PLURALISM AND INCLUSION IN THE POST–ARAB SPRING WORLD: FINDINGS FROM A TWO-YEAR STUDY

A.KADIR YILDIRIM, EDITOR

CONTRIBUTORS

Imad Salamey, Lebanese American University
Mustafa Gurbuz, Arab Center
Mirjam Künkler, University of Göttingen
Nathan Brown, George Washington University
Mazen Hassan, Cairo University
Valentine M. Moghadam, Northeastern University
Karen E. Young, American Enterprise Institute
M. Evren Tok, Hamad Bin Khalifa University
Alanoud Al Sharekh, University of London
Peter Salisbury, Arab Gulf States Institute
INTRODUCTION

The Arab Spring protests that began in late 2010 considerably raised expectations for bridging the persistent democratic gap throughout the Middle East and North Africa. However, the initial enthusiasm and limited subsequent progress gradually paved the way for an authoritarian backlash.

Meager openings in democratization were confronted with calculating and capable regimes that adapted their rules to the changing political context. Not only did these regimes limit the avenues for a repeat of mass protests, but they also curtailed rights and liberties in many cases. Likewise, the regimes challenged demands by various social, religious, and economic groups and increased pressure on these groups to minimize dissent. As a result, several years after the end of the Arab Spring protests, most authoritarian regimes in the region have been able to maintain their hold on power. In many cases, this control has actually tightened and/or creatively adjusted to conform to new societal constraints.

A lack of pluralism and inclusion makes up a major element of the democratic gap in the Middle East and North Africa. The ethnic, religious, and socioeconomic diversity of the region necessitates inclusive and pluralistic policies to facilitate the integration of communities across the region as well as offering them a fair chance to benefit from and influence the decision-making processes.

This collection of policy briefs is based on a research project on pluralism in the Arab World titled “Building Pluralistic and Inclusive States Post–Arab Spring.” The study is generously supported by a grant from the Carnegie Corporation of New York. The primary motivation for this project lay in the fact that democracy and socioeconomic justice were consistently among the most important demands of Arab publics during the Arab Spring protests. In what ways did the Arab Spring process reshape social, religious, political, and economic pluralism? Our research aimed to shed light on the state of pluralism in many of its forms and to document the extent to which inclusive economic, social, and religious policies were implemented.

We cast a wide net, and our study proceeded on several fronts. We recruited leading experts in the field to examine pluralism in its various forms. These scholars integrated their findings in extensive working papers and more concise policy briefs. We also organized workshops throughout the Middle East and North Africa to examine distinct country-specific issues of pluralism, and we published our findings in country reports. We further conducted a 10–country public opinion survey to analyze the dynamics of ethno–religious diversity. Lastly, we organized two conferences in Beirut and Washington, D.C., to share our findings and discuss ongoing issues of conflict and post–conflict reconstruction.

In this introduction, I summarize the major findings of our study and offer a brief summary of the 10 policy briefs. Our study shows that pockets of improvement in pluralism are, by and large, dwarfed by the continuity—if not the regression—of discrimination, suppression, and disenfranchisement. For example, mechanisms devised by regimes in Kuwait and Jordan, such as new electoral laws and restrictions on freedom of expression, serve this purpose. Economically, existing regimes undermine ongoing reform efforts because of their vested interests in the continuation of exclusive political economic structures. Likewise, while religious parties in both Morocco and Tunisia are included in their respective political systems and took part in governance for the first time in the post–2010 period, both parties faced notable obstacles in their attempts at governance.

Ethno–religious pluralism has a mixed record. The largest ethnic minorities in the region still face considerable discrimination in their efforts to secure greater recognition. Imad Salamey’s analysis on the rise of violent communitarian conflicts underscores the need for reconceptualizing the shifting dynamics of intercommunity relations (“The Communitarian Arab State”). Drawing attention to the failure of liberal conceptions of
pluralism grounded in individualism, Salamey argues that communitocracy could offer a solution to intercommunal tensions with emphasis on communal representation of interests. Such power-sharing arrangements facilitate consensus building and increase government legitimacy.

Just as important, however, is the tendency of previously marginalized minorities to engage in exclusionary policies themselves once they gain some level of autonomy over their territories. Mustafa Gurbuz’s analysis of Kurds in Iraq and Syria—the largest ethnic minority without a state in the region—is a case in point (“False Hopes? Prospects for Political Inclusion in Rojava and Iraqi Kurdistan”). In his analysis of the Kurds’ efforts to gain greater political freedom in Iraq and Syria, Gurbuz finds that political diversity and economic prosperity suffered greatly as a result of the rampant instability since the onset of the Arab Spring protests. Likewise, re-Kurdification in Rojava under YPG rule and intra-Kurdish divisions in Iraqi Kurdistan aggravated prospects for inclusionary political systems in both regions.

In the religious sphere, countervailing trends have been underway in recent years that have yielded both inclusionary and exclusionary policies. On the one hand, greater diversity was achieved with the inclusion of women and Islamists. We are witnessing a greater willingness to include Islamist parties in the political process since 2010. In countries such as Morocco, Tunisia, and Egypt for a brief period, Islamist parties took on governmental roles for the first time. In other cases, Islamist and Salafist parties found opportunities to become part of the legal political system. Likewise, in a process that predates the Arab Spring protests, women began making inroads into the religious sphere. Mirjam Künkler finds that women religious scholars assumed positions as religious authorities at greater rates in countries across the region such as Morocco, Syria, the United Arab Emirates, Iran, and Turkey (“Women as Religious Authorities: What A Forgotten History Means for the Modern Middle East”). These roles, however, typically do not reach the level of being independent religious authorities; women scholars are recruited to respond to inquiries by women believers only. Künkler argues that in order to normalize women’s religious authority, efforts must be made to ensure that women scholars are trained in all religious matters and for all believers, just like their male counterparts.

On the other hand, religious centralization has balanced limited progress in inclusionary policies. Recently, there have been vocal calls for reform in Islam to curb extremism and promote women’s rights. While these calls certainly resonate with calls for pluralism, evidence thus far suggests that newly developing policies aim to centralize religious institutional structures as part of renewed efforts to reassert state control rather than introduce greater pluralism. Nathan Brown’s analysis of developments in Egypt and Saudi Arabia in particular shows that Egyptian President Abd al-Fattah al-Sisi and Saudi Crown Prince Mohammad bin Salman’s religious reform efforts are aimed at asserting power on overly autonomous state religious agencies (“The Rhetoric and Reality of Religious Reform in Saudi Arabia and Egypt”). The key takeaway from the Arab Spring for these regimes has been the necessity of control, exclusion, and management of the religious sector as an instrument of societal control.

Gender is an area where progress has been inconsistent at best. Mazen Hassan examines the dynamics behind the historic rise in women’s parliamentary representation in Egypt since 2015 (“Women in the Egyptian Parliament: A Different Agenda?”). Gender quotas played a critical role in ensuring this unprecedented outcome for women (almost 15% of the Egyptian parliament is female). Looking more closely at what this representation has meant in practice for women, Hassan finds that women MPs made unique contributions to Egypt’s political debates and pursued a distinctive agenda compared to their male counterparts in terms of the issues they focused on and the arguments they used to make their case. Hassan recommends upholding and even increasing gender quotas as well as revising electoral laws to eliminate discriminatory provisions against women.
Tunisia presents one of the most encouraging cases in the region as far as women’s inclusion in the social, educational, and political life is considered. Valentine Moghadam, however, goes further and asks whether such success on the part of women translates into tangible gains in the economic realm (“Gender Inequality and Economic Inclusion in Tunisia: Key Policy Issues”). Moghadam’s analysis reveals that Tunisian women face a wide range of adverse conditions in their economic participation; the extent of their economic participation is not commensurate with their level of education. High unemployment rates, low demand for female labor, a weak support system for working mothers, among other barriers, preclude women’s full social inclusion and economic empowerment. Moghadam’s policy recommendations include introducing nationwide paid maternity leave, increasing access to preschool and neighborhood childcare facilities, and greater vocational training for women.

Economic diversification and reform, especially in the Gulf, have become urgent policy imperatives in recent years. The inherent tendency of natural-resource–based economies to plunge into instability has become more evident in recent years with the fluctuation in oil markets. Consequently, governments across the region have initiated economic reform programs to transform their economies toward sustainable models.

An integral component of new economic policies relates to structural reforms in taxation, subsidies, and debt issuance. The primary motivation behind such reforms is relieving the state from heavy financial burdens and shifting some of the costs to citizens and residents. Karen Young draws attention to the trade-offs that regional governments need to consider with respect to long-term economic diversification and growth goals and short-term costs in the labor market (“Confronting the Governance Crisis in the Middle East”). Likewise, Young argues that building credibility in the reform process and maintaining transparency will be the most valuable assets for Gulf countries.

One crucial area of reform embraced by regional governments is promoting entrepreneurship. Such focus on entrepreneurship aims at achieving sustainable development in the long term to avoid susceptibility to internal and external shocks. In examining the current state of entrepreneurship policies, M. Evren Tok argues that blurry ownership structures between private and public sectors, extensive state regulation of the private sector, and the sheer size of the public sector in driving overall demand complicate the success of such policies (“Can State-led Entrepreneurship lead to Sustainable Economic Diversification and Development in GCC States?”). In order to overcome such obstacles, Tok recommends developing state-led entrepreneurship programs that focus on small and medium businesses with the support of a large entrepreneurial ecosystem.

In Kuwait, the government and ruling family developed a series of policies to create a robust private sector that relies primarily on small and medium enterprises. Alanoud Al Sharekh shows that such policies largely failed due to the lack of coherence in priorities, dominance of elite-controlled monopolies, and weak culture of entrepreneurship (“The National Fund for SME Development as a Vehicle of Economic Reform in Kuwait”). In order to foster the growth of small and medium businesses, Kuwait should empower a single body that will assist entrepreneurs in dealing with the creation of new businesses and that will practice transparency and sound financial management, Al Sharekh argues.

Another dimension of the changing landscape of economic policymaking in the Middle East and North Africa region is the rise of Gulf countries as emerging donor nations in the region and beyond. While in principle the addition of new nations to share the cost of regional reconstruction and beyond is a positive development, it potentially carries implications on what such aid might entail. Peter Salisbury argues that there are notable risks associated with aid that finds its way to religious or armed groups (“Aiding and Abetting: The GCC as Quiet Giants and Emerging Players in Aid and Overseas Development Assistance”). Not only is such a transactional approach to aid detrimental to regional politics, but it can also undermine pluralism in aid–receiving countries. Salisbury recommends enhancing cooperation among NGOs, multilateral organizations, and countries involved in the aid process, as well as developing mechanisms to mitigate the risks and share the lessons learned as part of the aid process.
Our study shows that the progress toward creating inclusive policies and a pluralistic political, social, and economic structure in the Arab world has been limited since 2010. Authoritarian Arab regimes have proven adept at creating restrictive and exclusionary policies under new sociopolitical conditions. This new restrictive environment is exacerbated by the fact that ethnic and religious tensions have increased in recent years and minorities continue to face widespread prejudice throughout the region.

Our findings also suggest that various dimensions of pluralism are intimately related to each other, and efforts to tackle one component of pluralism are more likely to find success if such efforts are combined with other components. For example, the interconnected nature of gender and economic inclusion in Tunisia, ethnic and political inclusion in Syria and Iraq, and gender and religious inclusion in Syria and Morocco carry implications for the correct policy approaches to address these issues. Such interconnectedness similarly underscores the difficult task of overcoming resistance against inclusive policies from multiple sources.

The improvement of economic conditions remains imperative. An overwhelming majority of Arab public opinion is not convinced that the economies of regional countries made much progress in creating employment, raising living standards, or reducing corruption. Moreover, these societies are imbued with a deep sense of injustice as the elite are thought to have benefited disproportionately from the Arab Spring process according to a recent survey conducted as part of this study and in a separate study undertaken by the Arab Transformations Project.¹

Overall, the sense of frustration in how the Arab Spring protests have not led to meaningful reforms since 2010 leaves regimes with little to satisfy the Arab publics. The lack of economic improvement, an aggravated sense of inequality, increased ethno–religious tensions, and a more restrictive political environment in most countries indicate that the basic conditions that gave rise to the Arab Spring protests in 2010 still hold, arguably more prominently today. Although there are no indications that a new wave of protests is imminent, there is enough to suggest that the underlying conditions of frustration with the political economic trajectories in these countries may return at some point in the future, and with a more violent streak.

A.Kadir Yildirim, Ph.D.
Fellow, Center for the Middle East, Rice University’s Baker Institute
Principal Investigator, “Building Pluralistic and Inclusive States Post–Arab Spring”

¹ See https://www.arabtrans.eu for more information about the Arab Transformation Project.
The recent proliferation of communitarian politics across the Middle East suggests that public mobilization and partisan interactions with the state are formulated along identity-group lines.

The inability of post-independence nation-states to accommodate communitarian diversity in governance has only deepened national legitimacy crises and communitarian conflicts in the region, thereby diverting reform efforts and democratic transitions. Liberal attempts to democratize through state reforms have to some extent been superseded by domestic calls for nation building and reconstruction in the post–Arab Spring world. This reordering of national priorities has increasingly emphasized communal inclusion and consensus building to legitimize the state. Hence, the rethinking of nationhood has heightened issues of national integration, cohesion, and accommodations such as constitutional revisions, electoral systems, and power sharing.

Previously, traditional liberal thought suggested that global integration and economic development determine national democratization. The Arab Spring, however, deconstructed these traditional assumptions about national models and their inevitable political transformations. The accelerating processes of globalization have intensified the interdependency of nations and communal groups. These processes have simultaneously deepened rifts between communities. For example, Shiite relationships across nation-states boosted their relative strength against Sunni communities in Iraq, Syria, Lebanon, and Yemen, allowing them to demand greater shares of state power throughout the region.

Thus, the proliferation of transnational communitarian movements across the Middle East and North Africa, such as Sunni Salafist groups, the Muslim Brotherhood, and Velayat Al Faqih’s Shi'ite Faylaq al Qods, has prompted new requirements for state legitimacy and change that are founded on the two seemingly conflicting tendencies of global integration and local communal accommodations. This brief reviews rising transnational communitarianism in the Middle East, describes multicommunal constituency states, and suggests communitarian plurality as a possible solution to ongoing political conflicts in Arab states.
Arabia’s support for the anti-Houthi Sunni government in Yemen demonstrate this growing transnational communitarianism.

The contemporary political reality reveals that the national-social pacts that have governed multicommunitarian societies throughout the post-World War II Arab countries are increasingly challenged. Reformulations of these pacts seem to require fundamental reconstructions of state foundations. This has become essential as newly empowered communitarian groups within national territories seek to rebalance their powers in state structures, such as the drive by Shiite communities to reconstruct the state in Lebanon, Iraq, Yemen, and Bahrain.

One challenge in reconstructing the political order comes in the form of growing interdependence among states. This political interconnectedness can complicate local affairs because local communities can strengthen their domestic bargaining power by relying on transnational alliances and external backing from abroad. Post–Arab Spring politics appear to feature such mutually beneficial interests between international communities as they formulate new regional and local power structures (Salamey and Rizk 2018). For example, Turkey’s Islamist Justice and Development (AKP) ruling party has played a pivotal role in supporting Islamist Sunni groups throughout the Arab states in an effort to create a new and favorable regional order. Local allies, such as the Ennahda Party in Tunisia and the Free Syrian Army in Syria, have also utilized Turkish support to strengthen their own bargaining power against local rivals.

Still more challenging to communitarian politics is the proliferation of non-state transnational militant actors such as Al-Qaeda and ISIS, as well as the large number of foreign fighters in their ranks. While using military force to defeat these groups may be difficult, including them in nonmilitaristic political negotiations may prove impossible. However, communitarian power-sharing agreements appear to be the most viable alternative to undermine the appeal of these extremist groups. The power accommodation of communitarian
groups is one of the most critical factors in resisting radicalization and extremism. When communities are included in policymaking and the distribution of state power, the attractiveness of radicalization can be reduced.

It is true that power sharing may consolidate identity politics and deepen communitarian differences, as has been the case in consociational states like Lebanon, Iraq, and Belgium. Power sharing may also result in a fragmented polity with a weak government and eventually lead to extremist politics. However, attaining peace in complex contexts such as Syria may not come easily. Devising short-term and transitional conflict mitigation policies that are embedded in power-sharing strategies is extremely urgent because the current conflicts are principally driven by disputes over political power. Addressing these issues would provide important incentives for negotiating peaceful resolutions. Eventual negotiations between groups in a conflict-free environment may favor greater integration and less fragmentation. For multisectarian states such as Syria and Yemen, removing religious requirements for public positions, for instance, and establishing mixed constituency electoral districts and proportional representation may prove essential for long-lasting peace.

Thus, to reach the long-term goals of inclusionary states that accommodate pluralistic governance, Arab states must engage in genuine reforms that combine communitarian coexistence with shared governance. Fundamental policy reforms that would strengthen governmental response to transnational and radical communitarian networks in the region are among the priorities. Rising transnational movements are a primary challenge to forming an inclusive, multcommunitarian, and accommodating state. While such a state may not live up to the aspirations of equal citizenry regardless of communitarian affiliations, it can provide a realistic framework for managing and de-escalating protracted ethnic and sectarian conflicts.

