

The Dynamics of Business Interest Group Advocacy on Economic Policymaking

Under the transitions in Egypt and Tunisia : has state capture ended?

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Research study

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ABSTRACT

While the Arab awakening has impacted the political economies of Arab states differently, the message that state-business relations can no longer afford to rely on pre-existing models of business advocacy has reverberated across the region. Rent-seeking, cronyism, patronage, and state capture have long been—to varying degrees—all features of state-business relations in the Arab world. In post-uprising countries, the rise and fall of regimes, the adoption of new constitutions, the holding of theoretically more open legislative elections, the emergence new interest groups and a more scrutinizing public are all dynamics that are likely to influence the mechanics of policymaking, and with it, legacy systems of private sector advocacy. While it is still too early to ascertain with certainty precisely how older business advocacy models might evolve to adapt to new realities, or how soon such adaptations might occur, the dynamics have already changed—particularly with regards to ‘state capture’—where challenges to pre-existing networks have paralleled challenges to incumbent regimes. Combining a desk study with extensive field interviews with key persons from the business sector, government and civil society in both Egypt and Tunisia, the research makes a preliminary examination of the initial attempts at policy advocacy by business interest groups during the transitions. In doing so, a deeper understanding of how those dynamics seem to have changed thus far, as well as an initial assessment of whether or not state capture has, perhaps, come to an end in any of the countries studied is made. Finally, a brief set of policy recommendations are presented on ways and means of improving advocacy processes so that national business interests might be better reflected in the economic policymaking calculus.

LIST OF ACRONYMS

API	Agency for the Promotion of Industry
APII	Agency for the Promotion of Industry and Innovation
CEO	Chief Executive Officer
CONECT	Confederation des Entreprises Citoyennes de Tunisie
CSOs	Civil Society Organizations
ETUF	Egyptian Trade Union Federation
EC	European Commission
ERSAP	Economic Reform and Structural Adjustment Programme
EBDA	Egyptian Businessmen Development Association
EBA	Egyptian Businessmen Association
EJB	Egyptian Junior Businessmen Association
EU	European Union
FEI	Federation of Egyptian Industries
FJP	Freedom and Justice Party
FIPA	Foreign Investment Promotion Agency
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GoE	Government of Egypt
IFI	International Financial Institution
IMF	International Monetary Fund
IACE	Institut Arabe Des Chefs D'Enterprises
ICT	Information and Communication Technology
IT	Information Technology
MB	Muslim Brotherhood
MP	Member of Parliament
NCA	National Constituent Assembly
NGOs	Non-Governmental Organizations
NouR	Nouvelle Republique
PM	Prime Minister
RCD	Rassemblement Constitutionnel Démocratique
SCAF	Supreme Council of the Armed Forces
SBA	Stand-by Agreement
SDP	Social Democratic Party
SMEs	Small and Medium Enterprises
SOE	State Owned Enterprise
UGTT	Union Générale Tunisienne du Travail
UTICA	Union Tunisienne de l'Industrie Du Commerce et d L'Artisanat

1. INTRODUCTION

In the early days following the Arab uprisings of late 2010 and 2011, much of the analytical focus both within and outside of the Middle East North Africa region was on the seemingly sudden and apparently populist politics that had led to the collapse of long-established governing elites across the region. Tunisia, Egypt, Libya and Yemen had all borne the brunt of rapid and radical changes to the political status quo; the monarchies in Jordan and Morocco appeared to have at least initially pre-empted any serious challenges to their governing elites while Syria was descending further into a complex internal armed conflict. Few remaining incumbents in the Arab countries felt secure, with even the usually stable Gulf Cooperation Council (GCC) countries experiencing their own brand of counter-hegemonic tremors in Bahrain. One externality of this sudden change, particularly in states where governments had collapsed, was that much of the conventional wisdom regarding who businesses interacted with in government (to advance their interests) and how those transactions were structured had essentially become obsolete. Unlike nations where institutions are the bastions of a state's operational functionality during moments of political change, where constitutional processes and the rule of law provide a base level of legitimate expectations to the private sector about state-business relations, much of the Arab world's system of private sector advocacy is arguably 'captured' within a layered framework of relatively opaque informal networks and processes that operate mostly behind the facade of the state's formal organs (Schlumberger, 2008). In countries that rely on such informal systems, the sudden exodus of a critical mass of incumbents who form the backbone of these networks can create substantial and systemic distortions that ultimately impact the level of access, quality of access and degree of predictability that business associations and their member businesses are accustomed to. This study helps develop a better understanding of how some of these business interest groups have attempted to lobby new and fast-changing power elites in Egypt and Tunisia during the transition phase. It seeks to shed light as to how far—if at all—the advocacy model has adapted and evolved, and whether or not the state remains captured by such business interests.

