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The Effects of Imitative Capitalism on Integrating Women and Youth in Maghreb Labour Markets

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Towards the end of the twentieth century, Maghreb countries grappled with the consequences of market liberalisation. The accompanying reforms were presumed to lead to higher sector diversification, global integration, increased investment, and reduced unemployment, particularly among women and youth. However, what manifests today is a form of “imitative capitalism” that has led to the deterioration of labour market conditions.

- The analysis of the Maghreb’s labour markets reveals systematic shortcomings that have hindered their improvement. The composition of these markets, the countries’ agrarian economies and cultural norms, and the evolution of the respective public sectors do not align with the economic prerequisites needed for the structural reforms implemented since the 1980s to have a positive effect.
- The situation reflects similar trends to those described in Raúl Prebisch’s theory of imitative capitalism, which critiques the imposition of neoliberal approaches in Latin America and enables identifying patterns that explain the lack of integration of women and youth into the labour market.
- The neoliberal reforms in Maghreb countries have resulted in an imitative capitalistic structure that has hindered the integration of women and youth, leading to limited job access and education opportunities, an exacerbated state of gender inequality, and the undermining of labour protection rights.

CONTEXT

Thirty years on from their initiation, neoliberal policies have weakened Maghreb countries’ labour markets, leading to unanticipated forms of employment and deteriorating working conditions. These countries need to re-evaluate and revamp labour market reforms with ones that correspond better with their status quo and encompass an understanding of the local economic, political, and social structures to enable a sustainable, comprehensive, and fair integration of women and youth into the labour markets.



A GLANCE AT MAGHREB COUNTRIES' DEVELOPMENT

The Maghreb countries – in this case, Algeria, Morocco, and Tunisia – are among the more dynamic in the Middle East and North Africa in terms of global trade, labour market policies, and feminist movements. Their strong trade relations with the European Union have significantly influenced their economies (Fernández-Molina 2019). These countries have also been more successful in implementing active labour market policies compared to other Arab Mediterranean countries, with pioneering approaches in Tunisia (Banque Centrale de Tunisie 2023). Further, they have made progress in feminist movements and legal and social reforms, countering patriarchal trends observed in the region (Moghadam 2020).

In the late 1980s, the Maghreb countries underwent significant transitions characterised by structural adjustment and the adoption of neoliberal labour market reforms. This period saw a reduction in government spending, increased privatisation, and trade liberalisation (Badawi and Harders 2017). Yet, depending on their political stance the countries experienced varying degrees of structural reforms (Aita 2008): Algeria witnessed the least effect, especially due to rigid state control in crucial sectors such as oil and gas. By contrast, Morocco was highly committed to implementing the reforms, especially through higher privatisation and foreign investment, which has led to increasing poverty and inequality in rural areas. Meanwhile, Tunisia achieved a better economic and social balance by improving its social policies alongside the reforms. Overall, the reforms have had a negative effect on labour markets, resulting in decreased labour demand and productivity, particularly impacting women (Acker 2004). They also created significant bottlenecks for youth labour market entry and contributed to deteriorating working conditions (Fakih, Haimoun, and Kassem 2020).

In recent years, the three countries faced two additional shocks that directly affected their labour markets. The first was the Arab Spring, which aimed to bring about better futures and higher level of democracy, especially for youth, but has resulted in political and economic upheaval instead. This upheaval worsened the labour market situation, increasing informalisation and closing small businesses (Charmes 2022). The effects of the COVID-19 pandemic further exacerbated the problem, especially in terms of economic performance. The pandemic disrupted trade, increased unemployment, heightened inequality for disadvantaged groups, and pushed public deficits even higher. Furthermore, it weakened the tourism and transport industries, as well as agricultural exports (Abouzzohour 2020).

