Chapter V

Obstacles and Policy Imperatives: Egypt and India

Although globalisation of investment, industry, information and individuals is growing fast, it is an uneven growth. Not all peoples and countries are participating in, contributing to or benefiting from globalisation in an even handed way. The new rules of globalisation – and the players writing them – focus more on integrating global markets, then do not take into account the demands of people that markets cannot accommodate. The result has been that many of the developing countries have been required to lower their tariff barriers more rapidly than developed countries, and that asymmetries of market entrée and double standards in trade rules have not been addressed. And history tells us that the developed world fashioned economic growth after protective walls and barriers. The requirement of the most vulnerable economies is that they lesser their barriers and fight on an equal basis. Not surprisingly, they find this unconvincing and hypocritical.

Held et al. (1999)

I Introduction

The structural adjustment programmes (SAP) in India and Egypt had its vital impacts in the social development policies of these States especially after the 1990s. As it is clear, SAP was more an outcome of the pressure tactics than consensus as these states were forced to approach the international institutions for loan in a crisis situation and comply with the terms and conditions without considering its negative impacts. This chapter discusses the major obstacles faced by these states while implementing the policies and programmes designed and proposed by the neo-liberal institutions. The impact of SAP on the interactions between the poor and the institutions of the state is a major discussion in this chapter. Problems faced in the management of the poverty eradication measures, implementing social safety nets and corresponding policy measures required in addressing these problems are also discussed in this chapter. The question of gender disparities in neo-liberal development has also been looked at in this chapter. The chapter as a whole throw light into the problems and limitations of the social policies designed under the neo-liberal model of development. The chapter argues that these states faced many difficulties in implementing the new policies that had harmful effects over people.
It is undisputable that globalisation and social development has become one of the defining issues in the late twentieth and the early twenty-first century. This includes several institutions and processes in international level such as transnational organizations, transnational events, transnational communities, transnational structures and market forces and multilateral institutions. We shall see a speedy and unconscious acceptance and/or assimilation of the values highlighted by the same forces into the lifestyles of people all over the world.\(^1\)

Economic development and social development of a country are two closely related phenomena. Today, it is widely accepted that eradication of poverty, unemployment and illiteracy are vital in the economic development of any country. As the *Tenth Five-Year Plan Document of India* chapter 2 outlines that, "economic growth cannot be the only objective of national planning and, indeed, over the years development objectives are being defined not just in terms of increase in GDP or per capita income but more broadly in terms of enhancement of human well being" (Government of India 2002a).

As we have discussed in chapter 3, the reforms going on as part of the structural adjustment and globalisation process are wide-ranging. It includes policy reforms in the fiscal and monetary systems and they extend beyond purely market oriented policies. It also includes reforms in the financial sector and in the state-owned enterprises with the objective to allocate public resources in a more efficient manner. Indeed, the development path adopted by the states in South Asia and the Arab world since independence had assured its interference in social development. However, the emergence of financial disequilibrium in the public sector had contributed significantly in changing this orientation (Sabry 1997: 19). According to the proponents, this reform strategy is driven by the need to raise and sustain broad-based economic growth, and to ensure that the poor contribute to and benefit from the economic growth.

The policy changes initiated along with globalisation gets particular attention while we assess the trends in the process in Egypt and India. The period under study (1991-2001) had witnessed considerable amount of policy shifts that totally changed

\(^1\) It is an indirect but a psychological force that drags the people into the institutions of market economy. The aspect has been discussed in detailed in the second chapter with cultural globalisation.
the very orientation of the economy of states. Privatisation and disinvestment of state owned enterprises and utilities were a major policy reform that had significant overall impact on the economy. Quantitative licensing on trade and industry was abolished and a new industrial and trade-licensing regime was introduced.

In India, government control on finance and capital markets has undergone significant changes and the sector has gone through a fast liberalisation regime. Similarly, the restriction on foreign investment and technology was removed inaugurating a new liberal regime for FDI, portfolio investment and foreign technology (Das 2003; Patnaik 1997). Reduction and rationalisation of taxes and duties was another major shift that the economy witnessed in this connection.

In this connection, those who engage in the debates generally accept that the physical process of globalisation is virtually unstoppable since the motivating forces of global integration like science, technology, communication and flow of capital is ever progressing (Hoogvelt 2004: 303). Subsequently, Multinational Corporations (MNC) have gained central role in the organization as well as operation of a novel global capitalist order. Currently, trans-national production has surpassed the level of global exports and has become the primary means for selling goods and services world-wide. What is important here is that, it is not the states, but the global corporate capital, that exercises vital influence over the organization, location and distribution of economic power and resources in the contemporary global economy.

As we have already seen, there are many similarities in the economic problems in Egypt and in India during 1980s. A variety of problems like stagnation, fluctuation of growth rate and low productivity have created sharp structural imbalances in their economies. This also increased inflation rate. All these put heavy burden over the economy and BOP and increased external debt to an unmanageable level that created an atmosphere for the inward flow of more private capital without much restrictions.

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2 In the year 1999 there were over 60,000 MNCs worldwide with 500,000 foreign subsidiaries, selling $9.5 trillion of goods and services across the globe. Multinational Corporations now account, according to some estimates, for at least 20 per cent of world production and 70 per cent of world trade (World Bank 2000).
On the other hand the economy of Egypt and India show a significant growth during the period 1991-2001. India’s trade has been increasing at a rate, which is comparatively higher than India’s real output and world trade. The real output has been showing an upward tendency at a faster rate and the sectoral composition of output has changed considerably with a higher growth in the service sector. Similarly the savings and investment rates have relatively increased in the post-reform period with higher productivity of capital.

It was assumed that trade liberalization and devaluation of currency would raise the external competitiveness of the exports and would eventually contribute to the integration of the domestic economy into the world market (Ghosh and Chandrasekhar 2002; Dasgupta 2004; Sayyid 2002; CSDC 2001: 35). The statistics show that, external trade and commercial activities has increased significantly during the post-reform period. The share of Indian export in the world mercantile trade has increased from 0.52 per cent in 1990 to 0.8 percent in 2002 (CMIE India trades). Similarly, the value of exports have increased from US$ 18.1 billion in 1990-91 to US$ 52.8 billion in 2002-03 and imports have increased from US$ 24.1 billion in 1990-91 to US$ 61.6 billion in 2002-03 (Mehta 2004). This higher growth in India’s exports over imports has gradually led to a decline in trade deficit.

Social cost of structural adjustment is a reality faced by both Egypt and India (Sayyid 2002: 99; Ghosh and Chandrasekhar 2002). Negative impacts of structural adjustment are very common and it is visible at every moment in the daily life of the underprivileged all over the world. For example, the introduction of user fees for schools and health services in fact kept the poor away from the institutions that provide health and education. This created several problems for the poor in availing education and other necessary social services. It raises questions about the capacity of free market to ensure development and satisfy the basic needs of the population. The experiences in 1980s persuaded the international organisations to give more emphasis to education, nutrition, healthcare, grassroots democracy and environment. This is more than an implicit criticism of the international institutions that emphasis on the magic power of the market as the mechanism for increased production and improved

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3 In the Arab world, 22% of the population earns less than $1 per day (Unified Arab Economic Report 2001). The per capita income of African states in early 1990s was less than that in 1970s (UNCTAD 1993).
social welfare. UNDP’s emphasize on human development instead of economic growth may be understood in this context (UNHDR 1992).

II Liberalisation and obstacles to state intervention in social development

By presenting a picture of a globalised world, the Breton Wood institutions demand that countries should open up their economies to liberalization under the Structural Adjustment Programmes that encourage governments to fund privatisation programmes, ahead of welfare and public services. Late modernity caused for the intensification, acceleration and increased reach of capitalist processes of production, distribution and consumption throughout the developing countries. One major obstacle found in the developing countries is that the modernity they had experienced was a distorted one. In effect, globalisation has become the carrier of Eurocentric/Anglo-Saxon modernity to non-western societies in a much extensive manner after the colonial rule over those states. The commonalities that projected were based on western modernity that could incorporate identities remaining outside the boundaries of the West into its orbit (Paolini 1997). But at the same time, the particularities of the non-western states/societies were unaffected and remained critically influential in the day to day interactions of the people.

