept of governance and the institutional side of it, I do not agree with Dr. Gomaa's explanation. It is built on a balanced interaction between the institutions of the private sector, the market, the civil society and the citizen. Guaranteeing this balance and partaking is based on the principles of transparency, accountability and participation. Accordingly, we stress the presence of democratic institution based on the principles encouraging participation.

As for the concept of policy network, it is in fact, as stated in several publications, the consequence of the activity of the governing institutions within the totality of the civil society. It is not the only institutional side to this concept, it is one of the mechanisms of correlation and communication between the civil society, the citizen, the private sector and the governmental institutions in order to relay the opinions of the individuals in society in relation to specific policies. Communicating the opinions of people and citizens to the decision makers is not limited to the concept of policy network, but expands to include the interaction and actions of members of the civil society who cannot participate in the process of decision-making without the presence of institutions that encourage participation. Here comes the importance of the legislative institutions and the means at their disposal.

At this point, I would like to pinpoint the fact that the creation of these networks is considered a primary basis for the accomplishment of the interaction between the governmental institutions, the civil society, the issues of poverty and development. Whenever this interaction is realized via the mechanisms of participation and debate, then the decision makers can hear, and define, the priorities of society and the poor, and the requirements needed to apply these priorities. This is required to put in motion the necessary policies to reduce poverty, especially those policies relating to unemployment, social services and education.

As for what was stated repetitively about the fact that in many of our countries whenever education levels increase, unemployment increases, I propose to remedy to it by:

- Assessing the needs of the market for all areas of expertise and fields;
- Setting a plan aiming at encouraging students to get involved in the work fields and specialties needed in the market;
- Setting and implementing effective programmes aimed at training the student for the professions and disciplines needed in the market.

Ahmad Hammouda

My comment relates to—after my recognition of the importance of the paper presented by Dr. Gomaa and the commentary by Dr. Ibrahim Awad—the following remarks:

1. The issue of correspondence between the outcome of education and the needs of the labour market: this issue will remain a problem and will show an imbalance as far as the educational institution do not alter their programmes and areas of specialization. It is necessary to modernize these programmes and to improve the levels and quality of education. It should be relevant to the needs of the labour market and to development in general. To adopt the cohort analysis in relation to the population that joins the work market and to its movement from one level to the other, makes it possible to find a sort of balance between the two sides of the equation, education and work. Here, it is important to pinpoint the relevance of the various population census policies because the education cohorts are defined in quantity and constitution at the out start by these policies.

2. Concerning the institutional side and the necessity of collaboration between government, the private sector and the NGOs, it is very important within the framework of discussing the subject presented in the paper. I would like to add the issue of collaboration and cooperation by all parties in order to guarantee all transformations related to the manifestation mentioned. My statement here is meant to point out that on top of the institutional collaboration, it is necessary to study and find solutions for any multilayered phenomenon such as poverty within a comprehensive framework that takes into consideration all transformations (not only institutional) that contribute to the existence of the phenomenon and that should be included within the solution, or the political and programmatic handling of it.

3. There are more than ten million unemployed in the Arab world and in some Arab countries the levels of poverty are quite high. This means that the methodology of central planning, together with the policy of liberalization, structural reformation planning, and economic reform, did not solve these two problems, during the last decades, these two problems. Now governance is proposed as a means to solve these two problems. Are we sure of the effectiveness of this tool? What are the ways to materialize governance into an effective tool to achieve this aim?

Naser Al-Sane

Historically, there are in our countries several question marks related to the issues and indicators of poverty, underdevelopment and unemployment. Until today, we are unable to solve these problems. What is the explanation? Many chose to answer that we are countries that do not believe in democracy. I consider that the democratic process, if real, will definitely lead to holding the decision makers accountable. However, a necessary condition is transparency and precision.

Accountability is also necessary in order to evaluate the seriousness of our performance in achieving development in all its aspects and facing the problems of poverty and unemployment.

In relation to the Kuwaiti experience, a legislation aiming at supporting the domestic workforce in non-governmental institutions was put in effect during the year 2000. The most important points of this legislation are:

1. Levying a workforce tax of 2,5 per cent from the private sector.

2. The Government contributing the biggest share of the cost of rehabilitating the domestic workforce in the private sector.

3. The Government undertaking to pay social subsidies (originally paid to governmental workers) to those Kuwaitis employed by the private sector.

4. Encouraging the private sector to employ Kuwaitis by issuing a periodical report of desired percentages of Kuwaiti employments for each profession. Those companies who fail to reach the desired employment rate are excluded from the benefits and incentives the government grants the private sector, such as, tax and customs exemptions, acquisition of governmental land at nominal prices and governmental tenders and contracts.

As for the role of governments in encouraging small enterprises as a tool to generate work opportunities and reduce poverty, it is important to support these projects in the following manner:

(a) It is necessary for the government to support small enterprises and make available continuous counseling in order to circumvent the negative consequences resulting from the lack of professionalism, a characteristic of many small enterprises owners;

(b) It is necessary to provide support to the small enterprises in marketing the goods and service they produce via studies, consultations and expositions. It is necessary in order to protect these projects from failure due to their weak marketing possibilities and in order to protect them from the abuses of the middle man that affect negatively their financial status.

Mohamed Hamdan Masalha

The paper presented by Dr. Shaarawi Gomaa is valuable in its handling of the role of political and governmental institutions facing the issues of unemployment and poverty. These are two challenges that threaten social and political stability in the Arab world. However, the paper did not mention the role of parliaments and their importance as tools to help in solving these two problems in order to prevent them from getting out of hand.

In Jordan, we have an employment fund, it is a governmental institution, but did not succeed in overcoming unemployment through insuring loans to the unemployed who aspire to start their own productive projects. The reason of the fund's failure is that it distributed the loans to those who were not deserving. Furthermore, loans are not always collected due to the fact that the financed project is just a trumped-up story.

We actually have a national employment project that stresses two matters: first, to built human resources by training and vocational rehabilitation according to the needs of the market. Second, to overcome the "culture of shame" that prevents our youth from accepting blue-collar work. It is a factor that causes an increase in the levels of unemployment with an increase in work opportunities simultaneously in the Jordanian market that are filled by laborers from Arab and other countries.

Finally, it is appropriate that the paper deals with the voluntary sector and the national charity funds that contribute in providing financial aid to individuals or families that are unable to find employment either due to the age factor or handicaps.

Jihad El Zein

In relation to the issue of increased unemployment levels among the educated, I think that there is an ambiguity when dealing with this issue. We often mention the increase in the numbers of university, higher and middle educational institute graduates and the accompanying increase in the levels of unemployment among these graduates. In fact, expressing this problem in such a manner gives a false impression that unemployment is strongly linked to an increase in the levels of education which might give rise to a reaction limiting higher and middle education. Thus in order to avoid such a risk, it is necessary to be precise. Unemployment is not related to higher education levels, but is related to the lack of correlation between the type of education and the market needs. It is not enough to seek a degree, what is important is the type of degree and what the person gains from it as information and applied experience that can be of use when joining the labour market.

Osman Mohamed Osman

Looking for a correlation between various phenomena is to the liking of researchers. Our subject is to study the relation between governance, employment and poverty reduction, but often we discuss the relation between governance and anything. This is quite normal as phenomena in society are usually interrelated. However, it is always important to define the relation and limitations between various phenomena so as to be able to understand the effective ways to confront the various problems we are facing.

If we move to the relation between education and the labour market, it is important to differentiate between the role of the educational system in achieving an accumulation of the human capital and the effective acquisition by the graduates of technical skills and necessary human knowledge needed for his development as a

human being. As for the responsibility of the educational system in providing the market with its needs—workers, expertise, and technique—I do not think that we have probable cause to make education bear this responsibility.

The requirements of the market fall within the economic operation and the capacity of economic activity to generate work opportunities to meet the increased demand for work opportunities. Furthermore, it is necessary to separate between the labour force and employment on one side, and education on another side. The truth of the matter is that there is no direct link between education and unemployment. If unemployment levels are low among those who cannot read and write, does this mean that we are not to provide education to each and every child? The answer is definitely a no.

I would like to point that unemployment is not absolutely high among all educated people. Unemployment is high among middle and high school graduates, but is low among university graduates. Furthermore, the presence of unemployment on the level of university graduates does not mean that we should not plan to make use of our human resources and widen the basis of our human capital. The comparison between economic development in Korea and any of our developing countries should not miss out the levels of university attendance in Korea, which reaches not less than 40 per cent of those in the 17 to 23 years old bracket, while it does not exceed more than 20 per cent in a country like Egypt.

This does not mean that we should not work diligently to develop our system of education and improve its quality. This quality will help the individual to gain skills that would help him find an appropriate work opportunity, and would give him enough flexibility to enable him to improve these skills and shift jobs. Limited super specialization is no longer needed by economies of today.

Mahmoud Abdelhai Salah

Even if we do not agree on the precise translation of the word governance, it is clear that we almost agree that the meaning of this word relates to: the method and mechanisms of governing with all active participants, the mechanisms of participation allowing to set, design and apply policies and then to pursue them, and the legislative, lawmaking and institutional frameworks that govern these participants individually or in relation with each other. Are these three parts in our countries working in harmony and congruent so as to overcome unemployment and poverty through a free national interaction between them? Even though we do not have enough time to prove that the answer to this question is no, this negation remains valid as corroborated by the reality of increased levels of unemployment and continuous new additions to the poor and marginalized in our countries.

If we focus, for example, on the active participants being the government, the parliament, the private and public sectors and the NGOs including the workers and professionals unions, guilds and societies, we notice that discussing the issues of

governance, employment and poverty reduction should be separate in our countries from discussing and clarifying the effective and required role to be played by each of these participants. In a quick interjection about the roles of government and the private sector in employment, we notice that the move towards a market economy and the process of restructuring gradually limit the role of the government as the primary employer and shifts this role towards the private sector. The government together with parliament, retain the important role of setting the legislative and organizational framework and devising an effective system of monetary and financial incentives to encourage the private sector to adopt the issue of employment as one of its utmost priorities. Does the government in our countries effectively fulfill this role? Is the private sector mature enough to respond to governmental policies and indicators? It is clear throughout the last ten years that the answer to these two questions is almost a full negation.

How to transform these negations into positives with clear applications in reality? I consider that reaching this goal needs in depth studies that have to solve the key contradictions along the following lines:

- Employment and the use of advanced technology, actually imported, to increase competitiveness;

- Increasing employment, reducing poverty and limiting the outcomes of trade liberalization and unfair competition such as bankruptcy and closure of many projects in the developing world including our countries;

- The need for investment, capital accumulation, higher savings and all requirements of poverty reduction including a better distribution of the national produce in favor of the poor factions of society who tend to indulge in consumerism.

I hurry to add that these contradictions are not impossible to solve. They need a new thinking, serious studies, and a new social contract between all active participants in development.

I will conclude my commentary by agreeing that education, in general, is not aiming at meeting the needs of the market. It would be a departure from the real aim of education and would deepen the gap between generations, a fact that threatens society as a whole. The primary role of education is: establishing and developing the inner will for education, training the mental capacities through logic, causal relations and how to deduce them and through setting the fundamentals of various sciences in a person's human understanding and awareness enabling him to progress from these fundamentals to actual applications, existing or innovative. As for the role of market accommodation, it should fall on the shoulders of the parties responsible for continuous training whether these parties are independent from productive organizations or an integral part of them and it is only logical to say that providing work opportunities is the cause behind and motor for instituting such organizations.

The real problem lies in adopting policies that are inductive to generating work opportunities and not in the fact that the output of education does not fulfill the needs of a labour market that is itself poor in authentic work opportunities.

Motassem Rashed

In the framework of addressing the social dimension throughout the process of economic reform and restructuring in Egypt, the Social Fund for Development, established in 1991, has been working on preparing and supplying the necessary resources for human development and curbing unemployment.

Tracking this process shows a certain success realized by the Social Fund in providing work opportunities for the young employment seekers. The available numbers indicate that there are around half a million people who benefited by getting employed. This is a fact confirmed by the report of the donor countries. It is worth noting that the Social Fund for Development provides training programmes for the youth through the employers added to providing marketing aid programmes. The policies of the Fund stress primarily on human development. Furthermore, pursue the realization of the concept of continuous development via stressing the importance of economic complementarily between the various sectors with a stress on underprovided regions and by encouraging the concept of free enterprise. In relation to the efforts of the Egyptian Government to create work opportunities for the young, the Development Ministry, together with organizations such as industry and trade chambers, undertake activities similar and complementary to those of the Fund.

Regarding the capacity of the private sector to generate employment, it is still quite limited as being proved by the fact that the State still employs 70 per cent of the Egyptian workforce. In fact, the organized private sector contributes to employment by less than 10 per cent, a very modest contribution if we take into consideration all the benefits and support provided by the Government.

What has complicated the situation further is that the policies of liberalization did not succeed in closing the deficit in domestic savings by relying for economic development and technology transfer on foreign investments. From 1993 to 2000, direct foreign investment in Egypt did not exceed one billion dollars, mostly in the oil sector. Furthermore, these investments mostly funded the purchase of already existing units of production through the process of privatization and thus did not add new productive capacities. Foreign investment contributed no more than 6,7 per cent of the total domestic investment in Egypt from 1993 to 2000.

I will conclude here by commenting on what Dr. Gomaa pointed out in relation to the need for a new social contract and the extreme slowness in its study and publication. I consider the fact of this new social contract not being published until today a pro, not a con. The project presented gave the employer tremendous powers to release workers. If this contract is published as is, it will increase the levels of unemployment.

Moussa Shteiwi

There are four points to be taken into consideration when dealing with governance, facing unemployment and poverty:

1. Most of the actual policies in this field are not based on the respect of the citizen's right to employment, but are aimed at preventing the government and political regime from suffering the negative consequences of unemployment and poverty.

2. Institutional competence in setting and managing unemployment and poverty reduction is a must. The availability of funds is not enough. It is to be noted that institutional competence is not available in our countries.

3. The third remark is related to knowledge and information. There is a paucity in research and information related to the issues at hand, poverty and unemployment, and their causes. Accordingly, the actual programme and policies are general and lack targeting. Furthermore, there is no available precise information and knowledge related to the performance of these institutions and programmes, i.e. there are no accurate continuous evaluation of the outcome of these programmes and projects on the poor and the unemployed.

George Kossaifi

I begin by stating that I do not agree on the expression "the management of the affairs of the state and society" as an arabization of the word Governance as this expression negates the political dimension of the concept.

In regards to unemployment and poverty reduction policies, the questions to be put forward are:

- How are these policies set?
- Who are the concerned parties in setting and implementing these policies?
- What is the assessment of these policies and related plans?

I have worked all through the 1980s with the "Arab Institution for Employment", during this period we were not able to move one Arab worker from, for example, Egypt to Saudi Arabia.

Apart from Tunisia, there is no other Arab country that has explicit and adequate policies to fight poverty, Egypt has published a human development report on poverty but does not have a separate policy for fighting poverty. In Jordan, there is a declared strategy to fight poverty, however, it is marginalized in practice. The remaining Arab countries do not have policies aimed at fighting poverty. This does not mean that there are no activities related to poverty reduction. On the contrary, there

are many such activities, but these are sporadic and non-related and thus cannot be grouped under the aegis of a defined poverty eradication policy. A clear indication, in my opinion, is the lack of political will to adopt such an issue. The proposed question is, in the presence of our parliamentarian colleagues, what is the reason for this lack of will?

Finally, I would like to point to the lack of field studies to indicate the consequences of the social and aid funds on the livelihood of the beneficiaries and it is important to evaluate these consequences.

Ibrahim Awad

Truthfully, I tend to find many justifications for the researcher in relation to all that was said during the discussion. I believe that the paper is about the labour institutions and market much more than about unemployment and education. These are two separate subjects. However the discussion confirms an interrelation between the different concepts. Dr. Gomaa wrote about the institutions and policies of the labour market and not about the issues of poverty and unemployment. She addressed these two issues briefly and did well by doing so. The crucial issue is the existence of institutions concerned with employment on one side and the labour market on another. This may explain the objection made by many during the discussion about the fact that the researcher did not mention unemployment issues of women.

I want to stress that a relation between unemployment and poverty is not always present. If the graduate does not work, this does not mean that he is necessarily poor, he is just unemployed. The poor cannot afford not to work, they have to accept any job, regardless of the unfair working conditions.

The issue here is that employment is not an aim in itself. It must generate an income that guarantees a proper livelihood. If this is not achieved then employment in itself is not valid. Our aim is to found institutions that set policies that would lead us to an employment that results in a dignified life and by us I mean the institutions of the economy as a whole: those directly concerned by employment together with the institutions of education and services.

Finally, I would like to stress that the problem is in fact not about the labour market supply, or of educated people whose education that does not fit the needs of the market. The real problem is that there is no demand to match the available workforce. It is necessary to generate this demand through development and economic growth.

FIFTH SESSION

THE "WEARY SOCIETIES" AND THE PRESS: SOME IDEAS AND THOUGHTS

by

Jihad El Zein[*]

The topic of the seminar "Governance, Socio-economic Development and the Eradication of Poverty" gives rise, as with all issues related to the sociopolitical conditions in the Arab world, to two problems in method:

First, the scope of common factors pertaining to the relation between the political systems of governance and the socio-economic phenomena and transformations within the Arab world: the extent to which the common overcomes the particular i.e. the degree to which the shared factors in comparison with the specificity of each Arab country, civil society and government would allow to infer further the "common" from the sum of the current "experiences".

Second, the extent to which one can find, in the Arab social phenomena, transformations and modes of relation between governance and economics, an Arab "specificity" that would permit the study of the Arab conditions in a framework independent from the global trend and more specifically different from what became better addressed as the "South" instead of the "Third World". This denomination was adopted after the end of the Cold War and the split of the "Second World" into countries of the North or of the South.

At this early stage, one can view that these two methodical problems have no set "solution". Each level of each problem will have a separate "answer". The second problem might be "easier" or less complex in method as the world is tending towards more and more globalization; hence, many of its sociopolitical issues, such as the concentration of wealth and accordingly the increase in the levels of poverty are converging. The first problem is more difficult to address. In culture, politics and to a lesser extent in economics, the shared factors are definite and profound. The specific factors are also definite, within the development, size and potential of each society.

For the sake of simplification one could query: is it precise in the course of the study of Egypt, for example, to limit ourselves to comparisons with countries such as Iraq, Lebanon, Palestine, the Syrian Arab Republic, or Tunisia? Would it not be more appropriate to expand our comparisons to India, Nigeria, Pakistan, Indonesia, or

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[*] This paper was prepared by Mr. Jihad El Zein, journalist, *Al-Nahar* Newspaper, Beirut, Lebanon.