**TOWARD A MULTICOMMUNAL CONSTITUENCY STATE: COMMUNITOCRACY**

A state that expresses power in terms of communitarian interests is called a communitocracy. Communitocracies can be unitary, when a single community controls state power; secular, when religion is separated from public affairs; federal, when communities autonomously divide power between geographic territories; confederal, when a weak union brings together separate independent communities for a particular set of political and economic associations; or consociational, when communities share a single state political power irrespective of geographic allocations of groups. A communitocracy differs from a democracy in at least two ways. First, a communitocracy provides for a pluralistic rather than a majoritarian form of democratic governance. Second, communitocracies allow for the “expression of communal interests in a state's policy outlooks” rather than strictly expressing only the interests of an individual constituency (Salamey 2017). These benefits are best manifested in power arrangements that satisfy different communal groups mobilized around religious, regional, ethnic, or linguistic identities. For instance, as public offices and parliamentary seats are allocated along communitarian lines, politicians and policy leaders can advocate for communitarian-favorable policies and subsequently be rewarded by their constituencies accordingly.

Consociationalism, federalism, confederalism, and unions are forms of communitocracies with democratic mechanisms embedded in them (often referred to as indirect democracies). Communitocracies have demonstrated exceptional capacities to manage communal differences around the world. For instance, India’s communitarian state structure has ensured that its multi-ethnic and regional communities share power in parliament, with seats allocated to different provinces that are largely based on ethnic and linguistic communities.

For multisectarian states, removing religious requirements for public positions and adding mixed constituency electoral districts and proportional representation may prove essential for long-lasting peace.
A range of power-sharing models is available for countries with multicommutarian constituencies. Some communitocracies are centered on a multicommunal secular state, such as Israel, Belgium, and Switzerland. These arrangements require consensus among different communitarian groups that are geographically separated by regions or provinces. The communitocracies produce decentralized federal arrangements that preserve the diversity within a single multicommunal political order. They also maintain the separation of state and religion while preserving the cultural and administrative autonomy of local communities (Salamey 2017).

When communities are geographically mixed with persisting cultural, religious, or ethnic distinctions, consociational power-sharing arrangements provide an alternative option to the monolithic national order, as in Lebanon and Malaysia. The key feature of a consociational system is the preservation of communal diversity through a prearranged distribution of state power. Consociationalism distributes power among identity groups rather than geographically separate regions, thereby preserving the major features of federalism.

Consociational options are also attractive to societies with substantial variation in the sizes of ethno-cultural groups. For instance, Shiite, Alawi, Druze, Turkmen, and Amazigh communities in Arab states are small minorities. For these communities, the demographic composition of local populations has exaggerated feelings of deprivation and fear of domination by larger groups (Boie and Rae 2015). The reduced presence of minority groups such as Christians in Iraq, Syria, and Yemen has increased these fears. Integrative forms of communitarianism offer a means to diffuse these kinds of demographically driven tensions by assuring representative quotas in the distribution of state power. Thus, the major advantage of consociationalism lies in its ability to mitigate communal conflicts that are territorially, demographically, and internationally instigated. It therefore assures the preservation of communities irrespective of spatial distribution, size, or transnational association (Salamey 2017).

Furthermore, the fact that most Arab states were established within relatively small and highly contested geographic areas with communitarian demographics that transcend national borders is an additional reason why a consociational power-sharing arrangement may prove to be a better alternative to strict nationalism. Lebanon and Iraq are the first countries in the region to have utilized consociational and federal arrangements. Despite some of the shortcomings of these arrangements, rising tensions along communitarian lines suggest such arrangements would be feasible governing alternatives elsewhere in the region, such as in Yemen, Sudan, Libya, Egypt, Bahrain, and Somalia.

Consociationalism can also be instrumental in resolving the conflict in Syria. Sectarian and ethnic divisions, as well as foreign influences, in the country require a delicate distribution of political offices among Alawis, Sunnis, Christians, and Kurds. One aspect of consociationalism that might be particularly fitting for Syria is the establishment of bicameralism, in which communitarian interests are expressed in the upper house of parliament while national representations are preserved in the lower house. Such a distribution not only ensures communitarian power sharing but also guarantees sectarian and regional autonomy.

Consociationalism might also be beneficial in Yemen. A combination of tribal and sectarian communitarian power sharing through a balanced arrangement is required for an acceptable political agreement by rival groups. A distribution of Houthi, Zaydi, and Sunni power that accommodates both northern and southern tribes provides a starting point for any political power-sharing arrangement. Such a distribution would allocate public seats along communitarian lines, particularly for the highest positions. A communitarian electoral system would also provide proportional representation to accommodate different groups. This would allow communitarian power sharing while ensuring intracommunitarian competition and electoral alliances, as in the case of Lebanon.
The Arab world needs to reverse its perception of communitarian plurality as a source of weakness and division. While most countries in the world utilize formal and informal power-sharing arrangements, the Arab region cannot remain reluctant to consider such governing options. Thus, a quest for new national arrangements in the Arab region has emerged during the post-Arab Spring period. Regional stabilization is contingent upon building consensus among different communal groups. This can only be attained through a power-sharing arrangement that preserves the fundamental aspirations of different groups. Communitocracy may be a beneficial governing option for the region that would maintain communal plurality in a time of increasing global integration.

**REFERENCES**


**AUTHOR**

Imad Salamey, Ph.D., is an associate professor of political science and international affairs, associate chair of the Department of Social Sciences, and director of the Institute for Social Justice and Conflict Resolution at the Lebanese American University. He researches ethnic and sectarian polarization and transnational extremism in the Middle East and North Africa, and he holds a doctorate in political science from Wayne State University.

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False Hopes? Prospects for Political Inclusion in Rojava and Iraqi Kurdistan

Mustafa Gurbuz, Ph.D., Arab Center, Washington D.C.

Among those deeply affected by the Arab Spring were the Kurds—the largest ethnic minority without a state in the Middle East. The Syrian civil war put the Kurds at the forefront in the war against the Islamic State (IS) and drastically changed the future prospects of Kurds in both Syria and Iraq. This brief examines the challenges that hinder development of a politically inclusive culture in Syrian Kurdistan—popularly known as Rojava—and Iraqi Kurdistan. Political and economic instability in both regions have shattered Kurdish dreams for political diversity and prosperity since the early days of the Arab Spring.

THE RISING TIDE OF SYRIAN KURDS

The civil war in Syria has thus far bolstered the People’s Protection Units (YPG) and its political platform, the Democratic Union Party (PYD); these groups have received both U.S. and Russian military support. In order to placate Turkey—which declared the aforementioned groups as “terrorists” due to their links to the Kurdistan Workers’ Party (PKK)—American officials called U.S.–YPG relations “tactical,” “transactional,” and short–term; likewise, they also downplayed the PYD’s links to the PKK. The threat of IS has led the American media to reimagine Kurdish fighters as the United States’ “best allies” with a secular and egalitarian ideology; this view is often presented with a juxtaposition of a “malevolent IS” and “freedom fighter women.” The Rojava project, i.e., unifying Kurdish cantons in northern Syria under a new local governing body, is depicted as a dream for egalitarianism and a liberal inclusive culture that counters patriarchic structures in the Middle East.¹

U.S. policy toward the Kurds, however, has become most puzzling since the 2017 defeat of IS in Syria. While the U.S.—to avoid alienating the Turks—did not object to the Turkish troops’ invasion of the Kurdish canton of Afrin, the YPG began forging closer ties to Damascus—which led to complaints from some American officials that the Kurdish group “has turned into an insurgent organization.”² In fact, from the beginning of the Syrian civil war, Syrian Kurds have been most careful to not directly target the Assad regime, aside from some short–term clashes in certain places like Rojava, for two major reasons.

First, given the common enemies of the Kurds and the Assad regime, Damascus continued to pay the salaries of civil servants in PYD–controlled regions and pursued an accommodative policy.³ Rojava has been immune from the regime’s air strikes since the beginning of the Syrian civil war. In addition, Damascus enabled Rojava residents to enjoy access to central government services such as public sector salaries, schools, health care, travel on civilian airlines, and the issuance of identity cards, passports, and property records. Given the Assad regime’s resilience and high likelihood of staying in power for the foreseeable future, Syrian Kurds will keep
out that Arab representation has increased over time. At the leadership level, however, Kurds dominate the SDF ranks and pursue an agenda of indoctrination. For example, in a recent graduation ceremony of 140 Arab fighters joining SDF following a 45-day training program, pro–PKK slogans such as "No Life without Our Leader!" were chanted as a pledge of allegiance.

Ethnic tensions mattered less when there was a strong coalition between the Kurds and the Arabs against IS; some Arab tribes sought revenge against IS, while others have long been allied with the Assad regime. The post-IS era, however, has unleashed ethnic competition over limited local resources. One factor that drives tensions is the oil fields. Kurdish cantons include key oil fields in southern Hasaka. The al-Shaddadi oil fields, for example, are located in predominantly Arab lands and are deemed especially valuable for Rojava’s economic future. Before the Syrian civil war, Hasaka and Raqqa provided almost two-thirds of Syria’s total oil extraction—251,000 out of 387,000 barrels per day.

Oil revenue is already significant for Rojava’s economy and will be a major source of revenue if Kurds can initiate transactions with Damascus via the original pipeline. Negotiations with the regime, however, may not ease Kurdish-Arab tensions as some of the local Arab tribes have long supported Damascus. In fact, during the 2004 Kurdish uprising in Qamishli, the Assad regime offered armed support to Arab tribes in Jazira—namely Adwan, Jabbour, Ougaidat, and Tay—to quell the riots. Despite the somewhat cordial relations between Damascus and the Kurds during the civil war, the Assad regime aimed to continue close relations with these Arab tribes. When Kurds began offering higher salaries to Arab locals after the SDF captured lucrative oil fields, the regime did not hesitate to conduct air bombings of Hasaka in August 2016 to defend its public image as the arbiter of Kurds and Arabs.

In addition to oil, fertile agricultural land in the Jazira and Hasaka region may cause mayhem if Kurdish authorities choose to redistribute land to attract thousands of
landless peasants. Before the civil war, the region produced 43% of Syria’s grains and 80% of its cotton. Although the region is considered Syria’s food basket, the Assad regime did not invest in it when farmers faced severe water shortages in the past two decades. Years of drought and increasing consumption of water on the Turkish side pressured the farmers whose traditional agricultural practices such as gravity feed systems demand extremely high water usage. The regime promised to develop modernized irrigation techniques following the 2004 Kurdish revolt, but this was never implemented. According to Fabrice Balanche’s research based on French Ministry of Agriculture statistics, the Hasaka province witnessed a 25% decrease in cultivated areas between 1995 and 2008, causing a steady outflow of the region’s population into urban centers such as Aleppo and Damascus. The regime’s food and fuel policies—extracting maximum resources while deliberately not establishing industries—were consistent over the years, making the region subservient to the state. Thus, access to water and resources will remain as the key flashpoint in the Kurds’ relations with the central government. It is unclear how the local population will perceive the redistribution of land under the YPG. The YPG believes in a communal system of government that provides food and fuel security and education through local councils. The communes take care of most functions of a modern state; in many ways, local autonomy in Rojava appears to constitute a type of socialist revolution. Some local residents, however, have begun to raise concerns, complaining about the decision-making authority and unaccountability of YPG leaders. There is also criticism of YPG’s strict budgetary control over the communes and its practice of channeling funds and humanitarian aid in exchange for the recipients’ loyalty to its authority. For dissident Kurds, such problems may be a failure of the YPG’s socialist ideology; however, for dissident Arabs, such conditions are also seen through an ethnic lens—that is, the failure of Kurdish rule.

The YPG’s ideology may on occasion appeal to anti-establishment Arab youths who are alienated from their tribes; however, the ideology is particularly attractive to Kurdish youths due to its Kurdish nationalist flavor, which does not resonate with Arabs. Moreover, the Arab tribes’ fear of Kurdish irredentism will be reinforced as long as the SDF structure facilitates indoctrination of PKK ideology. The Syrian regime’s “Arabization” policies since the 1970s have changed the demographics of the region; therefore, the Arab tribes’ anxiety regarding the “re-Kurdification” of Rojava under YPG rule is not baseless. The YPG’s earlier practice of forced conscription of Arab boys and girls (under the age of 18) is still fresh in the memories of local Arabs.

THE RISE AND FALL OF IRAQI KURDISTAN

The Arab Spring and ensuing meltdown of the Iraqi security architecture have led to dramatic changes in the fortunes of Iraqi Kurdistan, which is the most thriving region of the post-Saddam era. Kurdistan was often praised as a virtual island of stability—a reference to its secular character and immunity to Shia–Sunni sectarian tensions. The 2011 Sulaymaniyah protests inspired by the Arab uprisings, however, revealed institutional fragility. To quell the protests, the Kurdistan Regional Government (KRG) approved a parliamentary bill that consisted of 17 points of agreement between the government and the opposition, including a promise for structural economic reforms and to fight against cronyism and corruption.

The institutional problems, however, have remained a major problem. Although the KRG has introduced some measures for accountability in the oil sector, the opposition has claimed such steps are too little too late. Iraqi Kurdistan faced a major danger when IS directly threatened to invade Erbil. The war against IS caused not only a shrinking economy but also a domestic refugee flow: internally displaced people now represent one-third of Kurdistan’s population of 5.2 million. Mass outrage about the economic downturn grew as the KRG failed to properly pay public employees and unconstitutionally postponed presidential elections several times.
As the IS threat vanished, the KRG’s push for an independence referendum in September 2017 was a major gamble. On one hand, it could boost the ruling elite’s legitimacy and authority—and indeed, the referendum galvanized the national sentiment among Kurds in Iraq and beyond. On the other hand, failure could seriously undermine the KRG’s legitimacy. High emotions turned into major frustrations when the Iraqi military undertook operations in the territories around Kirkuk, areas of dispute between the KRG and the central government in Baghdad in the immediate aftermath of the referendum. The Kurdistan region not only lost massive oil revenues but also faced an economic embargo, including the blockade of international flights that was imposed by the central government.24

Specifically, after the loss of Kirkuk to Baghdad, the KRG’s oil production fell from 550,000 to 250,000 barrels per day.25 The dire outcomes have led the ruling parties to accuse each other of treason, while opposition parties forcefully demanded the resignation of the government. In a historic decision and with deep embarrassment, Masoud Barzani left the presidential office in November 2017.

In December 2017, protests, thousands strong, once again rocked Sulaymaniyah and Halabja. In clashes with security forces, five protestors lost their lives and a hundred were wounded. Given that protestors set fire to the offices of the ruling parties, namely Barzani’s Kurdistan Democratic Party (KDP) and the late Iraqi President Talabani’s Patriotic Union of Kurdistan (PUK), Kurdish authorities justified their harsh measures on security grounds. The crackdown on the opposition media was particularly violent, with hundreds arrested.26

The Sulaymaniyah protests revealed a deep split in Iraqi Kurdistan following the independence referendum. The Kurdish opposition parties, specifically the Gorran Movement and the Kurdistan Islamic Group (Komal), have withdrawn their ministers from the government. The opposition accused the KDP and PUK of failing the nation before and after the independence referendum, demanding dissolution of the current cabinet and formation of a national representative committee to pursue negotiations with Baghdad until the Kurdish parliamentary elections, scheduled for September 30, 2018.

By pitting opposition–stronghold Sulaymaniyah against Erbil—the seat of the government and home to Barzani—Baghdad will continue to benefit from the intra-Kurdish divide. Kurdistan’s multifaceted and structural problems signal major future challenges and vulnerability of the region to outside interference.

**POLICY IMPLICATIONS FOR WASHINGTON**

In the post–Arab Spring era, Kurds have become a critical player for U.S. policy toward Syria and Iraq. In Syria, a key question for Washington is how to maintain political inclusion under the SDF structure. In immediate danger is the Kurdish–Arab alliance in the absence of a front line against IS. In Iraq, the United States should also focus on political inclusion and therefore help Kurds to achieve structural reforms in political accountability, economic resilience, and transparency in the oil sector. The lack of U.S. support on these issues will imperil stability in the region.

Ensuring political inclusion will be a daunting task for the U.S. officials in Rojava, especially due to Turkey’s open war against the Syrian Kurds. Washington took a positive step in supporting Arab local representation by helping to establish a new political party, the Future Syria Party, to shape Raqqa’s future with its inclusive motto, “Democratic, Pluralistic, Decentralized Syria.”27 Turkish officials, however, were quick to express their cynicism—they perceived it as yet another PKK–led organization with a new brand name.28 Once the Islamic State’s capital, Raqqa is now under SDF rule, but how Kurdish leaders will guarantee political inclusion where Arabs constitute majority is a mystery. The assassination of Omar Alloush, a key figure for reconciliation between Kurds and Arab tribes who served as a member of the Raqqa Civilian Council, is a recent example of targeted killings that seek to exploit ethnic tensions.29
Moreover, it behooves the Trump administration to pursue long-term policy goals in Iraqi Kurdistan with an understanding that current instability in Iraqi Kurdistan is deeply related to the institutional problems of political inclusion. After the referendum fallout, Kurdish prospects for democracy have become even more fragile due to Baghdad’s “divide-and-rule” strategy toward the Kurds. Ad hoc deals by different Shia militia leaders reaching out to various Kurdish actors with different Peshmerga forces invite further instability. Washington can helpfully remind the Iraqi central government that settlement on the disputed territories and other key issues with Kurds cannot be peacefully resolved without ensuring stability in Kurdistan.