Like their predecessors, neoliberals also insist that all nations have to do is trust in the effectiveness of self-regulating markets. Polanyi’s argument is relevant in this context because he places the rules governing the global economy at the centre of his framework. He challenges the neo-liberal dream that ‘international conflict will be replaced by benign competition to produce ever more exciting goods and services, once nations recognize the logic of the global marketplace and open their economies to free movement of goods and capital’ (Block 2001).

Polanyi (1957) posits this neo-liberal vision of automatic market adjustment at the global level as a dangerous fantasy. In his conviction, ‘just as national economies depend on an active governmental role, so does the global economy need strong

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4 GATT / WTO Negotiations highlighted this issue
5 According to Polanyi (1957), a self-adjusting market implied a stark utopia since such an institution could not exist for long time without annihilating the human and natural substance of society: it would have physically destroyed man and transformed his surroundings into a wilderness.
regulatory institutions in the global level. In his opinion, without such institutions, particular economies - and perhaps the entire global economy - will suffer from crippling economic crises. Again, what he clarified by this is the impossibility of a total free market economy.

What we see today is global corporate capital’s advancement and direction entering a period of deep uncertainty. This has essentially created a tension in the society because the ground realities of most of the states in the developing countries are not apt to address the challenges of the time. One of the major obstacles of social development in India and Egypt on the eve of globalisation is the disability of the state to integrate large sections of the population into the economic process. The class configuration of the states in fact helped the traditional power groups in mounting up wealth in the reform period.

As we see, the new reforms related to structural adjustment led to a paradigm shift in the economic and social development policies in India. India had gradually introduced almost all measures in the package proposed by IMF and WB such as the removal of import restrictions, reduction of external trade controls, introduction of free markets in food grains and cutting down of subsidies. The result was a sharp decline in the central government revenue expenditure on social development programmes including rural development and fertilizer subsidies. Policies like reduction of subsidies for education, healthcare and food had much harmful impact especially to the ultra-poor in the developing states in general and countries like Egypt and India in particular. This has created an overall crisis in the social situation as the social development measures were highly affected due to the cut off resources. Moreover, it is understood from the experience of these countries that the argument of short-term sufferings and long-term benefits to the poor is also not sustainable.

The developments in the changed global context reiterate that, the state can no longer be the main provider of social supports such as jobs or goods and services at subsidised rates. Besides, the fiscal adjustments that intended to control negative

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6 There are powerful international financial institutions already existing such as the International Monetary Fund and the World Bank that play a major role in managing the global system.

7 The social welfare subsidies went down from 2.3% in 1990-91 to 1.3% of the GDP in 1996-97. The total subsidy was 2.2% of the GDP in 1988-89 whereas it was only 0.9% of the GDP in the year 2000 (Government of India 2004)
Balance of Payments (BOP) have encroached heavily on public investment and the welfare expenditure of the state. The role of the state is limited to monitor the measures to protect the poor and vulnerable in an essentially private-sector-led economy. This ratifies the argument that the economic growth achieved during liberalisation is at a heavy social cost.

Data shows that the new measures have resulted in a huge price hike in the first half of 1990s in Egypt and India, which made social condition much worse. The sudden shift to free market has created much chaos in the economy (this was more severe in India compared to Egypt) and that reflected in the state policy as well. Similarly, the exchange reform and the devaluation of currency in 1991 caused an increase in the prices of imported goods. The slashing of wages was another consequence which, along with the reduction in social expenditure, public employment and consumer subsidies, led to the deterioration of the social conditions of the poor masses. It substantially weakened the poor and the underprivileged and strengthened the groups who are possessing wealth and power historically.

Both Egypt and India have failed to maintain a balance between economic growth and social development. India sustained an aggregate GDP growth of more than a 6% average in the period 1991-2001. Though the state achieved marvellous economic growth, it has failed to make a human face to its ambitious economic liberalization programmes. There was no real benefit for the people in the lower strata of the society mainly due to the retreat of the state from its socialist policies (subsidies on various social services, measures for social protection, etc.). The constant economic growth, which was created by the new policies and reforms, benefited a small group of people who stay at the upper strata of the society. Interestingly, this trend was very similar in both Egypt and in India.

One major obstacle that can be identified here is the states’ extensive borrowing to build physical and human capital. It has created a new economic and social crisis within the state. The weak economic structures as well as the high indebtedness of the late 1980s caused severe economic problems both in Egypt and in India. As it is already mentioned in the chapter 2, the reasons for this are related to the inherent limitations in the very structure of the states and the entrenched contradictions within the society, such as caste, class and ethnicity in India (Celliah
and Sudarshan 1999: Terrence 1994). High regional imbalances and economic disparities and class contradictions in Egypt created a situation where the interface between different stake holders such as workers, local governments, NGOs and the capitalists became unworkable. Experiences show that, the new efforts for structural changes that aimed to overcome this limitation of the state have not made any significant contribution to social development.

A major development that have taken place in India during 1990s was the 73rd and 74th constitutional amendments to enhance the role of the underprivileged – especially the dalits and women - in local governance through decentralization of political power, which is popularly known as the Panchayatraj. Social development in the grassroots level was one of the major objectives of this new enactment. But the experiences show that the aim to provide essential physical infrastructure for effective access to social services to the poor as well as the attempts for local level resource mobilization were simply failed on the ground.

To conclude, the social-welfare policies of the state were the key means for the survival of poor people in the developing states ever since the formation of national regimes. Governments could manage this for long time through socialist policies. However, the Social Fund for Development or other new programmes and welfare measures introduced in this connection were not sufficient to compensate the old state led programmes in social development, which were dropped or curtailed with the retreat of state from social sector. In effect, the new safety nets have failed to protect the poor from the maladies of free market system. Reduction of subsidies (though not eliminated) made it more complicated.

ii 1. The Poor and the institution of the state

Poverty is a persistent socio-economic as well as political problem, which continuous to remain as the most serious issue of social development. Reduction of subsidies for agriculture, public distribution, healthcare and education has intensified the troubles of the poor in general and the ultra poor in particular in both states. The liberalisation policies of Egypt and India had direct impact on the distribution of poverty. The
safety nets introduced as part of SAP however failed to protect the poor from the maladies of free the market system.

Structural adjustment and poverty are two interrelated aspects because the evidences show that the former has critical impact over the latter. According to the advocates of the structural adjustment and free market regime, it is the social responsibilities of the state and uneven spending for social development that ultimately led the state economy to a crisis and further pauperisation. The social spending of the state is very unproductive and the state has to restructure its institutions in order to make it more productive as well as effective in social spending. Thus, the programmes in the reform package propose certain restrictions in state expenditure, especially the subsidies on public distribution, on health, educational and other social services in view of achieving budget balance over a very short period. It indeed accelerated the retreat of state from the role of an active player in social sector.

Building capacity through effective backing of state institutions on behalf of the poor and escalation of the overall capacity of the civil society organisations are the core of the measures proposed for the empowerment of the poor in the era of globalisation. However, in the new context, it is observed that “the state, due to its commitment to a comprehensive policy of economic liberalisation, is unable to undertake a major redistribution of income and wealth or directly create employment opportunities and/or provide subsidized goods or services to the extent that it has in the past” (Assaad and Rouchdy 1999).

It is estimated that more than a billion people still live in conditions of abject poverty. Most of them - more than 800 million - live in rural areas. Thus increasing the well-being of rural people and sustaining the improvements have become the key goals of most countries and development agencies. Consequently, reduction in rural poverty and hunger are identified as two fundamental challenges of social development by almost all developing countries.

It is a general trend in the developing countries that the poor are excluded from the legal institutions of the state due to various reasons. According to the

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8 Extensive food for work and food for education programmes are the major social safety net introduced in many states to address the acute poverty.
estimate of *Egyptian Human Development Report 1996*, 12 million people are staying in illegal shelters in the country and they are vulnerable to receive state support even though there is no public service exclusion that occurs formally. The millions that stay in the urban slums in India are also facing same situation. The new strategies proposed to cope up them to state institutions are the solidarity and social connectivity that they build among them through various informal institutions.