Argentina, and surely Iran and Turkey? In fact, Iran and Turkey together with Egypt form a historical trio of sociopolitical and economic comparisons that constitute a powerful tool of study on the level of factors such as, the population density, the tradition of strong central governments, the expansion of the internal market, the inequity in the distribution of wealth, the regional position, and son on. We propose to consolidate at various levels, for example a "triangle": one side Arab with Egypt as its focal point, then Turkey and Iran.

Henceforth, we will centre, according to the subject of the seminar and the proposed framework in the working paper distributed by ESCWA, on the Arab framework as a basis for comparisons and analytical deductions.

Among the common factors between the Arab countries, that no political, economical or sociological analysis can ignore due to the fact that it constitutes one of the major re-emerging phenomenon of the last two or three decades, is what we propose to name the phenomenon of the "weary society".

The idea of social "weariness" needs clarification and formulating its scientific proof faces many hurdles.

The most obvious indication of the "tiredness" of a society is political. It is the capacity of a society to generate political changes, the most indicative of which is its ability, or inability, to change the political elite. It is more difficult to specify this "tiredness" or "weariness" in other aspects.

In what numbers one can read economic "weariness"? Shall we adopt the micro or, given the political nature of the study, the macro indicators such as, the ratio out of the per capita income of expenditure on education or culture or the decrease in the budget expenditure on research or on "quality" education? Alternatively, should we adopt classical indicators such as the increase in poverty level or the decrease in the per capita income? The number of poor people does not necessarily indicate the level of "weariness" of a society as shown in the Indian model. The Indian society is a perfect example of a dynamic society that shows a steady progress on the technical level, last of which is the recognized Indian achievement in the field of IT technology and programming. The materialization of this progress in the market place generated a yearly steady growth of the middle class. However, a reading of the population increase and the increase in the number of poor could lead us to a different evaluation of the Indian society. Antoine Zahlan, in a study presented at the American University of Beirut, published by the Arabic daily *An-Nahar*, 14 December 2000, chose to use a quantitative indicator for the measurement of development, stated here as dynamism; he wrote:

"In 1981 China produced half the Arab returns, of research; in 1987 it leveled out with the Arabs; today, the year 2000, it produces double the research returns of the Arab world. In 1981, South Korea produced ten per cent of the Arab world's returns,

in 1995 it almost leveled out, but India did not witness changes on this level during the same period. The main difference between the Arab world and China, Korea, India, Brazil, and others, is that these countries formed a web of relations between their aptitudes and their economic conditions. A web that these countries continuously improve on, while the Arab countries, to the contrary, did not start yet to build such relations".

The "research" criterion chosen by Antoine Zahlan, to measure the dynamism of a society, gives rise to a new valid problem in the case of a country such as China. In China, the techno-economic progress took place within the framework of a political stagnation, no progress towards democracy, while the South Korean, Brazilian and Indian cases showed a direct relation between democracy and development. In the Arab world, we find regimes that are "enticed" by the Chinese model.

Despite the difficulty to "quantify" the weariness or dynamism of a society or any of its classes, we propose to consider the validity of the following indicators when combined:

1. The migration of the elite or brain drainage;
2. The migration of capital or capital flight;
3. The failure of the educational system.

The migration of the elite or avant-garde from the Arab world during the last quarter of a century has been thoroughly studied. These immigrations were the product of the political "seclusion" that started in the early 1950s and the lack of work opportunities. Among them is a major migration to the Gulf countries that will create new difficulties in the study of the levels of "tiredness" in the non-Gulf Arab societies. This migration to the Gulf permitted some parts of the non-Gulf Arab societies to participate in the oil wealth and in parallel, it does not represent a flight of capital due to the continuous flow of transfers from its returns to the non-gulf Arab countries. Then again, this migration is not totally related to the conditions arising from the political "seclusion" even if it is certainly a resultant of the lack of work opportunities.[1]

The developments witnessed by the Gulf Cooperation Council (GCC) countries throughout the 1950s and 1960s represent another exception. They are not part of the shared Arab factors used to study the relation between the political systems of governance and the socio-economic transformations. The oil surplus allowed these countries to increase their expenditure on health, housing, employment and education, thus precluding their populations from the severe occurrences suffered by the other Arab countries during the same period. A good example is what occurred and occurs in Damascus, Cairo, Baghdad, Rabat, Beirut and Tunis; an increase in the number of the poor within the capital and an expansion of the misery belts. This means that the criterion used for the evaluation of the type of public management in relation with the reduction of poverty cannot be the same for the Gulf and non-Gulf Arab countries.

Furthermore, the Arab Gulf countries during the 1990s witnessed a continuous drop in the prices of oil that negatively affected their returns. If we add to it the economic difficulties, arising from the Kuwaiti crisis of 1990-1991, then it becomes clear that these countries face unprecedented political and social challenges, forcing their governments to review their actual budget structure.

Here lies an important qualitative issue. Within context, the denomination of "Weary Society" does not properly apply to the GCC countries due to their particularity; oil wealth, and, except for Bahrain, the lack of a tradition of political activism. In these societies, the expression of socio-economic political dynamism, even though closely linked culturally to the developments in the non-Gulf Arab countries, takes a specific and unexpected form. It is quite probable that after the 11 September 2001 events in the United States, there will be an increased interest to study the Gulf area societies on the socio-economic political level. The largest of these societies is Saudi Arabia.[2]

The GCC countries do not constitute the only framework to study the effects of the accumulation of oil wealth on the sociopolitical level in the Arab world. The demographic, civic and oil related specifics of countries such as The Libyan Arab Jamahiriya, Iraq and Algeria makes their study a necessity when one is discussing the relation between the type of governance and the resulting socio-economic situation. In these countries, as well as in Iran, we need to monitor the administration of the oil surplus yield, in addition to the returns of society as a whole when assessing the status of the distribution of wealth since independence.

In a seminar discussing brain drainage, organized by ECWA, February 4-8, 1980,[3] one does note, twenty years later, that the studies presented include a "socio-economic technological" factor used in the analysis of the occurrences of "the migration of the elite" and "the deterioration of the educational system" in the Arab world. We previously considered these two factors as indicators to measure the extent of "weariness" or "dynamism" of a society rather than the "political" approach that considers the political situation as the main reason for the "the migration of the elite" and "the deterioration of the educational system". One of the participants, William Gleeser, clearly states "shunning the detestable, political, regimes leads to the emigration of a few number of people, specifically those who work in the fields of journalism, arts and social sciences. Other professionals object to the lack of political stability more than to oppression and excess" (p. 328-329). During the discussions following the presentation Gleeser goes further and states, "it was quite a surprise to us when we found that numerous professionals prefer dictatorships and detest instability. They aim at stable conditions that would protect their incomes, savings and property" (p. 329).

Our first comment would be that the researcher makes an inference between the democratic regimes and the situations of "lack of stability" that he states. Numbers or

statistics did not validate his main conclusion of "partiality for dictatorships". It was also not clear if he meant the countries of origin or of destination.

In short, it is difficult for us to accept this deduction, at least in relation with the political experiences we are aware of in the Arab world (non-Gulf). The drive to emigrate emanates from the lack of confidence in the economic situation of the country of origin. This lack of confidence has its roots in a political uncertainty, i.e. doubting the ability of the political system for proper governance. The emigrant may not consciously view this lack of confidence within the political framework, but might translate it into economic, social or technical concepts or terminology. In fact, all of these indicators are indirectly the product of the political situation or our perception of it. Gleeser gives a special importance to the waves of qualified immigrants within the ranks of the minorities in the developing countries, "many students and specialists do belong to the minorities, whenever they feel that theirs and their children's future is not certain, they emigrate", (p. 221).

This constitutes, in fact, a critical political factor. To be able to compare the scope of skilled immigrants from the minorities versus the rest of the society, we need definite statistics. Even though we believe that qualified immigrants in the Arab world come as much from the minorities as from non-minorities let us, for the sake of discussion, assume the contrary. Would it not be a clear indication of the relevance of the political factor? Is it possible for an undemocratic situation not being a drive for immigration, especially among the qualified workers? It is important to note here that the Arab dictatorships have their social roots equally in the minorities and the majorities.[4]

Due to the near lack of democratic institutions and the absence of political congregations outside the framework of government, most Arab countries witnessed during the nineties a trend towards developing or consolidating the civil society's associations and groups instead of the difficult task of "democratizing" the governing political bodies. In countries such as Lebanon and Egypt, direct political activism constitutes a major part of the actions taken by individuals or groups that aim at increasing the sphere of freedom in the public domain, including a real monitoring of the government activities. This directly results from the presence of a tradition of political institutions independent from the central government in Lebanon and Egypt, with the difference that in Egypt there is a tradition of strong central government, while in Lebanon it is of a weak central government.

The response of the political authorities to the emergence of movements endorsing "transparency", the fight against corruption, varied from one Arab country to another. Some of them allowed the creation of civil society activities under this banner, others refused the action all together and the occurrence just stunned some of them. The Arab reactions to this trend were among the most intense in the world.

The same variation in reactions faced the efforts to introduce independent election monitors into the Arab world. Some countries just refused the concept all together.

It is under the banner of "defending human rights" that most sociopolitical congregations did take place and not without clashes with the authorities in some Arab countries. These are the movements that spread during the last decade in most of the South, including the Arab world and which aimed at consolidating the "civil society" and then later on became a liberal trend that engulfed the liberal and quasi liberal protest groups. These groups or movements aimed and still do aim at representing a political format different from the one represented by the religious political movements, whether radical or moderate.

The Western countries and some international organizations did and do allocate a budget to promote these movements. Does a decade of history permit us to evaluate the success of these movements in improving the political and economic performance, reduction in poverty levels, of the Arab authorities? Alternatively, are these movements still marginal despite the different conditions in various Arab countries?

Some reviewers consider that the independence of the "civil society" is a historic mission that is lengthy in those countries that have a long tradition of strong central government. They do consider that the call for a consolidation of the "civil society" was not answered yet. There is not yet a balance between government and society to permit more freedoms, including the freedom to monitor the government's performance.

Even though many Arab intellectuals do not agree on the significance and boundaries of the concept of "civil society",[5] it is too early to fully evaluate and judge this experience due to, first, the youth of the "civil society" institutions. Second, because the Arab area will remain prisoner to the pressures of the primary national issue arising from the Arab-Israeli conflict versus the democratic issue under study here. This will not alter as far as a just, global solution to the Palestinian problem is not reached and consequently the end of occupation over the remaining Arab land.

Despite the disparity of the way Arab governments interacted with the non-governmental organizations (NGOs) regarding the concepts of "transparency", human rights or other socio-economic issues, it is a fact that these institutions managed at the end to generate a space for change, whether officially or non officially.

If the "job" of these organizations was to fill the gap, wherever there is a lack in "representative" institutions, it is important to note that these organizations flourished and got recognition in Arab countries that have parliamentary representation. In the politically isolated Arab countries, they stayed inadequate and unproductive. In fact, this is where they are needed most, as these countries lack any form of checks on the governmental monopoly over political activities.

The second observation is that all the Arab governments that confronted these organizations accused them, in order to put them under suspicion, of maintaining a foreign (western) connection. It is relevant to note that, in some Arab countries, these accusations played well politically within some circles from outside the government sphere of influence to the extent that they took a negative attitude to the activities of some NGOs.

We are not in the process of evaluating the work of the NGOs; we are just addressing them as an introduction to a simultaneous event, a bigger role of the written media.

There is no escape, within the development of this subject, of stating specific experiences:

One can say that Egypt took the direction of a model that we could name "the freedom of speech democracy and not the democracy of governance". Owing to it, a varied network of private medias progressively developed. While in Jordan and later on Morocco, the last few years witnessed a consecutive, proportional improvement in the political representation and the freedom of expression. On the other hand, Algeria witnesses a journalistic plurality that is occurring within a torn society where the government outlaws a major political current. As for the Syrian Arab Republic, Iraq, and the Libyan Arab Jamahiriya, they are special differentiated models. The Syrian one differs by its timid attempts at economic liberalization. It also differs due to the role played by Lebanon within the boundaries of the actual Lebanese-Syrian relation, a role that alleviates the Syrian regime's and public sector's need for more economic liberalization. Naturally, there is the Lebanese model of a traditionally powerful press. However, actually, if one has to question the real influence of this press over the economic and political choices of the government, the answer would probably come unfavorable.

Here, the subject matter is:

To what extent, during the last decade, did the expansion in the activities of the NGOs and the broadening of the freedoms of expression, primarily through the media, shape the major economic and political choices in the Arab world? Alternatively, in a question better fit to the title of this seminar: to what extent did the said expansion influence the performance of the economic and political decision makers?

Theresa Encarnation, in a study dealing with the role of the NGOs in Southeast and Northeast Asia, remarks, "The capitalistic industrialization of most of Southeast Asia's nations was not accompanied, on the political level, by democratization or consolidation of democracy.[6]

The remark of the researcher, Encarnation, lost some of its luster when in 1998 after the demise of Suharto, Indonesia changed from a model of non-democratic

economic liberalism into a model of economic liberalism in consent with political liberalism. However, her analysis stayed valid in many Arab countries where the actual economic liberalism, given that we replace the concept of "capitalistic industrialization" with "free access to market capitalism", is comparable to what happened in Southeast Asia and specially in Vietnam, the least developed of this region.

In a study published by CIVICUS, an international group of NGOs situated in the United States, researchers pointed out that the opposition of the civil society to the restructuring policies advocated by the World Bank and the International Monetary Fund have drawn attention to the effects of the macroeconomic policies on the people who are marginalized by the drive for development[7] (p. 142).

This last monetary remark, put forward by the three researchers named in endnote 7, does not arise from a leftist sensitivity. They do not belong to the same leftist milieu than the authors of the book mentioned in endnote 6, among them the Philipino researcher Encarnation. They come from a background represented by CIVICUS who considers its role complementary on the social level to the consolidation of the culture of market economics on the global level. The three researchers add that even though the main opposition to the World Bank and said monetary fund programmes (SAPs) is local in nature, there is an attempt to link the local movements (of opposition to the programme) in several countries.

It is worth noting that the trend represented by international organizations that channel the activities of NGOs deems the fight against poverty not to be the sole responsibility of governments, there is a social responsibility to be born by the corporate world. In an era where international agreements tend to equate in rights between local and foreign companies, it is especially the responsibility of foreign companies, meaning the multinationals (ref. endnote 7). The concept of corporate "social responsibility" is by itself a "good investment" for companies; today's poor, if his economic condition improves, is tomorrow's consumer (same source).[8]

Azmi Bsharah says, on page 267 of his previously mentioned book notes, "the social and political activists 'made use of' the narrow margin of freedom given, within the Arab legal system to civic versus party activism, in order to be effective, even if within limited parameters". He then adds, "these organizations broadened into a movement in the milieu of the educated elite, and within the same middle class factions that led the previous nationalist phase. The real problem of these new organizations, contrary to the traditional ones, is in essence structural. It resides in their inability to replicate on the social level, and their disconnection from the production process on the local economical level. They fail to represent the real social forces, even if it is the local bourgeoisie. The only exception are the traditional civic society and charitable trust organizations such as the 'Wakf', religious endowment trusts and the 'Zakat', Islamic tax institution whose returns are used for charity, associations which are in essence non political.[5]

We discussed the NGOs for two reasons. First, the scope of their expansion and their real influence on the actual transformations are two important "indicators" of a rare, and new type of dynamism within the "weary societies". Then again, we can say it is the expression by "weary societies" of a new, underlying, or even "remaining" energy in their quest for participation in political life. Second, in a great number of countries, the "prosperity" of the NGOs went hand in hand with the expansion, in size and role, of a written press other than the governmental or government-influenced press.

Shahida Al Baz, in her book *The Arab Non-Governmental Civic Organizations at the Onset of the Twenty-first Century - Particulars of the Present and Horizons for the Future*, notes, "despite what we view as a dynamic beginning for the activities of the Arab Civic Society and a clear ability to adapt and take rapid action whenever need be or whenever there is an opening for effective participation, for example: when dealing with natural disasters such as earthquakes and floods in Egypt; sometimes in opposing the government such as the stand taken by the association of Egyptian lawyers that succeeded in canceling the 1995 Law number 92; and the success of the civic organizations in providing social services wherever the government fell back in providing them following its new restructuring policy—we can assume that the positioning of the civic society as an occurrence on the social level reflects a weakness in its structure, a disengagement with the various social forces, and a weakness in the perception of its 'raison d'être'. It does also reflect at various degrees a close connection with the governments and maybe this connection is an integral part of the relation itself" (p. 112).[9]

It is apparent that in all Arab countries where NGOs prospered, the non-governmental press concurrently prospered. The rule, confirmed by the practical experience of the 1990s, infers that the political regime that endures the strengthening of the NGOs, i.e. accepts a broadening of the freedom of independent socio-political activities, is the same regime that is ready to accept a wider political arena that translates in the private sector press.

This applies well to the Egyptian situation we previously called "the freedom of speech democracy, and not the democracy of governance", as well as in Jordan, or in Morocco. In Morocco, during the reign of Hassan II in the mid-1990s, the institution of the first ministry for Human Rights coincided with a period of government overtures towards the opposition. In Egypt, if we monitor the periods where the NGOs, specially the more politicized, are put under various types of governmental pressure, we notice that they coincide with the same periods where pressures are applied on the non-governmental press, or "non-national" press, as is the designation in Egypt. Even though true, this remark might not be exact to the word, however "the democracy of expression", by its nature, is subject within the Egyptian situation to the dynamism of a tug of war between the government on one side, the press and the NGOs on another.

At this point, we are to question the role of the press in relation to its effectiveness in monitoring the regime's governance performance. A profound issue that hinders the capacity of the press to push governments towards more transparency is that the press itself is not outside the circle of corruption inherent to the political systems. Transparency is a major factor that affects the way the government utilizes the wealth at its disposal and thus affects the levels of poverty. The Arab analytical "cultural literature" has propagated the idea that the journalist, in relation to the political authorities, is in a "lesser" position. This remains the dominating idea of any critic when dealing with the press; based on it he deducts all the remaining "minuses". In Lebanon, where resides the only Arab written press that remained part of the private sector since the 1950s, the rumor of "bribe taking" replaced the accusation of subservience to the political system used in the remaining Arab countries. This contention became familiar within the political, cultural or even literary prose, for example, the well-known poet Said Yussef wrote in his 1971 anthology, "Al-akhdar Ben Yussef and His Troubles":

"The market talks to me
The yearning talks to me
So, I divide the shirt that bequeathed
the internal thrive and the sanctioned books
I announce in the paid for newspapers
And in the yearned for newspapers..."

We should not forget the famous example represented in the verse of the poet Mohammed Mahdi Al-Jawahiri said in the late 1940s, during the eulogy of the former Prime Minister Abdel Hamid Karameh. Verse that cost him an expulsion from Beirut:

"A press of zero conscience as if
it is an object available for sale, purchase or lease"

This negative representation, displayed now and then at particular instances, has its roots in an assorted mix of viewpoint, from the press, and specifically of the Lebanese press. The Lebanese and Arab popular partiality to the atmosphere, that permitted the advancement of the symbols of freedom, and political activism, set and preserved by the "Beirut Press" is marred by the previously stated negative preconceptions.