ENDNOTES


12. Balanche, Sectarianism in Syria’s Civil War, 89.


15. Balanche, Sectarianism in Syria’s Civil War, 126.


This issue brief is part of a two-year research project on pluralism in the Middle East after the Arab uprisings. The project is generously supported by a grant from the Carnegie Corporation of New York.

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Cite as:


21. For a detailed account of institutional problems, see Kawa Hassan, “Kurdistan’s Politicized Society Confronts a Sultanistic System,” Carnegie Middle East Center paper, August 2015.


AUTHOR

Mustafa Gurbuz, Ph.D., is a nonresident fellow at the Arab Center in Washington, D.C., and an adjunct faculty member of the Arab World Studies program at American University. He is the author of Rival Kurdish Movements in Turkey: Transforming Ethnic Conflict (Amsterdam University Press, 2016).
Women as Religious Authorities: What A Forgotten History Means for the Modern Middle East

Mirjam Künkler, Ph.D., University of Göttingen

Although the history of Islam includes numerous examples of women transmitting hadith (i.e., sayings of the prophet), writing authoritative scholarly commentaries on the Quran and religious law, and issuing fatwas (rulings on questions of Islamic law), women rarely perform such actions today. Most Muslim countries, including those in the Middle East, do not allow women to serve as judges in Islamic courts. Likewise, few congregations would turn to women for advice on matters of Islamic law, or invite women to lead prayer or deliver the sermon (khutba).

For decades, Sudan and Indonesia were the only countries that permitted female judges to render decisions on the basis of the Quran and hadiths (which are usually conceived as a male prerogative only). And only recently have religious seminaries in Turkey, Morocco, Iran, and pre-war Syria opened their highest degree programs to women, thus enabling them to develop the expertise in Islamic law required to issue fatwas.

Given the dearth of women exercising Islamic authority, one might be forgiven for assuming that for most of Islamic history, women were not granted the right to gain expertise on questions of religion and religious law and that these realms of knowledge were the near-exclusive domain of men.

Yet a look into Islamic history suggests otherwise. In the early periods of Islam, women had great prominence in transmitting the hadith, and female family members of the prophet were frequently consulted on questions of Islamic guidance. This practice was not limited to the prophet’s family and descendants. As Islamic scholar Khaled Abou El Fadl notes, “certain families from Damascus, Cairo, and Baghdad made a virtual tradition of training female transmitters and narrators, and… these female scholars regularly trained and certified male and female jurists and therefore played a major contributing role in the preservation and transmission of Islamic traditions.”

Women’s role in transmitting hadiths was modeled after ʻA’ishah, the prophet’s youngest wife, who had been such a prolific transmitter that Muhammad is said to have told followers they would receive “half their religion” from a woman.

In his overview of the history of women as hadith scholars—Al-Muhaddithat—Oxford scholar Mohammad Akram Nadwi observes that, “in the formative period of Islam… women scholars are not only great in number but also great in prominence [and] great in their authority. Men go to them to learn, and doing so is normal.”

Research by Islamic studies professors Irene Schneider and Jonathan Berkey indicate that Nadwi’s observation was not only true for the formative period of Islam; in later centuries, too, the great scholars of Islam learned from both male and female teachers. Knowledge seekers traveled far and wide, from Damascus and Cairo to Baghdad and Nishapur, to study with female jurists.

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Women jurists can be found from Timbuktu to Cairo, from Damascus to Baghdad, and from Isfahan and Nishapur, from the 700s to the 1500s and across the Hanafi, Hanbali, Maliki, Shafi‘i, and Shia schools of law. Nor is there evidence that women transmitted or taught only on gender-specific themes. The Shafi‘i jurist Amīnā bint al-Ḥusayn al-Maḥāmīlī (d. 987) was particularly expert in the law of inheritance. The Hanbali jurist Fatimah bint ‘Abbas ibn Abi al-Fath al-Baghdadiyyah al-Hanbaliyyah (d. 1333) became a renowned scholar of the Quran, and her contemporary, the great Islamic scholar Ibn Taymiyah, acknowledged her as an equal in knowledge and expertise. ‘A’isha bint ‘Abd al-Hadi al-Ba‘uniya (d. 1516) excelled in Arabic grammar and rhetoric, Islamic law, theology, and mysticism.

Apart from these leadership roles in Islamic scholarship, women also often played noteworthy roles as founders and benefactors of madrasahs, with the authority to appoint teachers and other functionaries. Even as controllers of the endowment, they could greatly influence the sphere of religious teaching and learning.

A “MODERN ABYSS” FOR FEMALE RELIGIOUS AUTHORITIES

With the rise of modernity, the profound transformations in statecraft, the adoption of European legal systems, the diminished role of religious authorities across the Muslim world, and the rise of political Islam, knowledge of the multifaceted ways in which women were central to the development of the Islamic tradition, Islamic law, and scholarship faded into distant memory. It is not entirely clear why modern religious authority in Islam was in most places reshaped to include men only, or why it was forgotten that women, too, could become muftis and that their interpretations should have authority for both female and male believers.

While modern educational systems that focused on men’s preparations to eventually become breadwinners as well as the militant anti-colonial struggle that propelled men to...
political leadership and relegated women to the private sphere both played a role in this development, the reasons behind this trend are multifaceted and vary across the Muslim world. Still, the schism between the period spanning the seventh and 16th centuries on one hand, and the 17th to 20th centuries on the other is extraordinary. In a sense, one can speak of a “modern abyss” for female religious authorities; women Islamic scholars, muftis, and judges are the great exception. Even public opinion surveys indicate that most believers today, irrespective of gender, do not wish to follow women religious leaders and do not trust a woman’s interpretation of the Quran, even if she has proven to be equally qualified.13

NEW INITIATIVES: WOMEN ADVISING WOMEN

Fortunately, several recent developments indicate that the tables may be turning once again.

In 2006, the Moroccan government began to train female religious counselors (so-called murshidat) to be assigned to mosques around the country and tasked with responding to religious inquiries.14 The main role of the counselors is to provide legal guidance to women so that female believers are not compelled to consult men on health and women-specific issues. The program has since grown and become very popular, with hundreds of women being trained as murshidat each year.

In Syria, prior to the civil war, female graduates of some Islamic law colleges were being trained to become assistant muftis able to offer gender-specific advice to women. Since 2005, the Turkish Directorate of Religious Affairs (i.e., the Diyanet) has appointed female assistant muftis who may issue fatwas on women’s issues and in response to women’s questions. This is, remarkably, despite the fact that all four Sunni schools as well as the Twelver Shia school of jurisprudence recognize women’s eligibility to serve as muftis not only regarding issues of particular relevance or interest to women, but on any issue on which a believer might seek advice.19

Ahmed al-Haddad, the Grand Mufti of Dubai and head of the Islamic Affairs and Charitable Activities Department, in 2009 issued this important reminder: “In many Muslim countries, women are already involved with the issuing of fatwas, or legal rulings, but frequently these are confined to ‘female issues.’ However, a woman who is learned and trained in issuing fatwas is not limited in her role to issuing fatwas that relate to women only, but rather she is qualified to issue on matters of worship, jurisprudence, morality, and behavior.” Al-Haddad went on to say that Islamic tradition was “rich in examples of highly learned women acting as muftis and issuing decrees on all matters,” and added that “women, too, can order acts of virtue and ban acts of vice just like a man can...which is what female contemporaries of the Prophet have done as well as the women who came after them.”20

Even public opinion surveys indicate that most believers today, irrespective of gender, do not wish to follow women religious leaders and do not trust a woman’s interpretation of the Quran, even if she has proven to be equally qualified.
In this regard, al-Haddad is entirely right. It is time for women to reclaim their historical role and for believers to remember that for centuries, Islamic authority was less gender exclusive than the modern era.

LOOKING AHEAD

Training more women in the interpretation of Islamic sources does not mean that such interpretations will overnight become more inclusive or more gender sensitive. But educating young women about female role models in the Islamic tradition such as the women teachers of Ibn Taymiyah or the Damascene jurist al-Awtābiyya, whom the caliph consulted on legal and political questions while sitting with her in the back of the mosque, is incredibly important. Seeing a woman in a leadership position can have a transformative effect on an individual’s aspirations and open up new horizons and career goals previously not considered. Many Muslims are familiar with the pivotal role played by Aisha and Fatimah, but these were women in the prophet’s family, which made their trajectory beyond reach. In a way, their towering image is part of the problem, as it elevates the example of female religious authority to unreachable heights. Instead, the image of women’s religious authority needs to be "normalized" once again.

Generations of women from the seventh to 18th centuries sought Islamic knowledge and became qualified as jurists, hadith transmitters, and scholars of Islam to whom male students would travel across the Muslim world. The historical evidence discussed above clearly illustrates that the women of the prophet’s family were not unique in taking on religious leadership roles. Many women across time emulated their model and contributed to a strong tradition of female Islamic authority, which is probably stronger comparatively than in the other Abrahamic religions.

A change in perception is needed to re-normalize women’s religious authority. If women are to be trained as religious authorities on all matters and for all believers (not only women), then attitudes toward women in religious leadership positions need to change as well among educators, students, and the general public. Religious leaders are only leaders if they have a following, as women muftis have repeatedly demonstrated.

An important mechanism for changing perceptions is memory-making. Memories can be reactivated by:

- sponsoring programs in popular culture that revive the tradition of women jurists in Islam, such as visual culture projects like cartoons, videos, and films about such women, which some NGOs in Iran have produced to this effect;
- generating exhibitions, children’s books, games, and toys that elevate the memory of outstanding women jurists and hadith transmitters; and
- supporting local research on examples of women religious leaders.

ENDNOTES

6. On women in religious education during the Mamluk period (1250–1517), see Jonathan Berkey, *The Transmission of Knowledge in Medieval Cairo: A Social History of Islamic Education,* (Princeton: Princeton University Press, 1992), 170f. Berkey writes that women were not in a position to become teachers in madrasahs during the Mamluk time, but often taught men and women outside the formal madrasah system.

7. See Irene Schneider, “Gelehrte Frauen des 5./11. bis 7./13. Jhs nach dem biographischen Werk des Dahabi (st. 748/1347),” in *Philosophie und Arts in the Islamic World. Proceedings of the 18th Congress of L’Union Européenne des Arabisants et Islamisants held at the Katholieke Universiteit Leuven* (Sept. 3–9, 1996), U. Vermeulen and D. de Smet, eds. (Leuven: Peeters Publishers, 1998), 107–121. The biographies of women discussed here amount to 2 percent of all biographies al-Dhahabi reviewed, most of which were of male contemporaries of the Prophet. None of the 20 women surveyed by Schneider served in official offices, such as administrators or judges.

8. See Abou El Fadl, “Legal and Jurisprudential Literature.”

9. Ibid.


13. For example, a recent survey conducted by the Baker Institute in the Middle East sheds light on this issue. Survey available at: https://www.bakerinstitute.org/carnegie-project.


15. Overall, the Diyanet employs 81 muftis across the major cities of Turkey. Since muftis in Turkey often function as regional managers who oversee Diyanet projects, personnel, disputes, etc. in their assigned provinces, most legal inquiries from believers are in fact answered by the assistant muftis. I thank James Gibbon for pointing out this division of labor to me. On the political (in)significance of fatwas in Turkey’s entirely secular legal system, see Samil Öcal, “From ‘the Fetwa’ to ‘Religious Questions’: Main Characteristics of Fatwas of the Diyanet,” *The Muslim World* XCIII, April/July (2008): 324–234.

16. See, for example, Mona Hassan, “Women at the Intersection of Turkish Politics, Religion, and Education: The Unexpected Path to Becoming a State-Sponsored Female Preacher,” *Comparative Islamic Studies,* 5, no. 1 (2009): 111–130.


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**AUTHOR**

Mirjam Künkler, Ph.D., is a professor at the Institute for Advanced Study in the Humanities and Social Sciences at the University of Göttingen. Her work focuses on Iranian and Indonesian politics, and she has published research on comparative relations between religion and state in the two countries, questions of law and constitutionalism, religious education, and Islamic authority.
The Rhetoric and Reality of Religious Reform in Egypt and Saudi Arabia

Nathan Brown, Ph.D., George Washington University; Carnegie Endowment for International Peace

Two Arab leaders recently garnered favorable international attention for calling their religious establishments to account. Beginning in 2015, and repeatedly since then, Egyptian President Abd al-Fattah al-Sisi has directed the country’s religious leaders to “renew religious discourse” to prevent religion from being used as a tool of violence or to stall social reform.¹ And Saudi Crown Prince Mohammad bin Salman has curbed the influence of the religious police and obtained endorsements from the country’s senior religious scholars to allow women to drive.²

These demands for change can appeal to international audiences seeking allies to contain “violent extremism” or advance women’s rights. In that sense, they communicate commitment to religious visions that seem more inclusive to global observers—more tolerant of doctrinal differences, more open to women having a public role, and less insistent on adhering to specific religious interpretations. But what is actually unfolding domestically may be something quite different: centralizing regimes and authoritarian rulers appear to be seeking control of religious sectors that have become too autonomous. It is not so much the doctrines themselves that interest these regimes and rulers as it is the ability to control a critical part of the state apparatus that has a far-reaching impact on society.

Understanding the politics of the religious “reform” necessitates taking a much more institutional than doctrinal view of religion in Egypt and Saudi Arabia. Religious approaches in the two countries are often understood at the level of dominant ideas. Egypt’s official religious leadership presents itself as the bastion of a 1,000-year-old heritage but also one that seeks to cultivate a center path, holding fast to that heritage while interpreting it in a way that is appropriate for modern conditions. Since its founding, Saudi Arabia was built on rendering canonical the teachings of Muhammad ibn ‘Abd al-Wahhab, the 18th century scholar whose name has been linked—despite the wishes of many followers—to the Wahhabi approach. Insistent on strict fidelity to religious texts and fearful of the introduction of perceived accretions or corruptions like mysticism or Shiism, Wahhabi followers evince a particular reluctance to accommodate differences even from their own understanding of Islamic teachings, much less non-Islamic doctrines.

But a closer examination of the two societies reveals that much more than the content of teachings, the reasoning of fatwas and the rhetoric of sermons is at stake. Though the religious establishments in Egypt and Saudi Arabia are constructed in different ways, new leaders in both countries are trying to assert much more political control over them. To the extent that they succeed, Saudi Arabia and Egypt will resemble each other far more.

Thus, international endorsements of the pleasing religious claims made by these rulers constitute support for regimentation and authoritarianism just as much as reform.
DIVERGENT PASTS

Both the Egyptian and Saudi Arabian states have vast religious apparatuses, but they are structured very differently. The religious establishment in Egypt is dominated by al-Azhar, a huge complex of schools, research institutes, and a university that was brought under closer regime control in the second half of the 20th century (though it has sometimes battled for autonomy). Other religious structures include, most notably, the Ministry of Religious Affairs, which oversees mosques and religious endowments, and a state Mufti. But other state functions—policing, adjudication, and education—are not managed by religious officials.

In contrast, Saudi Arabia has a “religious police” (formally named the Committee for the Promotion of Virtue and the Prevention of Vice) and courts whose judges are trained primarily in Islamic sharia law and retain general jurisdiction. The country also has a Ministry of Islamic Affairs, which historically has been a more powerful body than its Egyptian counterpart; the influence of the religious establishment on the content of educational material is far greater.

These differences are a product of divergent state-building histories in the countries, which have led not only to distinctive institutional patterns but also to very different ways in which religious structures and social constituencies have been folded into modern states. The most distinctive element of the Saudi state, the body often termed the “religious police,” for example, is a very modern and bureaucratized form of the classical muhtasib, an office that actually existed in Egypt in earlier centuries and was very much consistent with the Azhari approach.

Similarly, while Saudi resistance to codification of law is sometimes described in doctrinal terms, it seems to stem much more from the judiciary’s suspicion that being forced to rely on written codes rather than directly consulting Islamic jurisprudence will transfer authority from the judiciary to the ruler.

Neither Egyptian nor Wahhabi dominant doctrines say much about the bureaucratic structure of a modern state; while religious institutions operate within such structures, they have actually shown some malleability in how they function. Scholars trained in both traditions have adjusted to the bureaucratic and institutional structures that have been established, though they often have sought to maximize their own autonomy within the states that encompass their authority and activity.

In Egypt and Saudi Arabia, three historical forces operated in very different ways to produce the current structures. First, Egypt was nominally part of the Ottoman Empire and was deeply influenced by the Ottoman bureaucratization of Islam as well as Ottoman institutional changes (especially the commitment to comprehensive legal codes and judicial reform). Many of the key structures of the Egyptian state were either inherited from the Ottoman Empire or deeply affected by Ottoman models. The Saudi state, by contrast, was largely built on a bureaucratic basis very distinct from the Ottoman path. While some regions had been under Ottoman rule, when Saudi national institutions were built beginning in the fourth decade of the 20th century, they were constructed less on those foundations and more by creating a religious state within the broader state, staffed by those with training in Wahhabi Islam and dominated by those from favored sectors of Saudi society.

