

Between Universalism and Political Survival: Trade Unions Politics and Economic Security in the Middle East*

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Introduction

Guy Standing recently argued that ‘unions have always been at their most effective when they have appealed to a vision of the future, rather than clinging to the past’ (Standing 2004), suggesting that basic income would, indeed, be such a visionary objective: if unions endorsed universal and unconditional cash transfers, they would substantiate the human right to economic security, strengthen the sense of social solidarity, empower women and men to refuse exploitative jobs and abstruse working hours and pave the way for the elimination of the ubiquitous low-income clusters that haunt the global economy. Few here would dispute that, by campaigning for an unconditional and universal right to (basic) economic security, unions would not only revive the egalitarian and progressive ‘leftist’ core of trade unionism, but help reinventing the labour movement ‘after’ labourism (in advanced economies) and give a meaning to the hollow calls for a ‘people-centred’ development (in emerging/transition economies). Yet, it is apparent that, even though large parts of the engaged public and most (development) NGOs would welcome more universal and inclusive trade union policy objectives, few unions are prepared to mainstream basic income into their political programmes and strategies.

In this paper, I argue that organized labour’s reluctance to endorse basic income is not just a consequence of the idea that economic security has to be based on sufficient work and (formal) employment. It is also a result and reflection of the political role unions have as corporations of those in employment. Consequently, I argue that trade union positions towards basic income reflect not only normative concerns about what unions should do, organizational behaviour reproducing what unions have been doing, or economic opportunity considerations about the benefits and costs of different forms of social protection and mutuality, but also the political risks associated with the advocacy of egalitarian and universalist redistribution. I therefore propose to broaden the research agenda on basic income: besides discussing whether trade unions should advocate basic income on normative grounds, and evaluating the aspirational value of ‘real freedom for all’ for organizations who have long considered labour both as a value in itself and a means of emancipation; besides examining trade union platforms and programmes dealing with current or future challenges to economic security, and documenting union attitudes towards universal and unconditional income transfers; and besides analyzing the distributional effects such transfers are likely to have on trade union members and outsiders, and mapping conflicts within the labour force, I propose to inquire under what conditions unions participate in social governance, to examine their policy agendas in relation to their ability to affect policy outcomes, and to consider (likely) incumbent reactions to policy changes designed to modify the structure and topography of political space.

In the following, I adopt a critical international relations perspective to examine how economic internationalization affects the role trade unions play in domestic politics. I consider three generic and interlinked theoretical assumptions: first, that the shift of authority from the international states system to the global markets has further distorted the uneven distribution of power in the global economy, and that the current finance and production structures are more responsive to the greed of the ‘transnational capitalist class’ than to the grievances of the ‘have nots’ (Strange 1996, 1999). Second, that even though a growing number of analysts and policy makers perceive inequality and poverty a threat to international security, the inability of large parts of the world’s population to achieve human well-being has not (yet) produced an effective international framework for social governance and redistribution.¹ Third, that the absence of an adequate global strategy against economic insecurity has made ‘social protection more difficult to finance [and negotiate] and more necessary than ever’ (Euzéby 2002: 32), increasing pressure on the tripartite arrangements for social

¹ On the idea and impact of ‘securitization’ as a ‘move which takes politics beyond the normal rules of the game’ and defines individual issues as an absolute priority and precondition, see Buzan, Wæver and Wilde (1998): 23. For a discussion of the impact inequality has on (collective) security, see Hurrell (1999)

governance through which political authorities, workers' and employers have traditionally attempted to balance the interests of capital and labour.

Arguing that trade union policies are conditioned by the domestic and international political context, I do *not* imply that union preferences make them responsible for the desolate state of 'social floor' of the global marketplace, in which the struggle for higher wages, better employment guarantees or higher safety standards for some usually increases the pressure on working conditions for many. I strongly believe that, even when union demands have 'anti-poor' externalities, the fact that the vast majority of the world's population lacks real opportunities to pursue happiness is a result of the failure to establish efficient market correcting institutions – and not of the struggle over redistribution that initially lead capital to internationalize production in the quest for cheaper, more docile and less protected labour. I do, however, question the (methodologically less than convincing) view that economic liberalization leads governments to 'compensate' the increased competitive pressure workers face in the global economy 'not only with higher government expenditures, but also with better protection of [union] rights' (Neumayer and De Soysa 2006: 44).²