It is of note that the press and journalists did not follow up on the calls for the Arab governments works to be "transparent" and subject to "accountability", by specifying the indicators of "transparency". Furthermore, no ideas were advanced about a mechanism to apply this "transparency" and "accountability" to the press itself, whether institutions, or individuals.

Conversely, there is a real progression in the mechanism, set in order to make the NGOs accountable on the institutional and individual level.

If it is required that the press monitors political corruption by way of firming up the culture of law and its ethical checks, then again, it is required from the press to have the intellectual and practical courage to seek the means to control corruption within the media sector, means that are actually part of the political corruption.

Within democratic traditions, all authorities are scrutinized and accountable under the law. The media, called the "fourth authority", whether written, audio or visual, should be subject to the same system of checks and balances. To expose and sit in judgment of a corrupt politician does not harm those politicians who abide by the ethics of public life; likewise, a system of behavioral checks would not harm honest and ethical journalists. The problem is complex; forces hostile, to the slight advancement in freedom of expression in the Arab world such as the undemocratic governments could set "traps", traps such as what is known as the accusation of "foreign" connection or a misuse of the concept of fighting corruption. Despite all of this it is high time for the Arab media sector, whether private or public, to consider practically submitting to the process of ethical accountability. This is a credible prospect; the advancement of political democracy went hand in hand, even in the countries of the South, with a progression in the mechanism of press answerability.[10]

On 23 October, I was attending the final session of the conference "The Francophone Press" that took place in Beirut. I heard a responsible in the "Francophone Association" say in his presentation:

"It is not possible for those who can scream to be hungry"

The speaker used this metaphor in order to link the role of the press with the economic conditions in any said country. I can add in this instance what a lot of people have said before and connect the equitable distribution of wealth with the prevalence of a political democracy of which the press is a major feature. It may be more accurate to say: connect a less unfair distribution of wealth with a press able to practice the freedom of expression.

However, issues that are more complex face our Arab conditions; a crucial element being that the classical characterization of our countries, naming them now "developing" and again "underdeveloped", maybe lacking still.

The idea up to discussion here is that these two denominations are insufficient if we are to portray our Arab societies as "weary societies" where there is actually a failure in the dynamics of politics, press, culture, economics and technology; dynamics that were significant in the previous decades.

Considering the indicators of developments, are they in fact "developing" societies or underdeveloped societies? Consequently the critical issue is; how can we seek and build, locally and externally, policies of socio-economic development, thus reducing poverty, following a history packed with human and capital hemorrhage that

resulted today in a situation where large sections of the social elite and the youth lost faith in their countries.

In the last two decades, and more specifically in the last decade, following the collapse of countries in Africa such as Liberia, Burundi, Rwanda, Sera Leone, and Congo Kinshasa, the idea of "failed country" has been more and more used in the political, academic and journalistic prose. This concept resurfaced with the return of Afghanistan on the international scene. The British Foreign Minister, Jack Straw, took this concept to the level of its influence on the formation of the new world order, when he said, during a presentation at the International Institute For Strategic Studies in London:[11]

"If the challenge we faced prior to the fall of the Soviet Empire and during the whole of the Twentieth Century was the presence of countries that possess too much power, then the problem we might have to face in the Twenty-first Century is that of countries that possess too little power".

How does the Minister present the idea of "failed country"?

He says: "It is those places where conflict prevailed, poverty, ethnic and racial revolutions, exploitation, corruption, bad governance and negative foreign intervention or neglect, and this, simply led to the collapse of the responsible governments, and the collapse of the civil society."

Despite the inclusive nature of the presentation, it is clear that the indicator that takes precedence is security. The "collapse of government" is, in Jack Straw's opinion, what leads to the fact that "the failed countries make life difficult and desperate for those who are unlucky to live in them". Then the British Minister moves directly to what is of importance to him:

"But in our global world, this desperation is exported to the four corners of the world. Ninety per cent of the Heroine sold on our streets comes from Afghanistan. Unruliness does not only bring drugs to our streets, but brings human trade to our ports and borders". "On 11 September, the unruliness brought collective murder to the centre and symbol of western success."

What concerns us, here, is definitely not the drama that the Minister adds to his words, but the nature of the look from an international "standpoint" that differs from the "standpoint" from which we are addressing, here, the obstacles to socio-economic development.

What about those countries that did not witness a "governmental collapse"? What about the "weary societies" that suffer human hemorrhage and weakening, but enjoy security under strong political regimes, as is the case in most of the Arab world?

Whatever is our evaluation of the British Minister's opinion, it surely indicates that the issue of weakening in the social, political and security, structures of governments became a critical consideration of the rising new world. Yet, the nature of internal versus external responsibilities remains a subject of debate, especially in relation to the degree of engagement of the "North" in his cooperation with the "South" on subjects that matter. On the forefront of these issues and a perfect example are the numbers of the huge "debt" that burdens the economies of the "South".

The problems that most of the "South" faces is the extent to which they can make use of the weakening in their macroeconomies within an environment of bad governance and its direct negative influence on the distribution of wealth.

The forces and individuals that took upon themselves to enlarge the circle of democracy or minimize the circle of no-democracy in their countries, within the media, NGOs and political fronts, have to be active on the foreign front prevailed. They have to couple their programme of internal pressure on the governments and political authorities with seeking solidarity and interaction on the international, national and regional levels in order to pressure the "North" in relation with the "strangling" economic policies practiced in the "South", in a world that indeed is becoming "borderless".

These are some initial systematic thoughts that I aim to expand in the future, especially by practical proposals, in hope that they will become more solid and clear in view of the present discussions and researches.

On the practical level, the concept of subjecting the press to a mechanism of checks and balances is not given enough attention in the Arab world. One can even say that it is almost never discussed as the academic and journalistic circles are drawn mostly to discuss corruption on the political level, and politicians. Here, I do not include the campaigns of slander to which some journalists and journals are subjected to by the competition. This type of prose is not included in and does not lead to a culture of laws, ethics, unions and culture, that is intense in the Arab press.

Here, we have in mind the "private sector" press, if the nomination is acceptable, or in another expression the non-governmental press. However, consolidating mechanisms for ethics can have a direct impact on those countries that have a governmental press with a long journalistic tradition in the Arab world such as the Egyptian press.

We stress this subject basing ourselves on a conviction, I presume we all agree to. A press that is less subject as individuals and institutions to corruption is more effective in monitoring the aspects of political corruption; on the other hand it is capable of dynamic orientation, closely tied with the issues of socio-economic development and the political decision-making process related to these issues. This

encourages many of the talents within the Arab journalistic community to develop this role on the two stated levels.

The first problem that the instituting task force faces, setting up the mechanisms to fight corruption within the press, is the start-off outline:

Thinking in a high voice, is it, for example, practical to encourage the formation of NGOs specialized in this matter? What about the nature of the heading they will work under? It is not possible on the practical level, or at least of bad taste that an organization carries a name such as:

"The Organization for the Fight Against Corruption in the Press".

It is not difficult to imagine the refusal of nominating a group of people, a vice control squad, over the journalistic bodies of the Arab press, a justified refusal. This is why it would be more acceptable if we start by developing the press itself on the professional level. Then one of its activities will be to fight corruption and to seek means to do so. Likewise, one or many organizations that have a degree of respect that gives them a moral authority would, for example, transform the prices they grant each year to the successful journalistic works into a serious event and real occasion, accepted by the public opinion, to celebrate the winning journalists.

I think that a less tumultuous and maybe more profound beginning is possible if we consolidate research groups in Arab universities aimed to monitor the signs of corruption in the press. These same groups would expose and compare the experiences of countries from the "North" and the "South". For example, in the United States a model that developed the idea of "ombudsman" into "the interests of the reader" vs. the press.

Some experiences need to be studied extensively. They can become the material of research for students and teachers in the social studies and journalism schools in Arab universities.

Our main line of thought overtly concentrates on non-governmental institutions. The presence of such activities on the governmental level would make them part of the known dealings that take place in the Arab world, dealings that transform the institution into no more than a political tool.

ENDNOTES

1. Reference to Saad Eddin Ibrahim book: "*The New Arab Social Order – A Study of the Social Imprints of the Oil Wealth*", (The Center For Arab Unity Studies, first ed., January 1982). And in reference to a paper "Arab Labor Mobility between Realities and Aspirations" presented 10 years later by Georges Kossaifi as an introduction to the seminar "The Demographic, Social, and Economic Effects of the National Immigration in the Arab world with Special Attention on the Return Immigration", Amman 4 to 9 December 1989, organized jointly by ESCWA, the International Labor Organization, the Arab Labor Organization, and the Jordanian University.

2. After the events of September 11, a frequent question popped up in a number of American, Western, and Arab articles. It is in relation with the observation that Osama Bin Laden belongs to a wealthy family and that a number of the Saudis whose names and pictures were released by the American authorities (they are 19 people) do belong to the upper middle class. This observation does no confirm with the classical analysis of the 80s and 90s that considered that the fundamentalist tide has its roots in the poor suburbs of the big Islamic cities such as Cairo, Istanbul, Teheran, Beirut, or in the poor neighborhoods...and does not apply to the "Saudi Fundamentalist Movement": reference articles by Melhem Shaoul in An-Nahar newspaper 10-10-2001, in the Time, October 1st 2001, and the articles under the title "the Saudi Society" by Jihad El-Zein, An-Nahar newspaper 10, 16, 19 October 2001.

3. "The Center for Arab Unity Studies" published the articles and discussions of this seminar in a book "*The Emigration of the Arab Skills: the Studies and Discussions Presented during the Seminar Organized by ECWA*", first ed. 1981.

4. A Lebanese observable fact could be useful at this stage. Lebanon is known for a history of immigration to West Europe, North America, West Africa, and Latin America. The developments of the last three or four decades draw a clear line in the history of the Lebanese immigrations to Europe and the United States, the pre-sixties immigrations were those of unskilled labor while the most recent immigrations—as in other Arab and non Arab countries—are immigrations of the qualified and wealthy. In Lebanon and The Syrian Arab Republic, those who "failed" were the immigrants of the first wave that started end 19th century while the immigrants of the second wave were those who "succeeded". This is why we notice that the first wave of Lebanese immigrants and their children, now second and third generation are fully integrated in the American society. They usually are established in the inside areas, Middle West and some in California, and they are mostly Christian. The new immigrants—aside from their religious diversity- reside in the metropolises, New York, Boston, Los Angeles, Houston, and others. The Ottoman Consul to Barcelona, Yussef Bey describes in his correspondence with Istanbul, 1889, the Lebanese immigrants on their way to the Americas as "Mendicant Bedouins" sometimes and some others as "drifters in the streets of Marseille, Hoover, Barcelona, and others... begging for money, clothing, and food " as stated by the Turkish researcher Engin Deniz Akarli in his paper "Ottoman attitudes towards Lebanese Emigration 1885-1910" (p. 111) that was published in a book:

   Albert Hourani, and Nadim Shehadi, Ed. By, *The Lebanese in the World – A Century of Emigration*, (London, The Center for Lebanese Studies in Association with L.B: Tauris & Co. Ltd Publishers, 1992.)

5. Azmi Bsharah, *The Civic Society – Analysis,* (Center for Arab Unity Studies, 1st ed., 1998), Chapter 5. "Reality and Ideas Of The Civil Society: An Arab Debate".

6. Teresa Encarnation, "Les ONG Du Sud-Est Et Du Nord-Est De L'asie Et Les Miracles Economiques Promus Par L'etat", in *Les ONG : Instruments Du Neo-Liberalisme Ou Alternatives Populaires*, (Edition l'Harmattan, 1998)

7. Cailtin Wieser, Geoffrey D. Prewitt, and Babar Sabhan, "Civil Society and Poverty – Whose Rights Count? Civil Society at the Millennium" (Civicus – Kumarian Press, 1999).

8. For those interested to get a better view of this concept, we propose to read the following book: CIVICUS Publications, *Promoting Corporate Citizenship Opportunities for Business and Civil Society Engagement*, (World Alliance for Citizen Participation, 1999).

9. Shahida Al Baz, *The Arab Non-Governmental Civic Organizations At The Onset Of The Twenty First Century – Particulars Of The Present And Horizons For The Future*, (Cairo, Publications of the committee for follow up on the conferences of the Arab civic organizations, date not specified only indications, the nr. Of registration 97/5992 and that it includes articles prior to 1997).

10. We take notice of the Philippine experience in this field, the serious discussion of the journalistic ethics witnessed quite an advancement and for those who are interested, we propose to read the two following books:

    - Chay Florentino-hofilena, *News for Sale, the Corruption of the Philippines Media*, Center for Media Freedom Responsibility, (published by Philippine Center for Investigative Journalism).

    - Philippine Center for Investigative Journalism, *From Loren to Marimar, The Philippine Media in the 1990s.*

11. Conference presented by the British Foreign Minister, Jack Straw, to the International Institute for Strategic Studies, 22-10-2001. (The full translated text was distributed by the British Embassy in Beirut).

COMMENTARY

Muhaamad Sayed Sa'id

I took pleasure in reading the paper presented by Mr. Jihad El-Zein. The theoretical background he presented is quite useful and enriches the debate on media concerns and the policies necessary to fight poverty and eradicate it from the Arab land.

Mr. Jihad El-Zein reached the subject via lots of detours including the discussion of the political and economic situation in the Arab world. Perhaps, it is not an exaggeration to say that Mr. Jihad El Zein did not deal a lot with the subject itself i.e. the role of the mass media in the eradication of poverty. It is clear that he opted to circumvent the subject instead of engaging it head-to-head.

Accordingly, it is a little bit disappointing for those who expected a direct handling of the subject, and I mean by direct handling, answers or elements of answers to practical questions such as:

- To what extent is the approach to the issues of poverty in the Arab world a part and consequence of the contemporary Arab media culture?

- To what extent is the Arab mass media committed to the notion of eradication of poverty and to the necessary coverage of its various facets, and the policies affecting it?

- Which medium, method, analytical means, or technical ones does the Arab mass media use to promote the fight against poverty?

- Then: which media? in which Arab country? during which event? in which field? within which sphere of internal or regional relations? and when does the message related to the fight against poverty become loud?

The commentator or reader does not find a full or even partial answer to these questions in the paper presented by Mr. Jihad El Zein. Instead, the speaker introduced a very useful concept, the weary society. Before exploring this concept as an introductory one for the general understanding of the Arab media approach to the issues and policies related to poverty and its eradication, it is important to address some of the questions mentioned above.

Methodical exposition

The "radical" Arab authorities have established, during the last four decades, a mercantile "bourgeois" culture within the Arab governmental mass media that shuns

dealing with or portraying any of the manifestations of poverty, and especially on national television.

The reason pertains to the deep control of the political authorities over the media, and in particular over radio and television. The "radical" authorities position themselves on the belief that they have, in fact, "eradicated poverty". The policies of "redistribution", reproduced consecutively in Egypt, the Syrian Arab Republic, and specially Iraq, represent the main pillar of legitimacy established by the revolutionary officers in the 1950s and 1960s.

It was not proper for the media to depict or uncover poverty as it would hurt the legitimacy of "redistribution". Then again, the media grouped many people who believed that the role of radio and television is to beautify the society and to "present" it to the world in the best of appearances without any distortion that would result from depicting the problems of poverty and the poor.

These beliefs stayed deeply rooted even after the economies of these countries moved towards a liberal market economy oriented system. The Arab media remained under full control of the most conservative elements of the political system, fact that contributed to keeping it apart from the significant sociopolitical and economic transformations witnessed by these countries during the 1980s and 1990s. Further, the Arab political institution remained quite sensitive to the critique stating that these transformations will skew the distribution of wealth and thus increase poverty rates.

It is ironical to note here that during the pre-Revolutionary liberal era the media dealt extensively with the issue of poverty and its eradication. The older generations in Egypt still remember the written media campaigns unleashed by the lawyer and writer Ahmed Hussein against the monarchy, under the title "Your Subjects my Lord". The campaign depicted poverty and the poor in the socialist party's newspaper, especially during 1951 and 1952. This was not an exception; most of the printed media, including the non-leftist one took great interest in the issue of poverty during the years shortly preceding the Revolution of 1952. This in itself was precursory to the Revolution.

For the reasons mentioned above, this tradition came to a halt in the media that fell quickly under the control of the governments in Egypt, the Syrian Arab Republic, Iraq, Algeria, Sudan and Yemen. This was more than ever during the period of unilateralism during the 1950s, 1960s and 1970s.

Consequently, the Arab media as a whole, and until recently, assumed an approach of justification instead of analysis and reporting. In fact, this phenomenon spread out to those Arab countries that did not witness a radical transformation and particularly the Gulf countries. In those countries, talking about poverty equates advocating communism. The oil wealth masked the signs of poverty, widespread in

certain strata of the Gulf society. Just the mention of poverty became strange and rejected in principle as mere incitement.

In general, talking about poverty was considered in most Arab countries as sort of shame. Most of the political schools and governing ideological movements agreed on consecrating a media culture that presented society as a tourist agency would rather than dealing with its reality and assessing its problems.

This culture started to crumble due to two major factors. The first is a shift from monocracy to a restricted plurality in a number of Arab countries, mainly Egypt, Algeria, Yemen and Tunisia. Leftist parties emerged from a diversity of nationalist, socialist and communist factions. It was only normal that the sociopolitical focus of these parties be on the issues related to the distribution of wealth and foremost poverty. Newspapers such as Al-Ahli, speaking for the Tajammo'a party and Al-Arabi, speaking for the Naserite party, dedicated a significant space to issues related to poverty; at times in an inflammatory approach, at others in a more serious manner.

Another reason contributed to a break in the wall of silence surrounding the problems of poverty, the Gulf War. In a rather surprising manner, this crisis stirred up the dilemma related to poverty within the Arab-Arab relations. The local media in many Arab countries and part of the pan Arab media, mainly the immigrant media, for example, *Al-Kuds*, depicted the 1990 Iraqi invasion of Kuwait as a struggle between the poor and the rich of the Arab nation.

Despite the fact that this depiction is far fetched, it has contributed to push forward the issue of poverty, and to put it on top of the political and social agenda in the region throughout the 1990s until today.

Social and political polarization

After a long silence, the Arab countries that witnessed a restricted political and media plurality started to deal with the issues of poverty on the political and media levels.

An interesting phenomenon is the governmental official media institution focus on the coverage of the world of money and business, wealth, while poverty is covered mainly in the leftist written media wherever it is allowed, such is the case in Egypt.

The Arab media has tremendously expanded its coverage of businessmen, the famous, the rich and the political, economic and cultural elite. This coverage became a main feature in television broadcasting. In contrast, the coverage of poverty and the poor is almost restricted to the leftist newspapers and magazines. This led to a severe polarization between the official and public media. The new phenomenon is the rapid growth of a social media here, and here we mean the flow of communication emanating from the civil society organizations whether unions or societies.

