

# Evaluating Neoliberal Economic Policies in the light of Women's Right to Work: The case of Egypt

Valeria Cetorelli

University of Essex

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## **Abstract**

In 1991 Egypt undertook, at the instigation of the World Bank and the International Monetary Fund (IMF), the Economic Reform and Structural Adjustment Programme (ERSAP). The advocates of neoliberalism have repeatedly claimed that this set of policies support the realization of women's right to work. The empirical literature, drawing mainly on cases from Latin America and South-East Asia, has generally confirmed the positive relationship between neoliberalism and women's employment. Contrary to predictions, the restructuring of the Egyptian labour market has not favoured women's participation in the paid labour force. Therefore, although neoliberal economic policies have improved Egypt's macroeconomic performance, a micro-level analysis highlights how their implementation has been followed by a dramatic erosion of women's right to work.

**Keywords:** Neoliberalism; women; right to work.

## **Introduction**

To face the serious macroeconomic problems, which during the 1980s have severely affected many developing countries, namely large balance of payments deficits, escalating inflation rates and low growth rates, in 1991 Egypt undertook, at the instigation of the World Bank and the International Monetary Fund (IMF), the Economic Reform and Structural Adjustment Programme (ERSAP). Devised in accordance with the neoliberal paradigm, in particular the assumption of the efficiency

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of the free market and the benefits of international trade, based on the Ricardian notion of comparative advantage, this programme has reshaped the Egyptian economy through a package of market-oriented and trade-integrationist policies. More precisely, the ERSAP has prescribed: deflationary measures, including removal of subsidies and reduction of public expenditure, privatization and public sector reforms, deregulation of prices, investments, imports and foreign exchange, devaluation and export promotion (Korayem, 1997).

The advocates of neoliberalism have repeatedly claimed that this set of policies support the realization of women's right to work. Indeed, theoretical studies have suggested that the implementation of neoliberal economic policies in developing countries increases both female labour supply and demand. On the supply side, women would be pushed to enter the labour market to compensate for the fall in household income due to the male real wage erosion and the elimination of State subsidies; on the demand side, women's employment would be favoured by the emergence or expansion of typically 'female sectors', namely labour-intensive, export-oriented manufacturing industries. The empirical literature, drawing mainly on cases from Latin America and South-East Asia, has generally confirmed the positive relationship between neoliberalism and women's employment (Standing, 1989; Cagatay and Ozler, 1995; Mehra and Gammage, 1999; Cerruti, 2000; Beneria, 2003).

This essay investigates whether the set of policies carried out by ERSAP has been consistent with the international legal obligation to respect, protect and fulfil women's right to work. Hence, the analysis aims to contribute to the recent attempts to evaluate macroeconomic strategies in the light of human rights norms and standards, instead of simply in terms of the neoclassical notion of efficiency (Balakrishnan, Elson, and Patel, 2009).

The essay is organized as follows. Section II outlines the legal obligations arising from the formal recognition of employment as a human right. Section III investigates the evolution of women's right to work following the implementation of neoliberal economic policies. Section V draws conclusions.

### **Women's Employment: an outline of Human Rights Obligations**

Employment has been recognized as a human right since the adoption by the United Nations of the Universal Declaration of Human Rights in 1948. According to article 23 of the aforementioned

declaration "Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment".

The right has been subsequently reaffirmed in the International Covenant on Economic, Social and Cultural Rights (1966), hence gaining legal force. Unlike the Declaration of 1948, the Covenant entails in fact binding obligations for the Signatory States. Moreover, women's right to work has been specifically codified by the Convention on the Elimination of All Forms of Discrimination Against Women (1977), whose article 11, paragraph 1, claims "States Parties shall take all appropriate measures to eliminate discrimination against women in the field of employment in order to ensure, on a basis of equality of men and women, the same rights, in particular the right to work as an inalienable right of all human beings".

According to the Maastricht Guidelines on Violations of Economic, Social and Cultural Rights (1997), the ratification of treaties concerning this category of human rights entails the obligations for the States Parties to respect, protect and fulfil such rights. More precisely, States must respect economic, social and cultural rights by refraining from interfering with the enjoyment of these rights; they must protect them by preventing violations by third parties; and they must fulfil them by adopting appropriate legislative, administrative, budgetary, judicial and other measures towards their full realization. Therefore, in respect to the right to work, State Parties are under the legal obligation not only to adopt measures that support full employment, but also to impede discriminations or violations of decent conditions of work by private employers.