THE ALARMING EMPLOYMENT SITUATION OF WOMEN AND YOUTH

The multiple shocks experienced by the Maghreb countries have negatively impacted labour markets, particularly for women and youth. Even prior to the COVID-19 pandemic, in 2019 overall labour force participation in the three countries averaged around 41 per cent, with much lower rates for women (19 per cent) and youth (26 per cent) (cf. Table 1 and Figure 1).

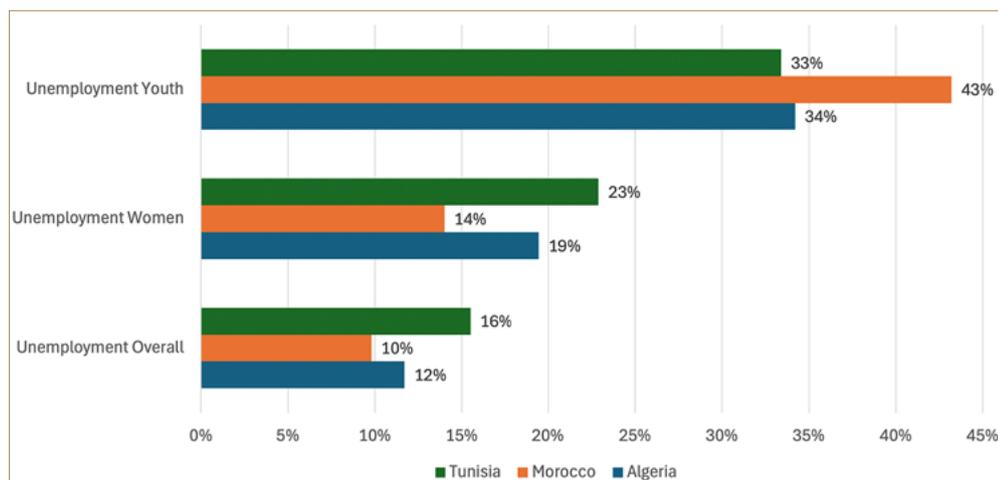
The unemployment rate is also concerning, with rates around 19 per cent for women and 37 per cent for youth. Reports show that many young people are turning to the informal market to find employment (Charmes 2022), rendering them unaccounted for by official statistics.

Table 1. Labour Force Participation for Select Maghreb Countries in 2019

Country	Overall Labour Force Participation Rate	Female Labour Participation Rate	Youth Labour Participation Rate (Age 15–24)
Morocco	46%	22%	27%
Tunisia	40%	21%	31%
Algeria	37%	13%	20%

Sources: Bank Al-Maghib 2020: 47–61; Banque Centrale de Tunisie 2023: 39–41; National Bureau of Statistics 2021: 11–19.

Figure 1. Unemployment Rates for Select Maghreb Countries in 2019



Sources: Cf. Table 1.

What is even more disturbing is that women and youth who have found formal employment are encountering multiple barriers to full labour market integration and suffer from very different conditions from those of adult men. These barriers include gender inequalities in the law, limited career options, unequal pay, and high informal employment.

IMITATIVE CAPITALISM AND THE NEOLIBERAL STRUCTURAL REFORMS

The Maghreb countries underwent far-reaching structural adjustments, especially in the late 1980s, by adopting neoliberal labour market reforms influenced by the Washington Consensus (Birdsall, De La Torre, and Caicedo 2010). These reforms, originally designed for capital-intensive industrialised economies, were implemented in labour-intensive, still largely agrarian economies with weak labour market structures. Implementing these reforms in the Maghreb can be considered as a form of “imitative capitalism,” as the countries copied and forcibly applied labour laws and policies conceived in the West for their quite different economic structures.