We will notice that the issues of poverty have been a main interest of the civil society. The entries to this interest varied; traditional work of charities, activism for empowerment and enactment for development in all its forms.

We can consider that the international organizations, especially those associated to the United Nations, in their actions aiming at fighting and eventually eradicating poverty are a prolongation of the civil struggle rather than the expression of the official universal will of the nations.

Because of the division in interest, we can say that the official and popular media institution marginalized the issues of poverty and relegated them to the specialized civil media that have no effective medium to reach the broader public.

Dimensions and contents

In my opinion, to define the role of the media in the fight against poverty and eventually its eradication, is to address its main dimension including: facts and figures about poverty, individual and collective manifestations of poverty, economic and social rights within the framework of the main issues in societal development, the domains of empowerment, politics and policies.

Within this context, our handling of poverty is identical to our handling of the Arab society.

At this point, it is enough to shortly address some of the characteristics of the Arab media discourse for each of the following dimensions:

Facts and manifestations of poverty

The Arab media still comprehends poverty as per the absolute and traditional meaning of the terminology. Here, poverty means an almost total deprivation from the bare material necessities, meaning much less than the necessary level of food, clothing and housing. In fact, we will not reach a proper understanding of poverty in the Arab world if we do not view its proportional dimension. Depravation is the most severe problem. It is a form of depravation that leads to severe consequences on the psychological, spiritual and moral levels, specially given the actual regional and international conditions that strongly feature the attractive western market economy model.

The deeper meaning of poverty remains unnoticed by many in the media and Arab academic institutions. Poverty, here, means depravation from culture and knowledge, from a wide range of life choices, and from a relation with place (environment), with time (precision, productivity, activism, enable individuals and societies, historical presence and social realism). It is also the depravation from the

essential skills defining the era including education, sports and the arts including fine arts and humanities, in addition to the depravation from liberty and participation.

The media depicts the particulars of poverty from the perspective of the significant conceptual ambiguities, in a manner quite biased and shallow. One can view poverty as a fatality, or can view it within the framework of the issue of revival, depravation from knowledge and skills which means a political shortfall to progress. Anyway, it is a social relation, whether direct, i.e. exploitation, or indirect i.e. marginalization.

The particulars of poverty appear in the Arab media according to the first meaning: a fatality, and this is the same concept that characterizes the phenomenon of random events that gained an extensive interest in the official and the public media. This interest is not due to the sincerity of their belief in the cause of poverty eradication, but to the defacement suffered by the cities and its middle class inhabitants. The media rarely notes the rural poverty.

The official popular media might also deal with poverty on other levels, such as the expression of social ills, especially crime. The Arab media has historically dealt with this side of poverty without taking into consideration the traditional criminal aspect, in a sort of lopsided revenge of the rich over the poor.

Rights and main contradictions in terms

The governmental media disregards, when dealing with poverty and its manifestation, the perspective of economic and social rights. It presents these rights as part of the political system's justifying factors. All popular gain is an offering granted by the government or the leader and not an unfolding of an outstanding right.

The official popular media mainly reports the developments that take the form of happenings, such as the change in the minimum wage, benefits for the workers or improvements on the social and medical security system. On the other hand, the media gives minimal coverage to those developments that represent the human struggle against poverty such as improving productivity, increasing the level of skills, improving work relations or industrial and professional training.

Fortunately, the local and international public media covers those aspects extensively.

Then again, the left views poverty through the politics of class relations and the problem of inequality in the distribution of wealth. Poverty, as understood by the Arab leftists is still the result of exploitation, despite the fact that this type of relation is irrelevant in the economies of the Arab world that became rental in nature since the 1970s. The fight against poverty declined when the issue of revival, of which it is considered an integral part, receded in the Arab mind.

On a third level, we notice attentiveness and concentration on the issue of mutual aid, due to the incredible expansion of the political Islam. The socio-economic outlook of the Islamic movements, traditional in nature, focuses on the charitable approach rather than the allocation of wealth or developmental approaches.

Despite the fact that the Islamic movements did not have access during the 1990s to the popular or official media, they did have a big influence on the mentality of the middle class and the ideology of the popular media whether governmental or public.

Empowerment

We can also notice the official media's bias against the poor in the nature of the message conveyed. The poor is always an object, never a subject. In another expression, the poor are viewed as dependants on charity or targets for the policies of governments and the programmes of international organizations, while the concept of empowerment, which the social and developmental discourse considers as the only hope for eradication of poverty, is neglected.

The terminology here signifies that the poor are to be aware, organized and should have the necessary mechanisms to reach the modern institutions including the government. This would help them to independently change their circumstances and to participate in the making of the policies and conditions that are to improve their lives within a reasonable lapse of time. Awareness includes education, knowledge, culture and any factor that would help find a window of opportunity in order to change reality.

The poor suffer more than others do from the shortage of instruments necessary to take control over some of the necessary conditions of life. The poor are less prone to organize in civil societies or to join political parties. They are also less apt to deal with the judicial, security and banking institutions, or the ministries and governmental institution, or even the market. This reality largely explains the persistence of poverty and its continuity from generation to generation.

Fortunately, the public media has started exploring the idea of empowerment, particularly through the formation of civil societies concerned with the issues of poverty, environment, women, health, education, and so on.

The new phenomenon that is quite dynamic, is the formation and expansion of the activities of the Arab human rights societies on the local and regional levels. Due to this expansion, it became possible for the journalistic discourse to include various rights: of associations, of farmers, for workers and farmers to get judicial and legal advice, of the female infant particularly in the rural areas.

General policies

The popular media's entry to the issues of poverty is almost restricted to the general governmental policies. We notice a tremendous interest in covering the basis of public policies, including the policies related to employment, social security, health insurance, housing, health and education.

These issues are, in fact, those that interest the reader and viewer. They are also the same issues and subjects that were at the centre of the process of building the political legality in many Arab countries during the 1950s.

In any case, the coverage of general policies remains limited to the happening aspect with rarely an in-depth discussion or analysis. We clearly notice the unilateral aspect of this coverage that represents it as an issue of imposition from a superior power and not as a subject for dialogue and social interaction. It is a vertical relation, from up to down. The media might publish some complaints related to the implementation of authoritarian procedures related to general policies, but would rarely include any consideration of the legislative process necessary to make these procedures accepted by all.

While the news of governmental decrees and legislations are widely published on daily basis, the debate about finding alternatives to these policies is almost absent, especially from the editorials and popular talk shows.

In other words these subjects did not gain a significant importance in the Arab culture yet, hence, in the Arab media despite their importance in legitimizing the Arab political systems, particularly those popular in nature.

We barely notice any social, cultural, or scientific debate on the social security arrangements, unemployment benefits, health insurance choices and management of retirement funds, housing policies, civic planning or urban planning. Education is maybe, the only general policy subject related to the eradication of poverty that was extensively debated.

The capacity to initiate

We can deduce that the Arab media did not succeed in accumulating a database on the eradication of poverty and the necessary general policies sufficient to restore to it the aptitude to initiate and retain a productive and independent role, from the government, the academic institutions, the market and the business and consultancy corporations.

Furthermore, we notice that the leftist press and the public media focus on reporting the concepts and gains of the international organizations, mainly the United Nations, technical help, children, refugees and so on, vis-à-vis developing a creative, politicized initiative that would be related to the Arab social reality.

DISCUSSION

Mohamed Hamdan Masalha

The paper and the commentary are without doubt quite enjoyable. I would like to comment on a set of points in both presentations that neglected to stress the relation between politics and the media, and to present and define the real effect of the media on the process of development and poverty reduction.

The first point is the relation of the media with the political authority. I consider it a relation of mutual benefits. The media-representative seeks a close relation with the politician and the later also seeks to have a close relation with the media-representative. Each of them aims, by one mean or another, to reach, address and influence the public. This is why the relation is one of tension and balance, however, both parties safeguard the relation due to their mutual benefits. This is why it is said that there is a primordial relation, of political dimension, between media and politics. It is a fact that this relation does not lack negative factors and failures.

The Media is in fact the fourth power. It is different from, but has the intensity of the political power. The owner of political power feels that he has a wide reach through his executive and authoritative powers, while the media can by way of the pen influence, exercise force and pressure individuals and other groups. Furthermore, each of the two parties has control power over the other, and it is to note that the political power always tries to set laws limiting, to a great extent, the freedom and monitoring powers of the media.

In regards to what was mentioned in relation to the role of the leftist press in stressing the issues of poverty, we agree with Mr. Mohamed Sayed Sa'id on this matter. However, we believe, through our experience in Jordan, that the opposition press in general, independent of its political affiliation, always stresses social issues such as poverty, unemployment and many other social problems in order to self-promote politically by showing the bad side of those who are in power.

Caroline Faraj

The title of this paper and of our Meeting is the role of the media in socio-economic development and poverty reduction. Mr. El Zein specifically stressed the issue of the press and did not address the other media. Here, I would like to stress the importance of taking into consideration the role of the Internet. We use it, in an extensive manner actually, as a source of information in radio, television and newspapers, accordingly this medium became quite significant in defining the view of the public on various issues and the ways to address them. This is the first point of my commentary.

The second point is that I did not find clear and sufficient answers to many important questions related to the subject of the paper, such as: does the media play an essential role in economic development in the Arab world, or not? Then in relation to the social issues such as poverty reduction. I did not find in the paper any mention of an Arab experience in the paper, that addressed the subject.

In addition to this, it might be required—before entering the subject—to answer a question that defines our position in the Arab world in relation to the environment, means and main mechanisms concerning the subject, the role of the media in all the proposed issues. This would lead us to question: who owns, in general, the Arab media whether inside or outside the Arab world? I mean here, direct ownership and indirect ownership via paid commercials by political or commercial powers; the important role of advertisement in influencing and directing the media and the well known issues that it addresses.

There are several governmental institutions, ministries and governments that look for the successful journalist in order to employ him, in a way or another. Furthermore, these institutions are almost the only source of plans, policies, indicators, and information, especially in our Arab countries, related to all social and economic issues. This results in a real restriction to the activities of journalists and media-representatives. If we add to it that most of the media networks are owned by the government, then we realize why media coverage of the issues of development and poverty reduction—in addition to many other subjects—is, in our countries, superficial and often includes kowtowing to the government. Based on the aforementioned, the first step to straighten out this situation and correct it gradually might be for the Arab media to ensure enough funds for research in order to be able to accomplish its role properly.

It is important to note that scientific work is also negatively affected whenever the sources of information are not independent and rely primarily on the government especially in matters concerning poverty, unemployment and other social issues. It is almost a taboo for the government to address, with transparency and truth, issues such as, unemployment rates and numbers and the number of poor and their percentage compared to the overall population. I do not need to give examples, it is a matter that most researchers and media-representatives realize in most Arab countries.

Antoine Haddad

If one looks at the paper in a classical and methodical manner, critique from the viewpoint of the economist or the social scientist is quite probable. However, I believe that, in this case, he does not benefit from the essence of the paper. The importance of the paper lies in its proposition for discussion issues related to the media itself, before looking at the relation between poverty, the media and socio-politics. I consider that we have as much a problem in understanding poverty as we have in understanding the media.

After this introduction I have a few remarks that I will summarize as follows:

- Covering up poverty and unemployment in the governmentally owned or controlled Arab media together with uncovering it in the opposition media are two sides of the same coin and are the children of the same social phenomenon: the prevalence of the "culture of shame" over the "culture of guilt". The difference between these two cultures is quite significant, especially in relation to the resulting public reactions. The culture of shame drives to beautify the appearance, while the culture of guilt drives towards working to change the reality and the essence of the matter, not only its appearance. Accordingly, the media must try to win over the culture of shame;

- One of the main problems of development and economic management is finding a fair equilibrium between the mechanisms of the market and state intervention. Among the failures of the market that need correction, we can mention the excessive cost of information on top of the inequality in access. Among the failings of the state is a tendency to authoritarianism and unaccountability. In both instances, the media has an important role to play: from one side, in conveying information freely and at a low cost so that information becomes an essential element in improving the competence of the market and limiting its failings. On the other side, the media has a role in submitting public policies to checks and balances from the social and political forces, including the civil society.

Mahmoud Abdelhai Salah

Our discussion of the role of the media in development and poverty reduction must be political, social, economic and cultural. It is noted that we, until now, did stress the political dimension, neglecting the other quite significant dimensions. What would return to these dimensions some of their dues, is to answer questions such as:

- Does the media implement in the public a real awareness of the culture of development and it's various implications?

- Does the media encourage savings or overspending and what is its role in encouraging replication and thus increasing consumerism to levels that are above the productive capacity levels of specially developing nations?

- Does the media cover issues such as human development, its dimensions, policies and the mechanisms necessary for its continuation?

- Is it acceptable for the media today to promote that the private sector is seeking only gain and the self-interests of the owners of capital and companies? Or is it necessary for the media to infuse a new social awareness, maybe at the level of the private sector first, of the role of the

private sector so as to encourage it to expand its works to include continuous development, social responsibility towards the poor and society as a whole, and to increase work opportunities?

- Does the media play a constructive role in building a consumer base for national products in view of globalization, GAT and market liberalization?

Whatever the answer to these question is, it will certainly lead to stressing the importance of the role of the Arab media in a manner that serves, in effect, the issue of development, employment and poverty reduction. I do not mean to lessen from the importance of the political dimension that was stressed by Mr. Jihad El Zein or Dr. Muhammad Sayed Sa'id or the other colleagues. I just aim at returning the discussions in this session to a more balanced approach.

Naser Al-Sane

The paper of Mr. Jihad El Zein and the commentary by Dr. Sayed Sa'id complement each other. The first dealt with the importance of the freedom and independence of the press, while the second stressed the content of media coverage and the necessity of it including the subject of poverty and the concerns of the poor. In conclusion, the real issue is reforming the press (you are the salt of the earth, who will restore the earth if the salt is stale?) and the necessity of protecting it the same way as we do with other institutions such as parliaments, where ethical committees are formed to keep the performance of parliamentarians in balance. The risk of adopting such a system is governmental control over the media and the parliament. This why we need to encourage the civil society organizations to institute such committees that would be independent and managed by personalities that have the respect of all. Such committees may constitute a good window for monitoring the performance of the press in relation to its commitment to social issues such as development, employment and poverty reduction.

Finally, I point out to what is said about the influence of companies on the Arab media by the means of advertisement. In fact this issue is not restricted to the Arab media networks, in Japan, a major advertising company vetoed a Japanese newspaper that attacked the Zionist lobby in the United States despite the one page apology published the second day in the newspaper.

Fatima Sbaiti-Kassem

A responsible media is what we hope for. I would like to add to the already discussed role of the media that it should play an active role in promoting women's issues. This requires the media to change the negative stereotyped representation of women actually prevalent in many programmes and discussions.

The media is the intermediary between the government and the civil society and as much as it fulfills its role of relaying information in both directions its role will be

positive and constructive. In regards to the issue of development, poverty and women, it is possible to dedicate some radio and television programmes that deal with these issues whenever the media is aware, open, and ready to fulfill its role objectively as monitoring power.

Salwa Shaarawi Gomaa

Mr. Jihad El Zein's paper contains a very important point, the mechanism of journalistic accountability. This is a very important subject. In order to achieve it, it would be appropriate to form media monitoring groups from the partisans of some causes. For example, a group in charge of monitoring what is written about the Egyptian women, whether negatively or positively, by sending corrections about what was negatively portrayed and sending thanks to those journalists who were positive in their writings. And in order to guarantee the qualitative dimension of writing, the national institutions, the National Women's Congress, or the civil institutions, study institutes, would provide training seminars to the journalists about the subject in all its ramifications.

I imagine that any journalist can express his opinion freely even in the shadow of the most closed political system by adopting the objective style of writing, where he mentions the positive sides, explains the problems and proposes the alternatives. However, it is strange to find the same journalist writings, simultaneously, in the national press and the press of the opposition. When faced by the same subject he puts forward the governmental perspective in the national press and then states the opinion of the opposition when writing in the party press.

Jihad El Zein

I comment on the commentary of the primary commentator: with all due respect to his seriousness in expression, I have to say that his intervention is also selective. It can be titled, "the picture of poverty in the press" and cannot be put under the title of the role of the press in economic development. I am not saying that what I proposed is within the subject or not. I am pretending that I aimed not to resort to inserting generalities, such as the media should do this or that. This is available in some academic papers. The presentation or picture of poverty in the media can be the subject of research and scientific conferences. I made a personal effort no to repeat what is known by all and to add, at least one new idea, to the issue of good journalistic performance.

In order to clarify the importance of the idea I have put forward, I simply point out to the media, that is under checks and balances, such as political life and politicians, that is more capable to fulfill its monitoring role and thus can better distribute the public money in a manner more appropriate to fighting poverty, and more capable of linking development, employment and poverty reduction. Furthermore, more capable to spread the necessary culture to deal with these issues in an appropriate manner.

SIXTH SESSION

GOOD GOVERNANCE, POVERTY ALLEVIATION AND CIVIL SOCIETY

by

Elissar Sarrouh[*]

Introduction

Over the past decade, the concept of governance has become paramount to international donor agencies and central to sustainable human development policies and poverty eradication strategies. The concept has also become the focus of debate and scrutiny in developmental and academic circles. The literature on the above mentioned debate is quite voluminous and rich. However, this paper does not focus on that debate, but rather concerns the following:

1. Defining and examining the central role and space given to civil society in the governance paradigm—a role perceived intrinsic to sustainable human development and poverty eradication, and how this paradigm has shaped the development of civil society in the Arab world.

2. Identifying institutional frameworks, structures and approaches conducive to engaging and empowering civil society to enhance its contribution to the process of socio-economic development and poverty alleviation.

The central role given to civil society in the "governance paradigm" is also deemed essential to democratization and liberalization processes. The rapid expansion of democratization in the early 1990s brought along radical changes in the development discourse and agenda of western donor agencies. The perception that "top-down" approaches to development have not worked has led to "bottom-up" approaches emerging from grassroots activism and a fast spreading NGO movement. Hence, "indigenous knowledge", "community development" and "popular participation" are examples of contents that have become prominent in the debate.[1]

Central to these changes, observers note, is the emergence of a "global civil society" with an all pervading web of NGOs transcending national boundaries. Lester Solomon recognized this phenomenon as "veritable associational revolution at the

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[*] This paper was prepared by Elissar Sarrouh, Senior Associate, Parliamentary Centre, Ottawa, Canada.

global level that may constitute as significant a social and political development of the latter twentieth century as the rise of the nation-state was of the nineteenth century".[2]

Around the globe, social forces that stand for peace, the environment, sustainable human development and human rights are mobilizing to form global accountability networks that demand transparent decision-making processes from their respective national governments, as well as from transnational corporations and multilateral organizations. Moral and ethical questions are finding their way into public debates on global security, human rights, sustainable development, trade liberalization and poverty alleviation. Furthermore, the local, regional and global networks organized by civil society organizations now function as venues for dialogue and mobilization for social change. As a result of these changes and processes, there has been a restructuring in the relations between citizens and the state. This restructuring stems from increased pressure from citizens for democratization, louder voice in decision-making and open political processes.