Furthermore, the CESCR General Comment no.18 (2005) highlights that the exercise of the right to work requires the existence of available, accessible, and acceptable work. 'Availability' entails that State Parties must have specialized services to assist and support individuals in order to enable them to find employment. 'Accessibility' means that State jurisdiction must ensure the labour market to be open to everyone, without discrimination of any kind. Finally, 'acceptability' refers to just and favourable conditions of work. In respect to the latter, the General Comment no.18 specifies that State Parties must take the requisite measures to reduce to the fullest extent possible the number of workers in the informal sector, who are *de facto* deprived by social security and social benefits guaranteed within the formal economy. Also domestic and agricultural work must be properly regulated by national legislation, so that domestic and agricultural workers enjoy the same level of protection as other workers.

Taking into account the limited resources available especially to developing countries, the Committee on Economic, Social and Cultural Rights recognises that States Parties may not be able to ensure immediate implementation of the rights contained in the Covenant and leaves them a margin of discretion in selecting the measures to pursue them. Nevertheless, in discharging their obligations States are subjected to some fundamental tenets of international law, including, *inter alia*, the principles of progressive realization, non-retrogression, equality and non-discrimination (Elson and Balakrishnan, 2008). The principle of progressive realization requires that States take specific steps to ensure the improvement over time of people's enjoyment of human rights. The principle of non-retrogression entails that States should not introduce measures which reduce the previous enjoyment of rights. Finally, the principle of equality and non-discrimination impedes States from making distinctions of any kind, such as race, sex, language, religion, political opinions, social origin, etc., in assuring human rights. Considering the fundamental criterion of universality of human rights, the realization of equality and non-discrimination cannot be postponed and its violation is not justified by resource scarcity. In particular, the Committee underlines the need for a comprehensive system to combat gender discrimination and to ensure equal opportunities and treatment between men and women in relation to their right to work.

Further support of this principle is found in the CEDAW General Recommendation no.25 (2004), which points out three central obligations to States Parties' efforts to eliminate discrimination against women. Firstly, the obligation to ensure that there is no direct or indirect discrimination against women in the law system and that women are protected against discrimination by competent tribunals as well as sanctions and other remedies. Secondly, the obligation to improve *de facto* the position of women through concrete and effective policies and programmes, including temporary special measures. Thirdly, the obligation to address prevailing gender relations and persistence of gender-based stereotypes that affect women not only through individual acts but also in legal and societal structures and institutions.

Egypt has not only ratified both the International Covenant on Economic, Social and Cultural Rights and the Convention on the Elimination of All Forms of Discrimination Against Women respectively in 1982 and 1981, but it has also entrenched the right to work in the Constitution, which came into force in 1985. Precisely, article 3 claims that "Work is a right, a duty and a honour ensured by the State". Moreover, according to article 5 "The State shall guarantee the proper

coordination between the duties of woman towards the family and her work in the society, considering her equal with man in the fields of political, social, cultural and economic life without violation of the rules of Islamic jurisprudence". Therefore, the recognition, at the international as well as at the domestic level, by the Egyptian State of its obligation to guarantee women's right to work implies its policies to be congruent with such obligation.

### **Women's Right to Work in the Neoliberal Context: a micro-level perspective**

In 1991 Mubarak's government signed the Economic Reform and Structural Adjustment Programme, required to obtain the financial assistance of the World Bank and the IMF. The package of neoliberal policies carried out by ERSAP included deflationary measures, such as removal of subsidies and reduction of public expenditure, privatization and public sector reforms, deregulation of prices, investments, imports and foreign exchange, devaluation and export promotion (Korayem, 1997). It was presented by its proponents as an agenda of stabilisation and liberalisation capable of restoring macroeconomic balance and stimulating medium and long term growth, by enhancing the role of market forces in resource allocation and, thus, eliminating the distortions, rigidities and inefficiencies due to State intervention.

The Programme Completion Report (PCR) carried out in 1999 by the relevant Operations Department concluded that the ERSAP was "largely successful as it more than achieved most of its objectives" (Ojo and Ondiege, 2000: p. iii). Indeed, since the middle of the 1990s, Egypt has registered a dramatic reduction in the budget deficit as a result of a rigid fiscal discipline exercised by the government through both an increase in revenues and a decrease in expenditures. Monetary and credit policy measures have focused on maintaining prudent monetary growth and financial resource mobilization as a means of reducing inflation and external deficit. The role of the State as a dominant employer has been strongly affected not only by the privatization of several public industries, but also by recruitment restraint, voluntary lay-off of less productive workers, and compulsory retrenchment in the remaining government sector. The growth rate has progressively increased, even though not as much as the proponents of ERSAP had predicted (Korayem, 1997).