1.1 Scope and Methodology

The following study adopts a political economy approach to analyzing state business relations in Egypt and Tunisia since the 2011 uprisings. The implications of changing political systems, including the accompanying shift towards more participatory political systems of interest representation on state-business relations will be analyzed by studying state-business dynamics during three episodes of political and regime change. These episodes correspond to (1) the initial, *post-uprising first interim government phase* following the respective fall of the Ben Ali (Tunisia) and Mubarak (Egypt) administrations, (2) the *first elected government phase* following the respective elections of the Marzouki (Tunisia) and Morsi (Egypt) administrations and (3) the *second interim government phase* immediately following the imposed

removal of the elected Morsi administration (Egypt) and the voluntary stepping down of the elected Tunisian ‘Troika’ government. While the actual dates for these phases differ between Egypt and Tunisia,¹ the comparative effects on dynamics are sufficiently similar to warrant this delineation as both countries experienced very parallel transformations. For example, Egypt and Tunisia historically share a number of similarities in their development trajectory, which makes a cross-comparison of the evolution of the business interest representation system and economic policy-making process an interesting case study. Both countries have experienced a form of socialism in the 1960s before moving into a process of open market liberalization (i.e. *infithah*) in the early 1970s. As they approached the 1980s, a balance-of-payments crisis was looming in both countries. The response has been similar in terms of eventually adopting stabilization and structural adjustment policies under IMF auspices (Bechri and Naccache 2003). While the structural adjustment policies focused on liberalizing the trade and investment regime to stimulate both local and foreign investment, both economies remain largely rentier-based² and with an industrial base concentrated in traditional industry, with limited diversification in terms of markets and sectors. The consolidation of economic gains by first round winners of liberalization, has created a long-entrenched resistance towards any deep reforms that would jeopardize their privileged position. Such were the initial conditions of both countries at the time of the 2011 uprisings.

Primary sources of data include face-to-face interviews in the two countries with the three main stakeholder groups. These are (1) members of organized business community, (2) members of political parties, civil society organizations and think-tanks and (3) government officials working in the portfolios of trade, investment and finance. The importance of these sources of data lies in capturing the perception of stakeholders and their understanding of whether state-business relations are evolving and if so, how and in which directions. The interviews are complemented by a desk study of relevant literature. Finally mainstream news reports, public statements by key actors and other documented information has also been reviewed.

The study is organized as follows: Within this Introduction in Section One is a review of the literature on the political economy of economic policymaking in the region, with attention to analytical frameworks that examine matters such as influence upon reform, stabilization, structural adjustment and the notion of state capture. Section Two will set the scene for the remainder of the study by providing a background snapshot of the changing political and institutional landscape in post-uprising Egypt and Tunisia. Section Three introduces both the established and new business interest representation organizations that have emerged in the transition context in Egypt and Tunisia and that have been selected

¹ For Egypt, the dates are (1) 11 February, 2011 through 24 June, 2012, (2) 25 June, 2012 through 3 July, 2013 and (3) 4 July, 2013 through 31 May, 2014. For Tunisia, the dates are (1) 14 January, 2011 through 12 December, 2011, (2) 13 December through 5 October, 2013 and (3) 6 October, 2013 through 31 May, 2014.