Second, imperialism had very different effects in the two locations. In Egypt, imperialism led to a set of religious institutions that, while part of the state, were separate from other governance structures. Efforts by Egypt’s own leaders (before but especially after the British occupation) led to a state religious apparatus that allowed religious institutions to operate in specific fields (personal status law, education, mosque administration, etc.) in ways that kept them separate and, to a lesser extent, autonomous from other parts of the state apparatus. Thus, from the late 19th century onward, a distinct set of schools, law courts, and other structures that could be identifiably labelled as “religious” were established.

In contrast, Saudi Arabia developed institutions in the same areas—law and education most especially—that did not feature such a strong separation between
the religious and non-religious parts of the Saudi state. When such separation eventually emerged, the motivation for the split was obscured; the subsequent structures were ultimately designed more to anticipate domestic opposition and co-opt it than to escape the influence of foreign occupiers, as was the case in Egypt. To be sure, European powers played a role in shaping some of the country’s borders and in leading the country’s leadership to ignore and even silence individuals and organizations that cause international complications. However, imperialism played a far less prominent role in shaping the contours and purview of religious institutions.

Finally, Egypt and Saudi Arabia constructed their modern states in distinctive and different ways that accentuate the differences wrought by Ottoman and imperial influences. The Egyptian state was built gradually in a manner that tended to maintain older religious institutions and fold them unambiguously into the state, placing them under the direct oversight of senior regime officials. Schools, personal status courts, al-Azhar, and religious endowments were all brought under clearer state rule, governed by specific laws and regulations, and placed under the authority of senior executive branch officials. From the mid-20th century onward, presidential authoritarianism deeply reshaped the state, bringing all state bodies under stronger central control and allowing senior officials to deploy their power to secure ideological, policy, or other ends. It is no accident that when religious members of Egyptian society mobilized, they found they had to do so outside the state.

Saudi Arabia might similarly be viewed as authoritarian in its development, but the state evolved into a far less coherent entity, shaped from the mid-1940s on—and especially since the mid-1970s—by the existence of oil revenues. With a strong fiscal base that eliminated the need for difficult economic decisions; ruling family members sprinkled throughout the state, society, and economy; and a privileged and somewhat autonomous religious sphere, Saudi state formation allowed for fiefdoms within the state and enabled an inclusionary approach toward some groups while marginalizing others. The public could certainly voice criticism and opposition in Saudi Arabia, but such actions occurred—mostly informally—within state structures. Only toward the end of the 20th century did distinct political and social movements arise, and even then the extent to which they represented not just trends but actual organized movements continued to be obscured by the informal nature of Saudi politics.

By the 21st century, Egypt was marked by a bifurcation between hierarchical official structures and unofficial movements. In Saudi Arabia, by contrast, the religious establishment had a far less clear chain of command, and the division of responsibility was informal and in constant flux. In addition, Saudi religious institutions were not segregated from others; courts, schools, and police agencies tended to avoid establishing a distinct religious sphere.

**SIMILAR FUTURES**

Many of the differences between the two countries are now eroding, however, as a result of the triumph of state bureaucracies and their attempts to subordinate their religious constituencies. The historical forces that created distinct evolutions in the nations may be losing some of their strength, as both countries are now led by regimes that are centralized, security conscious, and focused on controlling all parts of the state apparatus. Even the differences between their respective regimes have diminished: Egypt is a republic and Saudi Arabia is a monarchy, but leaders of both exhibit a similar determination to manage autonomous state structures, scatter potential opposition movements or block them from organizing, and prevent parts of the state apparatus from protecting opposition voices.

Most significantly, the segmented Saudi state, with its ability to use an enormous fiscal base to be many things to many people, is being reshaped to become more hierarchical, responsive to regime commands, and compliant with policy directions sketched from the country’s top rulers. In that respect, Saudi Arabia is finally returning to the more common trajectory of modern state-building.
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in the region, one very clearly followed by Egypt for two centuries. This is most evident in the legal field. The Saudi king has traditionally issued a stream of rules and regulations that help shape the Saudi legal system. But the issuance of such declarations has been occurring more frequently; thus, the king’s directives are beginning to dominate most legal areas. Islamic sharia law has not been abandoned, but the way courts apply it has been brought under greater official oversight and standardization. Second, a limited kind of codification is taking place. Full codification (taqnin) might no longer be spoken of, but tadwin, a process in which decisions are written down for guidance so that judges tend to operate a bit more within known and predictable interpretations, is well underway. The judiciary is being expanded beyond its traditional Najdi base, with universities built all over the country, discussions on admitting law school (rather than just sharia) graduates into the judiciary (provided they receive additional training in sharia), and a clear trend toward appointing loyalist judges to leading positions and shutting down dissident voices. Deprived of its power to arrest in 2016, the “religious police” was transformed into an institution that now has the same authority as private citizens in Egypt to impose sanctions: just as Egyptian citizens lost the right to resort to courts directly in cases involving public normality, the official Saudi religious force is now required to submit complaints to the police and the Public Prosecution Office, which decide whether and how to proceed.

Understanding and promotion of Islam uses some gentle words but packs a powerful punch: the primacy of the presidency and the enforcement of its view of national security are being forcefully asserted. Mohammad bin Salman’s moves have a similar message in Saudi Arabia: the religious establishment has to follow the line established by the country’s top leaders. Those who do so loyally will be rewarded; independent voices will be policed and even silenced.

In both Egypt and Saudi Arabia, the current rulers seem to view autonomous religious institutions and religious publics as bodies to manage and control. The lesson both regimes took away from the Arab upheavals seems to have not been the necessity of pluralism, but instead the need for more regimentation, hierarchy, control, and exclusion. The results will garner them some favorable international attention, and sometimes for good reason. But for those inside the religious structures in both countries, what is happening is not more inclusive but less.

ENDNOTES

1. See, for example, AlHayah TV Network, YouTube video, 5:47, January 1, 2015, https://www.youtube.com/watch?v=4ygOS3_eTTQ.

AUTHOR

Nathan Brown, Ph.D., is a professor of political science and international affairs at George Washington University and a nonresident senior fellow at the Carnegie Endowment for International Peace. His research specializes in comparative politics of the Middle East, democratization and constitutionalism, rule of law in the Arab world, Islam and politics, and judicial politics.
How much of a difference does it make to increase women’s political representation beyond their traditional levels? How significant is the role of quotas in facilitating this change? In this brief, I offer a summary of recent research conducted on these questions in the context of Egypt.

Although Egypt had been a regional pioneer in women’s parliamentary representation in the 1950s, it has since lagged behind, with an average female representation of between 2% and 3%. The exceptions were the 1979, 1984, and 2010 parliaments, which each introduced female quotas and yielded female representation of 8%, 7.8%, and 12%, respectively. It was only in 2015 that women achieved a historic increase in legislative representation, securing 14.9% of seats in parliament (Figure 1). A total of 75 women were elected to Egypt’s House of Representatives (out of a possible 568 seats), a change mostly driven by gender quotas. An additional 14 women were appointed by the president, bringing the total of women MPs to 89 in the current Egyptian parliament. A content analysis of key parliamentary sessions in 2015 and 2016 reveals that this political experiment has had significant implications.

**WOMEN’S REPRESENTATION ON A GLOBAL SCALE**

Previous research on the effects of greater women’s political representation around the world has yielded several significant findings. First, quotas matter in increasing women’s representation. Without quotas, women still find it quite difficult to obtain parliamentary seats in both majoritarian and proportional representation systems. Second, female legislators have an impact on parliamentary debates. A pronounced focus on issues such as education, health care, and inequality—topics termed “soft issues”—is one such example. Lastly, female parliamentarians dedicate their efforts to feminist issues such as women’s political rights and maternity benefits. Women parliamentarians who serve in environments where they were traditionally underrepresented tend to live up to society’s expectations of them as “representatives of women” and therefore champion feminist issues.

**THE STATUS OF EGYPTIAN WOMEN’S SOCIOPOLITICAL PARTICIPATION**

Egypt’s 2014 constitution granted women significant gains in terms of gender equality. Their legislative representation increased sevenfold, and their participation in the cabinet increased threefold compared to the pre-2014 period (Figure 1). From a socioeconomic perspective, however, there is still much room for improvement. Women’s participation in the workforce, for example, remains low, ranging between 20% and 25% compared to a global average of 52%. Only 14% of women ages 15 to 59 are employed or self-employed, compared to 83% of men.

In terms of education, around 21% of women between the ages of 15 and 59 have never attended school, compared to 8% of men in that age range. Egypt ranks 136th out
Female MPs were almost as equally active as male MPs when speaking in parliament.

Data indicate that female MPs were almost equally as active as male MPs in proportion to their total number in parliament when speaking on these topics (they made up 14.9% of all MPs and 13% of the speakers on the three topics). Of the three topics examined, female MPs were most active on the topic directly addressing women’s issues (FGM), making up 20% of the MPs who spoke on the issue. Second in line was the budget bill (12.8%), followed by the wheat sales and storage regime topic (10.2%).

FIGURE 1 — WOMEN’S REPRESENTATION IN EGYPTIAN PARLIAMS (1957–2015)

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<tr>
<td>1984</td>
<td>36.0</td>
<td>9.0</td>
</tr>
<tr>
<td>1987</td>
<td>38.0</td>
<td>9.0</td>
</tr>
<tr>
<td>1990</td>
<td>10.0</td>
<td>2.5</td>
</tr>
<tr>
<td>1995</td>
<td>9.0</td>
<td>1.8</td>
</tr>
<tr>
<td>2000</td>
<td>11.0</td>
<td>2.5</td>
</tr>
<tr>
<td>2005</td>
<td>9.0</td>
<td>1.8</td>
</tr>
<tr>
<td>2010</td>
<td>12.0</td>
<td>1.8</td>
</tr>
<tr>
<td>2012</td>
<td>12.0</td>
<td>1.8</td>
</tr>
<tr>
<td>2015</td>
<td>75.0</td>
<td>14.9</td>
</tr>
</tbody>
</table>

SOURCE Members’ Register, Egyptian Parliament (various editions)

of 145 countries in gender equality according to the World Economic Forum’s Global Gender Gap Report 2015. These statistics indicate that there is significant room for improvement in Egyptian women’s inclusion in society if women’s issues and rights are to be emphasized in public debates, with parliamentary debates at the forefront.

DEMOGRAPHIC BACKGROUND OF EGYPTIAN FEMALE MPs

A comparison of the backgrounds of female and male MPs showed that female MPs are younger on average, have a slightly better educational background, and are less partisan than their male counterparts. A statistical analysis (t-test) revealed that the gender quota was found to be a statistically significant driver behind women’s increased representation in the 2015 election.

WHAT ISSUES DO FEMALE EGYPTIAN MPs FOCUS ON?

A content analysis was performed on the official transcripts of three topics discussed by the 2015 parliament. The topics were selected to ensure diversity (i.e., to include both women– and non–women–specific issues, and to address political, economic, and social issues) and saliency (i.e., topics that mattered to MPs and also attracted media attention at the time). The topics included an economic issue (the 2016–2017 budget bill), a women–specific issue (toughening sentences against individuals performing female genital mutilation—FGM), and a political oversight issue (questioning the minister of supplies on the wheat sales and storage system). These three topics were discussed over 21 parliamentary sessions. A total of 147 MPs spoke on all three topics, of which 19 were female.
interesting observations can be made. The topics female MPs focused on the most were health care (28.6% of all paragraphs attributed to female MPs on the subject addressed health care issues), followed by education (16.1%), and welfare and the deficit, which drew equal attention (12.5% each). Male MPs on the other hand focused more on government criticisms (26.3% of the paragraphs attributed to male MPs on the topic), the deficit (14.6%), and subsidies (10.9%). It is quite interesting to see that female MPs devoted significant attention to the deficit, with a focus on the fear of burdening the younger generations. This focus seems to fit the picture painted by previous studies that female MPs are likely to extend their role as mothers to a similar role for the broader population. A statistical comparison of the number of interventions made by female and male MPs on each budget sub-topic reveals that women made different contributions than men on three topics: health care, women’s issues, and government oversight. On both health care and women’s issues (e.g., providing more financial support to single mothers), women spoke significantly more than men, yet they were significantly less likely to criticize the government than men. It is also quite intriguing to see that none

### TABLE 1 — BACKGROUNDS OF FEMALE AND MALE MPs ELECTED TO THE 2015 EGYPTIAN PARLIAMENT

<table>
<thead>
<tr>
<th></th>
<th>Male MPs</th>
<th>Female MPs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average age (years)</strong></td>
<td>51.0</td>
<td>45.7</td>
</tr>
<tr>
<td><strong>Education (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school or lower</td>
<td>20.8</td>
<td>17.3</td>
</tr>
<tr>
<td>University degree</td>
<td>73.1</td>
<td>73.3</td>
</tr>
<tr>
<td>Master’s degree</td>
<td>1.4</td>
<td>2.7</td>
</tr>
<tr>
<td>Ph.D.</td>
<td>4.7</td>
<td>6.7</td>
</tr>
<tr>
<td><strong>MPs elected via lists in each category (%)</strong></td>
<td>13.0</td>
<td>74.7</td>
</tr>
<tr>
<td><strong>Independents in each category (%)</strong></td>
<td>57.0</td>
<td>77.3</td>
</tr>
</tbody>
</table>

**SOURCE** Members’ Register, Egyptian Parliament (various editions); 2015 House of Representatives Election Report, National Election Commission

### FIGURE 2 — INTERVENTIONS ON WHEAT SALES AND STORAGE, BY GENDER (%)

![Bar chart showing interventions on wheat sales and storage by gender](source)

**SOURCE** Author’s analysis
of the male MPs spoke on women’s issues during budget discussions.

On the bill related to FGM sentencing, male and female MPs used interventions 9 to declare their opposition to the practice (21.6% of all paragraphs), call for tougher sentences against practitioners (15.7%), or use feminist arguments to debate against FGM (13.7%). Around 25% of all paragraphs were attributed to female MPs (who represent 15% of all of parliamentary members) whereas the rest were attributed to male MPs. Female MPs primarily voiced disapproval of FGM (23% of all paragraphs attributed to female MPs) and used feminist arguments against the bill (also 23%). 10 Two interesting results stand out. No single female MP endorsed FGM. Second, when arguing against FGM, female MPs were almost three times more likely to use feminist arguments than religious or scientific ones (a difference significant at the 90% confidence level), indicating that women chose to deal with the topic primarily from a feminist perspective.

Finally, when discussing the topic of wheat sales and storage, empirical analyses revealed no statistically significant difference in perspectives between male and female MPs. One way to interpret this result is to deduce that female MPs addressed non-women’s issues in the same way as men. Female representatives were equally capable of addressing even “dry” or “hard” bread-and-butter topics with the same depth and level of sophistication as male MPs.

**LOOKING AHEAD**

More than 150 years ago, philosopher John Stuart Mill described losing the representation of women and their talents in society as an exercise of non-utilitarian irrationality. 11 Beyond arguments that favor greater representation of women in the political arena on the grounds of fairness and symbolism, the evidence above confirms that women’s representation is substantively important as well. Women make unique contributions to politics and advance a distinctive agenda. The empirical evidence presented in this brief also offers partial support for critical mass theory, in that women’s representation beyond a certain threshold gives women in parliament greater solidarity and impetus to act together and stand up for women’s rights.

To sustain these changes, upholding—or possibly increasing—the female legislative quota would be a step in the right direction. Moreover, some aspects of election laws make it more difficult for women to campaign and could benefit from reform, especially regarding elections in which numerous majoritarian seats are contested. Examples include excessive—and sometimes difficult to monitor—campaign spending, geographically large majoritarian districts, and women’s underrepresentation in bodies that supervise elections. Additionally, if more women are appointed to key executive positions, their presence in public and political life could become a “new normal.” While Egypt did make some recent progress in this area by appointing women to key cabinet positions, applying such a strategy to other levels of the bureaucracy would make a difference.

**ENDNOTES**

1. The 2010 parliament, however, lasted for only two months and was dissolved after the 2011 uprising.


WOMEN IN THE EGYPTIAN PARLIAMENT: A DIFFERENT AGENDA?


7. In this analysis, only elected female MPs were considered.

8. The unit studied for the content analysis was the paragraph. In total, the parliamentary scripts of the three topics included 516 paragraphs.

9. Other tools include: motion of asking a minister, request to deliver an urgent speech, and request to form a fact-finding mission. All these tools, however, are less powerful than questioning a minister, which is the only measure that can lead to a no-confidence vote.

10. For example, one female MP said that FGM represents “violence against women because it capitulates part of her body” [Plenary Session no. 95 (August 31, 2016), 12], whereas another stated that “it is mere violence against women” [Plenary Session no. 95 (August 31, 2016), 14]. Interestingly, a third female MP—who is a professor of creed and philosophy at Al-Azhar University—also used feminist remarks in calling for male MPs to “respect women and stop constraining, intimidating, or hurting us” [Plenary Session no. 95 (August 31, 2016), 23–24].