Studies show that poverty in Egypt and India continues to be relatively high and a significant fraction of the population is vulnerable to falling into poverty, with evidence of a mild increase in poverty between 1999 and 2004 (Assad and Rouedy 1998; El-Laithy 1997: 2002; Fergany 1997; Korayem 1996; Kothari 1997; Mehta and Shah 2003; Ghosh and Chandrasekhar 2002; CSD 2006; Ravallion 2003; Rao V.M 1998; Rao M J 1998; Sen 1996; Nasser 2002). Preliminary evidences also suggest that poverty has increased during 2000–2004 period. A significant fraction of the population has consumption expenditure just above the poverty line, making them vulnerable to poverty in the face of adverse economic conditions. This poverty increase was the outcome of the growth that benefited mostly the well-off while the poor were left worse-off. In fact, this reversed the earlier trend of poverty reduction by the second half of the 1990s.

Subsidies are important to the poor, and they have been a cornerstone of the country’s social policy. Yet, they were found ineffective and incompetent in reducing poverty. The World Bank suggests that the existing in-kind subsidy programmes – which form the basis of the safety net - were costly and ineffective so that they create market distortions and inefficiencies (World Bank 1993: 1995b). The safety-net and subsidy systems were badly targeted under liberalisation because it is realised that the large part of programme resources had gone to households those are not poor.

In this context, certain corrective measures were proposed in the report so that the poor would benefit from the social safety nets: they are (i) a significant expansion in the cash-assistance programmes to raise the benefit levels and expand the coverage: (ii) enriching the safety net with better targeting methods like proxy-means testing.

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9 Studies show that, in Egypt, the poorest quintile of the population receives only 16% of the safety-net and subsidy resources which is less than their share in the population: while the wealthiest quintile receives 28% of the resources (World Bank 2007). In other words, a rich person receives almost twice as much of the safety-net and in-kind subsidies as a poor person.
and greater use of geographic targeting in order to direct a substantial fraction of public resources to the intended beneficiaries, (iii) the introduction of a conditional-cash transfer programme that helps the poor in enhancing their human capital, and (iv) the introduction of a workfare programme at low wages that provide temporary jobs for the able-bodied poor.

The report acknowledges that the subsidised high quality “10-piaster bread” is only consumed by the well-off, so that its subsidy should be eliminated. The report recommends improving such policy imperatives like the targeting of the ration-card goods by revising the eligibility criteria, increase the distinction between low- and high-subsidy cards, and enforce compliance with conditions for these cards. The crux of the report is to clearly demarcate the haves and have-nots and restrict all benefits for the eligible among the have-nots. But how far it is possible, or the politically feasibility of this, is a matter of concern especially in countries like Egypt and India. Such policy imperatives found irrational, since they could not address the crisis at any level.

Among the various approaches proposed, income generation approach and human capital approaches - which aimed to increase the income earning possibilities of the poor - were criticised as inadequate for the ultra poor. The major criticism was that, this cannot help poor in their immediate requirements and so that, before the ultra poor can respond to this approach, they need immediate help in the form of cash flows or subsidized food.

In India, the chronic poverty remained very high among casual agricultural labourers and tribal communities (Mehta and Shah 2003: 493-4). The National Sample Survey of 1997 shows that in India there is a greater increase in poverty among this group. Similarly, the Report of the Indira Gandhi Institute of Development Research 1999/2000 shows that in the 1991-94 periods, urban poverty has declined by 4% and rural poverty has increased by 2% in India (IGIDR 2000). This increase in rural poverty is directly related to the crisis developed in agriculture sector because of

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structural adjustment. The large number of farmers committing suicide in the outskirts of India is the outcome of this unequal development pattern.

As we have seen, the reduction of poverty was very high in 1970s and 80s in India. Incidence of poverty was reduced from 54.3% of 1972-73 to 34.1% by 1989-90 (MHHDC 2001: 73). But after that the actual poverty reduction rate has never come down below this level. The increase in the rural urban gap during 1990s and the relative neglect of agriculture including the cut in rural development expenditure remained a major hurdle to the social development of both states, since it caused a fall in rural income.

ii 2. Obstacles and policy imperatives in poverty management

Unemployment of the educated and illiteracy of a large chunk of women population were important aspects of social development of the states under study. The important factor to be noticed is the correlation between poverty and non-accessibility to basic education. In Egypt, 29% of women are not enrolled in schools. The most important reason is the huge dropout rate (Fergany 1995b: 25) due to poverty. Over the period 1990-2002 an estimated 44% of the Egyptian population was living on less than €1.7 a day (means below upper poverty line) (UNDP 2005).

What is significant in the liberalisation period is that the condition of the chronically poor has further deteriorated despite the fact that poverty reduction programmes were on in both the states. One common aspect of the poor families in both the states is that it has more members in which number of earning members is very less. Experience in Egypt confirms that poverty is closely and inversely correlated with education; with almost 50% of the poor illiterate where as it is only 30% among the ‘non-poor’. Job creation has concentrated mainly in non-tradable public sectors and this affected long-term sustainability of growth and poverty reduction strategies.

Poverty and poverty alleviation mechanisms gained particular attention of the policy makers and international institutions by mid 1990s with
globalisation/liberalisation picking up momentum. This is important since the states that were undergoing reforms had faced a wide range of social problems such as growing transitory unemployment and short-term and long-term poverty, which affected different groups in different ways. Attaining social equality was particularly important because the trends had shown that the class living between upper and lower poverty line increased on the one hand and distributional inequality climbed on the other. To be precise, the poor became poorer and the rich became richer, though the number of both categories decreased.

The critics see globalisation as a key cause of the recent rise in poverty and inequality. The collapse of agriculture sector and growing poverty among rural population was the outcome of a sharp decline in the proportion of central government revenue expenditure on rural development and in fertilizer subsidies. We shall see a major shift in the past policies of state vis-à-vis agriculture in connection with liberalisation where agriculture sector was again neglected. Contradiction between market and agricultural production was a key issue of concern since the government policies were insufficient to address this. The rate of unemployment and poverty in the rural area remained unchanged and the income gap has increased significantly due to the collapse of the agriculture sector. The impact of this was rather high in India.

The measures taken by different states to address poverty and other social maladies were more or less common as the causes and nature of poverty had many similarities. Moreover, as we have recognised, these were particularly influenced by instructions given by international agencies that set the agenda. In this connection, the World Bank (1991c) had proposed a rigorous programme to address the negative impacts of policy reforms on the poor. Social service nets and social fund for development were some compensatory mechanisms in this regard. However, the

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11 The UN Copenhagen Summit of 1995 was a major event that put forward a perspective plan for Social Development with 'uproot poverty' and 'attain social equality' as major aims. For details see Appendix no.II
12 For example, extensive food for work and food for education programmes were introduced to address the severe social crisis related to poverty in Egypt and India.
13 The experiences from Latin America revealed that it is the social problems of Structural Adjustment that persuaded the World Bank to formulate certain compensatory measures to address the negative social impacts of structural adjustment in the developing countries states.
question remained whether these ‘nets and funds’ are sufficient in the context of tight fiscal targets and limited resources.

The inability of the state to make women economically productive is remaining as a major obstacle faced by the states in connection with SAP. The number of poor illiterate women who face difficulties in exploring the productive capacities and generate income is very high in both Egypt and India\(^{14}\). In fact, they are more marginalised during the course of adjustment in progress. The number of women in underemployment and working in informal sector is also very high.

\section*{ii 3. Problems and limitations of social security nets}

One should take certain aspects into consideration for a proper assessment of measures like social safety nets, social fund and other special programmes meant to mitigate the negative social consequences of the structural adjustment programmes. That is, (a) to what extend they could alleviate the social costs of the structural adjustment and stabilisation process (b) sustainability of such policies and (c) performance of social security nets. While we try to approach such issues, it is clear that, these aspects are more negative in performance.