According to the Project Performance Evaluation Report (PPER), the ERSAP “did not explicitly address gender issues [...] Nevertheless, the policy measures in the programme were targeted at goals that would indirectly benefit women as much as other members of society” (Ojo and Ondiege, 2000: p. 16). This argument, based on the assumption of macroeconomic structures and processes as gender-neutral, ignores the existing societal gender inequalities and, consequently, denies the necessity of inserting, into policy design, specific measures to counteract such inequalities (Elson, 1995).

Contrary to predictions, the restructuring of the Egyptian labour market has not favoured women's participation in the paid labour force. The inconsistency of the neoliberal economic policies carried out by ERSAP with the international legal obligation to respect, protect, and fulfil women's right to work is shown in graphs 1, 2, and 3. By using data from the United Nations Statistics Division, these graphs report trends in the female unemployment rate, activity rate and share of the labour force from 1989 to 2004. The period following the implementation of ERSAP has seen a dramatic increase in the female unemployment rate, a continuous drop in the female activity rate, and a further reduction in the very low female share of the labour force.

The alarming de-feminization of the Egyptian labour market, clearly pointed out by some recent studies (World Bank, 2004; Assaad, 2005; Assaad and El Hamidi, 2009), can be attributed to a variety of factors. Egyptian women in wage employment have been disproportionately represented in government jobs, therefore the downsizing in the public sector has strongly affected female workers. Moreover, the retrenchment of the public sector has not been compensated by a concurrent increase in female hiring in the private sector. Any increase in labour supply, due to household income shortfalls, has been in fact overcome by significant barriers to entry into the private sector wage employment for women, including the long working hours associated with such employment that impede women to combine their productive and reproductive roles, as well as social norms that discourage women from working in certain occupations considered as ‘not-gender appropriate’. On the demand side, the labour-intensive, export-oriented manufacturing industries, responsible for the feminization of employment elsewhere in the developing world, appear not to have materialized in Egypt to any significant extent. A possible explanation for this is related to

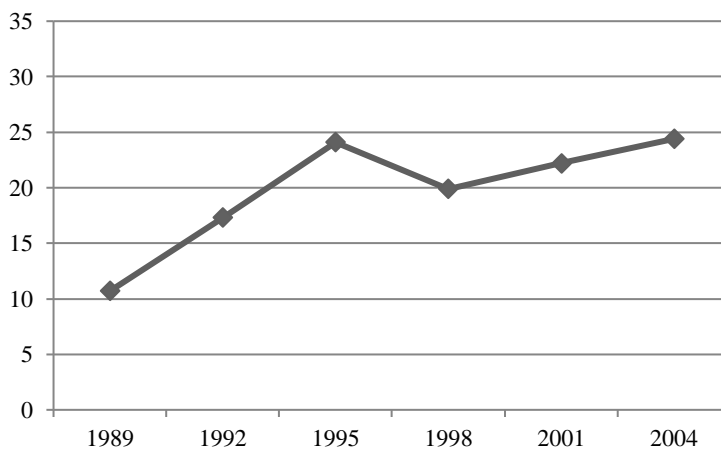
## Evaluating Neoliberal Economic Policies in the light of Women's Right to Work: The case of Egypt

the impact of oil and remittance income on the structure of labour demand. More precisely, the appreciation of the real exchange rate that occurs in oil-exporting countries, or in countries receiving remittance income related to oil, generates a specific economic condition denominated the 'Dutch Disease', which reduces the international competitiveness of tradable industries, leading to a reduction in non-oil exports and an increase in competing imports on the domestic market (Assaad, 2005; Ross, 2008).

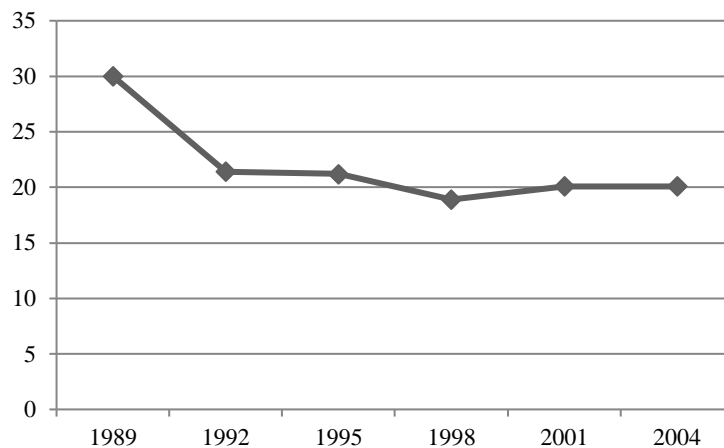
Given the limited opportunities in the labour market, many women have stayed unemployed or have left the labour force in favour of unpaid work, mostly subsistence agriculture. This kind of unremunerated activity is also more compatible with the increase in women's household burdens, caused by cutbacks in public services (Stewart, 1992; Moghadam, 1995; Assaad, 2002).