AUTHOR

Mazen Hassan, Ph.D., is an associate professor of comparative politics at Cairo University, Egypt. Since May 2018, he has been the deputy director of the university’s Centre for Political Research & Studies and Intercultural Dialogue. His specialization includes electoral and party systems, institutional design in new democracies, public opinion, and experimental political science.

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Gender Inequality and Economic Inclusion in Tunisia: Key Policy Issues

Valentine M. Moghadam, Ph.D., Northeastern University; Rice University’s Baker Institute

Tunisia’s indicators on female labor force participation, educational attainment, professional activity, and political participation are quite impressive compared to other countries in the Middle East and North Africa region (MENA) (Table 1). In 2015, women accounted for 40% of tertiary education enrollment, 42% of university professors, and 31% of parliamentary seats. Indicators on school enrollment, fertility rates, and women in the judiciary are also noteworthy, as are three sociopolitical developments. First, since 1956, Tunisia has had a fairly liberal family law that banned polygamy and allowed women the right to divorce—the effects of “state feminism.” Second, the women’s movement—as defined by the influence and visibility of women’s rights organizations that effect legal and policy changes—is quite strong in Tunisia (it should be noted that civil society in general is quite robust in the country). Third, Tunisia embarked on a democratic transition (albeit a bumpy one) in 2011 that has won accolades internationally.

The very positive gender indicators listed in Table 1, however, provide only a partial picture. Tunisia’s women suffer from an untoward economic situation and low demand for their labor; low labor force participation and very high unemployment rates; social and regional inequalities; inadequate support systems for working mothers; persistent domestic violence; and prevailing conservative attitudes, values, and norms toward women’s rights. Without changes in these areas, and notwithstanding the favorable legal environment, Tunisian women lack full social inclusion and economic empowerment. These are key issues that require attention from researchers, policymakers, and women’s rights advocates.

This brief provides a comprehensive picture of Tunisian women’s employment patterns and problems, along with some policy recommendations. Women’s economic exclusion has implications for national development, the tax base, poverty alleviation, household well-being, and women’s full civic inclusion (Chamlou and Karshenas 2017; Moghadam 2018; World Bank 2011). Whereas women’s rights organizations and policy agencies in Tunisia are aware of the problems of poverty, unemployment, and violence, more attention should be directed—especially by researchers and policymakers—to the causes of low rates of female labor force participation (FLFP) and strategies to enhance both the quantity and quality of women’s employment.

FEATURES OF THE FEMALE LABOR FORCE

According to data from the International Labor Organization, most of Tunisia’s female labor force works in the manufacturing industry (43%) followed by the professional, scientific, technical/public administration, social security, and human health and social work fields (19.4%). The remainder work in the agriculture, forestry, and fishery sectors (12.3%).

Whereas women’s rights organizations and policy agencies in Tunisia are aware of the problems of poverty, unemployment, and violence, more attention should be directed to the causes of low rates of female labor force participation.
Only 7.7% of women work in wholesale and retail trade. In terms of occupational distribution, 24% of the female labor force works in professional fields; 20% hold clerical, service, and sales positions; and 51% hold blue-collar occupations. According to Ben Salem (2010, 501), women made up 39% of the staff in the civil service. Within the health field, women made up 42% of physicians, 72% of pharmacists, and 57% of dental surgeons. These figures illustrate the extent to which public and private services depend on women.

Despite the high rates of women in both professional and manufacturing fields, Tunisia’s FLFP rate is very low by international standards. At 27.2% in 2012, it is about half the rate of that in Organisation for Economic Co-operation and Development (OECD) countries (République Tunisienne 2012). Although more women work in Tunisia than in many Arab countries, the labor force employment of married women is weak for all but a small stratum of professional women who build decades-long careers. Many working women drop out of the labor force when they marry or have children.

At the same time, Tunisia’s female unemployment rate (24% in 2012) is very high compared to other countries around the globe. Despite women’s significant educational attainment levels, unemployment is nearly twice as high among women than men, illustrating the great difficulties women face in trying to establish their place in the economy. Well-qualified, university-educated women have the highest unemployment rate of any group in the population—47.4%, compared to 20.6% among similarly qualified men in 2012 (République Tunisienne 2012, Tableau 37, 35). Young people aged 15–29 constituted 72% of the total number of
University-educated women have experienced a sharp decline in the probability of government employment in recent years; it dropped by nearly half between 2005 and 2013 for both never-married and ever-married women (Assaad et al. 2016, 12). Large numbers of young women who wish to enter the labor market out of economic need—especially girls from working-class households with no more than a secondary education—or to pursue a professional career find that lack of demand blocks their entry into the workforce.

Women’s employment rates and the overall economy in Tunisia took two hits in recent years. First, the Great Recession of 2008 led to plant closures in the ready-made garment manufacturing sector. Given the large proportion of women working in manufacturing, the combined shock of the recession and plant closures likely had a substantial impact on women in the labor force and contributed to both unemployment and the “discouraged worker” effect, although detailed data on this issue is not available. Still, one can conjecture that the subsequent export and investment declines resulted in job losses for working class women. Second, in the wake of the 2011 revolution and the onset of terrorist attacks, investments sharply declined in almost all sectors; foreign direct investment (FDI) flows decreased by 29% in 2011, and 182 foreign firms—including companies based in Italy, France, and Germany—closed their doors, leading to the loss of 10,930 jobs (Ayadi and Mattoussi 2014, 6). The decline in FDI was also severe in the tourism sector. Tunisia is heavily reliant on travel and tourism, which accounted for 11.5% of jobs and 12.6% of GDP in 2015 despite the contraction of the overall economy since 2011 (World Travel and Tourism Council, 2016).

SOCIAL AND REGIONAL INEQUALITIES

Government data show that the highest rates of economic activity in Tunisia—that is, above 30%—are concentrated in coastal and relatively affluent areas such as Tunis, Ariana, Ben Arous, Manouba, Nabeul, Zaghouan, Sousse, and Monastir. The highest female unemployment rates are found in the country’s interior, reaching 40% to 46% in Kebili, Gafsa, and Tataouine (République Tunisienne 2014, 16). These rates are often two to three times higher than the unemployment rates for men. Tunisia’s interior regions lack the infrastructure, transportation, and information networks that the northeast and coastal areas enjoy. Health care is also lacking in low-income areas such as Jendouba, Le Kef, Kasserine, and Gafsa. In those areas, according to Elrahi (2015), about 60% of women suffer from health problems, and just 10% have access to health care. Youth illiteracy and dropout rates are also significant in these areas; 40% of women in these regions are illiterate. As in other MENA countries, women in Tunisia who have obtained a university education are more likely to be in the workforce—and continue working long-term—than women with only a secondary education or less. This situation may stem from the more conservative social norms among the less-educated population, the lack of skills and job training for women, or the absence of decent jobs—with good wages, benefits, and protections against sexual harassment—for women from lower-income households. Gender inequality in the labor market (especially in the private sector), high rates of female unemployment, and stratification within the female population contribute to broad social inequality, exclusion, and other disadvantages.

WORK–FAMILY RECONCILIATION AND SUPPORT FOR WORKING MOTHERS

Ben Salem (2010, 501) references studies showing that many employed women in the MENA find it difficult to balance work and family. Tunisia’s Labor Code mandates different accommodations for women working in the public and private sectors. In the public sector, social security benefits are provided, and women are entitled to two months of paid maternity leave (Ben Salem 2010, 502) as well as on-site child care facilities at workplaces with more than 50 employees. There are also

Despite women's significant educational attainment levels, unemployment is nearly twice as high among women than men, illustrating the great difficulties women face in trying to establish their place in the economy.
special provisions for mothers of toddlers or handicapped children. Private sector employers, however, are not required to provide paid maternity leave, although the law stipulates that new mothers must be granted an unpaid leave of 30 days as well as daily breaks to breastfeed during working hours for a year after the birth of their child. In principle, private-sector employers are required to provide child care facilities if they have 50 or more employees (Ben Salem 2010, 502; Bernard–Maugiron 2015, 7), but small enterprises are exempt from these requirements. In addition, the mandatory requirements in the code only apply to civil servants (Bernard–Maugiron 2015, 8), which may explain why 86% of workers in health and public administration are covered, as these are public sector jobs that provide full social security benefits. It is encouraging that in 2014, the majority of Tunisian women working in the manufacturing sector were enrolled in the social security program (République Tunisienne 2014, 26). As noted above, however, many firms in the private sector do not offer paid maternity leave.

By international standards, Tunisia's paid maternity leave is among the least generous, and the onus is on the employer to finance it. This extra “tax” on the private sector is a disincentive for employers and may be an institutional impediment to women’s labor force entry and attachment. Another deficit for working mothers, certainly those from working-class or low-income households, is the absence of a nationwide network of quality and affordable child care facilities. Working mothers, certainly those from working-class or low-income households, is the absence of a nationwide network of quality and affordable child care facilities.

GAPS IN FAMILY LAWS, SOCIAL NORMS, AND VALUES

Tunisia’s Code of Personal Status (or family law) has been viewed as quite liberal since its introduction in 1956. Nonetheless, men are the household heads in Tunisia; according to the code, “the husband, as head of the household, must provide for his wife and children within his means and their status within the components of alimony. The wife must contribute to family expenses if she has assets.” Moreover, inheritance distribution continues to follow sharia law: women inherit half of what their brothers receive. Among other consequences, unequal inheritance has implications for the ability of women to establish their own businesses (Moghadam 2006).

Sociocultural prescriptions about gender roles have changed less than the secular nature of the state might suggest. According to the sixth wave (2010–14) of the World Values Survey, 71% of respondents agreed that “when jobs are scarce, men should have more right to a job than women” (see Table 2). The gender breakdown suggests that more men (82%) than women (58%) agreed with this statement; among women respondents, less than half of those with full-time jobs (48.7%) agreed, while more than 30% disagreed. Other surveys have found that attitudes about women in the workforce are more liberal in Tunisia than elsewhere in the MENA region, especially when compared to attitudes and values in Egypt (see Moaddel et al. 2013); however, conservative attitudes may shift as a result of changing political and economic conditions. In general, the Tunisian public’s responses show very low confidence in government institutions—much lower than in Morocco or Turkey. And according to recent Arab Barometer findings, Tunisians have become dissatisfied with democracy and perceive economic difficulties as the most serious problem facing the country (Robbins 2016).

THE VIOLENCE AGAINST WOMEN LAW

Violence against women is both an obstacle to women’s economic participation and a clear manifestation of gender inequality. The problem of violence against women has been long recognized by women’s rights organizations. In 1993, for example, the Tunisian Association of Democratic Women (ATFD) established a centre d’écoute, or hotline, for female victims of domestic violence and sexual harassment. After a
A commission was formed to find strategies to tackle violence, an international seminar convened in Tunis on November 11–13, 1993. This resulted in the report *Les Violences à l’égard des femmes*. An amendment to Article 218 of the Penal Code introduced punishments for perpetrators of family violence. The National Office for Family and Population followed by offering medical care to female victims of family violence, though the initiative’s implementation was stymied due to low reporting of incidents, inadequate police training, and lack of public awareness of the law and available services.

Tunisia’s family planning office found that about 47% of women aged 18–64 had experienced some form of violence, typically domestic. While that statistic was alarming, it was the rape of a woman named Meriem Ben Mohamed in September 2012 by two policemen—who defended their actions by stating that she had been behaving immodestly with her boyfriend—that galvanized Tunisia’s feminist population. The ATFD organized a national workshop in September 2014 and launched the “Action Plan 2015–17 on Violence Against Women.”

During the workshop, activists from branches in Tunis, Ben Arous, Bizerte, Sfax, Sousse, and Kairouan reported that their small staffs were unable to cope with the large number of conjugal violence cases in their regions. Workers from the Bizerte branch stated that victims do not always follow through on their complaints or requests for legal services: “We have to call them, and all are in need of financial help. We try to provide them with help through microcredit grants.” One representative said a man had killed his wife for refusing to wear the *niqab* veil (also known as a *khimar* in Tunisia). There were also cases of sexual violence among the wives of Salafists. The branch in Ben Arous, home to several manufacturing plants, reported providing services to 74 women between December 2013 and January 2014. The women, who were largely illiterate or only had a primary education, had lost jobs following factory closures.

In general, women who experience domestic or community violence may be unwilling or unable to leave their homes, or may be prevented from joining, remaining, or advancing in the labor force.

### GOVERNMENT AND NGO RESPONSES

In 2016, the Tunisian government reached an agreement with the International Monetary Fund (IMF) for a $2.8 billion bailout.
to support the country’s economic and political transition and help fund its new 2016–2020 development plan (République Tunisienne 2016). In its note to the IMF, the Tunisian government proposed focusing policy interventions on four leading economic sectors: the knowledge economy, health and social services, tourism, and agriculture. One goal of the plan is to significantly increase women’s share of the labor force to 35%. Another goal is to expand the social services sector. This would entail raising kindergarten enrollment from 35% in 2015 to 53% by 2020, and investing in child protection services, sports, programs and home care support. The government has proposed regrouping the existing 289 microcredit associations into 24 institutes (one per region) to be governed by a new microfinance strategy (IMF 2016, 23). If successful, the plan should better serve women’s entrepreneurship, especially in the country’s interior, where—as noted above—FLFP is very low and unemployment rates are very high. Building a nationwide social care infrastructure would provide employment opportunities for women, enable mothers to enter and remain in the workforce, and possibly help reduce the high level of female unemployment in Tunisia.

In 2017, government responses to the women’s movement resulted in three important milestones. First, the government repealed a 1973 directive forbidding Muslim Tunisian women from marrying non-Muslim men. Second, the parliament introduced the country’s most stringent anti-domestic violence law yet. And third, President Beji Caid Essebi indicated support for repealing or revising the unequal inheritance law. Progress on these fronts could provide even more Tunisian women with social inclusion, dignity, and economic and physical security.

**RECOMMENDATIONS FOR REFORM**

Tunisian women have benefited from decades of state feminism, an institutionalized feminist movement, and a democratic transition that has enabled more initiatives for recognition, representation, and inclusion of women. Working in concert with the country’s large and influential trade union, human rights groups, professional associations, and the Observatory of Social, Political, and Economic Rights, Tunisia’s women’s rights organizations have been able to make their voices heard in the new, more pluralistic political arena since the Arab Spring. Working in concert with the country’s large and influential trade union, human rights groups, professional associations, and the Observatory of Social, Political, and Economic Rights, Tunisia’s women’s rights organizations have been able to make their voices heard in the new, more pluralistic political arena since the Arab Spring. While the gains have been impressive, gaps and deficits remain, especially in the area of women’s economic empowerment. Most Tunisian women, except for highly educated professional women, remain economically inactive, with educated young women hardest hit by unemployment. Working conditions in the private sector could also be improved to accommodate working mothers. Since 2014, problems within the Nidaa Tounès party and the government have led to resignations, cabinet reshuffles, and stalemates, which have ultimately resulted in a stalled policy agenda. As feminist trade unionist Samia Letaief stated, “The democratic transition has succeeded, more or less, on the political front but not in terms of governance and development” (“La transition démocratique a réussi sur le plan politique et plus au moins sur le plan démocratique mais pas sur le plan gouvernance et développement”) (personal communication, 2017). Attention should now be directed to women’s economic participation and empowerment.

First, the government’s plan to increase FLFP and women’s share of the total labor force would succeed through the construction of preschool facilities and neighborhood child care centers nationwide, along with vocational training for women to staff those facilities. The employment-generation possibilities, for women and men alike, are obvious. As the tax base grows, the government could mandate statutory paid maternity leave across the private sector, which could be financed through general revenue or some combination of government, employer, and employee contributions. Paid maternity leave should be presented as a responsibility of government and employers and as a right of working mothers. The construction of preschool facilities would contribute to stronger FLFP and labor force attachment among married women, and to quality socialization among children. Child care facilities could begin in the poorest regions—Sidi Bouzid, Kairouan,
and Kasserine, located in the central–west region of the country—which experience very low female labor force participation and high unemployment rates. Monitoring and enforcement of the new Violence Against Women law should also be strengthened in these areas to eliminate domestic violence, community intimidation, and workplace sexual harassment.

The high unemployment of new entrants, especially of educated young women, is another policy area in need of urgent attention. As there is some disagreement among experts regarding solutions to the education–labor market mismatch, it would be useful to conduct surveys with students and professors (and not just employers) to determine how and why graduates—even young women with degrees in science, technology, engineering, and math—find it so difficult to secure gainful employment. With regard to women with a secondary education or less who are out of the workforce, the focus should be on examining school curricula and textbooks to determine if they perpetuate traditional gender roles and stereotypes, which would further compound this problem.

Tunisia’s difficult economic conditions and a proposed finance bill to introduce austerity measures generated unrest and protests in January 2018. Thus, fast action is needed to demonstrate a commitment to socioeconomic inclusion and empowerment. Focusing greater attention on the country’s women and their children is the right place to start.

ENDNOTES

1. The two longstanding and active women’s rights organizations are the Tunisian Association of Democratic Women (ATFD) and Association of Tunisian Women for Research and Development (AFTURD), which have conducted research and advocacy since 1989. The government–funded women’s policy agency Centre for Research, Studies, Documentation, and Information on Women (CREDIF) works with AFTURD and ATFD members, Tunisian women researchers, UN agencies, and international donors to research various aspects of women’s lives.