Social security programmes and welfare aid programmes were the important social assistance programmes in Egypt and India in the liberalisation period. Mainly there were two types of assistance provided for the poor in Egypt: Zakat and Social Insurance. The first was totally voluntary where the beneficiaries have to pay a small amount to social insurance and its social security schemes. A special programme called \textit{Maash Daman} was introduced for the alleviation of poverty. The major target group was the poorest of the poor, especially the divorcees, orphans and unmarried women. But the problem identified here is that, most of the organisations extending help for the poor are Islamic NGOs, which were very orthodoxy in their orientation and having strong commitment to Islam. Nearly half of the private voluntary organisations were of this type during the years of liberalisation and they propagated a religion centred social development approach (Ibrahim et al 1997: 67).

\footnote{Almost 1/3 of the women do not earn any income in Egypt. This is rather high in India.}
We shall see a considerable increase in the number and expansion of the volume of social care through measures such as the old age pension system, medical insurance system, subsidizing some basic food needs and social support fund – all restricted for the ultra-poor. Critical role of NGOs in social care activities in both the states which replaced the governmental institutions is a major element in social development (MHHDC 2001: 89).

The policies towards termination of the food subsidy programmes in the form of rising prices and reducing quantity of subsidised items get special attention in any attempt to understand poverty. The food subsidies were streamlined. The termination of food subsidy has led to a huge hike in food expenses in Egypt, which marked a 425% increase for urban and 391% for rural family over the period 1989-95 (Nasser 2002: 159). In India, the Public Distribution System (PDS) has been cut off to many with an argument that it is streamlined in order to target the poorer sections of the population.

Even the remaining subsidy expenditure was not reaching the ultra poor due to the inability of state institutions and agencies to identify the needy and allocate resources for their welfare. Similarly, the programmes to support the poor such as Social-Fund for Development also failed to reach the target group - the ultra-poor. That is the reason why a considerable number of people still remain as poor and the number of ultra poor has increased in both the states.

The social security pension benefits were negligible in both Egypt and India. In Egypt, 25% of the pension beneficiaries of the law 79/1995 receive a pension of LE 80, which is less than the amount required for average poverty line per month. In India, social security pension is not a noticeable measure of social development. In fact, the provision of social safety nets was weakened by liberalisation due to restrictions over social spending. In brief, the new safety nets have failed in protecting the poor from the maladies of the free market system.

The spread of micro credit financing and the proliferation of self help groups among women in a comparatively short period was a reality in developing countries.

15 In Egypt the amount for food subsidy had reduced from LE 3786 million in 1984/85 to LE 865 million in 1994/95 (Nasser 2002: 159).
The major objective of this was to make women economically productive. It was an additional measure to activate the structural adjustment programmes more rationally. One major problem visible here is that, there were no systematic ways to assess the effectiveness of these programmes. What is evident here is that, the attempt to promote micro enterprise finance as part of a neoliberal agenda simply aims at extending the reach of capital markets to smaller firms. Though the poor are integrated to some form of informal social networks and other modes of support to survive, they are often excluded from the legal and bureaucratic institutions of the state. Theoretically, it makes possible the entry of a section in the society – especially women – to economic activity. But in reality, we see a huge chunk of women systematically excluded from economic activities and also from the labour market during the process of structural adjustment. The high number of unemployed women in Egypt and India ratify this.

Under CDP, many new programmes were also organised to promote small and micro- enterprise developments. The Family Development Fund Project of UNICEF was another major initiative in this regard. Intervention in the living conditions of the have-nots and aiding sustainable development with a philanthropic concern has got much attention in the social development debates. However, what is specific here is the characteristic of the socio-economic situation in which such measures are to be implemented. The GATT provisions that limit subsidies and advocated protectionism remained a hurdle to more extensive programmes in this regard.

In the Indian and the Egyptian economy, the financial markets are not adequately transparent to make them beneficial for the poor. Legal and regulatory reforms and reform in the educational sector are also vital matters along with opening of the economy and privatisation. The sustainability of SAP was questioned in a short while after the introduction. In fact the poor countries who signed in the structural adjustment agreement were already in difficult situation because the subsidy cuts and import restrictions led to a sudden decline in the public spending which ultimately led to the decline in the standard of living of the people. The absence of the highly required supportive social policies also complicated the situation. This has remained a

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16 according to the analysis of CSDC, ERSAP had not made achievements in current account balance, budget deficit, inflation rate and nominal exchange rates against the expectations (2001: 11).
hurdle to social development. But in reality, the policies followed under stabilization and structural adjustment further deteriorated the social condition of the poor.

One characteristic feature predominant in the social development debates in almost all developing states was the importance of public funded services as the main source of income of the poor. Evidences show that, the increase of private share in health and education services hardly benefited the poor. This is particularly important because a considerable hike in the private sector spending in social sector is visible in the liberalisation period\(^{17}\).

The argument of Amartya Sen - globalisation is not questioned, rather the use of market as an institution is questioned - merits more attention in the contemporary debates. Neo-liberals have insisted that the new technologies of communications and transportation make it both inevitable and desirable that the world economy be tightly integrated through expanded trade and capital flows and the acceptance of the Anglo-American model of free market capitalism. A wide variety of movements and theorists around the world have attacked this vision of globalisation from different political perspectives – some resisting on the basis of ethnic, religious, national, or regional identities, and others upholding alternative visions of global coordination and cooperation.

It is assessed that ERSAP has made some achievements in current account balance, budget deficit, inflation rate and exchange rate in Egypt, though it could not meet the expectations. But the most important aspect of this was the social cost that the country had to pay for this. And the issue remained as how to avoid the social cost for this. The social indicators of 1990s show that India also faced a good deal of social crisis. The argument that structural adjustment would boost economic growth in longer term was irrelevant in this context because the countries undergoing this had to bear the social cost of adjustment in the short and medium term that further deteriorate the socio-economic condition of the poor in such states\(^{18}\).

\(^{17}\) Money spend by Private sector in healthcare has increased from LE 35-40 million in 1992 to LE 80-90 in 1997 (Assad and Rouchdy 1999)

\(^{18}\) This is the reason why the World Bank agreed to give an amount of ($36,868) 22.6% as loan to improve the quality and accessibility of social services through income generation, social assistance and human development (World Bank Annual Report 2000).
It is commonly accepted that effective government institutions are prerequisites for the economic development of any state. To this connection, Policy reforms to improve the institutions governance have attracted particular attention in the social development debates in the era of liberalisation. The newly created situation of global interdependence and the integration of national economy with the global market forced the state to implement an economic reform package that triggered the process of structural economic transformation (Guazzzone 1997).

However, in the midst of an extensive privatisation and liberalisation programme, the National Conference on Social Development held at Cairo in the year 2000 reemphasised the role of the government as the eventual responsible body for Egypt’s development as well as the arbiter between different stake holders. This reflects the readmission of the state as a key player in social development in most of the developing countries. The core issue here is the inability of non-state actors, under the sway of neo-liberal ideas, to realise the social realities or effectively respond to the social requirements of the states’ concerned. In other words, their focus on individualism and legal and political equality surpassed the agenda of social and economic equality (Glavanis 2002: 466). In the developing states, the rapid proliferation of NGOs led to circulation of a new but distorted idea of privatisation and liberalisation that had much negative impacts on the social sector.

**ii 4. Limitations in labour and employment policies**

Inadequate labour absorption was a major limitation of the social policies of the time. The argument that ‘increases in the rate of growth would create more employment opportunities’ has proved wrong in the case of both Egypt and India. One reason for this is the failure of states to reinvest the return from public enterprises sale to sectors which can create more employment opportunities and generate income. In fact, many institutional policies of multilateral organizations have resulted in increased deprivation of the poor by loosing their employment opportunities. The withdrawal of employment security provisions and the cutting off of labour force as part of the structural adjustment in government sector have deepened the employment crisis in both the states.
As discussed in the previous chapters, there is a clear link between poverty and unemployment. What we see from the study is that both Egypt and India have failed to introduce an adequate employment policy that could effectively address the unemployment crisis faced by the states. In Egypt, unemployment and underemployment is widespread in the era of liberalisation. This is affecting 7.5% of the working-age population and generating considerable economic loss. Similarly, total wages and salaries declined steadily in 1988-92 after minor increase in 1993-94 (El-Mahdi 1997: 27). For most of the poor, manual labour was the only source of income and any raise in income was possible only through either engaging in longer working hours or doing multiple jobs19.