The analytic aim of my paper is to detail how the endorsement of a rights rather than membership based approach to economic security affects the capability of trade unions to contest and restrain market forces in flawed or weak democracies, and how international reform and aid programmes affect the terms of engagement for trade union participation in social governance. Empirically, I focus on middle income (non-oil exporting) countries in the Middle East. In fact, I believe that even though some doubt the comparative validity of Middle Eastern 'cases' (Anderson 2006), the crisis of Arab trade unionism illustrates some of the challenges labour movements expected to act as agents of change face in emerging markets in which fragile or flawed democracies are built upon widespread poverty, segregated labour markets, economic stagnation, unresolved political or military conflicts and a substantial international involvement that affects not only national policy space, but also the dynamics of contention in social governance, effectively undermining development perspectives.

In the following sections, I will 1) briefly sketch how economic reforms affected employment in the Middle East, and outline the plans for a reform of social protection; 2) review the role unions played in the reform process and how the reforms affected union capability; 3) discuss government-union relations and international conditionality defining the terms of engagement for unions in social governance.

Reforming the Middle East: Programmes and Numbers

Over the past twenty years, MENA countries have been repeatedly ranked among the 'global losers'. The region has world's lowest labour force participation and the highest unemployment rates... In the early 1990s, demographic growth, declining oil revenues in the Gulf states and trade sanctions against Iraq exposed the structural weakness of the regional economies. While some experts warned that the economic crisis, and the resistance against structural reforms, was a legacy of the strategies, interests and mind-sets that shaped the post-independence social contract (Richards 2001), concerns about regional political instability lead the international community to advocate economic reforms and political change. Thus, in 1995, the European Union launched the Barcelona Process to 'deepen' the socioeconomic and political ties between the EU and its southern neighbours and to promote the regional economic integration through an institutionalized dialogue,

² In fact, although based on Kucera (2004)'s valid and reliable index of de facto and de jure violations of trade union rights between 1993 and 1997, Neumayer and De Soysa's 'tentative conclusions' have no empirical basis; in the absence of meaningful time series, there is no evidence to support any assumptions about the dynamic relationship between economic liberalization and the recognition of trade union rights that would support assumptions about policy-makers' management of globalization.

financial assistance, technical advice and improved market access. By entering the Euro-Mediterranean Partnership, Arab states agreed – in principle – to liberalize trade and services, facilitate investments by promoting regulatory convergence and pursue structural reforms to eliminate obstacles to growth, investment and job creation in a ‘healthy’ macroeconomic environment (Euro-Mediterranean Conference 1995; EC 2005). The lack of strong political conditionality suggests that the EU was willing to accept that those who had been in a position to oversee the transition to an open economy should be given the opportunity to keep the power of arbitrage and patronage of the reformed markets.

The same applies for the review of the often lenient conditions for international financial support that US administrations had backed during the cold war when policy makers in Washington decided to increase the leverage the Bretton Woods Institutions had to demand structural reforms.³ In 1995, the World Bank advised Arab rulers to tackle ‘the troublesome nexus of state-owned enterprises, resistance to trade liberalization and privatization, and the labour elite in the public sector’. The Bank expected the political authorities to endorse ‘rapid growth’ and to eliminate regulatory and structural barriers that might compromise private sector expansion and efficiency. According to the roadmap for regional development, governments were to signal their commitment to free trade, privatize state owned enterprises to document their commitment to competitive markets, liberalize labour markets ‘to increase the productivity of educational investments’, make sustained efforts to control real wages to maintain macroeconomic stability and eliminate ‘minimum wages and restrictions on firing and temporary contracts’ in order to cut ‘regulations that discourage job creation for the poor’ (World Bank 1995: 4-5).