Raúl Prebisch introduced the theory of imitative capitalism in the mid-1970s (Prebisch 1976). The theory criticises peripheral capitalism and analyses its failure in Latin America, arguing that the reforms at that time did not take into account the specific circumstances of developing economies. The theory of imitative capitalism primarily reflects that countries of the Global North tend to use free trade agreements and international division of labour to gain unfair economic advantages and expand their industries at the expense of the Global South (Prebisch 1976: 62). In other words, the economic reforms imposed and implemented in the Global South benefit efforts by larger industrial enterprises in

the North to expand into the South and take advantage of its resources, raw materials, and labour. In the Maghreb countries, similar effects have been observed due to the implementation of structural reform. They have led to hastened relaxation of the trade regulations and the opening of borders prior to achieving industrialisation and gaining competitive advantages, pushing many local industries out of the market (The World Bank 2004).

The structural reforms can be associated with two key indicators: industry value added (IVA) and manufacturing value added (MVA). IVA encompasses various economic activities such as manufacturing, mining, construction, and utilities, while MVA specifically measures the value added by the manufacturing sector to the economy. The adjustments that took place in the 1980s in Maghreb countries were expected to increase both IVA and MVA, but in reality, they have fluctuated slightly and even decreased relatively since then. When comparing their average measures (both as a percentage of GDP) in the Maghreb countries today, they are similar to or even lower than the same indicators in Latin America when Prebisch's theory was formulated. In the period from 1975 to 1977, these indicators averaged 34 per cent and 28 per cent in Latin America, respectively, for select countries (Brazil, Chile, and Mexico). From 2019 to 2021, the same indicators averaged 23 per cent and 17 per cent in Maghreb countries (based on data from World Bank Group 2024). Accordingly, these indicators provide a basis for economic comparison, even over different time periods, and a baseline for extrapolating theoretical predictions. This also means that despite being developed 50 years ago, the theory remains relevant to the Maghreb countries today, and there are many similarities between the predictions of imitative capitalism theory for Latin America and the impact of the structural reforms on the Maghreb countries.

The structural reforms in the Maghreb countries also imposed changes to the labour market, with the aim of achieving greater economic openness and fiscal budget control (Badawi and Harders 2017). These reforms contributed to imitative capitalism, which hindered addressing each country's unique labour market structures. Therefore, assessing the effects on labour markets in terms of imitative capitalism rather than neoliberal reforms offers a more concise and comprehensive view of the situation.

The imitative capitalism theory explains that the rapid and extensive privatisation that accompanies structural reforms leads to a decrease in the state's investment in production and job creation without a clear substitution plan (Prebisch 1976: 14). Thereby, available jobs in the public sector automatically decrease, and yet the private sector does not have the capacity to foster job creation. Similarly, in the Maghreb countries at the end of the 1980s, a significant decrease in government spending directly reduced employment levels and absorption rates in the public sector, leading to a substantial increase in unemployment rates (The World Bank 2004).

The structural reforms have, therefore, placed heavy burdens on Maghreb countries. Even during the relatively stable global economic conditions from the 1980s to the 2000s, there were no visible improvements in labour market conditions, and unemployment continued to increase (Badawi and Harders 2017). According to Prebisch (1976: 34), countries struggle to recover after structural adjustments due to the low rate of capital accumulation in addition to the inability to reabsorb the labour force that has lost their jobs due to both the shrinkage of the public sector and the decline of agricultural activities resulting from shifting focus and investment towards the industrial sector. This phenomenon is also visible today in the Maghreb countries as a transition of labour specifically towards low-productivity activities in the tertiary sector (Bank Al-Maghrib 2020).

Ultimately, imitative capitalism has infiltrated the labour markets in several ways through neoliberal market structures, accelerated privatisation, and ill-fitting policies and regulations, subsequently increasing employment informality. The deregulation has

also weakened social protection systems and discouraged workers from pursuing formal occupations; this has left many individuals unaccounted for in the labour market statistics, as they cover solely the formal sector. Furthermore, the industrial-oriented labour market policies that emerged have equipped labour with a skill set in low demand, as the industrial sector did not grow sufficiently to foster job creation, thus diverting labour further towards the informal market. Although the theory does not directly address how imitative capitalism could affect the integration of women and youth, a clear correlation can be drawn between the general theoretical predictions and the direct effect it has on these disadvantaged groups in the Maghreb countries.