It is evident from the experiences that the new specialized programmes like Social Development Fund (SDF) in Egypt and various employment generation programmes introduced in India (for example, RLEG, PMRY, etc.) failed in its capacity as a mechanism for redistribution and reallocation of resources among the people. New generation social development mechanisms like social security nets, social insurance and pension systems or the remaining old measures like subsidy for food, health and housing (substantially reduced) has failed to prevent further social deterioration. The social feasibility of the new generation programmes in the specific context of the states concerned gets negligible attention.

In employment policy, special attention should be paid to women and to the young. A huge portion of the female workforce is concentrated in the agricultural sector. Women are the most preferable candidates in the rapidly growing informal sector jobs. Poor working conditions and low wages are the symbols of this type of jobs. Besides, level of exploitation is very high such as they are forced to work over time for fewer wages.

Increasing crime among the unemployed is a general phenomenon all over the developing countries. It is generally accepted that, there is an ascending relation between unemployment rate and crime rate. It is observed that the absence of productive employment that could generate a decent income would persuade the youth to move to criminal activities.

19 The poor in Egypt has some other sources of income like Sadat Pension and other social assistances from individuals and NGOs in the form of cash and kind.
5. The challenge of distributional inequality

The major problem with the new development orientation based on neo-liberalism is that, it never addresses the fundamental issue of distributional inequality. Globalisation actually increased differentiation between the haves and the have-nots in the global system, with the gap likely to increase as globalisation intensifies (Paolini 1997: 49). The inequality in distribution is a setback for any state in the world while the impact is too severe for the states in developing countries because of their inherent incapability in providing minimum facilities to a huge chunk of population.

It is a false argument that globalisation leads to homogenization between and within developed and developing countries. It is also evident from the experiences of states like Egypt and India that market led development can bring economic growth, but it miserably failed in ensuring any kind of social welfare activity. This is particularly important because it is an established fact that only the state can take measures to counter the negative social effects of globalisation in an unrestricted market system.

The level of income distribution is more unequal both in Egypt and in India. There is a considerable gap in income distribution within the state. This gap is increasing ever since the introduction of reforms. It further expanded the social inequality by limiting the role of state as a balancer in social distribution of resources. On the whole, the proposed solution to the problem did not reduce the problems: instead it further complicated the real issues involved in it.

There was a disproportional relationship between the consequences of structural adjustment on social development and the measures taken to handle that in Egypt and in India. It is very essential to build institutional and technical capacities especially in the areas where poor are living, to effectively counter the social crisis. Reforms initiated in the education sector of both the states are significant in this context. During the introduction of the new National Project for Education in 1993, Egyptian President Hosni-Mubarak declared: “No one, either individual or state, will find a footpath in the world unless they have access to modern science and technology: education is the means to acquire such knowledge. Modern Egypt is firmly built on the foundation of this educational process” (1993: 9-13).
According to Linda Herrera (1999: 103), education has undergone new manifestations and forms in Egypt. In the changed context, new slogans like 'Education for Economic Development' and 'education is the means to compete in home and foreign markets' has reached to the limelight (Mubarak 1993). What we see here is the primacy of commercial value (or market value) over the social value of education. The flourishing private sector education in India also highlights the same commercial value of education. Concisely, though the share of private sector in education and health services increased rapidly, the high cost of such services provided by the private sector remained a major problem in the both states because the functioning of the private sector was purely on a commercial basis.

The entry of private sector in education and the rapid increase in the number of Islamic private schools in Egypt was a new phenomenon that gets particular attention in this connection\(^\text{20}\). Though the number of such schools is only 7% of the total schools in Egypt, they are socially, politically and culturally significant because they represent an organic education movement in the country. In Egypt, the infrastructure for education was very poor since most of the schools were in a bad condition. Similarly, most of the schools were overcrowded and running double/triple shifts that clearly affect the quality of teaching.

As we have seen in the previous chapters, the implementation of the economic reform programmes created high social costs in the form of growing unemployment in and deterioration of public services. The measures taken by government to increase expenditure share of social services were not sufficient to guarantee that those services will reach the poor. For example, the fees introduced in education in Egypt in the year 1992/93 became a hurdle to many to continue education. Similarly, the cost effective method in health and education had a negative impact on the poorest. The major limitation of the new health policy in Egypt is that the health insurance system does not cover the absolute poor who stay out of the labour force. Similarly, in India, there is no public health insurance scheme available for those who are at the lower strata of the society.

One of the major policy limitations related to poverty is that mainstreaming of poverty alleviation programmes has never been the goal of the economic policy of the

\(^{20}\) The number of such schools is increased from 50 in 1985 to 206 schools in 1996.
states. This shows how government adopted the strategy of private sector. One aspect that is predominant in all such states is that, though the poor are integrated to some form of informal social networks and other modes of support to survive, they are often excluded from the legal and bureaucratic institutions of the state.

6. Social capital and its problems

There are criticisms that the empirical literature on social capital seems to be particularly weighed down by many problems such as vague definition of concepts, inadequately measured data, lack of suitable exchangeability conditions, and lack of information necessary to make identification claims credible (Durlauf 2002: 474). These problems are particularly important for social capital, as such arguments depend on the underlying psychological and sociological aspects that are difficult to quantify, let alone measure.

As per the dictum of social capital, the local community through democratic participation undertakes social development process with government assistance (INP 1996: 85-87). However, the concept of social capital itself is highly problematic in the social context of developing countries in general, since their pattern of social development is totally different from the West. The application of the concept of social capital in a wider level in the context of India and Egypt faces many obstacles. The development of associational life has been pointed out as a major element that can make a significant difference by encouraging people to be part of the different communities and share their experiences. But what is emphatically cleared is that it has certain limitations in countries like India and Egypt where people are blocked from freely interacting with other communities and where society shows the tendencies of a more closed society. In other words, the social interaction is very limited in such societies due to explicit differences in caste, religion, ethnicity, and region and in certain cases, class.

As Harris (2001) points out, the drawbacks of the very concept of social capital in the context of developing countries are clearly reflected in the Egyptian and Indian cases. The measures like peoples’ networks and local organisations which were supposed to improve the socio-economic conditions of the poor were far from the realities of such societies. What is significant here is the total neglect of the structural
causes, which make inequality and other social maladies deeper in those societies. This reflects that the states did not address such issues effectively.

A major criticism on social capital was that, by restricting the participation of people in the socio-political arena only through totally apolitical gatherings like 'village committees and development associations', ultimately de-politicises the fundamental problems of poverty and unequal distribution in developing countries. Actually, the projected greater coherence of action among people by organizational stability and shared understanding (Cohen and Prusak 2001: 10), supposed to be inherent in social capital, is missing in the Indian and Egyptian cases.

There is a criticism that the attempts made by contemporary researchers to accumulate indexes of social capital for social development from indicators like trust in government, voting trends and memberships in civic organizations are irrelevant in the context of developing states. The critics argued that this could not present a clear picture of social development in developing states due to the complexities and diversities of the political and social system and process of governance.

The impact of social capital discussions on the whole debate of social development in these states is noticeable. Social capital is consistent with the neo-liberal agenda of reducing the role of state, partly in order to make possible large cuts in public expenditure (Harris 2001: 120). The idea that state and its institutions are central to the functioning and welfare of any society is rejected by the agents of neo-liberalism. The major argument of the proponents that social capital can promote good governance and facilitate changes in any political system attracts much attention. It propagates a new ‘theory’ that opening of political space with the development of civil society is often a pre-requisite for authoritarian governments to engage in productive and positive relationships with the public.

Politicisation of society has utmost significance in the context of India and Egypt. For Harris (2002), social capital based development is purely a technocratic process having no political content and therefore the socio-political processes of change facilitated by such measures are totally apolitical in its nature. Membership in social networks and voluntary associations and other such gatherings is contributed to a systematic depoliticisation of development. In the view of Fukuyama (1999), since
All economic activity is carried out by organizations - not by individuals - it requires a high degree of social cooperation. However, one should consider the reality in developing countries where organizations and groups in which membership are limited through different ways: the result is the permanent elimination of some sections from the mainstream of society. In short, this argument upholds that by depoliticising the issue of development, social capital ultimately stand against the movements that work for progressive socio-political and economic change in such societies (Harris 2002).