The lack of transparency of the political processes in the region makes it difficult to assess to whether the neoliberal reform agendas advocated by the international donors and trade partners restricted national policy space, or whether it enabled the ruling elites to implement already existing policy preferences vetoed by coalition members. However, it is quite apparent that adherence to the reform programme varied across countries and issue areas. It had little effect on the way the Lebanese economy was run, or rather, on the Lebanese attempt to restore the social, economic and political (infra) structure that had been crippled by the civil war, the Syrian occupation and the unresolved conflict with Israel. The Jordanian government closely cooperated with the Bretton Woods Institutions, the EU and the US, (partially) privatized some of its infrastructure and industrial operations and passed a new labour law in 1996. The Egyptian government joined the WTO in July 1995, immediately stepped up their privatization programme,⁴ but had to postpone the introduction of a new labour code, which eliminated public sector employment guarantees, until it reached a compromise with the Egyptian Trade Union Federation (ETUF) in 2003, the EU Association agreement entered into force in 2004. Even though the private sector currently contributes approximately 60% to the Syria’s GDP, the Ba’athist regime apparently opted for a slow transition from the planned to a ‘social market’ economy. The regime is still engaged in on-and-off negotiations about WTO accession and its Association Agreement with the EU; Syria is also among the few countries in the world that has so far resisted the call for privatizations.

Considering the wide range of exogenous factors that affected economic development in the non-oil exporters in the Middle East over the past decade, it would not be surprising if the outcomes of the reforms were mixed – but were they? Between 1995 and 2004, Egypt’s real GDP grew at an average of 5%, the trade to GDP recently recovered after a sharp decline.⁵ Productivity in the agricultural sector increased significantly, and national accounts suggest that output at constant

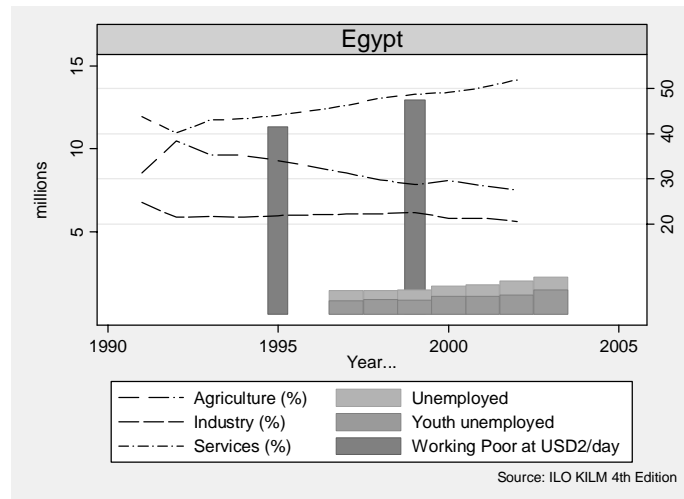
³ See e.g. the case study on Egyptian debt rescheduling in Momani (2004).

⁴ Transferring 51 of the 117 state owned enterprises that were floated until 2001 in 1996 and 1997 (World Bank Privatization DB).

⁵ Dropping from ca. 51% in 1994 to 38% in 2000 (World Bank WDI).

prices grew steadily in all other sectors. Over the same period, overall employment in the industrial sector remained stable, and workers moved from agriculture into the services sector. Yet, the relatively high growth rate and the shift in employment did not have the anticipated distributional effects. According to official estimates, by 2003 total unemployment had risen to 11% and youth unemployment had reached 27%. Moreover, between 1995 and 1999, the number of working poor increased by 1.5m to 12.9m, representing a slight relative increase from 71.5% to 71.7% (Figure 1).

Figure 1 Unemployment, underemployment and employment by sector, Egypt



While macroeconomic indicators vary across countries, the absence of socioeconomic development is a recurrent theme in all of them. Comprehensive reforms enabled Jordan to join the WTO in 2000 and to negotiate free trade agreements with the EU and the US in 2001, but did little to reduce poverty and unemployment. Over the past decade, the official unemployment rate oscillated around 14-15%, unofficial estimates assume it to be closer to 30%, which roughly corresponds to the official youth unemployment rate.⁶ The pervasiveness of the transformations of the international structures of production and finance has not only increased the vulnerability of open economies – such as Jordan – but also increased the pressure on closed economies. Despite economic planning, and not accounting for the higher than regional average share of military personnel,⁷ the notoriously underreported official unemployment rate in Syria has risen to about 16% in 2005, youth unemployment had surpassed 26% (in 2002). Currently, around 30% of the Syrian population are estimated to live on less than USD 2/day,⁸ and both poverty and the employment situation are likely to further deteriorate in the near future, since the regime is planning to downsize the civil service and made the increase of factor productivity one of the priorities of the 10th Five Year Plan.