The "good governance paradigm" and the "new development agenda", however, conceptualize civil society in 'Tocquevillean' terms. Alexis de Tocqueville, the French political thinker, was apprehensive of unchecked state power and treated associations as the strongest bulwark against it. He was concerned of an unmediated popular will because it could lead to revolution. To prevent this, he believed an active civil society made of self-governing associations would be necessary. Such civil society educates citizenry and scrutinizes its actions. It facilitates distribution of power and provides mechanisms for direct citizen participation in public affairs. Civil society stands between individuals (citizens) and a legislature, which mediates their interests with the state. Thus, defined in the liberal tradition, the New Development Agenda describes civil society as that "realm where voluntary organizations, interest groups, political associations, professional groups and social movements come together in a loose coalition to provide a counter entity that keeps state power in check".

In liberal democracies, political systems are not only marked by free and fair elections. They are also marked by "constitutional liberalism": a separation of powers, the rule of law, protection of basic liberties of speech, assembly, religion and property. Thus, as the "new development agenda" and the "governance paradigm" linked democracy and good governance to development, democratization processes were integral to rendering these paradigms functional and achieving sustainable human development. A dynamic and developed civil society is deemed vital to achieving these goals.

Like other regions around the globe, the Arab world has also witnessed and is engaged in democratization and political liberalization processes. In the last decade, several Arab Legislatures have emerged as important players in the political, economic and social arenas of Arab countries. They have been able, in varying degrees, to increase government accountability, expand political participation, and build bridges with civil society. However, a good part of this qualitative change, is

driven by social forces and an Arab civil society that are demanding greater say in decision making, and have been increasingly targeting governance institutions—in particular elected and representative institutions—to access decision makers and influence the policy process.

Furthermore, several Arab states are undergoing economic and trade liberalization. Arab governments face a fast and increasing integrated international economic environment with rapid pace of technological change, massive political and economic restructuring, trade liberalization and cross-border investment and financial deregulation. Several Arab states have joined the World Trade Organization (WTO) and are currently undergoing economic reforms and privatization. As a result, governance institutions are being pressured to adapt to these changes. The executive, judicial and legislative branches of government are all being challenged to redefine their roles, improve their performance and develop new relations with civil society.

On the other hand, similar to their counterpart in the West, civil society organizations in the Arab World, are mobilizing NGOs, trade unions, women's groups, environmentalists and human rights activists to monitor economic reforms and trade liberalization and their impact on social development and poverty. This presents further pressures on and challenges to Arab Parliaments to legislate policies and oversee the negotiations and implementation of trade policies and economic reforms, while upholding national interests and protecting their societies and economies from market shocks and deepening poverty.

What role is there for Arab civil society in poverty reduction and social and economic development? What kind of structures and approaches are conducive and essential to allow civil society the political, social and public space to play that role and contribute to social policy-making and poverty reduction? The important question that we address is: what characterizes state/parliament-civil society relations in the Arab World, and more importantly how can this relation evolve in complementarity forging alliance and partnership between civil society and parliaments/state institutions towards achieving national policy priorities and interests? We view such partnership, as essential to creating a space for civil society and the poor to emerge as important contributors to social development and poverty alleviation.

We begin this paper with a brief discussion on the governance paradigm, as promoted and implemented by donor agencies, and the link between good governance institutions and an active civil society, in achieving sustainable development and poverty reduction. We then examine the correlation between good governance and poverty alleviation in the Arab world and review some of the programmes initiated by United Nations and donor agencies to strengthen governance institutions—key to tackling poverty and engaging civil society in social development and poverty alleviation. We then turn to a discussion on democratization and liberalization processes in Arab countries, and how the outcome of these processes affected civil society and if they indeed enhanced public participation in the political and policy

processes. This leads us to examine state-civil society relations emerging as a result of these processes. In the last part of the paper, we propose structures and approaches to strengthen the relations between state/parliament and civil society, and offer some insights, from the Canadian scene, on the role of civil society in sustainable human development and poverty alleviation. And lastly, we propose a framework to assess the contribution of civil society to social development and enhancing the participation of the poor.

Throughout the paper, I situate the discussion in the current economic reforms and trade liberalization that many countries in the Arab region are currently undergoing, and stress the importance of strengthening the capacity of Arab legislatures in order to effectively respond to these reforms, monitor their social implications and create a space for civil society to fully participate in social development processes and poverty alleviation. Some observations made and insights offered here are mainly drawn from several years of work with Arab legislatures and a current programme focusing on Arab Parliaments, Poverty Alleviation in the context of globalization and WTO accession.

I. THE GOOD GOVERNANCE PARADIGM

The UNDP 1997 report on Good Governance and Sustainable Human Development, views governance and human development[3] as indivisible. It argues that developing the capacity for good governance should be a primary means of eradicating poverty. The UNDP defines governance as "the exercise of political, economic and administrative authority in the management of a country's affairs at all levels. Governance comprises the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations. Good governance has many attributes. It is participatory, transparent and accountable. It is effective in making the best use of resources and is equitable. And it promotes the rule of law".[4]

The UNDP definition complements the findings of the International Institute for Democracy and Electoral Assistance (IIDEA) 1998 handbook. The latter highlights the importance of governance and democratic institutions in forging enduring settlements to deep-rooted conflicts. These conflicts involve economic and social interests, gender equity issues, political participation and human rights that link directly to poverty. In addressing these issues, governance institutions, in particular parliaments, can play a vital role in promoting and sustaining peace within and across borders. They can play a mediating role between the state and civil society by providing a forum for discussions and debates on policy issues and public priorities.

Parliaments can also play an important role in building consensus around important national and regional policy issues and engage civil society in policy processes. For example, initiating an inter-parliamentary dialogue around WTO policies—sharing the experiences of Arab parliaments in countries that have joined

WTO; and engage civil society in public discussions and solicit citizens' input on the impact of trade policies and economic restructuring on social programmes as well as poverty. In this governance model, parliaments have a central role to play as "mediating" institutions, a consensus-building forum and influential vehicle for public participation.

The World Bank on the other hand, defined governance as the "manner in which power is exercised in the management of a country's economic and social resources for development."[5] While good governance is seen as "synonymous with sound development management, epitomized by predictable, open, and enlightened policy making; a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law."[6]

Hence, in the latter definition, strong governance institutions are also central to poverty alleviation and public participation. National governments and political leadership committed to poverty reduction play a critical role. The conditions established by governments' economic and social policies are crucial to the long-term sustainability of poverty-reduction measures. Governments determine the economic policy framework, redistribute resources, provide critical social investments for the poor, and frame the legislation that establishes property rights and the legal basis for removing gender inequities. Hence, strong governance institutions, guided by good governance principles, are key to poverty alleviation.

Accordingly, governance is no longer a closed system. Governance transcends the state to include the private sector and civil society. All three are critical for sustaining human development: "the state creates a conductive political and legal environment; the private sector generates jobs and income; and civil society facilitates political and social interaction—mobilizing groups to participate in economic, social and political activities".[7] Good governance on the other hand, refers to the principles, values and practices guiding governance institutions leading to transparent policy- and decision-making processes, accountable governments and open political institutions.

Governance and civil society are also key principles in the Canadian International Development Agency (CIDA) development model. Governance is stressed as "key to sound development policies and strategies—the way a country is governed, the soundness of its laws, regulations and institutions, has a profound effect on development success and the effectiveness of aid investments".

CIDA's development model also recognizes the importance of engaging civil society in all aspects of development. A healthy civil society—one that reflects a wide range of interests, including those of marginalized groups, helps make informed participation possible and gives voice to those who are often underrepresented. Civil society is also recognized as an important element in supporting democratization and improved governance in developing countries as well as in emerging democracies.[8]

In the Canadian governance model, activities that affect the policy environment are also crucial to poverty reduction. Removing systemic constraints at both the national and international levels can work to address the root causes of poverty for both peoples and nations. Examples include: the promotion of equitable growth-oriented policies; working to reorient public expenditures towards social priorities; promoting and enshrining property rights which are equitable to women; and stimulating a national dialogue on poverty issues.

II. GOOD GOVERNANCE AND POVERTY IN THE ARAB WORLD

Recent studies by United Nations agencies and multilateral organizations have found a strong connection between weak governance institutions and the extent of poverty. A study by ESCWA stresses that economic growth alone does not translate into poverty reduction. The study concludes that, in the Arab world, rigid centralization, lack of co-ordination, corruption, weak institutional and human capacity building in both governmental and non-governmental organizations and lack of transparent and accountable institutions are major obstacles in implementing poverty reduction policies.[9]

The UNDP policy on poverty also makes this connection between good governance practices and poverty eradication. It outlines six policy measures to tackle poverty: gender equality and empowerment of women, openness in governance and public participation, accountable and transparent institutions, a strong role for civil society and improvements in the management of globalization, including better trade policies and fairer rules and terms that allow poor countries to enter markets.

The World Bank Poverty Reduction Strategies also stress the correlation between poverty reduction and governance. A poverty reduction strategy would ensure consistency between a country's macroeconomic, structural and social policies and the goals of poverty reduction and social development. A strategy must be produced in a way that involves transparency and broad-based participation in the choice of goals, the formulation of policies and the monitoring of implementation.

The World Bank estimates for GDP growth in the Middle East range from a high of 6.3 per cent for Morocco to a low of 1.7 per cent for Iran. Algeria, Egypt, and Tunisia all achieved estimated 5 per cent growth. Jordan, Lebanon, the West Bank and Gaza, and Yemen had estimated growth rates in the 2 to 4 per cent range. However, estimates for growth in Gaza and West Bank have been abruptly disrupted since the break out of the recent Intifada (uprising). In December 2000, the World Bank introduced an emergency fund (12 million dollars) to address the spiraling economic crisis and increasing unemployment and deepening poverty.

Despite economic recovery in some regional countries, they continue to face substantial problems in achieving their economic and social goals. Unemployment

remains unacceptably high and the numbers of the poor continue to increase. Vulnerable socio-economic groups have yet to share in the fruits of economic growth.

According to the UNDP 1998 Report, the determinant and concept of human poverty transcend the traditional definition of poverty directly related to physical needs and financial capital. Assets in the human poverty have come to cover many resources such as social, political and environmental. Such a broad definition of poverty sets it more firmly in a political context. A multidimensional concept of poverty basically mirrors an integrated understanding of human rights in which civil and political rights are indivisible from social, economic and cultural rights. Poverty and inequality are seen as a threat to social stability and also a threat to civil and political rights. Thus, eliminating all forms of discrimination and marginalization based on social status, gender, religion, race or ethnicity is perceived crucial to eliminating some of the main causes of poverty.

Linking human poverty to all forms of discrimination and marginalization has turned the attention of the UNDP and other multilateral agencies to representative institutions and legislatures as key to tackling poverty reduction, and mediating citizens' diverse social policy priorities and needs. Hence, the UNDP has initiated the Regional Programme for Governance in the Arab States (POGAR), focusing on creating an enabling environment and viable governance institutions responsive to and capable of making the transition to an increasingly globalized economy, while being fully alert of their implications on social programmes and the poor.

A main component under POGAR is a regional programme to strengthen the capacity of legislatures in the Arab states. The underlying assumption of the regional programme is that legislative and oversight functions need to be performed at a high level of efficiency in countries wishing to integrate in the global economy through adherence to the WTO, the Euro-Mediterranean partnership or other similar arrangements. Parliaments will need to take into account the latest rules and regulations pertaining to global trade and investment issues and will need to be alert to the possible socio-economic and environmental consequences of integration in the global economy.

To that effect, UNDP organized a regional workshop, in Spring 2000—held in Beirut, Lebanon—to assess Arab legislatures and devise action plans to build their legislative and oversight capacities.

The Parliamentary Centre, with support from CIDA, is launching a new programme focusing on strengthening the capacity of Arab legislatures to develop social and poverty reduction policies, and to oversee the implementation of social development programmes and poverty reduction strategies, in the context of globalization and WTO accession. The proposed programme framework addresses two of CIDA's key policy priorities: social development and poverty alleviation. The

cross cutting themes of the proposed framework focus on good governance values such as participation, accountability and transparency.

The programme is designed to address common concerns and priorities of parliaments in WTO member countries that are accountable to deliver policies and programmes that reduce poverty and augment social development and economic opportunities. An important objective of this programme is strengthening relations between civil society and parliaments, through encouraging and facilitating policy dialogue and interaction between Arab Parliaments and civil society in the region. This is envisaged to give the poor an effective voice in social policy and create strong links between parliament and civil society.

III. DEMOCRATIZATION AND LIBERALIZATION IN THE ARAB MIDDLE EAST

Some analysts argue that democratization and political liberalization processes are not synonymous. Whereas political liberalization involves the institutionalization of civil and political freedoms, democratization is more concerned with the degree of citizen participation as well as the accountability and turnover of governing elites.[10] Hence, democracy implies the guarantee and protection of basic freedoms and rights of citizens, accountable and transparent governance and opportunities for citizens to participate in policy and decision-making. Equipped with assets, education, good health and organized freely in their own organizations, citizens are supposed to uphold their democratic values, principles and institutions as well as use their energies to improve their well-being and rid themselves from poverty.

In theoretic terms democracy is a form of governance in which citizens control public policy and public action, by electing officials of their choice to represent them, and make policies and undertake actions on their behalf. Theoretically, the poor in a democratic society should have the same opportunities to seek office and to influence decision-making as any other social group. *Democratization is, therefore, a key precondition for the alleviation of poverty*, as it would provide the poor with the channels to influence and develop policies that would be in their interest.

The findings of a study on democratization and liberalization processes in the Arab world show that liberalization does not always result in the application of democracy. Rather, what emerged is a polity that is increasingly liberalized (existence of elections, parties, and legislative institutions) but not fully democratized (democratic substance and practice have not prevailed).

Furthermore, the study shows that most of the Arab world seems to suffer under a system in which economic liberalization has not yet led to democracy: responsiveness to the preferences of its citizens, a polity in which rulers are held accountable for their actions by citizens, who in turn influence the policy process and make their voices heard through their elected representatives. The study concludes

that, if the end product of democratization—democracy—is not there, the transition process, away from authoritarianism and towards democratization, is present. The outcome of the transition period, however, will depend on how the different groups, the state and civil society interact together to shape their own "brand" of democracy.[11]

A recent study published by the IIDEA, on democracy in the Arab world, and based on views and input of experts and civil society representatives from selected Arab countries[12], complements the findings of the above-noted study. The participants noted that social development and economic reforms are always on the agenda of Arab governments, while political reform is not. Development is "a byword for three 'p's—progress, prosperity and peace—but not politics." This is because, participants explained, democracy is threatening to the majority of Arab elites, while economic development is an avenue to increase their power, nationally, regionally and globally. In other words, economic development will improve the lot of the poor, and as a result, governments will gain their political support.

However, a clear contradiction is revealed here: as governments strive to integrate into the global economy, pursue economic reforms, privatization and trade liberalization, in other words, implement structural adjustment programmes and join regional and global trade organizations, social programmes and welfare policies have become primary targets of austerity measures. Hence, citizens and mainly the poor are the hardest hit in the transition to liberal economies. What prevails and has prevailed, is that the poor were the first to march the streets in protest of government economic reforms, and that demands for political participation and political openness came primarily from the ranks of those who are deeply affected by these reforms.

Relating economic to political development, and good governance practices to poverty alleviation, have increasingly conquered, as discussed above, the attention of international organizations and governments. One of the outcomes of this linkage, the study shows, is the concept of "conditionality", or making efforts towards political reform a condition of being granted development aid. Some recipient countries have accepted this conditionality. The Arab region is one of the regions where conditionality has raised both ideological as well as practical difficulties".[13]

Linking economic reforms to political liberalization and the centrality given to the role of civil society in democratization and good governance, have had considerable straining implications on state-civil society relations in the Arab region—a discussion we focus on in the next section of this paper. However, the study offers an overview of democratization processes in selected Arab countries and documents democratic achievements albeit in varying degrees. Jordan, Kuwait, Morocco, Yemen, and to a certain extent Lebanon are amongst such countries.

Observers, scholars and analysts note that Arab legislatures have emerged as the focal point of Arab efforts to institutionalize political participation, and can no longer be dismissed as mere rubber stamps, designed to deceive domestic public opinion and

foreign donors into believing that progress towards democratic governance is being made. Instead they lie at the heart of tentative efforts by regimes and opposition alike to negotiate and institutionalize transitions toward more open political systems".[14]

Through our work with Arab legislatures, we have also observed and documented similar developments. The increased centrality of Arab legislatures results from:

1. The desire of governing elites to enhance the role and visibility of their respective parliaments—such as enhancing their legislative functions in order to legislate policies conducive to trade liberalization and economic reforms.

2. The pressures from civil society to have more say in decision-making and input into the policy process.

3. Parliaments' keen interest and assertion to exercise their new constitutional prerogatives and the broadened political space afforded to them by current regimes.

In other words, legislatures have become more important because governments have made them a primary vehicle of their reform efforts and because civil society is struggling to enhance their influence within and through them.

VI. STATE/PARLIAMENT-CIVIL SOCIETY RELATIONS

Some argue that civil society is a political concept. It is essentially about power, the power of non-state actors to participate in making decisions that have an impact on them. Hence, linking democracy to development and giving civil society a central role in the process of democratization and human development is bound to keep power in the hands of individuals and institutions, which traditionally rested in the hands of politicians and members of parliament. Thus, the tensions we observe in state/parliament-civil society relations in the Arab world, and in other developing countries, stem from the western conceptualization of civil society as a buffer zone between the state and citizens—mandated to keep state power in check.

That conceptualization, however, is problematic in the Arab world, as in other developing countries. Civil society, in the Arab world, constitutes anything but a homogeneous entity, an implicit assumption usually made when referring to "civil society". This is because civil society includes organizations of all types: religious, traditional, professional, welfare and advocacy groups. Many of these organizations were founded to reinforce state ideology and political systems as well as provide social services to the population, that is state-supported organizations usually referred to as governmental NGOs (GNGOs). Consequently, these organizations act as instruments of state authority rather than spontaneous efforts of grassroots organizations, and are often manipulated by governing the elite to enhance their power base. Other organizations were founded to reflect the interests of political opponents to

current regimes. Excluded, or marginalized, from political power and governments, they found, in the realm of civil society a political and social space through which they could pursue their political objectives, increase their political power and widen their grassroots base, Islamist organizations. A third group also exists and is comprised of advocacy groups, democracy and development organizations. The latter rely heavily on foreign funding which subject them to direct criticism and accusations of implementing values and agendas unrelated to the priorities and interests of the local communities, but rather conform to the policy and "political" agenda of Western donors.