Theoretically, higher level of social capital facilitates better health, higher educational achievement, better employment outcomes, and lower crime rates. All of these areas are of concern to both policy-makers and community members alike. Similarly, interaction enables people to build communities, to commit themselves to each other, and to knit the social fabric. But what is important here is that one should see the complex realities in the developing countries where social hierarchy and conflict is remaining in the society at various levels. Consequently, the talk about social capital has more or less remained an idle dream.

Some aspects of social capital can have adverse effects, such as when strong internal group cohesion is associated with intolerance of others. Individuals acting on their own cannot generate social capital. Community pressure may be harmful to individuals and enforceable group norms are not necessarily good for community members. The argument that communities with a lot of social capital, particularly if organized along ethnic or religious lines, can be harmful to each other and to society at large is very valid in India - a country totally diverse in its character.

When social capital is developed with the wrong partners or when levels of trust become confining and there is not enough autonomy, firms can suffer in information, ingenuity, reputation and ultimately revenue. Fukuyama, one of the chief promoters of social capital, himself believes that intense social capital, such as in a family or firm, may embody inefficient norms such as nepotism or colloquialism which hinder profitability (Fukuyama 1995). This aspect gets particular attention in the case of underdeveloped socio-political structures in India and Egypt where corruption and nepotism is predominant in the functioning of state institutions.

21 This is what is specific in liberalism and individualism.
As it is evident, social capital is essentially an outcome of the neo-liberal policies. Even then, the concept of social capital meant to develop an alternative not only to state, but also to market since both of these agencies have miserably failed to address the severe social crisis faced by the developing countries. In Egypt, the market economy experiment had failed to address this issue. This failure remains a major hurdle of any effective social development in such states. In the final estimate, it is visible that, though the new agencies and experiments shared the responsibility of state to a large extent, it was far less effective than that of the state agencies. This remains a major obstacle to social development in these states.

7. Gender disparities in development

Gender has become a major theme of concern in developmental discourses, especially since 1980s. Globalisation debates have invigorated this concern further in the developing states in 1990s. Gender insensitive developmental agendas and development related violence against women were some of the issues that attracted the special attention of social scientists. The newfound concern has also taken into consideration the patriarchal nature of the third world societies and numerous socio-economic and religious factors causing the marginalisation of women. However, such aspects were never addressed in policy making process for a long time.

Theoretically, the concept ‘gender’ seeks to distance from the conventional perspectives centring on biological ‘differences’ between men and women. It rather makes the social ‘difference’ a reference point. The historical fixation of the identity of women as mother/wife in the private realm and unskilled and underpaid labourers in the public realm had left women behind from playing a personage role in politics and economy. However, the new paradigms like post modernism and feminism have collectively provided a new framework for deconstructing the notion of development. By popularising the nuances like subject/object, self/other, inside/outside and public/private, they present a gender-centred critical analysis of the concept of ‘development’.

Currently, it is widely accepted that the status of women and their socioeconomic conditions are important factors in measuring social development of any state (UN 1999). This is particularly significant because there is a massive gender
gap in almost all aspects of social development in most of the developing/third world states. This gap is never challenged even in the context of liberalisation. Since the study is focused on social development, gender concern is expressed here through an analysis of the participation of women in various socio-economic activities and the exclusion of women.

Marginalisation, disempowerment and discrimination against women in local, national and global levels have become prominent in the present market-centred phase of globalisation. The market oriented system that is concerned only over the purchase capacity of a person is inherently against the interests of the weaker sections in any society. Globalisation does not offer any exception to this commonly held conception. It is observed that the forces of globalisation disproportionately affect women at two broad levels. Firstly, the process of globalisation affects women at the immediate experimental level through lowering of wages, reduction in the access to land and resources, inadequate supply of food, greater work load, etc. Secondly, women are the most vulnerable community when it comes to the ill-effects of globalisation. It affects women at the structural or strategic level, through long-term disempowerment of women due to increasing illiteracy, unemployment and feminisation of poverty (Shalimal 2000). The socio-economic indicators of Egypt and India are reflective of the gender disparities in various realms of socio-political life.

There is a clear gender gap both in India and in Egypt in every sectors of social development. The gap in literacy rates, enrolment rates, labour force participation, and employment, remains very high. The UNHDR (2000) placed Egypt in the 99th position and India in the 108th position based on gender related development. The cuts in social spending hit the women population very badly due to shrinking education and health facilities, increasing prices, loss of job security and rising social tensions. According to Nasser (2002: 95) “women are the first victims of economic changes because the structural adjustment programmes concentrates mainly on the reallocation of resources to achieve stability and growth rather than the micro-economic issues of distribution and gender differentiation”22.

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22 For more data on Egyptian women, see CAPMAS Census Data (Cairo: CAPMAS 1986; 1996), Human Development Report of Egypt (Cairo: UNDP and NIP 1998), CAPMAS and Social Fund: Monitoring Social Development in Egypt (Cairo: CAPMAS 1995).
The gender gap continued to exist in education in both the states, despite considerable increase in expenditure on education and rise in literacy rate. In 1992, among the 271.8 million illiterate adults in India, a large chunk – 169.3 million – were females. Similarly, the gender disparity in adult illiteracy rate was same in Egypt and India, which was 66 percent among women. However, in Egypt, literacy of women increased from 34 to 54 percent during 1992-2000 period. Girls’ share in the primary school enrolment also increased from 44 percent to 48 percent in the same period. The Human Development Report 1998 shows an increasing tendency in female literacy rate. It increased to 41.8 percent in Egypt and 43.5 percent in India. As the statistics shows, women are still far behind men in both countries. Egypt holds the record for the highest gender gap in the Arab world, as far as the literacy rate is concerned.

No considerable change in the gap in literacy rate between men and women and between the rural and urban literacy can be witnessed, though there is an increase in women literacy compared to men, both in rural and urban areas. Table 4.21 and Table 4.22 give a clear picture of literacy growth in the decades post Independence India. However, there is a small decrease in the male-female literacy proportion in India in the decades 1981-91 and 1991-2001 the gap remained above 20 percent.

Table 5.1 Decadal growth of male female literacy in India, 1950-51 – 2000-01

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<tbody>
<tr>
<td>Male</td>
<td>27.16</td>
<td>40.40</td>
<td>45.96</td>
<td>56.38</td>
<td>64.1</td>
<td>75.85</td>
</tr>
<tr>
<td>Female</td>
<td>8.86</td>
<td>15.35</td>
<td>21.97</td>
<td>29.76</td>
<td>39.3</td>
<td>54.16</td>
</tr>
<tr>
<td>Total</td>
<td>18.33</td>
<td>28.30</td>
<td>34.45</td>
<td>43.57</td>
<td>52.2</td>
<td>65.38</td>
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Source: Economic Survey (Online web :) URL: http://indiabudget.nic.in

Table 5.2 Decadal literacy growth rate in India (all in percent)

| Year    | Rural | | | Urban |
|---------|-------| | |     |
|         | Male  | Female | Total | Male | Female | Total |
| 1981-91 | 8.1   | 8.5     | 8.4    | 4.2  | 7.5     | 5.8   |
| 1991-2001 | 13.4  | 16.3    | 14.7   | 5.4  | 9.1     | 7     |

Source: Economic Survey (Online web :) URL: http://indiabudget.nic.in
Gender disparity intensifies the socio-cultural disparity between two sexes in education. During 1990s, education has become an increasingly financial and moral burden for the less privileged families because of the extensive privatisation of the education sector. This has led to an explicit gender inequality in education. Poor national educational services and increasing exclusion of girls from basic education were the reasons of this phenomenon. Similarly, though the women participation in the labour force in Egypt increased, the rate of unemployment among women remained very high compared to men (Khoury and Moghadam 1995). Estimates show that, the gender difference is considerable in labour market with unemployment affecting females 2.5 times more often than males.