Tacitly acknowledging the failure of its growth oriented reform programme, in 2002 the World Bank published a comprehensive assessment of the challenges the economic (and demographic) changes posed to the region's 'social protection' programmes and institutions. While noting that 'prudent macroeconomic policies, better governance, and more efficient regulatory institutions' would have supported economic growth and reduced pressure on the welfare systems, thereby denouncing the evident governance failure in most parts of the MENA region, the Bank proposed to

⁶ Poverty is widespread, GDP per capita is hovering slightly above the 1995 level, government debt is soaring and the balance of trade continues to accumulate deficits. Rather than reducing consumer costs, the opening of the economy has increased the pressure on real manufacturing wages, which remain well below the 1995 level (World Bank WDI 2006, ILO KILM 4th Edition).

⁷ 11% in 1995, 7% in 2005.

⁸ Many Syrians living in poverty, *IRIN* (17 Sep 2005).

redefine priorities for the social protection system without giving further thought to the flaws in the ways their 'clients' have been handling public affairs. Predictably, the Bank's agenda focuses on a 'selective' improvement of the existing public, private and communal 'risk-coping mechanisms' in order to relieve the public safety nets 'of some of their mandates', and relies heavily on improved targeting of public programmes (World Bank 2002)

Trade unions and liberalization: Lost in the global markets, caught in local politics?

Unions have, so far, kept a low profile on the last series of reform proposals. According to a long term observer of the Egyptian labour movement in Cairo, union leadership has, until now, focused almost exclusively on the changing national industrial landscape, underestimates the extent of the transformation of the broader economic and political environment, and is unprepared to deal with the effects the still somewhat haphazard economic integration is beginning to have on labour market and welfare institutions.⁹ Several high-ranking members of the ETUF and the general unions confirm that the Egyptian labour movement is at a crossroads, and acknowledge that advocating workers' rights would require new strategies and organizations. However, they also admit that a series of strategic errors during the first wave of privatizations has damaged the image the union had in society and weakened its position in the political system, some going as far as to suggest that a collapse of the ETUF would not just facilitate a union renewal, but be necessary to make it possible.

In fact, much of the criticism of the ETUF is warranted. In the 1990s, union leadership bought into the government's privatization programme, demanding that employees be awarded 10% of the stock of state owned companies transferred into public ownership. However, its attempt to secure union rents through a co-ownership in the private sector failed. By 2000, most minority participations in profitable plants had been taken over by investors, and most loss-making plants had been either downsized or closed. According to union figures, in the process, more than one million workers – the core of the former 'labour elite' – had been either laid off or forced into early retirement. In some sectors, the general unions managed to negotiate higher severance payments, but they were unable to turn the tide. In the December 2001 union re-elections, which has been

'widely acknowledged as one of the most dramatic examples of operational democracy in Egypt, union members voted out 70 percent of their leadership at the plant level. Underlying this ouster of the old leadership was an almost universal dissatisfaction concerning the old leadership in the face of Egypt's new economic developments. Union members did not believe that the old leadership was adequately informed and sufficiently prepared to cope with the challenges of globalization and privatization' (ACILS 2003: 8).

Today, union leaders close to the National Party and the inner circle of the ruling elite confirm that through their failed privatization strategy, the federation and the general unions lost not only a substantial part of their basis and cadres; they lost and never recovered their credibility among the workforce. Despite the fact that the 2003 labour law allows any group of at least 50 employees to form a workplace committee *if* they register with one of the general unions affiliated with the ETUF, they are still struggling to set foot into private sector enterprises.¹⁰ They also concede that their bargaining position in the National Party deteriorated, and that they lack the leverage that guarantees business elites a privileged access to the formal and informal deliberations about labour market and welfare reforms. At the same time, they are aware that the general unions remain the only mass organizations that have some access at all.

Other Arab unions face similar obstacles. The General Federation of Trade Unions in Syria (GFTU)'s focus on industrial restructuring and consolidation may not be surprising in the context of

⁹ Anonymous, good government contacts.