3. “Discouraged workers” are those who drop out of the labor force following periods of unemployment and inability to find suitable jobs.

4. Mechanical and electronics manufacturing and automotive component production have been the most dynamic export sectors in Tunisia since the 1990s, surpassing the previously dominant textiles and garments sector. Exports of textiles and garments declined from 42% of all merchandise exports in 2004 to 27% in 2008. In contrast, exports of electronics and chemicals increased to 30% (Ayadi and Mattoussi, 2014, Appendix Table A3, 15). Together with food production, these are the pillars of productive capacity in manufacturing. The textiles and garments sector is relatively labor intensive and remains heavily feminized (Jaud and Freund 2015, Figure B1.1.1, 2).

5. This section draws from Arfaoui and Moghadam (2016).

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AUTHOR

Valentine M. Moghadam, Ph.D., is director of the International Affairs Program and professor of sociology at Northeastern University and a nonresident fellow in the Baker Institute Women’s Rights in the Middle East Program. She was previously director of the Women’s Studies Program and professor of sociology at Purdue University. Her current research is on democratization after the Arab Spring.
Confronting the Governance Crisis in the Middle East and North Africa: Toward Establishing Inclusive and Pluralistic States Post–Arab Spring

Karen E. Young, Ph.D., American Enterprise Institute

EXPERIMENTS IN FISCAL GOVERNANCE: THE ECONOMIC REFORM AGENDA IN THE GCC

The decline in oil prices in late 2014 precipitated a torrent of fiscal policy changes across the Gulf Arab states. These reforms covered sensitive issues such as labor market reform; financial sector liberalization; the introduction of consumption and land taxes; and removal or reduction of subsidies on electricity, water, and fuel. As a result, it is reasonable to expect some reconfigurations of state–society relations in the Gulf states. Yet there are few signs of public unrest or protest, even with higher costs of living and limited availability of public–sector jobs.

This muted reaction is a puzzle, at least as a short–term observation. But the shifts under way are structural, and society—both citizens and foreign residents—will likely take some time to fully absorb the impact.

At the same time, a number of global and regional political currents have strengthened authoritarian governance and diminished incentives for risk–taking in civil society. The outbreak of conflict related to the Arab Spring uprisings in Syria, Libya, Yemen, and Egypt has demonstrated the high risk of revolution and change in government. Shifts in American and European politics since 2016 have also reinforced negative perceptions of democracy and given rulers in the Gulf states (and across the Middle East and North Africa region) an opportunity to promote their own versions of nationalist growth agendas without external pressure on their methods of governance.

In effect, what we have witnessed since late 2014 is a new period of policy experimentation in which the ends of a diversified economy less reliant on oil exports justifies the means of achieving a radical break in a system of social welfare, changing employment preferences and practices, and establishing a new role for the state in prescribing an agenda for growth. The state remains central to the conception and execution of economic development, while Gulf citizens and residents are expected to either seize the opportunity, leave, or be left behind. This brief sets out some of the major structural reforms to taxes, subsidies, and debt issuance in the GCC that are shifting financial burdens from the state to its citizens and residents.

STRUCTURAL BARRIERS TO REFORM AND ECONOMIC GROWTH

The grievances that motivated many of the Arab Spring uprisings were economic in nature: lack of social and economic mobility, corruption, and exclusion from opportunity. New research by scholars at the World Bank on the sources of the grievances, the demographic profile of protesters, and the...
Employment opportunities and lack of affordable housing remain key problems, especially for the current generation of young, media-savvy Arabs. The fiscal reform agenda has only heightened anxieties around public sector employment, while the cost of living has risen throughout the Gulf Arab states due to the imposition of new taxes and fees as well as reduced energy and water subsidies.

In this period of policy experimentation, we also find variation across the Gulf states in the implementation of reforms (particularly regarding the value added tax, which only the United Arab Emirates [UAE] and Saudi Arabia have instituted thus far), and also in the perception of the value of foreigners as workers and members of society.

All of the Gulf states aim to increase national employment in the private sector, but the policy prescriptions for how to create job opportunities have varied significantly. Saudi Arabia and Oman have seen an exodus of expatriate workers because of rising visa fees and higher costs of living, including school fees. Other states like Bahrain, the UAE, and Qatar have created more liberal policies to welcome foreign investors as long-term residents and to facilitate the retention of existing expatriates as a labor resource.

As governments in the region compete by offering stimulus packages and enticements to make their business environments more welcoming to foreign investors, they are weakening one of the key wealth redistribution tools utilized over the past 40 years: the commercial agency structures that required investors to partner with local citizens in order to establish franchises and foreign-owned firms.

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### JOBS CRISIS: PROTECTING AND CREATING JOBS FOR NATIONALS

Whereas foreigners are less welcome in Saudi Arabia, we see an acceleration in protection schemes for national employment. Saudization, or the reservation of certain jobs and sectors for Saudi nationals, is part of the government’s effort to reduce the public wage bill and transform its private sector. In January

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**FIGURE 1 — FOREIGN COMMERCIAL OWNERSHIP REFORMS IN THE GCC**

<table>
<thead>
<tr>
<th>Country</th>
<th>Foreign Commercial Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>• 100% foreign ownership possible in most sectors, excluding oil exploration, real estate, and military equipment production</td>
</tr>
<tr>
<td>Kuwait</td>
<td>• 100% foreign ownership possible through a foreign-owned branch*</td>
</tr>
<tr>
<td>Oman</td>
<td>• Foreign ownership in Omani companies permitted up to 70%, with further exemptions under certain conditions&lt;br&gt;• New foreign capital investment law (currently in the final drafting stage) will allow 100% foreign ownership and&lt;br&gt;• “Negative list” will be prepared to safeguard certain areas the government may wish to restrict from foreign&lt;br&gt;investment in order to protect national security or interests</td>
</tr>
<tr>
<td>Qatar</td>
<td>• Up to 49% foreign ownership; 100% in some sectors&lt;br&gt;• Legislation proposed in 2018 permits 100% foreign ownership in all sectors, with a Qatari services agent (yet to be enacted)</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>• 100% foreign ownership in certain industries; excluded sectors include oil exploration, real estate, and military equipment&lt;br&gt;• Foreign license renewals extended from one year to up to 5 years (2018)&lt;br&gt;• Qualified companies may own up to 49% of listed securities as of January 2018</td>
</tr>
<tr>
<td>UAE</td>
<td>• Up to 49% foreign ownership in restricted industries, with 100% foreign ownership to be allowed by the end of 2018; up to 100% foreign ownership currently allowed in free sectors</td>
</tr>
</tbody>
</table>

**NOTE** *Kuwait figures retrieved from 2015 Investment Climate Statement — Kuwait, U.S. Department of State*

**SOURCES** 2017 EU–GCC Investment Report; 2016 EY Global Tax Alert Library; Emirates News Agency

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New research by the World Bank reveals that little has changed in terms of the structural barriers to inclusion that persist across the Gulf and the wider MENA region.

Puzzle of mobilization reveals how little has changed in terms of the structural barriers to inclusion that persist across the Gulf and the wider MENA region.

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**JOBS CRISIS: PROTECTING AND CREATING JOBS FOR NATIONALS**

Whereas foreigners are less welcome in Saudi Arabia, we see an acceleration in protection schemes for national employment. Saudization, or the reservation of certain jobs and sectors for Saudi nationals, is part of the government’s effort to reduce the public wage bill and transform its private sector. In January
2018, the government announced that it would expand its growing list of Saudi-only jobs to include sellers of watches, eyewear, medical equipment and devices, electrical and electronic appliances, auto parts, building materials, carpets, cars and motorcycles, home and office furniture, children’s clothing and men’s accessories, home kitchenware, and confectioneries.\textsuperscript{8}

The experimental nature of Saudization raises questions about why certain sectors are targeted, and how smaller businesses will be able to assume the higher wage costs of hiring nationals. In theory, the policy should create opportunities for all Saudis, but its potential to increase jobs for Saudi women is especially promising. Yet few expect that Saudi citizens will be eager to take low-wage and menial jobs,\textsuperscript{9} particularly in construction.

In addition to Saudization, the kingdom has introduced a range of reforms\textsuperscript{10} to rationalize fuel and electricity costs, established a new value-added tax, and targeted cash support to lower income families through the Citizen’s Accounts Program. All of these measures have disrupted the economy, leaving families to try to establish a new monthly baseline for expenses. Energy prices have increased two- to three-fold in Saudi Arabia, and there was an 80 percent\textsuperscript{11} increase in gasoline prices at the end of 2017.\textsuperscript{12} Consumer sentiment among Saudis and foreigners alike is apprehensive. Just as the image of a Saudi woman soldier is testing the limits of popular culture, there is an unsettled sense of “What next?” in consumer confidence.\textsuperscript{13}

The Reuters Ipsos consumer sentiment index from late 2017 for Saudi Arabia showed consistent negative expectations about jobs, investment, and growth.\textsuperscript{14} Indexes by IHS Markit and Emirates NBD indicate a sharp drop in the Purchasing Managers’ Index, declining from 57.3 in December 2017 to 53.0 in January 2018, the lowest reading in the survey’s history.\textsuperscript{15}

This malaise is all the more troubling as it has been accompanied by the largest fiscal outlays in recent Saudi history. The Saudi budget expanded for 2018; combined with additional investment spending from the Public Investment Fund, approximately 340 billion riyals (about US$90.66 billion) in investment spending is planned for 2018.

For good measure, the government has delayed its commitment to a balanced budget until 2023. But spending its way out of the current slump includes inherent risks.

One key factor driving consumer sentiment, especially within the private sector, is the expatriate population—the unwitting victim of Saudi Arabia’s reforms. For those who stay, the rise in the cost of living has been substantial. And for those who leave, their absence is compounding weak economic activity. And many are leaving.

Expatriates, who make up one-third of the population in Saudi Arabia, are facing price increases without the cushion of the Citizen’s Accounts\textsuperscript{16}—a program that offers direct cash transfers to low- or middle-income households—or the reinstatement of public sector allowances\textsuperscript{17} (issued by decree for 2018 only). And foreign workers are subject to a range of additional fees\textsuperscript{18} for dependents\textsuperscript{19} as well as other levies\textsuperscript{20} that citizens do not have to pay.

The rationale for the increased fees and taxes is to create an alternate stream of government revenue to offset losses in oil revenue that have been compounding since late 2014. Even though Saudi Arabia’s 2018 budget\textsuperscript{21} is its largest ever, it still features some cost-savings measures. Examples include price rationalization in the energy sector; attempts to cut the public wage bill; new taxes on tobacco and sugary drinks; plans to introduce road tolls; the implementation of a VAT on Jan. 1, 2018; new efforts to retroactively collect zakat (Islamic tax) from financial institutions;\textsuperscript{22} and a push to seize assets from public officials and members of the ruling family as well as large business conglomerates through an anti-corruption campaign.\textsuperscript{23}

The UAE has also struggled to create jobs for citizens in the private sector, but its approach to expatriate workers has been very different from the Saudi “tax and levy” policy. Efforts to extend long-term residency,\textsuperscript{24} introduce new protections for investor’s rights, and even allow home-based businesses are designed to boost a private sector heavily reliant on foreigners as business owners and innovators.

\begin{flushright}
\textbf{The kingdom has introduced a range of reforms to rationalize fuel and electricity costs, established a new value-added tax, and targeted cash support to lower income families through the Citizen’s Accounts Program. These measures have left families trying to establish a new monthly baseline for expenses.}
\end{flushright}
Within the UAE, there is also competition for foreign expertise and investment. Abu Dhabi recently created a stimulus package for investment within the emirate to rival the vibrant private sector in Dubai. Likewise, Bahrain has moved to allow long-term foreign residency, end its kafala system of requiring workers to have an employer sponsor their visa permits by allowing self-sponsorship (especially for lower wage workers), and introduce a number of reduced subsidies and increased fees for citizens.

FINDING REVENUE: EXPERIMENTAL FISCAL POLICY

Fiscal policy experimentation has required innovation to create new sources of revenue as well as the issuance of debt. After decades of fiscal surplus and a very low debt-to-GDP ratio, Gulf states now find themselves heavily indebted, not just to their local banking sectors but to international banks and bondholders. Moreover, the ability to access debt capital markets has created some competition among governments. Saudi Arabia and Qatar had dueling debt issuances in March 2018, with each attempting to one-up the other in the amount they could borrow.

Meanwhile, for weaker economies like Bahrain and Oman, efforts to issue bonds and borrow from international banks have been complicated by assurances of support from regional backers. For instance, questions about financial support it received from Saudi Arabia affected Bahrain’s ability to issue a bond in March 2018. The conventional bond issue was canceled at the last minute, while a sukuk issue went to market.

This policy experimentation, coupled with very public efforts to raise capital, has somewhat lifted the veil of secrecy that has shrouded the fiscal affairs of Gulf governments. International bond issuances require some transparency; a bond prospectus should declare existing debt, possible avenues of growth, and government liabilities in spending. This information is public, which raises the possibility that citizens might access greater details about government expenditures and weigh that information against their own perceptions of service delivery and benefits.

SENSITIVE BENEFITS: SCALING BACK THE WELFARE STATE

The wave of economic liberalization continues to spread across the region, opening paths to greater ownership stakes for foreign investors; allowing longer term residency permits untethered to employers; breaking down state subsidies on energy, fuel, and...
water; trimming public sector wage bills; and introducing consumption and “sin” taxes.\textsuperscript{29} Still, some social benefits\textsuperscript{30} deemed too sensitive to withhold remain.

Housing is perhaps the most sensitive of these social benefits and remains one of the key levers of domestic policy for Gulf monarchies. In the Gulf states, a number of factors have escalated the housing shortage and made housing less accessible for citizens, such as rapid population growth, a rising cost of living, and lifestyle expectations in a culture of wealth. In addition, an entrenched system of elite land ownership and state-led megaproject development has excluded average citizens from accessing finance and mortgage markets.

Increasing economic mobility, pathways to home ownership, and a sense of social mobility cannot be sustained without reforms to subsidies\textsuperscript{31} and cash transfers that address underlying inequalities.\textsuperscript{32} These include access to opportunity, increased land availability, access to financing, discouraging monopolies and state-linked corrupt firms, and protection of property owners’ rights.

Home ownership embodies the tension of inclusion and mobility, the underlying grievances that have motivated unrest across the MENA region. And across the Arabian Peninsula, from Kuwait\textsuperscript{33} to Oman, this tension has been simmering for years.

According to Reuters and property consultant firm Jones Lang LaSalle, the cost of a roughly 2,600-square-foot home in a major Saudi city is $186,000 to $226,000. This is 10 times the annual salary of a low-income family in the Gulf states. For example, Saudis who receive the Citizen’s Accounts stipend make about $2,660 per month, which is the average monthly salary in the kingdom.

The Citizen’s Accounts Program is mandated annually; thus, neither the next year’s allocation nor who may qualify for the benefit is clear.\textsuperscript{34} In January, King Salman bin Abdulaziz granted additional stipends of $260 per month for all public sector employees for 2018 to offset cost of living increases.\textsuperscript{35}

A 2014 study by Strategy\& identified a demographic-driven surge in housing demand in the GCC states.\textsuperscript{36} The report estimated that based on the age distribution in Gulf states, with a median age of 29, young people considering marriage and families would trigger a housing shortage of 1 million units by 2018.

But more important than the large youth population in the Gulf is the problem of how and where young people are working, and how they are included in plans for job growth and productivity. Unfortunately, they have been excluded from economic opportunities, with high rates of unemployment blocking them from attaining financial independence.\textsuperscript{37} The Strategy\& report states that in 2012, the average residential home in Kuwait was priced at 30 times the average gross income for a person between the ages of 25 and 29. In comparison, the average home price was 11 times the average young adult’s salary in Norway, and six times more than such workers’ earnings in the United States.
IMPLICATIONS

Economic inclusion in the Gulf states is a public policy priority. In housing and employment opportunities, Gulf governments are now forced to become more innovative in their policy choices by either mandating hiring of nationals or finding ways to incentivize foreigners to grow new businesses. How society will respond is still a very open question.

For now, Gulf citizens and expatriates have embraced change (or left the region). For those who stay, there will begin a new conversation about belonging and contributing to society in meaningful, financially productive ways. These are discussions that governments can dictate or choose to facilitate. The variation in approach across the Gulf could also be substantial.

This brief offers three policy recommendations:

1. Gulf governments must carefully balance short-term labor market challenges, especially among their young adult populations, with a long-term need for diversification and growth. Implementing immigration policy that welcomes foreigners with skills that can be transferred and taught, as well as resources that can be used to grow new businesses on the ground (rather than just in portfolio investments) will be essential. Low-wage foreign workers can be useful, too, but should be granted some flexibility to move between employers (which would generate savings for companies, since they would pay less in recruitment fees and sponsoring workers in holding patterns when business is slow) and build skills that are transferable and can boost productivity. Workers who stay and are able to choose their employers and compete for higher wages will over time build more competitive sectors that can also attract nationals.