In India, the crisis in agriculture sector, has intensified employment crisis of women since most of the women labour is concentrated in the agriculture sector. This crisis has eventually led to the limiting of employment opportunities of women labourers in Indian villages. The massive disengagement of women work force and the consequent fall in family income also created the re-visiting of male biased domestic setting, which sanctified the denial of education and health services to women. However, the trends show that the participation of women in unorganised casual labour in the service sector in India is increasing during the liberalisation period. Despite numeric strength, they are heavily underpaid and vulnerable to extensive exploitation, economic marginalisation and chronic poverty (Chow 2003: 452-4). In brief, most of the circumstances, the liberalisation policies are gender biased and do not consider the specific conditions of woman in the labour market. Thus, liberalisation creates negative impacts on women like underpaid/cheap labour in the labour market.

Table 5.3 Labour Force Participation Male/female in Egypt, 1980-2004

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<tbody>
<tr>
<td>Total labour force (millions)</td>
<td>12</td>
<td>17</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>Labour force, female (percent of total labour force)</td>
<td>19</td>
<td>26</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Unemployment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (percent of total labour force)</td>
<td>5.2</td>
<td>8.6</td>
<td>9.0</td>
<td>11</td>
</tr>
<tr>
<td>Female (percent of female labour force)</td>
<td>19.2</td>
<td>17.9</td>
<td>22.7</td>
<td>23.9</td>
</tr>
</tbody>
</table>

Source: Summary of Gender Profile Egypt; 2002: The World Bank Group
Data show that the rate of unemployment of women is much higher in all age groups and at all educational levels in Egypt (Nelson and Rouse 2001: 173). According to the official estimates, in 1999 the total unemployment rate in Egypt was 8.9%. However, it was very high among women - 20.3 percent (EHDR 1998/99: 141). The share of women was only 15.3 percent of the total labour force in Egypt in the year 1996 and it has increased to 21 percent in the year 2000 (Fahimi and Moghadam 2003: 5). Similarly, in Egypt, the total number of those who worked in the informal sector was 9.7 percent, but it was 21.5 percent, in case of female labour (EHDR 2003: 132). Nevertheless, the role of women in managing the household, at least in a small section of the society, is worth-mentioning. Many studies show that they are the sole bred-winners in more than a 9.4 percent of the households. Even though in majority of the households their income is supplementary, it becomes very essential for the smooth running of families.

In Egypt, the withdrawal of government from public sector and the extensive privatisation policies badly affected the employment opportunities of women because the majority of women population were working in the service sector (Assaad 2002: 139). Consequently, female unemployment has increased three times soon after the introduction of reform. The unemployment rate of men was 9 percent and women were 22.7 percent in the year 2000 (Fahimi and Moghadam 2003: 5).

The female participation in economic activities was very high in Egypt before the introduction of reforms. But, the men women ratio in the labour force has decreased from 31 percent in 1988 to 14.1 percent in 1998. It was 100:18.5 during 1995 – 2001 periods. Unemployment rate among women is also very high in Egypt where it is 7.4 percent among male and 23.8 percent among female (CAPMAS 2002). The observations on feminization of poverty can be understood through this direct link between massive disengagement of women from traditional occupation and rise of poverty.

According to the Human Development Report (1998), the number of women engaged in professional/technical jobs was only 28.4 percent in Egypt and only 20.5 percent in India. In Egypt, the participation of women in the labour market decreased from 18.7 percent in 1984 to 14.1 percent in 1998 and 15.4 percent in the year 2001 (Nasser 2002: 100; EHDR 2003: 138). The wage discrimination in the manufacturing
sector is also very prominent in Egypt. If the average wage of men is 64 Egyptian pounds per week, for women, it was only 48 Egyptian Pounds.

The health indicators are more positive with regard to women in both the states thanks to IMR for girl child and high Life Expectancy. However, the occurrence of serious gender-related health risks like genital mutilation is very high in Egypt.

Improvement of women’s participation in the decision making process appears to be the major challenge both in Egypt and India. Women participation in politics, in general, is very less in both the countries. From its side, globalisation has never created any qualitative change in the participation of women in politics or their engagement in the public sphere, either in democratic India or in authoritarian Egypt. According to the estimates of UNDP (2002), the percent of women in the members of parliament in India was only 8.9 per cent. Women representation cuts only a sorry figure of 2 percent in Egypt.

The Panchayatraj system (with decentralisation of power along three tiers of local administration) in India with 1/3 seats reservation to women in the local level governing bodies was, of course, a revolutionary step towards the enhancement of women’s role in political process. This has legally institutionalised a reservation of 33 percent of the total seats for women in the local level governing bodies. However, arguments on the impact of Panchayatraj on political participation of women vary. The prominent argument is that though government could ensure the distribution of seats to women, it did not make any fundamental change in the power relations at the grassroot level. The predominantly feudal and patriarchal character of Indian society remains the major hurdle to the effective participation of women in such bodies. This procedural participation did not contribute anything significant to the empowerment of women, especially the village women, in India.

III From state to non-state actors

What we see from the experience of India and Egypt is that a comprehensive approach is essential while dealing with social development since the issues are interrelated. States used to play an important role in drawing both economic and social policies. The redistributive role of state had played a role historically to compensate the structural inequalities inherent in the system (Hafez 2002: 90-2).
However, many new private consulting firms were also started functioning in the social development sphere. These private initiatives in the economy made it more outward oriented and more prepared for competition in a global economy. Increased involvement of development intermediaries (mainly NGOs and INGOs), at both the national and the local levels was a major trend of this phase. In short, the earlier role of the state was taken over by various development intermediaries, social fund and local committees.

The most important aspect of poverty alleviation efforts in Egypt – to a certain extent in India also - in the post liberalisation period is the declining role of state in this task (Assad and Rouchdy 1999: 44). Therefore, the way NGOs function in development related activities of Egypt and India needs special attention. It is very clear that such organisations are encroaching into the power of individual nations with the support of a globally dominant ideology of neoliberalism. Since their activities are wide ranging and they succeed in mobilising huge resources in the name of development, their role in the social development debates – including the policy making – has enhanced unprecedentedly.

There is a common criticism against such organisations that, though they use huge resource, their achievement is very less. The major limitation of such units is the functional specialization that they carry over\(^\text{23}\). There are so many other limitations – structural and functional – that prevent NGOs from contributing anything substantial in the social sphere. First of all, the functioning of such organisations is neither transparent nor accountable. Internal structure of such organisations is highly hierarchical and their functioning is undemocratic. Besides, the beneficiaries have no role in the process: they are passive recipients of assistance from a particular organisation (Bayet 1997: 40). This has slowly undermined the concept of rights and made development a kind of privilege of some external agents. Though the NGOs succeeded in mobilising resources, they fail to contribute in social development as they cannot ensure the effective distribution of such resources to the needy. Moreover, they are not capable to perform better than the old state agencies having many structural limitations. In short, despite all its limitations, it is true that, state and its agencies were more able and efficient in handling social crisis compared to development intermediaries.

\(^{23}\) Almost all those organisations were issue based organisations which has concentrated on one (more than one in some cases) particular aspect.
The collapse of agriculture and rural economy led to the foray of peasants to cities and the collapse of a particular social system/setup in which people were highly associated for long time. This sudden shift created lot of unexpected impacts both in their social life as well as their job selection. There is a clear link between internal migration and the enormous growth of urban slums in developing countries. The growing number of slums in cities shows the extensity of underdevelopment and social development crisis in states like India. The distorted (quasi developed) capitalism that ratchets up inequality and unevenly distributes new wealth thus spawned the growth of slums (UNESCAP 2003).

The old argument that free trade is an imperial weapon used for resource exploitation is still valid in many contexts. Similarly, such a criticism was developed against international investment that by accommodating these financial schemes, a country loses its economic sovereignty and even be forced to set policies that are contrary to its citizen's interests. Moreover, this may lead to a situation where MNCs that invest in a country may also attain too much political and economic power. Such criticisms are particularly relevant in the context of Egypt and India.

One of the major criticisms against globalisation and neoliberal capitalism is that it is guided by governments, which are subordinated to certain super-governments (such as the International Monetary Fund and the World Bank), who are not held responsible to the population that they govern and respond mostly to the interests of the agents of global capitalism. All these criticisms, one or other way, expose the limitation of globalisation policies which in fact function as hindrances of social development.