¹⁰ Egypt Labour Law, Article 148

a planned economy, in which the trade union system is an integrated part of the bureaucratic apparatus that enables the ruling elites to pass instructions to the unions and workers, and in turn inform decision-makers about worker conditions and needs (US DoS 2005). Yet, the (apparent) absence of a union-wide debate about the planned reduction of the public sector workforce suggests that unions have even less to say about the reform of welfare institutions. In fact, even though approximately 75% of the estimated 540'000 union members affiliated with the GFTU are employed in the public sector (Hinnebusch 2005: 349), the union does not seem to be involved in the (EU-supported) government programme for economic modernization, which expects that the restructuring of the public sector 'will result in significant unemployment', and whose current activity appears to consist in reviewing the functioning of the labour market institutions and 'international experience[s] for dealing with the social consequences of public sector restructuring' in order to figure means to 'responsibly' deal with the 'surplus labour in the Syrian economy'.¹¹

While one could well blame many of these developments on the incompetence and short-sightedness of a compromised union leadership, the inward-looking and narrow focus on national industrial policies and 'in work' benefits is also a consequence and reflection of the ambiguous role trade unions have played in post-colonial Arab politics. In fact, even though unions can be 'key players in national and international democratic movements [and] have *at times* been able to provide democratic models and have been the voice of workers ... , where political opposition is silenced or restricted' (ILO 2004: 8 *my emphasis*), most observers agree that in the Middle East, this has been an exception rather than the rule. As Richards and Waterbury (1996: 316) point out, soon after independence most Arab trade unions settled into 'corporatist arrangements', which rewarded political loyalty and production security with a monopoly over workers' representation for union organizations, wage benefits and secure employment for union members.

The reasons why union organizations such as the GFTU have been trapped in these past arrangements, while others, such as the ETUF, are struggling to reposition themselves in a market-oriented economy, are, no doubt, complex. However, there is a recurrent pattern in the way government-union relations are structured and that Bruce Bueno De Mesquita et al. (2003) describe as the 'logic of political survival': Because of the part unions played in maintaining social control in the typically divided labour markets in the post-colonial Middle East, in which a relatively small worker elite running the public service and the strategic import-substituting and capital-accumulating industries was established in face of a much larger informal sector, Arab unions secured themselves a place in the 'winning coalition' of the post-independence 'selectorates' – along with the armed forces, and well beyond reach of most small and medium (and family) enterprises. To secure their political survival, incumbents reward the support of these coalitions by providing their members with more or less exclusive goods – in the case of trade unions: with higher wages and employment guarantees. However, while incumbents usually seek coalition partners among those parts of society with whom they have 'the highest affinity', affinity is no guarantee to remain within the winning team. Incumbents may adapt their tax and spending policies to changes in the relative size and composition of both the selectorate and the winning coalition, and Arab leaders have repeatedly and quite ruthlessly done so to modify both selectorates and winning coalitions.

If, therefore, economic liberalization allows incumbents to broaden their winning coalition by providing public goods – such as lower consumer prices for imported goods – at a lower total cost than they would need to provide private goods to the members of a relatively small winning coalition (high wages and employment guarantees for public sector workers), it is unlikely that they maintain the additional members of the smaller coalitions – unless they depend on their support,

¹¹ For a programme overview, see <http://www.ismf-syr.org/English/TOR.html> [last visited: 20 August 2006]. Programme officers declined to comment on the process.

which usually applies to the various branches of the security apparatus, but not necessarily to the unions that used to have their stronghold in the state owned enterprises. In fact, several union leaders in Egypt and Jordan acknowledged that their weak base in the private sector made them more disposable, making it increasingly difficult for them to influence or challenge government policies directly affecting their member base, and almost impossible to influence wider economic and social policies or reforms.

Political survival and conditionality: Markets and Authority revisited

Public sector reforms and privatizations in Egypt and Jordan, and the planned downsizing of the Syrian bureaucracy suggest that the ruling elites in the Middle East are attempting to reduce their reliance on trade unions by increasing the revenues from the non-unionized private sector. But although the lack of reliable and systematic data on union membership, density and composition makes it impossible to assess to what extent economic liberalization has effectively weakened the mobilization structures of Arab trade unions, it does seem that the ruling elites are still concerned about the economic and political impact unions could have. In fact, although all available evidence and most testimonies suggest that privatization has significantly weakened trade unions, and that the ability of the union system to control general unions and the plant committees is declining, the idea that unions might, after all, turn into models for democracy, is clearly perceived as a threat by the current powers that be.