NGOs can scale up their operations using donors' funds to make their voices heard loudly through lobbying and advocacy work, but they also become more and more dependent on governments or official aid agencies. They often make themselves vulnerable to co-optation into the agenda's of donors, hence, running the risk, as discussed above, of being reduced to instruments of western power. Two implications are observed here: on one hand, civil society actors slowly become detached from their grassroots and social base, having replaced their local and community based agenda with one that fits donors funding criteria. The second observation is the isolation and marginalization of these NGOs, by the state and the religious establishment in traditional societies.

Viewed as agents of 'alien' agencies, they are often being accused of 'importing" foreign or "western" values into their indigenous and traditional societies. Hence questions of legitimacy of representation, authority and conflicting interests preoccupy decision-makers and elected representatives when dealing with NGOs. As a result, several Arab states introduced legislations and ratified laws that restrict the autonomy and activities of NGOs and other civil society organizations. In one case, a ministry for NGOs was established to regulate and oversee the activities of civil society organizations (in Palestine).

A final point raised here around the issue of "mistrust" between Arab states and civil society, is the "national security" argument, invoked by Arab governments, in response to their measures and policies restricting and curtailing the activities and autonomy of civil society organizations. Civil society representatives, participants of the IIDEA round-table, argued that national security should not be solely the domain of the state. By appropriating national security in this way, the state often risks or actually perpetrates undue violence against the institutions and actors of civil society. National security, they argue, needs to be redefined and seen in holistic sense and accordingly be shared by political parties, civil society and the state. Such exercise would facilitate a shared engagement in the issue of national security with implications that restrictions on the freedom of association and opinion would not be necessary.

The participants at the ESCWA conference in Cairo, also reiterated the views expressed above. Foreign funding to civil society organizations that lack

accountability, transparency and representation in society, has widened the gap between Arab governments and civil society organizations. Furthermore, the widely spread Islamist organizations in civil society constitute another threat to governments leading to tensions and to excluding civil society from genuine policy dialogue or input into decision-making. Invoking the "national security" argument in this context, civil society in the Arab world remains marginalized.

In contrast, economic liberalization in Egypt, for example, has accelerated the rise of business associations that increasingly counterbalance the state's economic power. These associations participate more and more in the policy-making process, that is, they bolster a society that has been dominated historically by the overcentralized state.[15] This illustrates the point made earlier, that economic reforms are embraced by most Arab governments, believed to enhance their national (and international) base and power, hence, their willingness to engage those segments in societies that support its efforts. Further, through our work with several Arab parliaments, we observed that there is a tendency to "trust" and a willingness to engage professional associations (Naqabat), business groups and representatives, academic institutions and experts, as well as charities and welfare NGOs, while "mistrust" and "suspicion" is clearly expressed towards advocacy groups, human rights organizations and democracy organizations, in particular, those that rely on donor funds for their activities and programmes. Further, the discussions at the ESCWA's conference revealed that several success stories exist where policy dialogue on environmental issues and social policy between parliament/state and civil society influenced governments' decisions and policies made in those areas.

The above discussion reveals that state-civil society relations are and could not be a zero sum game. A weak state can benefit from associations to increase its distribution and performance capacity and thus its legitimacy. Parliaments can access the wealth of information collected and produced by civil society organizations to make better and more informed decisions and policies. Civil society organizations cannot and do not exist or act in vacuum. They are in need of political, social and public structures and space as well, in order to play an effective role in social development and contribute to poverty alleviation. A key element to developing effective governance institutions is maintaining healthy and balanced relations with civil society. In the absence of such balanced relations, tension is bound to prevail. Hence, in favoring civil society in the democratization processes and attributing to it a central role in bringing democratic or focusing on the "demand" side for democracy, donor agencies have contributed to this tension. In such environment of mistrust and suspicion, how can civil society influence social policies and how can they facilitate the participation of the poor?

To address this, international development practitioners proposed that donors should focus on the "supply" side of democratization, that is, invest in strengthening those institutions that provide arenas for political participation and means through which groups can influence policy formulation. The most significant of these

institutions are usually nationally and locally elected bodies, i.e. legislatures and local and provincial governments.

We also believe that strong parliaments or legislative institutions are key to upholding national policies and mediating competing interests and priorities, but donor support should focus on strengthening both "sides" of democracy, that is, governance institutions as well as civil society, if a balanced relation is to prevail. We view parliaments as a link or a bridge between civil society and the state. We see parliaments as mediating institutions representing all spectrum of society. In order for parliaments to play that role, they need to be capable of engaging society and be responsive to demands of political openness and participation.

The state on the other hand, relies on civil society organizations and NGO networks for delivering social programmes and services, building social capital and reaching out to the poor. Civil society and citizen participation in the political process enhances the accountability and legitimacy of democratic states.

The third and important element in this balancing act is a healthy and dynamic civil society that is capable of playing that role of "wellspring of social capital", the "effective voice of the poor" and the "vigilant monitor" of democracy.

In the following section, we propose approaches to strengthen state/parliament-civil society relations and to build confidence and common grounds between representative institutions, parliaments, and civil society. In the second part, we offer insights from the Canadian model, on the role of civil society in sustainable development and poverty alleviation.

V. APPROACHES TO STRENGTHENING STATE RELATIONS WITH CIVIL SOCIETY

A. INSTITUTIONAL FRAMEWORKS

An important step towards creating a public space for civil society, to play an effective role in development and social policies, is introducing laws and constitutional amendments that institutionalize public participation and social rights of citizens. While enacting laws that limit or eliminate that space are bound to create tensions and impinge on the civic rights of citizens.

Institutional frameworks, constitutional and legislative provisions, national policies, regulations and conventional practices, determine the level of participation and engagement of civil society in decision-making and sustainable development. If civil society is to influence the policy process or make its voice heard, it needs to access both levels of government. Such access is made possible by institutional frameworks as well as legislative and constitutional provisions. For example, the Canadian Constitution Act of 1982, known as the Canadian Charter of Rights and

Freedoms, sets out to protect basic freedoms and legal rights, including equal protection and equal benefit of the law without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

Some observes noted that, the equality provisions have influenced the content of social policy. As policy is developed, proposals are assessed within the executive even more carefully to ensure that they don't offend the Charter and that they do not involve the government in litigation.[16] Hence, the Charter gives Canadians direct access to the social policy process, based on the social rights enshrined in the Charter. And by giving individual and groups explicit recognition, the Charter legitimizes their concerns. This in turn, may help change perceptions about who can and should be able to participate in the social policy process. Indeed, anti-poverty activists in Canada are challenging five provinces for violating the Charter of Rights and not guaranteeing the "security of the person" and protecting the poor against homelessness and hunger. The case does not only deal with discrimination, but with the application of economic and social rights in Canada.

Similarly, the Constitution of the Federal Democratic Republic of Ethiopia, ratified on December 8, 1994, unequivocally guarantees gender equality in political social and economic life. To be sure, Article 13 of the Constitution requires all government organs, legislative, executive and judicial, including regional governments, to comply with and interpret the provisions "in conformity" with the Constitution and ensure that their laws do not discriminate on grounds of gender.

Furthermore, Article 41, Economic, Social and Cultural Rights, affirms the equal right and access of Ethiopian men and women to economic activities, and publicly funded health, education and social services. And Article 43, the Right to Development, affirms the right of all Ethiopian nationals, both men and women, to participate in national development and to be *consulted* with respect to policies and projects affecting their community.

The Parliament of Ethiopia has established a Standing Committee for Women's Affairs to ensure that laws and legislations conform to constitutional provisions on gender equality. The Committee is also mandated to oversee, along with all other Standing Committees, the implementation of the National Women's Policy by government departments and agencies. Furthermore, in collaboration with the Parliamentary Centre, the Ethiopian Parliament is currently in the process of establishing a parliamentary institute to strengthen relations with Ethiopian civil society and build the research and information capacity of the Parliament.

Furthermore, the democratization process in Thailand produced a new constitution that institutionalizes or formalizes public participation. The new constitution, ratified in 1997, requires that the State encourage public participation in a variety of areas. The State must encourage public participation in preparing social, economic and political development plans. The State must also encourage public

participation and dialogue on the preservation, maintenance and balanced exploitation of natural resources. Individuals are given the right to participate in the State decision-making process, and given access to state-held public information. The constitution stipulates the involvement of many groups in this process: government, governmental organizations, traditional communities, independent organizations and the people.

The King Prajadhipok's Institute, an academic institution created under the auspices of the President of the National Assembly, is mandated to facilitate public participation and promote participatory democracy.

Democratization processes have also resulted in constitutional amendments in several Arab countries, Morocco, Yemen and Jordan. However, in several of these countries the challenge does not lie in the constitution, but in enacting these laws and creating structures and mechanisms to ensure their implementation.

B. PARLIAMENTARY INSTITUTES

An effective mechanism to strengthen state/parliament-civil society relations is creating independent non-partisan entities with a mandate to foster good relations between state and civil society. A parliamentary institute is defined as an organization established to strengthen parliament, usually as part of wider efforts to promote good governance and democratic development. Such as institute carries out its work through a combination of activities, including those aiming at strengthening and supporting the work of parliament and others that may serve as a catalyst to facilitate good relations between parliament and civil society.

In partnership with the Lebanese Parliament and the Lebanese NGO Forum, the Parliamentary Centre provided support and technical expertise to create an institute to foster national unity among the various sectarian and confessional groups in Lebanon after 17 of civil war. The Institute was envisaged to play the role of a link between Parliament and civil society, while at the same time, lending technical support and expertise to Members of Parliament and Committees. But key to fostering and nurturing good relations between Parliament and civil society, is a willingness on the part of parliamentarians to engage civil society in policy dialogue. In developing the Lebanese model of a parliamentary institute, it became clear that the institutionalization of *policy dialogue and consultation* processes are essential to bring the State and civil society closer to one another.

Subsequently, in September 1999, the Forum for Parliamentary Dialogue was established as an independent NGO, which seeks to develop and sustain cooperative linkages between the Lebanese Parliament and civil society. Its main objectives are to provide legislators with information regarding the programmes and objectives of NGOs in Lebanon; to organize cooperative working sessions between elected deputies and civil society organizations; to facilitate dialogue between deputies and civil society; and establish a working group of both parliamentarians and representatives of

NGOs to prepare research and supply information and findings to committees, deputies and civil society organizations.

Creating such an entity, or a similar regional/national structure, would be useful to initiate a policy dialogue between parliaments and civil society in the Arab world, on social and poverty reduction policies, in the context of economic reforms and WTO accession. Parliaments are facing serious challenges resulting from increased poverty, high unemployment rates, dwindling of social services and ultimately declining public trust and confidence in these representative institutions.

On the other hand, the Forum on WTO, a Coalition of Arab NGOs and Trade Unions, formed to mobilize civil society in the Arab World to monitor WTO policies and practices and promote fair trade policies and sustainable human development. This will present parliaments with further pressures and challenges to oversee the negotiations and implementation of trade policies and economic reforms, while upholding national interests and protecting the poor.

Creating such structure could serve as a catalyst to initiate dialogue and communication between parliaments and civil society on WTO policies and implications on social programmes and development in Arab societies.

C. PARLIAMENTARY PUBLIC HEARINGS

Parliamentary public hearings constitute an important platform for civil society organizations and local NGOs to influence social and economic policies that affect their well-being. Public hearings are held by standing parliamentary committees when a specific bill or legislation is under review. Policy communities, NGOs, business groups, experts, academics, youth and women's groups and other social movement groups use these hearings to advance their views on the policy under study and propose alternatives and policy options. Civil society mobilizes its members and constituents to participate in these hearings and offers perspectives on how the proposed policies impact their lives.

In anticipation or preparation for these hearings, civil society organizations offer training and guidelines on making oral presentations, write summaries of background papers for presentations or submissions and provide information packages or kits to inform their members on policy issues under study. These are powerful skills and tools by which civil society contributes to building local communities and capacities.

Standing committees engage citizens and civil society in various ways: through public hearings; written submissions, web site policy forums and calls for comments and views on specific public issues of interest to citizens. These venues afford civil society direct input into the policy and decision-making processes.

In the process leading to WTO negotiations in Canada, the Standing Committee on Foreign Affairs held public hearings across the country and issued a public invitation to all interested parties to appear before the committee or submit written submissions. While Parliament does not make trade policy or ratify treaties or trade agreements, it does play a significant role in advising the government on priorities and issues of concern to the Canadian public. Prior to the ministerial round of the WTO negotiations in Seattle, the committee traveled across the country and heard experts' testimonies on several related issues such as tariffs, agriculture, information technology, gender impact and many areas of concern to Canadians. In the course of this process, it became clear that public opinion was intense about trade liberalization and WTO accession. The Committee report noted four areas of concern to Canadians: protection of cultural identity; pursuing trade with countries known for human rights abuses; the impact of WTO compliance on labour standards; and the protection of the environment. Hence, political support for the new trade talks depended to a large extent, on whether Canada would be able to discuss these issues in the WTO negotiations.

Such a process can also provide civil society in the Arab world a platform to express their concerns and views related to WTO accession and implications on poverty. At the same time, it will provide parliament with a wealth of information on the impact of WTO policies on the national economy and well-being of citizens. More importantly, it facilitates information sharing and exchanges and begins a process of strengthening links between civil society and representative institutions, leading to a transparent WTO implementation process and enhanced capacity of legislatures to hold governments accountable.

VI. THE ROLE OF CIVIL SOCIETY IN HUMAN DEVELOPMENT AND POVERTY ALLEVIATION

Civil society can play an important role in social development and poverty reduction. They can influence the policy agenda, inform the policy process and deliver social services and programmes in partnership with government agencies and local governance.

A. INFLUENCING THE POLICY PROCESS

Policy formulation cannot be understood without examining the relevant players and their relative powers in the policy-making. Those who actually influence policy-making are numerous, ranging from civil society to individual citizens. But how much influence these actors have on the policy process depends on resources, access to decision makers and more importantly the seriousness of government in engaging the public in consultations and dialogue concerning important social policies. Policy communities, policy networks and advocacy coalitions play a significant role in policy formulation.

Policy communities can shape or inform the policy process through generating ideas and discussions through conferences, publications and occasional lobbying. Policy networks can also shape the policy process through linking two or more policy communities and lobbying to achieve specific policy goals.

Another important actor in social policy formulation is advocacy coalitions. Advocacy coalition includes both state and societal actors at the national, sub-national, and local levels of government. It also combines both knowledge and interest in the policy process.

While belief systems and interests determine the policies, an advocacy coalition will seek to have adopted its ability to succeed in this endeavour is affected by a host of actors. These include the coalition's resources such as expertise, number of supporters and legal authority.[17] External factors can also affect what coalitions can achieve, such as constitutional provisions, public opinion, levels of inflation or unemployment change of the political party in government and so on.

B. DELIVERING SOCIAL PROGRAMMES

A wide range of social programmes and services can be delivered by a large network of NGOs, voluntary associations, charities, churches and community groups. In Canada, the number of these organizations are estimated over 175,000 organizations. The sector employs 1.3 million Canadians, roughly 9 per cent of the country's labour force and pay over 40 billion annually in salaries and benefits. 35 per cent of these jobs are in hospitals and 21 per cent in teaching institutions.

In addition, 4-5 million Canadians do some kind of volunteer work every year, giving over one billion hours in volunteer time. Sixty per cent of the income of charities comes from governments, almost 10 per cent from individuals and one per cent from corporations. The remainder is raised through user fees, product sales, investment income and other fundraising activities.[18]

Voluntary associations play a significant role in providing and delivering health care and social services in Canada. The National Voluntary Organizations (NVO), for example, constitutes the government's key partner working in health. These groups vary in size, structure and needs, yet all have the health of the people of Canada as one of their primary focuses. Many of these organizations are national "umbrella" organizations with links to their provincial, territorial, regional and community counterparts.

Some of these organizations may have a financial relationship with governments, the private sector and citizens, for which they are accountable, but are primarily autonomous and independent. These organizations are recognized in Canada for their role as the society's "social conscience". The National Voluntary Organizations include a range of groups such as the Heart and Stroke Foundation, the United Way of Canada, local food banks and community organizations.

C. EMPOWERMENT OF LOCAL COMMUNITIES

In addition to delivering services and social programmes, civil society organizations play an important role in empowering local NGOs and the poor by soliciting their input on social policy issues so that they too can make their voices heard. Parliamentary public hearings constitute an important platform for these organizations and local NGOs to influence health, education and economic policies that affect their well-being. For example, the NVO trains local NGOs in how to articulate their demands and write submissions to parliamentary committees on health issues.

In 1999, the NVO organized a campaign to "Adopt an MP". The objective was to engage elected representatives with their local communities and establish policy dialogue on poverty and health issues as they impact their daily lives. The NVO developed an "Adopt an MP Kit", which contained lists of MPs and their constituencies, parliamentary committee meetings' calendar, policies scheduled to be debated in parliamentary sessions and other information material to assist local communities in public participation efforts. The campaign was part of national efforts "campaign 2000" to alleviate poverty in Canada and around the world.

In recent years, Canada as well as other Western states, has witnessed a major change in the way which NGOs and civil society organizations at large, participate in and affect the social policy process. These changes are a result of budgetary pressures, which eroded the financial support to a large segment of NGOs who get their funding from federal and provincial governments. On the other hand, the government's initiatives to "reform", "reinvent" and "revitalize" the way government do business have led to considerable changes in service and programme delivery patterns.

For some NGOs and community-based service providers, this meant entering into partnerships with government agencies in the provision of social and other services. And as part of this "partnership" the government, through consultations and policy dialogues, bring in these NGOs into the policy formulation and implementation processes. Despite these drastic changes and negative impact of these cuts on many NGOs and sectors such as health and education, there are important countertrends that suggest, if anything, an enhanced role for NGOs. With all the cutbacks, downsizing and privatization, governments increasingly rely on civil society organization for delivering social services and programmes.

D. ENHANCING TRANSPARENCY AND ACCOUNTABILITY

Good governance is key to empowering the poor. Corruption worsens the lives of the poor by wasting resources that are already scarce. Lack of participation and marginalizing the voice of the poor in the policy making process, produce policies that have little impact on their lives or have any significant poverty reduction outcomes. Accountability, transparency and the rule of law, are key to poverty reduction

strategies. In countries that are undergoing economic reforms and becoming members of WTO and entering other free trade arrangements, accountable actions and transparent processes in implementing those agreements, and legal reforms to remove discriminatory laws and ensure equitable access to resources, are crucial to achieve economic growth, sustainable development and reduce poverty.

Civil society has emerged as a key accountability force. They also claim legitimacy of representation. They speak for and act on behalf of the communities they serve and the membership they represent. They are entrusted to hold decision makers responsible for their actions and ensure that politicians and elected members deliver promised good and services. In other words, they too, are accountable for their 'constituencies" and expected to deliver more efficient programmes and better policies.