Conclusion

Globalisation is criticised as a process mediated by elite imperatives. It is clear that the unrestricted free trade benefits only those with more financial leverage (i.e., the rich). The results of globalisation have not been what was predicted when the attempt to increase free trade began. Many institutions involved in the system of globalisation have not taken the interests of poorer nations, the labourers and the environment into account. For many of the poorest, Least Developed Countries (LDCs) the problem is not that they are being impoverished by globalisation, but that they are in danger of
being largely excluded from it. Although financial flows to developing countries have also grown dramatically, they remain concentrated in a few states\textsuperscript{24}.

Market economy predicts greater efficiency in the use of productive resources. However, what is evident in privatisation is that the resources of the state are decreasing. This is leading to a situation where the state is not able to allocate enough resources for social necessity. The failure of state eventually led to the popularisation of the concept social capital which is also an outcome of the neo-liberal policies. The inability of governments in the developing countries in achieving their development goals is linked to certain aspects like poor politics and poverty in vision and planning: it is not just poor resources (EI - Laithy 1996: 131-3).

The Egyptian economy marked an overall 6% growth in GDP during 1997–98 and 6.1% growth in 1998-99. The growth has reached to 6.5% by 1999 – 2000 (CSDC 2001: 8). Similarly, the indicators show that there was an increase in trade balance during the period\textsuperscript{25}. As the study asserts, Indian economy had also shown positive trends especially in GDP growth and trade balance. But the significant point is that there was no corresponding increase in social sector, either in allocation or in rate of development. Compared to Egypt, this was worse in India.

However, both in Egypt and in India; the market economy experiment had failed to address the real challenges in social development. Perhaps the main reason for this was the inherent inability of a market based strategy to address the deep rooted and complex social problems in the developing countries. Immature development of the capitalist mode of production and production relations are pointed out as the major reason of the failure of market in such states. As it is evident, colonialism had developed a fragmented type of capitalism and the massive exploitation of resources which has created a form of systemic inequality and oppression in such societies.

In addition to this, the indifferent attitude of state institutions remains a major obstacle that makes social development programmes ineffective. It is also important to mention in this context that in countries like India, different type of identities

\textsuperscript{24} It is estimated that, in the year 1997, just fifteen emerging market economies in East Asia, Latin America and Europe accounted for 83 percent of all net long-term private capital flows to developing countries.

\textsuperscript{25} The trade balance was rising from $ 10.219 billion in 1996-97 to $11.771 billion in 1997-98 and it reached to $12.5 billion in 1998-99 (CSDC 2001: 9).
(regionalism, for example) play disproportional role in development related debates. So that, it is essential to follow up with additional measures to rationalise the content of the programmes on the one side and activate the programmes more rationally on the other side.

What we find here is that the state has to take certain additional measures to achieve the target of sustained growth and equity. This is much significant in the context of the failure of social sector policies to meet the expected outcome. As we see, India is challenged to make reforms with a human face. The unemployment rate has increased significantly in the post-reform period. What is suggested to address this particular issue is to place more emphasis on small and medium enterprises and to learn lessons from other countries (Mehta 2004).

The structural inability in fact blocked the state from taking initiative to make any change at the ground level as far as the welfare of people and social development are concerned. There was hardly any attempt to support the weaker sections of the society. This intensified their marginalisation to the peripheries of society and economy. The social conditions of the developing countries show that experiments of market under neo-liberalism were less effective than that was under the state agencies in the pre-globalisation period.

It was observed that the poor performance of the institutions of governance, both in India and in Egypt is one of the major hurdles of social development. In fact, the institutions like World Bank and IMF - the agents of neo-liberalism - has been following a directive approach to the economic policies of 'client' states and they even stop long term loans to countries facing chronic Balance of Payments. In such a situation, many states accepted the hard conditions having negative consequences to the social sector.

In Egypt and India, privatisation at a rapid pace has not materialised, though it was insisted under the ERSAP. The absence of specific governmental as well as societal strategies required to manage and/or improve globalizing imperative is the major reason for this. The extra emphasis given today to non-economic dimensions (Sayyid 2002: 16) of development such as governance, education, enhancement of human and social capital is the result of the realisation that structural adjustment and capitalist pattern has failed on ground to mitigate the social crisis.
Redistribution and restructuring were essential aspects of achieving the goal of 'adjustment with a human face'. Community Development Programmes in Egypt had contributed to promote small and micro-enterprises through loans. It is very important to note that women were given high preference when selecting beneficiaries of CDp\textsuperscript{26}. However, the major positive development regarding the credit system to poor is that the new policies promote access to credit to urban/rural poor for a lower interest rate than the market rate\textsuperscript{27}.

It is important to note that, in India, the weaker sections especially scheduled castes/scheduled tribes and women, have been given importance in special programmes of poverty alleviation and employment as well as in other programmes. The participation of Scheduled Castes and Scheduled Tribes in education has reached more or less in proportion to their share in the population at the primary level (Government of India 1997). However, dropout rates and gender disparities are significantly large among this section.

One major problem that we see in the market liberalism in India and Egypt today is the subordination of human purposes to the logic of an impersonal market mechanism which affect the poor and the marginalised very badly. What we see in India in particular is people's failure to use the instruments of democratic governance to control and direct the economy in meeting their socio-economic needs at both individual and collective levels. It is argued that a real alternative is needed to the familiar scenario of the uncertainty in the survival of market liberalism resulting in economic crises. The proposed alternative envisions ordinary people in various nations in a concerted, common effort to subordinate the economy to democratic politics and a rebuilding of the global economy on the basis of international cooperation\textsuperscript{28}.

One major obstacle that is experienced with market liberalism is that it makes demands on ordinary people that are simply not sustainable. Evidences show that the neo-liberal utopia of a borderless and peaceful globe requires that millions of ordinary people throughout the world have the flexibility to tolerate - perhaps as often as every five or ten years - a prolonged spell in which they must survive on half or less of what

\textsuperscript{26} The ratio of men: women was 1:12
\textsuperscript{27} charging the poor with an interest rate higher than the market rate is a common phenomenon in the developing countries
\textsuperscript{28} There were clear signs in the late 1990s that such a trans-national social movement to reshape the global economy is more than a theoretical possibility. However, it doesn't have any significant impact on the flow of globalisation as it is designed by the rich.
they earned before. However, the recent period of growing neo-liberalism has already witnessed widespread protests occurring around the world where people attempt to resist the economic disruptions of globalisation. In short, the crises and opposition to such a pattern show that workers, farmers, and small businessmen are not ready to tolerate eternally periodic, dramatic fluctuations in their daily economic circumstances.

Absence of political analyses is identified as a major limitation of many qualitative studies of social development. To develop political analyses is essential especially to deal with such issues in India and Egypt and also in most of the developing countries. It is pointed out that the depoliticisation of development is aimed at stabilizing the existing power structure and power relations in those societies. This eventually aims to protect the interests of global capitalism by neglecting the conflict of interests of different classes and groups and power relations in the society.

To conclude, in most of the developing countries, the whole process of globalisation benefited more to the rich who outline and implement the programmes through the institutions of international governance. One major obstacle that has been pointed out is that the real subjects of the new development model – the poor - have never been taken seriously in the whole process of the framing of this so called ‘participatory’ programme. Their views based on grass-root level experiences are hardly getting any consideration in the overall process. The contradiction is that their role is limited as just beneficiaries in the so called participatory development programme which is directed from above by the agents of international capital.

It is vital for both the states, Egypt and India, to reduce poverty and income inequality on immediate basis through targeted social development programmes such as, developing national programmes to eradicate illiteracy, introduction of radical changes in the educational system, expanding health facilities to the remote areas, paying greater attention to and adopting programmes for the vulnerable or socially marginalized sections like women and dalits to integrate them into the society, addressing housing and unemployment issues of the poor and ultra-poor through innovative approaches, narrowing the gap between income sectors as well as the gap between rural and urban areas, and upgrading the country’s social and economic infrastructure.

Activists in both the developed and developing countries have organized militant protests against the international institutions like the World Trade Organization, the International Monetary Fund, and the World Bank— that enforce the rules of neoliberalism.