Thus, the ruling elites are concerned by the fact that the Egyptian Trade Union Federation (ETUF), which still maintains 'close relations' with the ruling National Party, and has never backed a single 'strike staged by a group of its members',¹² is under increasing pressure from – and might possibly become more responsive to – the rank and file, prompting the government to lift its recently acquired democratic veil to have a close look at the forthcoming union elections.¹³ Independent unions in Syria are clearly off the record; the General Federation of Trade Unions (GFTU), which controls union finances and has the power 'to disband the executive of any union', is run by a senior Ba'th Party member, and helps regime to maintain a 'strict control' over union and worker activities (ICFTU 2006: 372). But political interference with union affairs is no monopoly for autocracies or evidently flawed democracies. In more or less subtle forms, it also affects fragile democracies like Lebanon. In fact, even though (or maybe because) the pluralism and the democratic structure of the Lebanese trade union movement are an Arab anomaly, partisan politics have crippled the once powerful Confédération Générale des Travailleurs au Liban (CGTL). According to Samir Farah, head of the Friedrich-Ebert-Stiftung (FES) office in Beirut, the federation was unprepared to fend off the influx of pro-Syrian front organizations that paralyzed decision-making and effectively broke 'the democratic backbone of civil society'.¹⁴ The internal struggle for leadership transformed the CGTL, which during the civil war had been a symbol of national unity, 'into a post-war theatre of conflicts' and deprived labour of an effective leadership at a time of radical economic transformations. Recent efforts to re-organize the labour movement have been overshadowed by concerns about the effect dissonant positions could have on the fragile political equilibrium that sustains national 'unity'.

The situation in Jordan appears, and essentially is less dramatic. In the past, the GFJTU has been criticised for limiting 'the independence and freedom of the member trade unions', preventing 'the formation of labour trade unions outside of its framework' and repressing the pluralism rather than representing the unity of the labour movement (al-Hourani 2001: 78). At present, it still is regularly audited by the Ministry of Labour, which subsidizes its activities and salaries, and parts of

¹² Card-carrying Members, *Business today Egypt* (January 2006).

¹³ Urgent Statement: The trade union elections are being counterfeited, *CTUWS Press Release* (09 October 2006).

¹⁴ Mainly by inflating the number of affiliates from 22 in 1990 to 53 in 2005.

its leadership are rumoured to know their ways through the General Intelligence Department. Yet, it has conceded affiliated unions considerable room for manoeuvre, at least compared to regional standards. The GFJTU has been tolerating and moderately supporting (officially illegal) efforts to organize and represent the interests of migrant workers, and has accepted internal dissent and the open contestation of (officially GFJTU endorsed) government policies on minimum wages.¹⁵

Many of the more contentious initiatives have been championed by the General Trade Union of Workers in the Textile, Garments, and Clothe Industry, which is affiliated with the GFJTU, but unlike most Arab unions, has most of its members in the private sector, representing interests that have never been part of the Hashemite regime's 'winning coalition'. Somewhat paradoxically, the dynamism of Jordanian trade unionism may also have benefited from the fact that the ruling elites were confident enough to pass the 1996 labour code without consulting the GFJTU. With no incentives to count on obtaining a share of the benefits the corporatist arrangements provided to civil servants, and unable to negotiate favourable terms for a retreat from the real economy, the textile union seized the opportunity to organize workers and address working conditions in the new economic realities created by the reforms. Over the past few years, it not only established 15 enterprise agreements covering about 18'000 of the ca. 54'500 employees in the textile sector.¹⁶ It also launched high profile campaigns on working conditions and wages in export processing zones, on the status of the 500'000 legal and the estimated 500'000 illegal migrant workers who are barred from establishing or entering trade unions, on the inadequate minimum wage, on the flawed enforcement of the existing laws, and on the policy bias resulting from the fact that the Ministry of Manpower is run by an employer.¹⁷

Still, to assume that the developments in Jordan confirm that economic liberalization strengthens union rights would mean to misread the political climate in which organizations such as the Jordanian textile union operate. The secret service is omnipresent, and even if governments loosened their grip on unions, they have not surrendered direct control over the scope of union activities, even though, in 2005, Jordan was swept by 'a wave of unrest from trade unions angered by new rules that ban syndicates from political activity'.¹⁸ The ruling elites and the press have consistently and indiscriminately associated 'unions' with political Islam, portraying them as a potential threat to political stability and regional security, making a government crackdown an ominous threat.¹⁹