2. Most importantly, reforms need staying power, and governments need to build credibility in their reform agendas. Backtracking and reinstating benefits will only make the transition to reduced energy, water, and fuel subsidies more difficult for citizens to bear.

3. As a policy recommendation for working with citizen groups, worker organizations (where they are permitted, as in Bahrain), and industry associations, Gulf states should keep in mind that there is power in transparency. The recent release of budgets by Gulf governments (Saudi Arabia and the UAE in particular) can encourage some dialogue and shared planning between the private sector and the state. Organizing business interests could be a lasting result of the current reform environment.

ENDNOTES

1. The puzzle being that such widespread political mobilization has overturned governments, but has not yet compelled governments to change their policies to address economic mobility barriers, boost job creation, and combat corruption.


There is some cognitive dissonance and apprehension in Saudi society as changes occur with little public awareness campaigns. The economic effect is that people are less likely to make significant life decisions or even major purchases because of the possibility that major regulatory or labor market reform may affect their livelihoods.


AUTHOR

Karen E. Young, Ph.D., is a resident scholar at the American Enterprise Institute. She teaches courses in on politics and economics of the Middle East at George Washington University and at the Johns Hopkins University School of Advanced International Studies. Her research focuses on the political economy of the Gulf states and emerging markets.

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Cite as:

APPENDIX

For an overview of subsidy and tax implementation reforms in the GCC, please see https://bit.ly/2NcklDW.
### Appendix 1

#### Subsidy Reform and Tax Implementation

<table>
<thead>
<tr>
<th>Country</th>
<th>VAT</th>
<th>Excise Taxes</th>
<th>Other reforms</th>
</tr>
</thead>
</table>
| Bahrain | 3–5% (plans for mid-2018, delayed from January 2018) | “Sin tax” on tobacco, energy, and soft drinks (2017) | • Subsidies lifted on petrol (2018): Petrol prices increased by 12–25% (plan currently on hold)  
• Increase in fees for the Electricity and Water Authority, sand mining, and hotel services, as well as cost recovery on municipalities, and new fees on sand extractions (2016)  
• Lifting of housing utilities subsidies approved (2016)  
• New fees on alcohol and tobacco (2016)  
• Meat subsidy cash compensation initiative launched; the amount of the subsidy determined by Ministry of Social Development, based on residents’ eligibility (2015)  
• Meat subsidies lifted; beef & chicken prices doubled (2015) |
| Kuwait  | 5% (2018/19) | Legislation proposed to enact excise taxes on tobacco, energy, and soft drinks (2017) | • 10% business tax on companies’ annual profits and on profits greater than 50,000 Kuwaiti dinars (US$64,500) by other entities (2016)  
• Work-permit fee raised from KWD 2 (US$6.60) to KWD 50 (US$165), while renewal fees increased from KWD 2 (US$6.60) to KWD 10 (US$33) (2016) |
| Oman    | 5% (2019) | Plans to introduce excise taxes (2017) | • Price cap for M91–grade fuel lifted (2017); low-income Omanis earning less than OMR 600 (US$1,557) per month to receive a subsidized rate of 180 baisa (US$0.47) per liter on the first 200 liters of petrol purchased via a cash transfer payout to fuel subsidy cards issued by the National Subsidy System  
• Introduction of 3% income tax for certain small taxpayers (2017)  
• Training tax and municipal tax on rents enacted (2016)  
• Fees for outbound travelers approved (2016)  
• Fuel subsidies cut by OMR 500 million (US$1.3 million); electricity subsidies cut by OMR 108 million (US$280 million); food subsidies cut by OMR 3 million (US$7.79 million); and water subsidies increased by 3%  
• Increase in civil aviation fees and other fees (2015) |
| Qatar   | 5% (delayed) | Introduction of “sin tax” on tobacco, energy, and soft drinks delayed (2017) | • Introduction of pricing mechanism to regularly revise fuel prices (2016); prices increased by 10 QAR per liter in 2017 and by 5 QAR per liter in 2018  
• Gasoline price increase by 30%, fines for wasting water are doubled, and the costs of postal services increase (2016)  
• State-owned enterprises instructed to reduce programming and lay off expats (2016)  
• Water and electricity tariffs increase (2016) |
<table>
<thead>
<tr>
<th>Country</th>
<th>VAT</th>
<th>Excise Taxes</th>
<th>Other reforms</th>
</tr>
</thead>
</table>
| Saudi Arabia | 5% (2018) | “Sin tax” on tobacco, energy, and soft drinks (2017) | • Saudi economic cities to charge 1% sales fee, plus transaction fee, and mortgage registration fee (February 2018)  
• Allocation of monthly stipends to public and military employees to offset the VAT and increase in energy prices (January 2018)  
• The Citizen’s Accounts Programme is established for low- to mid-income families. Eligibility determined after online registration with Ministry of Labor and Social Development (2017)  
• US$19 billion stimulus package introduced (December 2017)  
• Introduction of expat levy on private sector companies that employ foreign labor as part of Saudi’s nationalization drive (December 2018)  
• Plan to phase out fuel subsidies announced (2017–delayed).  
• Introduction of white land taxes (March 2017).  
• Expats required to pay “family tax” up front when leaving Saudi Arabia (2017).  
• Monthly employment tax on foreign laborers and dependents (2017)  
• Aramco’s tax rate is reduced from 85% to 50% to attract investors for its planned IPO (2017)  
• Corporate tax rate set at 20%; Zakat tax rate of 2.5%; National Gas Investment Tax set at 30% (based on initial rate of return), with a progressive increase up to 85%. Income from oil and hydrocarbons production taxed at 50–85%, effective January 2017  
• Private health care and education exempted from the VAT (2017)                                                                                                    |
| UAE          | 5% (2018) | “Sin tax” on tobacco, energy, and soft drinks (2017) | • Monthly revision of fuel prices enacted since 2015. Latest increase: December 2017 (excluding January 2018, when prices increased by 5% rise due to the VAT)  
• VAT revenue distribution plan introduced in seven emirates (2018)  
• Abu Dhabi water and electricity tariffs raised; minimal increase for citizens, higher rate for expatriates (2017)  
• Introduction of a 3% municipal fee on expat property rental in Abu Dhabi (2016)  
• Airport departure fee enacted in Dubai, Sharjah, and Abu Dhabi (2016)  
• Increase in government fees for intellectual property rights registrations, including trademarks, patents, copyrights, and designs (2015)  
• Fees on alcohol and tobacco launched (2015)  
• Fuel subsidies cut (2015)  
• Schools, medicine and medical equipment, and 20 FZs exempted from the VAT. The VAT is made refundable for tourists visiting from outside GCC (2017).                                                                                                    |

**SOURCE** Author’s elaboration

The issue brief “Confronting the Governance Crisis in the Middle East and North Africa: Toward Establishing Inclusive and Pluralistic States Post–Arab Spring” written by Karen Young, is part of a two–year research project on pluralism in the Middle East after the Arab uprisings. The project is generously supported by a grant from the Carnegie Corporation of New York.

For the full brief, please visit [https://bit.ly/2x5D0a7](https://bit.ly/2x5D0a7).
Can State-led Entrepreneurship lead to Sustainable Economic Diversification and Development in GCC States?

M. Evren Tok, Ph.D., Hamad Bin Khalifa University

Gulf Cooperation Council (GCC) states are currently seeking alternative trajectories of economic development that can maintain the political status quo but simultaneously enhance their global economic competitiveness. Yet GCC economies have reported a sharp slowdown since 2016. Their average growth rate fell from 3.1% in 2015 to 2.2% in 2016 and 2.1% in 2017 (World Bank 2017a). This trend suggests that, despite cuts in public sector spending and other austerity measures, GCC economies remain heavily influenced by oil price trends.

Despite a modest recovery in 2017, especially in the United Arab Emirates (UAE), Kuwait, and Qatar, but less so in Oman and Bahrain, GCC countries are still paying the price of economic overdependence on hydrocarbons, with all the long-term risks that this set of policy choices implies. GCC states have, however, engaged heavily in diversification efforts, albeit with differing levels of success.

By promoting entrepreneurship and raising homegrown entrepreneurs, policies supporting sustainable growth aim to deliver concurrent and long-term positive impacts on human development, sustainable prosperity, and development of the public and private sectors to ensure that GCC economies can weather external and internal economic shocks. Despite divergent views in academic literature, there is a strong link between entrepreneurship and economic development (Toma et al. 2014). The various stakeholders involved must find the right balance between the traditional role of state-led enterprises and the development of small- and medium-sized enterprises (SMEs). It is especially fundamental to set in place appropriate and robust legal, financial, and regulatory frameworks to allow this process to produce the benefits expected.

THE PRIVATE SECTOR AND STATE-LED ENTREPRENEURSHIP IN THE GCC

Within the GCC member states, the line between the public and private sectors is blurry, in part due to overlapping ownership structures that involve public sector officials and members of ruling families supposedly acting “in a private capacity.” Likewise, a sizable portion of private-sector demand is driven by the state, and by the public sector more generally; hence, when there are state-driven austerity cutbacks (as in Saudi Arabia since 2014), the private sector also contracts. Thus, while the private sector plays a critical role in the Gulf, it is heavily regulated by the state.

Nevertheless, more recently a “new” state capitalism has emerged in the Gulf “in which the state has been an activist and ambitious actor keen to engage economically with the outside world. [...] Most of these states set strategic goals and visions rather than seek to centrally plan or manage the economy; favor tertiary economic sectors and late-late-development concepts above heavy industrialization; and set in place the mechanisms for investment attraction.
and export-led economic growth, rather than pursue import-substitution policies” (Gray 2011, 32). This trend in the Gulf is in line with contemporary economic policies pursued in the African continent: green industrialization, trade facilitation, internal resource mobilization, and investment facilitation.

Contemporary Gulf state capitalism is nevertheless made possible by the fact that major private firms are state-initiated enterprises (e.g., in the UAE and Qatar), meaning that the private sector’s relative autonomy is limited, economically and politically. State-led entrepreneurship, therefore, historically created a comfort zone for the private sector, particularly in strategic sectors. This certainly serves political goals but also guarantees state support to private-sector development, ensuring that needed policies and capacities are provided by the state: “Public leaders (representing governmental bodies) including the elected representatives, professional and private sector work cohesively and on several interrelated principles to form an ecosystem for entrepreneurship growth” (Khan 2013, 30).

This is the case in Saudi Arabia, where the government has actively assisted private-sector actors with financing and other support services (Khan 2013). The government has already established financial institutions and mechanisms dedicated to entrepreneurs, providing them with financial research and consultancy services. Governmental initiatives include research institutions supporting the policy domain, such as the King Abdulaziz City for Science and Technology (KACST) and the King Abdullah University of Science and Technology (KAUST). Although the Saudi Arabian government is currently focusing on SME creation, state-owned companies are still important in Saudi Arabia, and their ongoing privatization strategy entails tough political choices (Onour 2012).

Overall in the Arab world, large enterprises (100 or more employees) account for 10–20% on average of all firms and provide 60–80% of private-sector employment (Nasr & Pearce 2012). Despite a growing policy focus on SMEs in GCC countries, Saudi Arabia and Qatar being the most important cases, government policies still primarily cater to large companies. Therefore, entrepreneurs who may benefit from policies that facilitate SME creation may face difficulties expanding and scaling up their ventures. Entrepreneurs contend with capacity issues and a lack of business training and acumen, as well as challenges in marketing their products and finding partners to expand their activities. Additionally, the lack of robust legal and regulatory frameworks, the need to revise bankruptcy laws (which began in the UAE and later in Saudi Arabia) to reduce the cost of taking risks, and a need to level a playing field that is presently stacked in favor of large enterprises by reserving a proportion of state contracts for SMEs are among other issues new entrepreneurs face in the Gulf.

State-led entrepreneurship refers to the active role of a developmental state (Abdullah and Muhammad 2008) in supporting entrepreneurship creation, especially but not only through policymaking. Policy gaps in other sectors such as regional markets, land ownership, property registrations, and construction permitting also constitute supplementary difficulties for entrepreneurs (Momani 2017). Improving the ecosystem for entrepreneurs is necessary because homegrown entrepreneurship is critical in GCC states; it carries major implications for human and social development and for sustainable prosperity through employment creation and inclusive economic growth.

In states like Qatar and the UAE, where expatriates form the bulk of the population, homegrown entrepreneurship cannot be limited to nationals. However, such efforts focus on residents more generally, emphasizing that solutions and choices must be local while giving priority to national needs and preferences.
CONCLUSIONS AND POLICY RECOMMENDATIONS: LIMITS AND CHALLENGES

Proactive government efforts to sustain and encourage entrepreneurship in the GCC currently focus on economic diversification and joint initiatives between the public and private sectors in the Gulf region. This creates a peculiar entrepreneurship ecosystem in GCC countries. Public and private-sector stakeholders work together to develop entrepreneurship as a key tool and strategy to diversify economies away from an overreliance on extractive resources and instead transform them toward knowledge-driven economies.

While state-led entrepreneurship policies have worked to achieve many positive outcomes, they have also revealed some major shortcomings. The principal limitation of this strategy is that because the state remains the core actor in all entrepreneurship strategies, such policies also happen to ensure regime security. This perpetuates the current political status quo and prevents the possibility of a genuine political change toward democratization in these countries.

In some cases, there is stark contrast between the discourse used by public officials in the international arena and the actions undertaken at home. This particularly has been the case in Saudi Arabia, where initial measures to cut back waste and inefficiencies have been reversed by the state.

Although the reality is far from ideal and the challenges to achieving economic goals are still sizable, GCC states have to aim at a balance between sustainable economic diversification through entrepreneurship development (especially innovative and green entrepreneurship) and political stability. Despite the limitations of rentier political systems, a rapid and radical political change would be negative and possibly dramatic in the Gulf region. Hence, the political milieu and the business environment have to engage in a gradual process of mutual transformation. Real change may be slow and thus frustrating at the societal level, yet a gradual approach could at least ensure better and longer term results.

The following are policy recommendations to facilitate a path forward in Gulf regimes’ efforts to navigate their sometimes divergent economic and political constraints:

- Governments need to develop policies to ensure that the state–led entrepreneurship model remains relevant in a changing economic context and encourages innovation. State–led entrepreneurship is rooted in the mechanisms and history of Gulf states. Adapting this model to the contemporary and changing needs of the region is imperative in order to sustain stability within a framework of reform.

- Meaningful and sizable economic change in the Gulf will be driven on the backs of SMEs, especially green and social enterprises and startups, as it has elsewhere in the world. The recent emphasis on SME development via new policies and measures is a step in the right direction, but this has to be complemented by building the required capacities for entrepreneurs, especially but not only through ad hoc entrepreneurship education curricula.

- Of particular policy significance is the intersection of the state–led entrepreneurship model and the focus on SMEs. These enterprises need a larger and more complex entrepreneurial ecosystem in order to develop. These two policy areas are complementary and can drive economic transformation, yield sizable social effects, and improve employment, which remains a critical problem in Gulf countries. For this to happen, SMEs must be encouraged and supported, notably by reserving specific domains or contracts to such enterprises.

- Gulf countries should develop mechanisms to share their experiences and successful policy implementations (e.g., bankruptcy laws). Such sharing could facilitate adoption of best practices in the MENA region, ultimately leading to improved economic performance.

Public and private-sector stakeholders work together to develop entrepreneurship as a key tool and strategy to diversify economies away from an overreliance on extractive resources and instead transform them toward knowledge-driven economies.
ENDNOTE


REFERENCES


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AUTHOR

M. Evren Tok, Ph.D., is an associate professor in the College of Islamic Studies at Hamad Bin Khalifa University. He is also assistant dean of Innovation and Community Advancement, program coordinator for the Master of Islam and Global Affairs Program, and lead project investigator for “Localizing Entrepreneurship Education in Qatar,” a three-year research project funded by the National Research Priority Program at the Qatar National Research Fund.

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Cite as:
Kuwait’s economy has been stagnant over the past decade due to a combination of political instability, fluctuating oil prices, and endemic corruption. To combat this situation, the parliament, ruling elites, and mercantile class have attempted to develop a robust business sector through fundamental policy shifts away from monopolies and toward the creation of small- and medium-sized enterprises (SMEs). However, the three groups disagree on how to accomplish their goals and frequently work at cross-purposes. Kuwait’s economic problems are exacerbated by increases in public spending—which crowd out the private sector and have ensured a continuing reliance on the state as the employer of first resort—as well as interwoven and redundant institutional responsibilities, the newspaper alRai has written.1

Efforts to focus on SME growth date to at least 2010, when the Supreme Council for Planning and Development presented the government’s goals in the Strategic Vision of Kuwait 2035. This plan encouraged private sector success independent of government oil rents,2 and diversified private sector wealth away from the nontradables fueling asset inflation. The creation of SMEs was seen as a way to create an independent private sector by allowing smaller players into the market.