Therefore, although neoliberal economic policies have improved Egypt's macroeconomic performance, a micro-level analysis highlights how their implementation has been followed by a dramatic erosion of women's right to work.

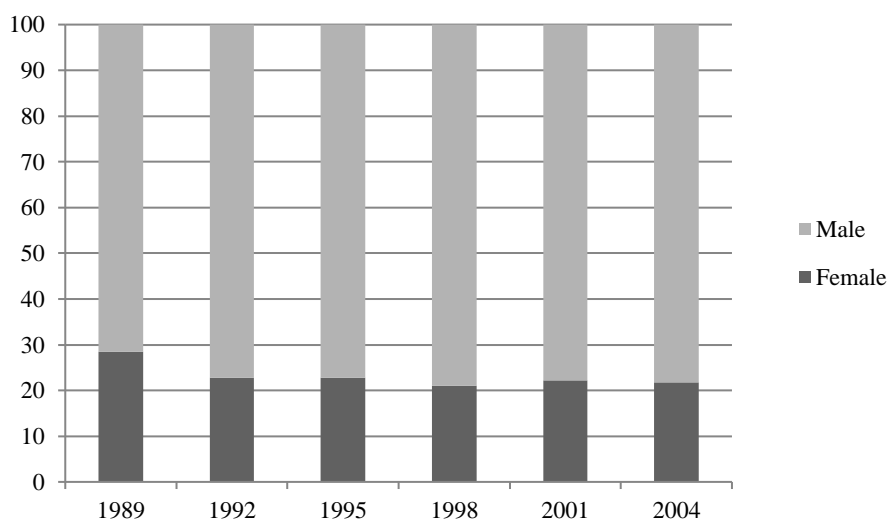
*Graph 1. Female unemployment rate, 1989-2004*



Graph 2. Female activity rate, 1989-2004



Graph 3. Female share of the labour force, 1989-2004



Data source: United Nations Statistics Division, 2008

## Conclusions

The former head of UNIFEM, Noeleen Heyzer, claimed that “the progress towards human rights entails [...] a constant scrutiny of economic policies from a rights perspective” (Reilly, 2009: 127). Far from constituting an exhaustive study of policy impact, this analysis has aimed to point out that ERSAP did not consist of policies reasonably calculated to have an effect on the labour market in compliance with obligations on women's right to work (Elson and Balakrishnan, 2008). Indeed, the



minimization of public expenditure, in favour of a private sector-led economic growth, the targets of balanced budget and inflation control, the trade liberalization and the consequent incentives to male-dominated tradable industries have created a more efficient but also more unfair economic system. This confirms that, without incorporation of measures taking into account the specific societal context, apparently positive and gender-neutral liberalization policies can perpetuate and even intensify inequalities and discrimination (Elson, 1995).

Although changes in social norms concerning women's prior responsibilities and their 'proper place' in the social and economic life will probably take a long time, short-term measures, such as severe anti-discriminatory laws in the private sector, or even incentives favouring women's employment, together with adequate conditions of work allowing women to combine their productive and reproductive roles, are possible and must then be enforced.

The ratification of the International Covenant on Economic, Social and Cultural Rights and the Convention on the Elimination of All Forms of Discrimination Against Women require in fact the Egyptian government to prioritize the respect, protection and fulfillment of human rights rather than simply aiming for macroeconomic efficiency. However, considering the dismantling of the State under structural adjustment programmes, the Egyptian government might face serious difficulties in formulating effective actions and ensuring sufficient budget allocation to realize this kind of intervention. For this reason it is crucial to enlarge the traditional principle of accountability of human rights obligations from the single State to the entire international community. More precisely, in respect to economic policy, the World Bank and the IMF, as international institutions, should be subjected to analogous responsibility when they impose on developing countries, as a condition to receive loans, the adoption of economic programmes not in compliance with human rights norms and standards (Sadasivam 1997; Reilly, 2009).

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Evaluating Neoliberal Economic Policies in the light of Women's Right to Work: The case of Egypt

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