Again, although the dynamics that shape government-union relations are complex, there is a pattern that links the incentive incumbents have to enter corporatist arrangements to their ability to (re)draw the thin line that defines whether or not unions engage in undue political activities, and whether by so doing, they pass the threshold that warrants a repression of 'Islamist' forces. In other words, the margin unions have to pursue strategies to regain power in a changing economic environment without being associated with the illegal (Islamist) opposition does depend on the ability and willingness of political elites to reframe government-union relations, or more precisely, as Ellen Lust-Okar (2005) points out, on their ability to reframe the 'structures of contestation' in

¹⁵ See e.g. Labour leaders call for allowing foreign workers to join unions, *Jordan Times* (23-24 June 2006) etc

¹⁶ Data collected by al-Hourani (2001) and the General Trade Union of Workers in Textile, Garment & Clothing.

¹⁷ An Ugly Side of Free Trade: Sweatshops in Jordan, *The New York Times* (3 May 2006).

¹⁸ Something stirs, *The Economist* (5 March 2005).

¹⁹ Ignoring the relatively good relations between Jordanian unions and Israeli investors operating in the QIZ, in 2002, the head of the New York Times' bureau in Cairo prominently featured Egyptian and Jordanian 'unions' among the opposition groups that 'have long campaigned against contacts with Israelis' (Frail Offer; Arab States Eye a Way Forward, *The New York Times*, 24 March 2002). Reports from Jordan confirm that 'Trade unions and political opposition groups, heavily dominated by Islamic factions, had called for protesters around the country to converge on the embassy in Amman after Friday prayers' (Powell Puts Off Arafat Talk as Bomb Kills 6, *The New York Times*, 13 April 2002).

which government-union relations are defined. Challenging incumbents by advocating policies covering all, rather than the privileged, here, clearly increases the risk of being associated with organizations such as the (banned) Muslim Brotherhood, whose powerbase are, by and large, the poor and underprivileged that would most benefit from universalist pro-poor policies such as a basic income.

The international community, in particular the major regional donors and trade partners, could, of course, condition both incumbent capability and preferences. The EU, the US and the Bretton-Woods-Institutions could demand trade union involvement in social governance, and monitor to what extent their partners or clients respect trade union attempts to organise the workforce, to bargain for an integration of economic growth and security, or to fight for universal and egalitarian social policies. Unfortunately, and despite ambitions plans for a 'new' Middle East, they don't.

The EU has outlined its vision for the transformation of the region in the European Neighbourhood Policy (ENP), which offers the neighbouring countries 'the prospect of a stake in the EU's Internal Market' in exchange for their commitment to effectively implement 'political, economic and institutional reforms' to tackle the 'root causes' of 'political instability, economic vulnerability, institutional deficiencies, conflict and poverty and social exclusion' (EC 2003: 4-6). Similarly, USAID lists 'transformational development' as one of five 'core operational goals' of US foreign policy and assistance, which aims at achieving 'far-reaching, fundamental changes in institutional capacity, human capacity, and economic structure [of a country] so that further economic and social progress can be sustained without dependence on foreign aid' (USAID 2004: 17). The US State Department further emphasizes its programmes in support of 'independent journalists and trade unions' and 'public participation in the political process' and 'a regional dialogue on democracy for members of NGOs and governments' in the Middle East (US DoS 2004: 167). And in fact, the US and the EU have both supported trade unions and workers' rights centres through institutions such as the American Centre for International Labour Solidarity ('Solidarity Centre') or the Friedrich-Ebert-Stiftung, which have provided technical assistance in the formulation of programmes on child labour, gender equity etc, and sponsored seminars, organizational and vocational training programmes and publications.