To exercise accountability, civil society follows a three-tier strategy:

1. Mobilize to create a critical mass.

2. Implement outreach programmes, in remote areas, villages and towns in particular, to increase their membership and strengthen their constituency.

3. Act as a link between citizens and the state.

Civil society monitors the performance of elected officials and their capacity to question the government on specific policy issues and holds the latter accountable for its actions. Civil society actors form mechanisms to "keep an eye" on government transparency and accountability.

Civil society plays an important role in enhancing the transparency of governments and elected members. Through dissemination of information, public awareness campaigns and educational activities, they inform the public and enhance the knowledge of local communities on specific policy issues and public interests, leading to increased demands for transparent policy decisions and policy-making. In addition, civil society can enhance the transparency of parliaments and governments, by providing elected members and committees, information and research findings on specific policies under review or debate, hence, increasing the capacity of parliament to investigate, ask questions and make informed decisions and policies.

VII. ASSESSING THE CONTRIBUTION OF CIVIL SOCIETY TO SOCIAL DEVELOPMENT

Civil society organizations (CSOs) play an important role in the economy, local communities as well as political and social development. They provide community and social services; organize cultural, educational and recreational activities and lobby for social, political and economic change. Given the growing role and responsibility of

civil society, measuring and documenting its strength, health and impact as a legitimate "third" public actor have become increasingly important. One approach to assess civil society's contribution to processes of social, political and economic development is the one developed by CIVICUS.[19]

The framework is applied to measure civil society contribution in 14 countries, including Canada. It is useful to apply this framework because it includes variables and dimensions that are common to civil society in developed and developing countries, including the Arab world. The framework focuses on four dimensions:

- The structure of civil society;
- The legal, political and socio-cultural space that civil society occupies within the regulatory, legal and social environment;
- The values that civil society represents and advocates;
- The impact of civil society on social and community well-being.

A. THE STRUCTURE OF CIVIL SOCIETY

Civil society is or evolving or striving to become a "legitimate partner" with the state and the market in a democratic system of governance. Locally, nationally and globally, civil society organizations play pivotal roles in political, social and economic life, including making and implementing social and poverty reduction policies, in addition to promoting and defending citizen rights and interests.

Civic participation: the impact and effectiveness of civil society in building social capital and vibrant communities, depends on the level of civic participation in its programmes. By participating in civil society activities, citizens play a central role in building vibrant communities and providing services to society. Indeed, the contribution of volunteers is a key factor in the ability of CSOs to do their work. In Canada, about one in three Canadians volunteer their time and more than 50 per cent of Canadians participate as a member in at least one group or organization. In fact, volunteering and community service is a core requirement of the Canadian school curriculum. Young men and women are encouraged to volunteer certain hours in the activities of church and community organizations, fundraising, relief work and recreational programmes. This is perceived as crucial to reinforcing and instilling social cohesion and unity values at early stages of child and youth development.

Civic participation in voluntary and civil society organizations is a primary means for connecting people to each other in society. Acting collectively and participating with other citizens in joint projects and causes, help build relationships of trust and cooperation. In other words, these activities build "social capital". Hence, the level of impact of civil society and contribution to social development and poverty

alleviation is measured by how integrated and connected CSO, are to citizens, grassroots and the poor.

Building alliances and coalitions. Networking and building alliances with other NGO networks and civil society organizations is important to fostering social and community well-being, especially in areas where there are complementary aims and objectives. Several networks and coalitions are active and well developed in the Arab world. But their capacity, at times, to represent the interests of all members is in question. Further, CSOs in various Arab countries have expressed concerns about lack of coordination and cooperation, amongst them, on common policy issues and interests. Others pointed to lack of ability to build alliances and collaborate with citizens and other civil society organizations.

Private sector support. Large businesses and corporations have a significant role to play in supporting the work of local community organizations and civil society. However, such support has not fully materialized even in developed and industrialized countries. The private sector in several countries, has not integrated support for civil society into their corporate strategies. Such collaboration is important not only to secure "local funding" for community development, but also to facilitate policy dialogue and consensus building around important economic and policy issues. With the resources and power that the private sectors enjoy, they can exert more influence on politicians and the policy process than the influence exerted by civil society. Further, it was pointed out at ESCWA's conference in Cairo, that foreign funding to civil society organizations has also contributed to the already diminished support of the private sector to civil society organizations. While the former is criticized for "co-opting" local organizations, the latter has not come forward with alternative funding schemes in support of local organizations to implement national policy priorities and social programmes addressing the needs of the poor.

Funding sources. This is a crucial and tricky issue in the context of Arab civil society, as in other developing countries. Dependence on donor funding is perceived with suspicion by governments, as we discussed earlier. Relying largely on government resources, CSOs run the risk of being totally dependent on government funding which, also may circumvent critical voices disagreeing with government's policies and strategies. Civil society is better off supported by revenues and income from local businesses, the private sector, constituencies or groups they represent, activities and programmes they deliver as well as other funding sources, national and international.

B. LEGAL AND POLITICAL SPACE OF CIVIL SOCIETY

Regulatory Environment. The way in which CSOs are regulated and taxed can make a difference to their ability to affect social and community well-being. Tax regimes, for example, can be supportive or burdens on civil society. It can support civil society by encouraging individual and businesses to donate to CSOs. On the

other hand, tax and regulations can make it difficult for CSOs to engage in advocacy activities. In several Arab countries, civil society organizations have to endure a lengthy and complicated registration process with no guarantees of approval. This plays a significant role in "screening" civil society organizations and ensure conformity to specific criteria and rules.

Government-civil society partnerships and co-operation. If civil society is to have a real effect on government decisions and influence the policy-making process, CSOs must have access to the executive and legislative levels of governments. In the discussion above, we discussed in details the importance of institutional framework to creating a space for civil society to access policy makers and be represented in policy forums.

Promoting civic participation and recognition. If civil society organizations are indeed effective in delivering social services and programmes, and are true representative of diverse social groups and movements in society, they should enjoy clear public support from the society at large, and entrusted to represent their interests and priorities.

C. VALUES OF CIVIL SOCIETY

Equity and social justice. It is expected of civil society to promote values and norms endorsed by and common to all citizens. Social justice, social inclusion, gender equity and human rights, environmental concerns and other values are some of the common values promoted by civil society around the world. The more vocal and committed civil society to these principles, the wider the support it receives from citizens and society at large

Transparency and accountability. Regardless of their size, civil society organizations are first and foremost self-governing. CSOs are expected to use a range of accountability measures. Some are applied by external regulatory agencies while others constitute internal self-regulating measures. This often involves ensuring that the appropriate processes and structures are in place to address an organization's operations and activities. Transparency and accountability are key to their credibility, legitimacy and endorsement by citizens, governments and donors.

Participation and governance. Although the ways in which CSOs govern themselves differ considerably from government organizations or corporations, however, they are to maintain and implement democratic practices, procedures and processes and have strong relations with their constituents, stakeholders and volunteers. Many analysts have emphasized the importance of participation and consensus-building in effective design and implementation of governance programmes and projects. Governance on the other hand, implies addressing the issues of NGOs vision, mission and strategy. It focuses on future directions and long-term strategic

programming and it defines norms and values that are the basis of institutional functioning.

D. Impact of civil society

Civil society's impact on public policy. If civil society organizations are to help improve social and community well-being, they need to influence prominently the policy agenda. In Canada, policy communities and networks play an important role in shaping social policy. Policy communities were very active in building public consensus on principles of the Canadian social union. Policy networks engaged policy makers, legislators and academics in roundtable discussions to define a "new social contract" for Canada. It is true that some Canadians were disappointed with the government's new social policies which, they claim, reflected the perspectives of neo-liberals within the policy community, it is also evident that policy dialogue and public participation is an important part of the policy process in Canada.

Responsiveness of civil society organizations. Changing government roles, increasingly diverse populations, and new political, economic and social realities have required CSOs to broaden and adapt their programmes and services. Civil societies need to adapt quickly to these changes, have the capacity to identify new needs and demands arising from their constituents, and be able to deliver social services using innovative means.

Effectiveness of civil society organizations. To achieve social development and community well-being, it is important that people have the capacity to engage in civic life. Civil societies have a major role to foster such learning environment and build the capacity of local communities. In doing so, civil societies reach the poor in their local and remote areas and ensure their participation and equal access to public resources and services.

Conclusion

The discussion in this paper focused on how to empower civil society and citizens to contribute to social and development processes. Civil society is central to sustainable development, good governance and democractization and is key to poverty alleviation. The paper stressed that state-civil society relations are not zero sum game. It also highlighted the problematic approach by donor agencies in concentrating support in civil society activities and programmes and not so much on representative institutions. Donor funding to civil society has created tensions leading to enacting laws that restrict their functions and mandate. The paper offered ideas on how to build confidence and trust between state institutions and civil society and insights into how to empower and enhance the effectiveness of civil society in influencing the policy process and delivering social programmes.

ENDNOTES

1. Hyden, Goran. 1997 "Building Civil Society at the Turn of the Millennium", in *Beyond Prince and Merchant: Citizen Participation and the Rise of Civil Society.*

2. Salamon, L. 1993. *The Global Associational Revolution: The Rise of the Third Sectyor on the World Scene.* Occasional Papers 15. Baltimore: Institute for Policy Studies, John Hopkins University.

3. The definition of human development was first presented in the 1990 report. It stressed "Human development as a process of enlarging people's choices. The most critical of these wide–ranging choices are to live a long and healthy life, to be educated and to have access to resources needed for a decent standard of living. Additional choices include political freedom, guaranteed human rights and personal self-respect" (HDR, 1990. 1). In the 1995 report, the concept was related to four basic elements necessary for human development: productivity, social justice, sustainability and people's control over their destinies.

4. The UNDP, *Good Governance and Sustainable Human Development* (New York, 1997).

5. The World Bank, *Governance and Development.* (Washington: 1992).

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COMMENTARY ONE

Osama Al-Ghazali Harb

I will begin with three general remarks:

1. Dr. Elissar Sarouh chose to address the role of the civil society within the framework of good governance first, and then went on to detail extensively the role of the civil society in poverty reduction.

2. The paper relates to the West, Canada in particular, much more that to the Arab countries.

3. There is a clear connection between the three concepts mentioned in the paper: good governance, civil society, and poverty reduction.

Then I will address issues related to the Arab world: in relation to governance, there is a problem in the Middle East and in the Arab countries in particular, that makes them seem immune to democratic evolution. We should recognize the presence of a democratic crisis in the Arab countries, we should understand it properly and try to explain it.

It is very important to remember that the dynamism of the civil society is an integral part of the political system and its democracy. We note that the Egyptian society witnessed during the liberal period of 1922-1952, a significant expansion of charitable societies; one cannot deny that the record of this era is quite positive. Many of the Egyptian institutions related to health and education came to be, due to these charitable organizations. After the 1952 Revolution and the increased role of the State, and its dominance of the economic and social life, in addition to the lack of political plurality for over a quarter of a century, Egypt witnessed some regress in the role of the social and civic society organizations, with the State becoming the focal centre for all efforts related to development, employment and social care. This era also witnessed a full control of the government over the unions and all the civil society institutions.

In the new era, especially since the early 1990s, and with the economic and political shift in the system towards political plurality, once again the civil society in Egypt became active. However, this activity faces many important hurdles that limit its development and effectiveness, among them:

1. The struggle between state and civil society in Egypt over the laws that regulate the institutions of the said societies, is due to the Government's attempts to control these institutions.

2. The persistence of the old authoritarian mentality in many governmental institutions.

3. Because of the Government's denial of the Islamic forces from the possibilities of political representation, these forces resorted to the formation of societies and unions, hence, were able to play an important role through the civil society.

Moving to address the role that the institutions of the civil society actually play in the process of poverty reduction in our countries, we notice the following:

1. In our countries, these institutions receive substantial foreign aid. Many use these funds to improve their performance. This aid, in fact, reflects negatively an important aspect, the philosophy of these institutions and their role: the principle of voluntarism, where the rich and educated help the development of their local community.

2. Foreign aid has a negative and unproductive effect; it curbs and replaces the forces that should contribute in development. Accordingly, it is important to study this problem and find a solution while maintaining the flow of funds.

Many obstacles stand in the way of the growth of the civil society and its role in socio-economic development and poverty reduction. We can sum up these hurdles by the following:

(a) The relation of civil society with the state: is it complementary, or confrontational or a relation of common interests;

(b) What criteria should be used to judge whether this or that institution is part of the civil society or not? What is our position regarding social and political exclusion?

(c) To specify the priorities of the civil organizations;

(d) The source of financing and the aims of the financiers;

(e) The issue of transparency and accountability;

(f) The principles behind the institution of a society or an organization;

(g) The disparity between the resources of various civil society institutions and organizations reflects the significant disparities between local communities and regions within the same country.

COMMENTARY TWO

Mahmoud Abdelhai Salah

After expressing my appreciation of the paper presented by Dr. Elissar Sarrouh, I will sum up my commentary in a few remarks:

1. The use of the terminology "civil society" within the Arab framework gives rise to a confusion that needs to be noted and clarified. In our Arab cultural background and in the casual Arab language, whenever the word "civil" is used it is immediately played against "military". I do not believe that such a cultural relation is present in the occidental culture of today. Civil society is associated with systems and mechanisms used to manage the common affairs of the society, national or local, by means of the democratic process and the interaction between different ideas and movements, definitely not through a full reliance on the authoritative power of the government.

2. The concept of the civil society within the western framework and in the western discourse, as clarified by the paper, groups contradictory social and political movements, this being its aim and objective substance, while the intellectuals and academicians in some Arab countries, including Egypt, often agree with the government in the social and political exclusion of some movements. On one hand it underscores, in view of the Arab condition, the importance of defining the criteria by which we determine if an organization, association or a party are part of the civil society or not. On the other hand, it stresses the necessity for all parties to agree on putting an end to the notions and practices of social and political exclusion. It is a necessary condition to galvanize the role of the civil society and consolidate the democratic transformations in the Arab world.

3. Considering the Arab particulars, the internal and external challenges and the continuous tensions between state and the civil society institutions, transparency and accountability are an essential basis for the development and strengthening of the role of the institutions of the civil society in development and poverty reduction. If the call for transparency is essential in relation to government, it is crucial when dealing with the civil society institutions.

4. It is adequate for the partners in development, state, private and public sectors and NGOs, to come to an understanding on the range of activities and priorities of the civil society institutions and on the management of the fund's origins and the rules of accountability.

5. There is a necessity to strengthen the bargaining power of the civil society and its institutions. This is especially true in the case of the Arab world where these institutions have foreign and local financing. It is necessary, in order to reach a compromise that serves the interests of all parties concerned, while maintaining the positive role to be played by the civil society organizations in achieving development

and poverty reduction on the national level and people's rapprochement on the international level.

6. We need to seriously study the disparity between the resources of the various civil society institutions and organizations and its ramification on the democratic process from one side, and on the disparity between various levels of development on the regional side.

DISCUSSION

George Kossaifi

First I would like to acclaim the efforts put into the paper and the commentary, then I will propose some remarks:

1. The first remark is about the concept of governance, the civil society and the arm of the donor countries. Our meeting aims at elucidating the concept and the mechanisms, and at providing the context agreeing our development requirements, not those of the donor countries.

2. We live in the era of globalization whereas we face many related and resulting issues. I call for a serious and effective cooperation between the various national civil societies in our Arab world and the Third World on one side and the organizations of the western civic societies on the other side. This is an important point that needs to be stresses because it can help us face the problems of globalization.

3. It seems that in our countries the the civil society organizations remain marginal, while they became an important element of the social tapestry in the West. It is possible that the marginal status of the organizations of the civil societies in our countries is due to the fact that they are still at the early stages of development, nonetheless, it is a fact that the pressures exerted on them by the governments in all Arab countries are the main cause of the actual situation. Dr. Ghazali mentioned this factor in relation to Egypt, however, his commentary can be applied equally to all Arab countries without differentiation between republics and kingdoms.

4. We may not disagree on the fact that foreign aid to the civil society organizations has a negative effect on their activities and goals, but we notice that there are no Arab institutions or funding sources to promote, for example, scientific research or any other issue related to these organization and their activities. Private donations are quite limited and governmental funding of these organizations is almost inexistent, thus there might be no alternative then to get foreign aid. This is a stumbling block, the solution possibly being the activation of the old system derived from our past, the "Wakf".

Fatima Sbayti-Kassem

We have to discuss the evaluation of the role of the civil society organizations as this is quite an important subject. We may be able to set some indicators as follows:

1. The representative management of these organizations by a democratic process that would allow the youth to participate in setting and implementing the plans and programmes. This would drive them to enthusiastically invest the utmost of their capacities in the activities of these organizations.

2. Growth and expansion until these organizations cover the whole regions, villages and cities of the nation. We actually notice that most of the NGOs are present in the cities which indicate an imbalanced distribution. They are not present in the remote areas where they are mostly needed in order to spread awareness and drive the individuals to work on solving the problems of which such regions suffer.

It is not useful to bring about controversy by stating that the civil society is a replacement for the government. I do believe that the civil society is not a replacement for the governmental institutions and this is not a subject for debate as it is a fact that NGOs cannot assume the role of the government, except in armed conflict regions such as Palestine, Lebanon, Yemen and Iraq. I must stress that women's organizations have an important role to play in such conditions.

I would have loved Dr. Ghazali to complete his discussion over the sources of funding. Why do we criticize foreign funding sources? Certainly because they have goals that do not necessarily meet our national needs. What is the solution? It is necessary to generate and activate sufficient domestic sources of funding for the civil society organizations in order to permit them to accomplish their national duties.

It is appropriate to stress the role of NGOs in development and the advantages of relying on them for various activities related to poverty reduction, development and social care, especially in the rural and remote areas. It is also necessary for women's organizations to play an active and avant-garde role in the issues of social defense, especially in issues such as qualitative and social equality and social integration.

Atef Kubursi

We all notice that the issue is not that the civil society is a substitute for the state or the government, its role is to complement, not to replace. The problem is that the donor countries chose to substitute the state or government by the civil society, thus, foreign aid to the civil society organizations took precedence over foreign aid to States. Egypt and India are good examples, the Canadian Development Organization used to grant all funds to the Sate within a multipart or duel framework by cooperating with the governments. A big chunk of this aid goes to the civil society today, a fact that may lead to a fragmentation of development and deviating its direction in favor of the donors and their strategy.

Furthermore, the establishment of pressure groups is an integral part of the essence and works of the civil society. Here, I wonder about the value and effectiveness of encouraging such pressure groups that have frequently played a negative role by hindering social and national unity, and favoring the special interests of the forces grouped within civil society organizations over national interest.

Mohamed Samir Mustafa Mohamed Hussein

It is well known that the civil sector is active in Egypt at least since the early Twentieth Century. This accomplishment is essentially due to the actions of the charitable Islamic and Christian societies in various fields such as education, health and orphanages. During the last decade, the main international organizations intensified their call for an expansion of the role of the civil sector until it plays a role equal to that of the public and private sectors. At this point we question:

- How do we guarantee that the role of the civil sector does not duplicate the role of the governmental sector: for example forestation, protecting the environment, public hygiene, education and health?