LABOUR MARKET FAILURES: THE CASE OF WOMEN AND YOUTH

Imitating the capitalistic system in the Global South creates contradictions and fails to account for the realities on the ground, leading to systematic flaws (Prebisch 1976). It overlooks elements such as the informal economy, unpaid labour, and family-owned enterprises, which primarily women and youth occupy. Given the statistical gaps, it becomes difficult to accurately measure and assess the situation of these two specific groups, particularly in sectors such as agriculture and home-based businesses.

Governments of developing countries under imitative capitalism have not proactively fostered economic growth (Prebisch 1976: 20). Similarly, since embarking on neoliberal reforms, governments of Maghreb countries have largely withdrawn from their roles as job providers, regulators, and enforcers. Instead, they have reverted to neoliberal policies to align with globalisation. Policies such as import substitution, privatisation, shrinkage of the public sector, extensive industrialisation, and reduced investment in education (Aita 2008) have disproportionately affected women by deepening gender inequality in terms of job access, wages, and educational opportunities (Acker 2004). The shrinkage of the public sector has had a more adverse effect on women in Maghreb countries, as they tend to prefer this sector due to societal perceptions of safety and acceptability (Assaad and Barsoum 2019). As a result, many women have lost their jobs and resorted to the informal market. Moreover, the governments' budget reductions have further decreased the opportunities for youth to enter the formal market, thereby prolonging the transition from education to secure employment (Mazaheri and Monroe 2018).

The neoliberal reforms have also led to a freeze in public sector wages and failed to ensure substantial increases in real wages in the private sector (Aita 2008). As a result, the purchasing power of labour has decreased. This outcome is consistent with the effects of imitative capitalism, as the theory predicted that in the 1970s, the halt in wages served as a cost-saving mechanism for the more industrialised economies expanding to the developing world to benefit from economies of scale (Prebisch 1976). Given the higher concentration of women in the public sector, specifically their purchasing power has significantly decreased, and the jobs they acquired were at lower equivalency to their level of education. Moreover, the lack of wage increases in the private sector has greatly affected new labour market entrants, especially youth, putting a strain on their livelihoods, especially in the light of inflation.

The market deregulation during structural adjustment has further weakened labour market institutions by prioritising economic liberalisation, which has undermined labour unions, collective bargaining, and employment protection legislation (Badawi and Harders 2017). Essentially, the weakened regulatory system has created institutional barriers to labour market access, reinforcing gender inequalities and increasing women's dependence on men. For women, this has meant dealing with discriminatory laws, limited legal rights, insufficient labour protection mechanisms, and restricted access to financial resources (Moghadam 2020). Market deregulation, therefore, hindered improvements in

labour laws that would have made them more inclusive and gender-sensitive, especially regarding on-the-job discrimination. Furthermore, it created a vacuum that was occupied by cultural and traditional norms, which tend to parenthesise the role of women to that of homemakers. Last, the poorly enforced labour laws apply only to the formal labour market, resulting in a lack of rights and decent work conditions, especially for women and youth, who often work in the informal sector (Agénor and El Aynaoui 2003).

In conclusion, the adoption of neoliberal reforms in the Maghreb countries has led to an imitative capitalism structure that hinders the integration of women and youth. It has resulted in limited job opportunities, exacerbated gender inequality, limited education opportunities, and undermined labour protection rights for these vulnerable and disadvantaged groups. Furthermore, their overrepresentation in the informal economy means they work under questionable conditions, lacking decent work, social protection, and opportunities to transition to the formal market. Addressing these issues and overcoming the adverse effects of imitative capitalism is crucial for creating more equitable and inclusive labour markets and enhancing the working conditions of women and youth.

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