Yet, union leaders have been unable to document one instance when either the EU or the US used their political leverage to involve or support trade unions in the planning, implementation or review of social or economic reforms. Thus, even though the support for Egypt's 'own efforts to achieve sustainable economic and social development' is one of the three objectives for economic co-operation defined by the EU-Egypt Association Agreement, neither ETUF nor the general unions have been engaged in the planning of the restructuring of 'sectors suffering from internal difficulties or affected by the overall process of liberalisation of the Egyptian economy, and in particular by the liberalisation of trade between Egypt and the Community'.²⁰

Brussels' reluctance to use the ENP framework to strengthen trade unions is confirmed by its first Action Plan with Jordan, which includes 'a dialogue on the fundamental social rights and labour rules', but relegates the implementation of the 'International Labour Conventions to which Jordan is party' to a medium term objective of the co-operation programme. Consequently, rather than including compliance with the international core labour standards among the conditions to accede the Common market, the Commission is expecting the Jordanian authorities to step up their efforts to establish a 'fully functioning market economy', reform the banking sector and to lower regulations on foreign investment. Whether workers, unemployed or the poor will benefit from the agreement remains to be seen. But it is quite obvious that the EU takes no risks with regards to the

²⁰ Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one Part, and The Arab Republic of Egypt, of the other Part, Articles 39-40.

possibility that they don't: while it encourages the Jordanian government to 'develop a business-to-business dialogue and contacts between investment promotion agencies', the European contribution to a fair globalization creates no comparable avenues for trade unions or like-minded civil society organizations that could interfere with the unleashing of European (global) market forces.²¹

Conclusion

In this paper, I argued that economic liberalization (in Egypt and Jordan) and economic insulation (in Syria) have failed to create sufficient employment to absorb the growing Middle Eastern workforce, and that international policy agenda for a comprehensive reform of the social protection systems are likely to accentuate the flaws in socioeconomic governance that have, until now, blocked social development. I further suggested that, despite the different settings, union strategies in Egypt, Jordan and Syria are tied to the survival strategies of the incumbents (in Lebanon: to the fragile national consensus). Caught between the imperatives of international markets and domestic politics, Arab unions have so far failed to develop a clear vision for socioeconomic development.

Although many union leaders acknowledge the loss of credibility and public visibility, few are prepared to engage in the public debates about the future of work and welfare, well aware that the already limited room for manoeuvre they are granted by the ruling elites can be easily redrawn. Many union leaders are aware that liberalization has increased economic insecurity, and that the traditional (corporatist) arrangements for social governance no longer work. They are aware that an endorsement of universal and inclusive social protection might help them recover some political leverage, but they are also aware of the fact that appealing to governments to provide employment opportunities and extend social protection would further undermine their ability to organize workers in the private sector. While some believe it might be worth the risk to do so – a high ranking union official in Cairo suggested that 'maybe we should wait until the unions collapse, and make a new start in a few years' – most union leaders believe that the stakes are too high.

In fact, the dynamics of the decline of the corporatist state suggests that the idea that governments compensate economic liberalization by improving the protection of union rights is misleading, at best. The widespread – and to a large extent justifiable – concern that the decline of the corporatist state has helped the expansion of political Islam (Ehteshami and Murphy 1996), makes it increasingly difficult for trade unions to safeguard the interests of those parts of society who feel threatened by liberalization and ignored by the ruling elites. In fact, the incumbent capability to reframe government-union relations at will – and without having to fear a significant loss of revenue – suggests that economic liberalization is not simply, as Helen Milner and other American US political economists usually claim, a policy response to a growing electorate (which reflects and emphasizes the beneficial relationship free trade arrangements presumably have with democratization processes). In fact, by making ruling elites less dependent on union support, and by making unions more vulnerable to government interference, economic liberalization appears to actually strengthen authoritarian rule. In other words, at the domestic level, the global shift of authority towards market forces favours not only transnational capitalist class. Unless economic reforms include measures to strengthen organized social forces such as trade unions, they are also likely to 'simply bolster governance of the market by authoritarian regimes' (Dillman 2002: 71) – who may or may not decide to wear democratic veils to keep the international community happy.

²¹ EU-Jordan Action Plan, 2.1. Vaughan-Whitehead (2003) documented similar developments in the EU enlargement process, criticizing the EU's failure to acknowledge that the weakness of trade unions and work councils in the new member states clearly disadvantaged the local workforce; [in revision: add US-sponsored Social and Economic Transformation Programme (SETP)]

While it is quite obvious that the ruling classes in the Middle East have put little effort in the improvement of social governance, and while unemployment, inequality and poverty in the Arab is of quite obvious global concern, bilateral and multilateral donors have – so far – ignored union struggles against isolation. If this changes, Arab unions might be able to advocate basic income. If not, calling upon governments to provide economic security would, most likely, be an act of political suicide for the last mass based non religious civil society organizations.

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