In a separate initiative introduced in 2010, the National Assembly approved a midterm development plan intended to improve government efforts to promote a prosperous private sector; this plan also showed that “SME development [was] implicitly a major concern for the development of the country’s economy.”3 Unfortunately, the plan failed to significantly affect SME growth, though the need for change and greater economic opportunities became more urgent after the 2012 protests and youth violence in Kuwait.4

In 2013, the National Fund for SME Development was launched as an independent public corporation with 2 billion Kuwaiti dinars (US$7 billion) in capital and an execution partnership with the World Bank.5

The National Fund for SMEs has four components, according to Abdulaziz al Loghani, the organization’s first vice chairman and executive director:

1. Government assistance through start-up capital and restructured regulations.
2. Educational interventions designed to help students “embrace an entrepreneurial mindset through extracurricular and curricular activities.”6
3. A venture-friendly legal framework that seeks to remove impediments to SME growth.7
4. An attitude shift toward an understanding that “a merchant in our day and age also tackles problems in the community and makes people’s lives more efficient.”8

The creation of small- and medium-sized enterprises (SMEs) in Kuwait is seen as a way to create an independent private sector by allowing smaller players into the market.
Despite efforts to boost their growth, SMEs account for only 3% of Kuwait’s GDP and employ 23% of the workforce.

This national strategy identified areas of initial government interest for SME investment and key performance indicators to monitor and evaluate business growth. Applicants were required to be over 21 years of age and employed by Kuwait-owned SMEs “directly contributing to the development and diversification of the national economy [...] and creating job opportunities for Kuwaiti nationals.” The subsequent three-year wait for a loan from the fund highlighted the ongoing legislative and executive stalemate rooted in the conflicting political and reform agendas of the mercantile and ruling elites and parliament factions.

The first annual report for the National Fund for SME Development concluded that a lack of technical and financial support and mentorship were the main obstacles to success. The organization could not provide such support due to its hasty launch and the conflicting agendas of decision-makers. Structural issues such as delays in guiding SME-related matters through the Ministry of Commerce and Industry also presented problems. A general atmosphere of public mistrust in the organization exacerbated the situation, which the treasurer of Kuwait’s Economic Society Muhammed al Sanea and Al Loghani himself observed.

As a result, the original board was replaced in 2016 and a slew of new entrepreneurship development programs were implemented with General Electric and other partners. However, political conflicts underlying the board appointments emerged as Kuwait’s governing bodies disagreed on the best ways to utilize the program to include the least privileged Kuwaitis. This conflict represented what the deputy minister for youth affairs described as a lack of “coordination, unification, combination of efforts, or accountability.” Young MPs seeking to explain why the National Fund for SME Development had failed to yield significant financial support for SMEs uncovered major difficulties in securing administrative support from government bodies; attempts were made to tackle these problems through a National Assembly committee that aimed to improve business conditions conducive to SME development and entrepreneurial growth in Kuwait.

**IMPLEMENTATION ISSUES**

Despite efforts to boost their growth, SMEs account for only 3% of Kuwait’s GDP and employ 23% of the workforce. A 2017 World Bank report ranked Kuwait 102nd globally for ease of doing business (the lowest in the GCC), down from 98th in 2016, and 173rd (down from 149th in 2016) for ease of starting a business. Starting a business in Kuwait takes approximately 12 separate procedures and 62 days, costs 2.8% of income per capita, and requires a mandatory paid-in minimum capital of 10.2% of income per capita.

In a 2014 World Bank survey, 502 Kuwait-based SMEs cited business licensing and permit requirements as the main hindrance to growth while “labor regulations, regulatory uncertainty, and administrative corruption” were among the other major obstacles. Twenty-four percent of respondents felt that the lack of an “adequately” educated workforce with the required skill set and training was another barrier to growth.

To address some of these issues, the government formed a Business Reform Committee in 2015 to improve and facilitate business conditions in Kuwait; 11 public entities participated. The committee successfully ushered in some improvements and new legislation. One particular area of success involved funding for new projects. According to the National Fund’s 2015–2016 annual report, only 59 projects had received funding since 2013; by comparison, the 2016–2017 annual report shows that an additional 245 programs have been approved, bringing the total to 304.

However, there are greater structural impediments to SME growth that may not be resolved by a committee memorandum or new legislation alone. In 2016, Kuwait issued an economic reform bill that focused on increasing the number of privately owned businesses and public–private partnerships.
as the best ways to deal with a growing budget deficit and falling oil prices. Out of six goals listed, the bill identified three key changes to improve Kuwait’s economy: privatization of government services to further partnerships with the private sector, robust anti-monopoly legislation to allow competition, and the creation of a business-friendly environment. However, the economic bill was frozen less than a year after its introduction due to disagreements between political factions; as a result, the minister of finance was asked to review the bill.

The fate of the National Fund for SME Development is similarly tied to shifting economic visions for Kuwait. So far, the Fund has been overhauled twice and its governing body is to be completely restructured as ordered by Kuwait’s Cabinet in May 2018. The fate of the National Fund for SME Development is similarly tied to shifting economic visions for Kuwait. So far, the Fund has been overhauled twice and its governing body is to be completely restructured as ordered by Kuwait’s Cabinet in May 2018. While the National Fund and other initiatives described here offered plans and executable frameworks designed to inject new life into Kuwait’s economy, it is clear that at present no single body or political or economic group involved has the ability to effectively implement them. In order to surmount the conflicts between political agendas and economic interests, the Fund must have much more autonomy. Unfortunately, it seems that it has become further entwined with government figureheads through the latest reshuffling of the board.

POLICY IMPLICATIONS

The World Bank has partnered with the National Fund for SME Development during three of the initial implementation phases. It has also collaborated on five main issue areas. The most challenging of these areas has been “developing a culture of entrepreneurship” in Kuwait. In order to meet the goal of establishing a private sector that “[plays] a leading role in creating jobs for the next generation of Kuwaitis” in the next two decades, there clearly needs to be a major shift in Kuwait’s private sector away from monopolies controlled by elites and toward greater competition. The creation of independent wealth in a largely state-controlled system requires a fundamental shift in fiscal policy.

There is also a wider issue that underpins Kuwait’s economic stagnation. Despite enormous wealth in the GCC private sector that surpasses $2 trillion, it is predominantly concentrated in a small group of powerful family businesses. As a result, the reforms in Kuwait directly conflict with elite family interests. Political power in Kuwait, as in the rest of the GCC, is “a balancing act of keeping citizens acquiescent while catering to the economic demands of powerful families whose continued support is critical to regime survival.”

Familial relationships continue to underpin sensitive political positions. For example, National Assembly Speaker Marzouq al Ghanim’s father has headed the country’s Chamber of Commerce for the past 20 years, and this is not an isolated case. The situation suggests that maintaining a familial and economic advantage takes priority over reforms with real impact. Reform efforts usually turn into “politically backed glamour projects and cosmetic initiatives that are passed off as sweeping changes.” For instance, when the current minister of commerce and industry decided to replace the National Fund for SME Development board in 2016, he installed what one observer described as “members of one social gathering (diwaniya)” without using a transparent hiring process.

It is clear that when the government is involved with entrepreneurial organizations and the attempted growth of SMEs, there is a lack of consensus regarding funding and operations. There are also the persistent problems of weak educational systems that fail to adequately equip students with the skills needed to thrive in a modern labor market and an overreliance on government jobs. Such issues cannot be remedied by Kuwait’s many start-up and entrepreneurial development programs.
In sum, to implement meaningful reforms and the creation of a climate hospitable to SME growth, Kuwait must institute policy changes that address the legislative and educational impediments to growth.

The National Fund for SME Development aims to help create productive jobs for Kuwaiti professionals, increase private participation in the economy, and diversify sources of economic growth. To reach these goals, the country must move away from an oil-centered, nepotistic environment and toward a profitable economic environment driven by real market conditions. The lessons learned from creating SMEs in Kuwait must be applied by a single, cohesive body capable of practicing transparent decision-making, financial management, and regulation. This must be coupled with methods to ensure that an inclusive and creative pool of applicants can access funding and are empowered to overturn the status quo and enable true economic diversification. Such a scenario will only become feasible if the country overhauls its education system to better align job skills with the needs of a modern labor market, and removes the structural obstacles to market entry for young entrepreneurs. Kuwait is capable of producing successful SMEs. For instance, Boutiqaat, an online retailer run by a young Kuwaiti company, claims to be the largest site for cosmetics, skin care products, and perfumes in the Middle East.36

There needs to be a major shift in Kuwait’s private sector away from monopolies controlled by elites and toward greater competition. The creation of independent wealth in a largely state-controlled system requires a fundamental shift in fiscal policy.

ENDNOTES


8. Pidatala, “Backstage with the Kuwait.”


33. Comment made during interviews for this study by an NGO member who wishes to remain anonymous.

AUTHOR

Alanoud Al Sharekh, Ph.D., is a research associate at the London Middle East Institute at the University of London. Her research focuses on sociopolitical, cultural, and security issues in the Arabian Gulf. She received her Ph.D. from the University of London.
Aiding and Abetting: The GCC as Quiet Giants and Emerging Players in Aid and Overseas Development Assistance

Peter Salisbury, Chatham House; Arab Gulf States Institute

INTRODUCTION

In the years since World War II, a small club of donor nations has been seen—and has regarded itself—as the most important player in humanitarian aid and development assistance. These states have also been seen as leaders in broader initiatives aimed at growing and diversifying the economies of less developed countries. Now, a series of interconnected trends are bringing a new group of donors from the Gulf Cooperation Council (GCC) to prominence alongside the member states of the Organisation for Economic Co-operation and Development (OECD), an association of wealthy countries that describes itself as the “venue and voice” for cutting-edge debates around aid and development.

The emergence of the GCC states, especially Qatar, Saudi Arabia, and the United Arab Emirates (UAE), in humanitarian aid has been welcomed by their international partners, who hope that the Gulf states can help take on the burden of reconstruction in the Middle East and North Africa. This enthusiasm should be tempered by a clear understanding of the political drivers behind the GCC states’ interest in providing assistance. The approaches of Qatar, Saudi Arabia, and the UAE in particular should be seen in the context of long-term thinking and regional competition. Despite the fact that the common language of aid and development is being employed, the objectives of the Gulf states are likely to be substantially different from the stated objectives of officials in London or Washington DC, or at the United Nations or World Bank. From another perspective, the objectives of the Gulf states should be seen as little different from those of the U.K. and U.S., which often deploy aid as a tool of foreign policy. This brief provides an overview of the evolution of aid and development resources by the GCC states over the past several decades and discusses the political context for their emergence as donor nations. It also offers some broad observations on the risks associated with an OECD withdrawal from the Middle East and North Africa in favor of the Gulf states in the coming years.

THE GULF STATES AS EMERGING DONOR NATIONS

A series of crises from Syria to Myanmar and beyond has put an almost unprecedented strain on multilateral aid and development agencies like the UN and World Bank. At the same time, budget deficits and growing nationalism have reduced many traditional donor nations’ spending abroad, and many nations are now focused on spending that benefits donors directly. For example, the U.K. has become increasingly explicit in saying that spending through its Department

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for International Development must help bolster trade as well as improve lives abroad. At the same time, several of the Gulf states—namely Qatar, Saudi Arabia, and the UAE—have emerged as major donor nations in aid and development. Their increased visibility has coincided with foreign policies that are, to varying degrees, more visible and aggressive.

With their rapid development over the past several decades and lengthy experience working in underdeveloped and fragile contexts, the GCC states should have a considerable store of institutional knowledge with respect to development. If broader transactional arguments for foreign aid are to be believed, such as the U.K.’s Overseas Development Institute’s statement that “the national interest is now a guiding principle behind U.K. aid spending,” the GCC states should also have been able to earn considerable soft power abroad. But several open questions remain as to 1) whether the GCC states have learned from experiences overseas and at home; 2) whether development assistance and other forms of foreign assistance have translated into either international power or influence; 3) what strategic agenda overseas development assistance (ODA) and other forms of assistance serve for each of the GCC states beyond broad conceptions of soft power; and 4) whether Western allies and partners conceive of aid in the same way as the Gulf states.

In particular, it is unclear whether ODA, humanitarian aid, and other forms of financial assistance are seen as tools for achieving long-term policy goals as part of a “whole of government” approach to fragile contexts that involves a more holistic approach to international relations, or as short-term plays aimed at achieving limited goals that are often political in nature. This is a particularly pertinent question in the context of the current era of the “chaos state,” in which many states have fragmented internally to the extent that they no longer exist as unified entities in reality and require highly sophisticated, multipronged policy responses. From a Western policymaking perspective, meanwhile, any discussion of foreign assistance from the Gulf states must also include a frank discussion of funding for religious and armed groups seen as detrimental to Western national security and foreign interests.

**RISKS OF GCC STATES IN FOREIGN AID**

A veteran aid worker who has been employed by Western agencies, the UN, and a major Gulf state’s main aid organization describes Kuwait, Saudi Arabia, and the UAE in particular as “quiet giants” in humanitarian aid and development. Kuwait has been described as an “inveterate” donor, while Saudi Arabia has claimed to have given away more than 4% of its annual GDP as ODA in the past. The UAE and Qatar have also become huge donors and sponsors of economic development projects over the past two decades.

However, the countries mentioned above have not been particularly transparent about how their spending has been deployed, and concerns have been raised about the intermingling of aid and funding for political and militant groups, such as those in Afghanistan and the Balkans. Since 9/11, however, the Gulf states have been under pressure to regulate their charitable sectors and state-run projects abroad.

European officials still worry that Saudi Arabia in particular counts funding for proselytization of conservative Salafist Islam as “aid.” A Western official interviewed by the author meanwhile worried that a new “hard transactionalism” was emerging in Gulf aid, as the UAE and Saudi Arabia have become more aggressive in their foreign policy stances, have written off past failed attempts at generating soft power through ODA, and as competition with Qatar, Turkey, and Iran has intensified. It can be argued that this transactionalism already existed among Western donors who saw aid as a way of combating extremism and pressuring recipient countries into changing policies they did not agree with.

In Yemen, for example, Saudi Arabia has crowded out other donors in its contributions to UN programming while forcing UN aid agencies to work with the...
King Salman Humanitarian Aid and Relief Center. Saudi Arabia has also threatened to suspend all funding to the UN in response to its placement on the UN’s list of state and nonstate actors who violate the rules of war on protecting children. Saudi Arabia’s Yemen Comprehensive Humanitarian Operations plan has been described by leading relief agencies as an attempt at justifying a planned assault on a major Yemeni port, Hodeidah, which they fear could deepen what is already the world’s worst humanitarian crisis. The plan was jokingly described by a senior Western official to the author as the “invade–Hodeidah humanitarian plan.”

**CONCLUSIONS**

The Gulf states of 2018 have extensive experience as donors and developers. They are also experienced in using foreign aid as a tool of soft power in both relatively stable contexts and in fragile state contexts such as Afghanistan, Somalia, and Yemen. The GCC states are likely to become increasingly influential donors very soon and will have growing influence over how funds are dispersed in complex political environments like Yemen’s. Multilateral organizations like the UN and World Bank are already looking to the GCC states as important donor nations with a mix of expectation and trepidation, particularly when reflecting on their experiences in Yemen and other Middle Eastern countries affected by conflict.

However, it remains unclear how reliable the GCC countries will be for major multilateral organizations. The reliability of Saudi Arabia is especially questionable for these major organizations as well as for the countries it has funded. What is clear is that the Gulf states—Saudi Arabia and the UAE in particular—will use their increasing weight in humanitarian aid to achieve their political aims and quell criticisms over their conduct in places like Yemen.

Unfortunately, not only is this transactional approach to humanitarian and developmental aid unlikely to receive criticism, it may well become the norm for Western powers like the U.S. Under the leadership of President Donald Trump, the U.S. has become increasingly transparent in its desire to link aid to political support and its willingness to use the withdrawal of funding as a punitive measure. For example, the U.S. cut funding for the UN Relief and Works Agency for Palestinian Refugees (UNRWA) by half in response to Palestinian criticisms of its decision to move its Israeli embassy from Tel Aviv to Jerusalem. The U.K., meanwhile, has developed a clear focus on prioritizing commercial ties to foreign partners over humanitarian issues.

The Gulf states’ visibility in humanitarian aid could still come as a major benefit to the Gulf countries if they are willing to engage with and learn from professional humanitarian organizations with deep institutional experience, like the UN Development Program or the U.K.’s Department for International Development. However, if the Gulf states continue on their current course, the reputations of all states involved could be damaged and mistrust in humanitarian action could grow.

**POLICY RECOMMENDATIONS**

- Develop and enhance the cooperation and collaboration between NGOs, multilateral organizations (e.g., the World Bank and UN), and different countries, including the Gulf states, to provide a comprehensive overview of programming and impact and share best practices and concerns.
- Consider mechanisms to limit the risk of politicizing aid delivered by the UN and ensure the political independence of UN bodies (e.g., the Human Rights Council), including through the creation of emergency funds to cover gaps when program support is withdrawn.
- Encourage the Gulf states to create internal, cross-government dialogues on lessons learned at home and abroad that could help improve domestic and international policies on governance and growth while sharing any past lessons learned by OECD players.
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ENDNOTES


AUTHOR

Peter Salisbury is a senior consulting fellow at the Chatham House Middle East and North Africa Programme, and a non-resident fellow at the Arab Gulf States Institute in Washington. Previously a journalist and analyst writing on political economy issues in the Middle East and North Africa, Salisbury holds a master’s degree in international politics from the School of Oriental and African Studies at the University of London, and a master’s degree in English and Scottish literature from the University of Edinburgh.

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