- The international organizations have significantly funded the civil sector, this financial aid has hindered the voluntary dimension of this sector, its ability to organize capital resources... What would happen if today or tomorrow the international organizations decide to withdraw their aid from the civil sector?

Salwa Sharawi Gomaa

First I wish to commend Dr. Elissar Sarrouh for her paper, and Doctors Ossama Ghazali Harb and Mahmoud Abdelhai for their commentaries. Then, I move to my intervention that stresses the following points:

1. It is important for Dr. Elissar Sarrouh to provide examples that would clarify the effect of the civil society in the decision-making operation for public policies on condition that these examples include Western and Arab countries with an elucidation of the negative and positive sides.

2. This leads us to notice that the paper lacks examples related to the Arab countries. In fact, there might be no Arab illustrations of the effect of the civil society organizations on setting policies and the decision-making process, but this does not mean that it is totally absent. The influence of the civil society is quite clear in Egypt, for example, by the work of Dr. Naamat Fuad, a great university professor who stood against the Pyramid Mount project that was a major project of the Ministry of Culture. She was able by the means of newspaper articles to polarize public opinion and Parliament to reject the project.

3. We in the Arab countries, find it easy to stress failures and do not tire ourselves looking for positive experiences. I mentioned first Dr. Naamat Fuad, but there are several illustrations of the role played by the civil society organizations in Egypt in the field of instituting environment laws and policies. These organizations were active in participating and organizing several discussion forums aiming at convincing parliamentarians to speed the environment law No. 4 of 1994. Another illustration is

the Friends of the Environment Society of Alexandria that took to court Alexandria the Municipality following its decision to close one of the roads and dedicate it to the International Health Organization. In addition the Health and Environment Organization of the New Cairo area played a major role in shutting down the battery factories after suing the government for lead pollution resulting from the activities of these factories.

4. As for the relation of the civil society with the government, as stated in the paper, as show, by many examples, the civil society organizations are not all equally effective. This is why it is important, when dealing with this issue, to add the issue of inclusion and exclusion in the decision-making process. The strategy of the civil society does not permit or forbid it. In other words, as much as the civil society organizations adopt a non-confrontational strategy of cooperation with the government, as much as they are able to reach their goals. Furthermore, participation in the decision-making process is more accepted by the government when these societies move away from political upheaval and political instability.

5. In regards to the relation between the donor countries and the civil society organizations, it would be better organized and would have less negative consequences if these organizations devoted their activities to the national goals and interests for development. It is also necessary for these organizations to vary their sources of funds and to plan for future financial independence through saving some of these funds to be used as a capital the returns of which would guarantee the future continuity of these organizations.

6. An ambiguity that deserves our attention is the failure of the civil society to internally adopt and implement the democratic values. Accordingly, it becomes necessary to study the extend to which the concept of good governance is applied, so as to clarify if participation, transparency and accountability are internally applied by these organizations.

Motassem Rashed

It is undisputable that the role of the NGOs is closely related to the issue of democracy. Without democracy it is futile to mention the civil society. Participation, in its wider sense, will definitely contribute to development because it guarantees that the returns of development go to the participants in development. Accordingly, poverty and economic depravation are greatly related to governmental performance, whenever governments behave well, then development and poverty reduction are more probable.

As far as our discussion stresses the relation between the civil society, social development and poverty reduction, then we have to query: what is the position of governments from the mechanism of the civil society? Specially that the actual international trend is to give credence to the civil society organizations and

institutions. Truthfully we have to separate, within the civil society, between businessmen's societies and all other organizations and institutions. Despite the fact that businessmen's societies are part of the civil society, they only act on behalf of the interests of their members, even though they show some interest in charitable events. The Egyptian experience fully confirms the aforementioned. As for the remaining civil society organizations, they are still far removed from fulfilling their role in our countries due to the bureaucracy that shackles public affairs. The project of law governing the institution of civil society organizations, actually being discussed in Egypt, is a perfect example of this bureaucracy.

In conclusion, we can say that it is required, in order to achieve development, to give more space to the civil society organizations, abiding by the popular saying "all what is fully gained is not fully lost" and stressing that the civil society activities can be complementary and helpful to governmental activities.

Ahmad Hammouda

I would like to point three important issues:

1. It is necessary to reach and agree on clear and precise definitions of governance and civil society. These are essential concepts that give rise to disagreements between several Arab countries, resulting in hindering the availability of measuring indicators in these fields.

2. It is necessary to indicate that the most important governance dimension in the Arab region is the political one. We should not neglect it when discussing the civil society's role and issues of participation.

3. The issue of foreign funding. We notice that some organizations are instituted for the lone purpose of getting foreign aid. It might be necessary, in order to avoid such situations and all aforementioned shortcomings of foreign funding, to search for a strategy for domestic fund raising starting by defining the real issue of development to be proposed to the public in order to motivate them into granting the necessary funds.

Naser Al-Sane

We have to ask ourselves truthfully: do we believe that the civil society organizations have an important role to play in our society? If we do not believe in this role, then there is no problem in setting very strict restrictions that would negate these organizations. But if we believe in this role, then, we are to support, encourage and protect the civil society organizations. We are to consider them an essential part of the society's institutions and organizations, accordingly, their nature and legitimacy is based on their membership and goals. Consequently, it is unacceptable to restrict their actions as far as they are instituted according to the limitations that the society and concerned authorities have set.

In order to guarantee the good performance of these organizations and their role, we propose to set the limitations within the laws ruling their institutions as follows:

1. Issuing a law that sets the limitations and conditions of instituting such organizations.

2. Adopting transparency, whereas the returns and expenses of these organizations are to be subject to monitoring and accountability.

3. Adopting democracy, by confirming the right of the members to directly elect the executive committee.

As for what is said about these organizations such as:

(a) They tend not to renew their leadership; it is their concern and we have nothing to do with it, it is the choice of their members;

(b) They are sometimes not serious; it is their own concern and it is the duty of their members to correct it;

(c) They rely on foreign funding; this is also their own concern within the limitations set by the law;

(d) They do not encourage the domestic business community to contribute financially as they do not need funding due to their foreign aid sources; it is an accusation that lacks proof, specially that it was not proved that the foreign funding is sufficient to fulfill all of their activities.

I personally believe, that these organizations have taken the shape of political ghosts. If Islamists acquire predominance in these organizations, then they are stopped in order to stop Islamist presence! Where is democracy? We all know that democracy is the acceptance of the rule of the majority whether Islamist or not, liberal or other.

Moussa Shteiwi

The definition of the civil society in the paper is complete; it includes parties, unions, the pressure groups and the NGOs. Nonetheless, all the analysis that followed and the discussion, stressed the NGOs. In fact, we cannot discuss the civil society forces without including the political parties who are the pillar of the political system and the unions. If we neglect the role of the parties and unions and limit our discussion to the NGOs alone, then it is a limitation. As much as the role of the NGOs is substantial it will remain limited within the process of development, fighting unemployment, and poverty reduction. This is why we are to discuss the civil society

as a whole, define and empower the role of its many parts according to the aforementioned complete definition.

Caroline Faraj

We notice that most NGOs are headed by a person either belonging to the governing elite or to the institutions of government. In fact, I consider it a positive factor as those with the loudest voice can most effectively raise domestic or foreign funds. However, the members of the civil society organizations do lack a full awareness of their role. This applies to several of the five Jordanian parties. The total number of party member, as stated lately by the Jordanian interior ministry does not exceed 10,000 members all in all. This implies that the society is not confident of the actions of these organizations.

On the other hand, the groups that care to do something for their society are not aware of their most basic rights. For example, some Jordanian ladies work in the rural areas. However, they are not aware of the laws they are working under and do not understand their duties and rights under these laws. This is a direct result of ignorance and the lack of needed information.

We notice that many of the leaders of the civil society plan their programmes from their headquarters at five stars hotels. They definitely do not live in their areas of action, and do not even visit the places where their organizations are active. We also notice that most of the parties and organizations that get aid do not have clear priorities allowing them to achieve workable projects. This in addition to the fact that they consider their right to get funds equal to the right of States in getting foreign aid.

Elakad Hassan Ali

Some remarks, the best of which:

1. As far as the civil society is a partner in development, it is necessary for the civil society to play a role in setting and implementing the plans, programmes, and policies of development, poverty reduction and fighting unemployment. It is necessary for the civil society organizations to be empowered by enough tools, information and indicators to fulfill this role properly.

2. As for the participation of the civil society in development, this operation will have important consequences on citizens in relation to the preservation of the fundamentals of society, fortifying and developing them harmoniously. This necessitates the reform of the educational programmes towards developing the spirit of social responsibility, mutual cooperation and the possibility to define public problems and proposing appropriate solutions.

Elissar Sarrouh

1. To say that the paper is influenced by my residence in Canada needs some clarification. I reside in Canada and am employed in a Canadian institution, thus I get exposed to facts and have some expertise in certain fields that you are surely aware of, but from a different position and a different outlook. I aimed at introducing some of my experiences, but this does not mean that I agree totally with or want to promote these experiences. I am just presenting these concepts as they are stated in the literature and policies of the donor countries and am also presenting how they are applied. The most important remark was made by Dr. George Kossaifi who said that we do not have to adopt these concepts in their totality, but what we aim at is to pick what we want, need, and can apply from these concepts. I will work on helping the donor countries to understand that their opinions and concepts cannot be applied as is.

2. I mentioned, but did not stress in my paper the subject of the role of the Islamic institutions in society. I see now that it is important for all of us to deal with it in an objective manner. I did not deal extensively with the role of the unions and the parties, however, this does not mean that I neglected these roles.

3. The subject of foreign aid was thoroughly discussed because it is an important subject. The explanation was sufficient and satisfying, I have discussed all the points that needed clarification. I am personally part of an institution involved in discussing these policies with the Canadian Government.

Based on my experience of the Canadian civil society, we notice pressure and repression exercised on the civil society organizations that have differences with and criticize governmental policies. Those who agree with the government are the institutions who get most backing, while those who disagree are usually marginalized. This is a fact. However, the difference in Canada is that the civil society organizations that adhere to the concepts of transparency, participation and democracy find those who support them within all social factions and rely on public support in order to complete their programmes, write and express their opinions thus holding the government accountable. This is the primary difference, these organizations represent social factions that support them and give them power.

As for the relation of the civil society with the government, I stressed the roles of the civil society and the state and did not say that the civil society is an alternative for the government. I expressed the concept of the civil society according to the liberal ideology and when dealing with the civil society organizations, I meant all of its organizations including the parties, the unions and all other institutions.

THE CLOSING SESSION

Osman Mohamed Osman
(chairman of the session)

I believe that this Meeting was constructive and has included several adjacent axis. The title of the Meeting was "Governance, Developmen, and the Eradication of Poverty". The words in the title governed the discussed subjects, their targets and methods. Then we queried: what is the format, method, and relation of governance to development...and to what extent does this format or method support or hinder development?

I do not want to start the debate from square one and say that it is easy to assume that achieving development does necessarily need democracy. We find clear examples in the countries of East Asia. The risk here is to advance assumptions about the relation or non-relation of democracy to development and to consider these assumptions as immutable laws.

Despite it all and in all cases, it is trivial to consider that we cannot achieve real development without a system and mode of government that achieves participation and includes the powerless or the less fortunate. Furthermore, whatever is meant by governance, its mechanisms and its components, the introduction to the issue of development, as we know it and see it, has to be an appropriate method or system of governance.

The correlation between development and poverty reduction is correct and worth noting. In fact, if we discuss development in absolute, our discussion loses lots of its value. Those who need to hear about development, improving their levels of life and improving its quality, are not the empowered who already have attained economic contentment. If we are to discuss the economic dimension in particular, they will furthermore achieve an additional benefit from economic development, by realizing better employment opportunities, improving their productivity and income. In fact development should aim at including, in the process of development and profit from its benefits, the lowest factions on the socio-economic ladder. Furthermore, in my opinion, the interaction is between, the system of governance, its methods and mechanisms that allow and are based on participation on one hand, and achieving development, equitable distribution and increase in employment opportunities and poverty eradication on the other.

I consider that the discussion sessions held during this Meeting are quite useful in proposing and developing the concepts and mechanism of relating all the dimensions of governance and development including poverty and unemployment eradication. If the topics of our sessions stressed some elements, the nature of the debate about these parts over-passed them, without neglecting any of them, to the whole. This calls us, during this final session, to try and reach some general

conclusions about this meeting topics that require further research and study. If allowed, I would like to start in that direction by proposing some general conclusions deduced from all the presented topics and discussions that followed:

1. During the opening session and what followed, we were introduced to a system or method of governance, its definition and the forms and mechanisms that indicate whether the system of governance and its methods are appropriate to achieve development. If we try to define these possible systems, the advantages and disadvantages of each of them, we have to move to the second step that calls for studying and building models of the interactive relation between two primary active parties. A quite obvious one is the state with its policies and mechanisms, and the second is the invisible hand (the market). Here we have to note, according to the majority of opinions during this discussion, that it is not possible to say that the market alone can achieve well-being, economic balance, and best use of resources. Furthermore, we cannot say that the state is able to achieve development and stability alone, by means of distributing resources and returns via direct executive orders that negate the market process and individual incentives.

2. The issue of governance is more than just a management of the society's economic resources. It is a sort of healthy combination of the roles of the state and of the market in development. Development is in its essence the issue of productive employment because we are in a society that cannot grow or realize an added value by the means of machines functioning on their own or with a limited number of managers that use remote control. The issue of economic development is in fact, in its essence, a social process. Furthermore: how can we make the issues of employment, increasing productivity and benefiting from the advantages of development the number one priority of the various partners in development, the government, the private and public sectors, the civil society organizations and the local communities?

3. We also agreed that the media, in all its forms, has a significant and influencing role in the issues we discussed, whether related to governance, development, poverty reduction or related to the interaction between them. Furthermore, the real performance of the media in our countries needs further study and evaluation in view of the issues discussed, in order to reach an activation of this role by initiating the checks and balances necessary for good governance and its practical applications in relation to the socio-economic dimensions of development.

These are few conclusive thoughts that do not cover all the discussed topics during the last six sessions. I do not want to digress further in order to leave the door open for the final recommendations of the participants. I am confident that it will constitute important useful additions to the topics and discussions of this Meeting.

CONCLUSIONS AND FINAL RECOMMENDATIONS

Following the conclusion presented by the chairman of the session the door was opened to debate around conclusions and final recommendations of the experts meeting on "Governance, Socio-economic Development and the Eradication of Poverty". The debate took around two hours and a half during which the remarks of the participants were noted, subsequently, the final draft of the conclusions and final recommendations were drawn, as follows:

1. Relating the focal points of governance, development and poverty reduction was achieved throughout the sessions of this Meeting in a harmonious manner that efficiently serves the crucial concerns of our region. A fourth dimension, of no lesser significance, was overlooked: the setting or atmosphere prevailing in our region due to the activities of those who refuse peace and the negative outcome of persisting violence over the opportunity to achieve good governance, democracy, development and poverty reduction. It is important to take notice of and find ways to handle this dimension.

2. It is important to focus on the issue of availability, authenticity, publication and accessibility of information so as to provide an objective foundation to the concepts of transparency, participation, control and accountability.

3. There is a need for further studies and in depth discussions of the means mentioned to achieve genuine democracy and the efficient management of the state and the society.

4. There is a necessity for a critical study of the indicators for democracy, and how they may represent a factual expression of the participation of all active forces in society, without forbidding or excluding any of them.

5. There is a must to define and study bad governance, its mechanisms, methods and negative consequences on the opportunities for development and poverty reduction.

6. There is a need to develop and outline an Arab indicator to assess the signs of good governance on the condition that this is done by means of nominating a first-rate, select few researchers to achieve this task, who are trusted in all the Arab world.

7. Despite the valuable contributions during this Meeting, there is still a need for a detailed ideological and practical study of the relation of democracy with socio-economic development and poverty reduction. We approached this relation in general, but it still needs theoretical expansion and confirmation together with practical application. Furthermore, a critical analysis of the illustrations is needed, whether in the Arab world or in the Western and Eastern countries.

8. There is a need for a study that would elucidate the method to increase the technical capabilities of Arab parliaments so as to allow them to properly fulfill their role of control and accountability related to the budget cycle process, development programmes and poverty reduction. We should be able to deduce from this study the foundation for organizing training seminars aimed at improving the capabilities of the deputies and the parliamentary committees that support them in analysing, following up, and correcting the above mentioned issues.

9. There is a necessity for applied studies, specially studies to scrutinize the contents of the media in all its forms, on the real role played by the media in the issues of democracy, development and poverty reduction.

10. Studies that focus on administrative, organizational and institutional reforms in the Arab countries, and the consequences on the opportunities for development and poverty reduction are required. There must be some concentration on the ambiguities of restructuring and the ways to overcome them.

11. How can we rationalize, make use of and rehabilitate Arab human resources basing ourselves on the Arab condition alone and in order to achieve the common interests of all the Arab countries? For example, how can we achieve Arab economic cooperation and go forward to an Arab common market?

12. Comprehensive objective studies are needed around the subject of Arab cultural ethics and their manifestation on the issues of governance, development and poverty reduction.

13. The concept of governance is not only an organizational framework with legislative, institutional and implementation dimensions. It is the background of this framework and the ethics and philosophy that surround it and its application. It is also the required goals and the mechanisms to achieve them. All of these are matters that need studies and detailed debate.

14. If we agree that the roles of the state and the market are not substitutes for each other, but complementary, we need to set standards for the role of each of them. These standards should take into consideration the differences in the conditions of the countries and societies and their level of development. This requires advanced theoretical and applied studies.

15. The relation between technological development, the methods of investment, work opportunities and poverty reduction require studies and in depth discussions by experts in many specialties. These studies should start by scrutinizing the reality of growth in the Arab economies in order to specify if they generate or lessen work opportunities, specially in the wake of globalization and joining the world markets.

16. There is an urgent need for studies and research that reflect Arab cultural and social particulars and the derived vision for the future in the qualitative fields of democracy, participation mechanisms and poverty reduction.

17. There is a need to study the civil society organizations in the Arab countries. The aspects to be studied are the statutes and bylaws of instituting these organizations, the extent to which they represent all social and economic factions, the extent of their regional geographical distribution, the issues they are concerned with, the sources of funding, and the extent to which they confirm to the criteria of transparency, accountability, administrative democracy, social ethics, and the interests they represent.

18. There is a need for studying seriously the approach to achieve local financing for the activities and works of the civil society organizations in the Arab world, and the way to handle the issues of foreign funding, especially on the subject of the commitment to national priorities in the fields of development, employment and poverty reduction. This drives us to the need to research a method that would increase the bargaining power of these organization with the donor parties whether local or foreign.

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