² Tourism, and remittances, including Suez Canal, make a significant contribution to balance of payment in Egypt. In Tunisia, phosphate, tourism and remittances make the bulk of contributions to the BOP.

as proxy vehicles for undertaking the study, with some insights on their evolution and emergence processes, as well as their roles in influencing economic policy-making and change. In Section Four, two parallel case studies regarding the drafting of new constitutions and regarding negotiations with the International Monetary Fund (IMF) represent episodes of policy change where the role of the business community and the dynamics of its interactions in those episodes are analyzed. Section Five provides preliminary conclusions on the status of ‘state capture’ in Egypt and Tunisia and policy recommendations regarding more optimal ways of managing state-business relations in transition contexts with a view towards greater efficiency and inclusion.

1.2 Analytical Frameworks

The question of how to choose between theoretical frameworks to best interpret state-business relations in a dynamic and fluid context, including the notion of ‘state capture’, within the context of the post-uprising Arab countries is one of the main challenges that this study must contend with. In light of the dearth of indigenous Arab political economy frameworks, and also considering there is no ‘one-size-fits-all’ political economy framework that can be adopted from Western contexts, the starting point has been to examine the various frameworks that have already been applied by previous scholars to the study of the political economy of the Arab region preceding the Arab awakening and to assess its relevance to the existing setting, including where there are convergences or divergences, as well as to draw upon political economy frameworks applied to other transition contexts where state capture was a prevalent thematic.

The following literature review employs both theoretical and empirical means to explain the political economy of post-uprising contexts, by drawing on models used to characterize the region.

Kheir El Din, et al. (2008) review the various political economy models to trade policymaking in two Arab countries.³ In their review, the *Political Contributions Approach* by Grossman and Helpman (1994) is considered to be the most realistic for their study since policy decisions are based on the net calculus of a maximization of lobbying efforts, general welfare and the incumbent’s pursuit of retaining political office. The weight that policy-makers give to certain groups is based on their ability to contribute and deliver blocks of votes (or, as adapted by Kheir El Din et al., to deliver *legitimacy* as an equivalent alternative to blocks of votes in systems where elections were more cosmetic). Nevertheless, since lobbying mechanisms of established democracies (such as virtual ‘vote-buying’) are difficult to empirically establish in nascent democracies, and especially in transition contexts like Tunisia and Egypt, the relevance of the Political Contributions Approach analysis to understanding economic policymaking has its limitations.

³ Egypt and Morocco.

Another framework that resembles some policymaking episodes in the region is *Corporatism*, where policy is the outcome of bargaining between government, on one hand, and capital and labor on the other hand. The role of organized capital and labor in policymaking can be seen in Shonfield's (1965) work on Modern Capitalism and the literature on neo-corporatism. During the transitions, there has been more overt bargaining with labor due to the populist pressures exerted by sustained and frequent protests. This has also been the case with the private sector in the area of fiscal austerity measures.

Earlier theoretical models like the *Rentier State Model* by Beblawi (1987) aim to explain Arab political economy. In rentier states, the representation function has been thwarted in light of state access to rent⁴ and its redistribution to society. In this model, the strong productive domestic sector is replaced by an external rent function which results in an institutionally weak state undercutting economic growth and development. While an important contribution to the study of the political economy of the region, the focus has been on a static model of Arab rentier oil states where the state and politics influence policy outcomes, as opposed to institutions and society influencing outcomes. Where the rentier model is insightful is with regards to the drivers for economic reform which tend to be triggered by fiscal crises or declining resources. Here the state opts either for austerity measures that only aim achieve partial reforms without disturbing the vested interests of the few or acquiring new external rents from international financial institutions (IFIs) and donors, where usually both are tied by covenants in Stand-by Arrangement (SBAs) with the International Monetary Fund (IMF) or Economic Reform and Structural Adjustment Programmes (ERSAPs) (Schwarz, 2008). The rentier model has been also reinforced by Hazbun (2008), who discusses how the tourism sector was developed by Tunisia's Ben Ali to not only integrate Tunisia into the global economy, but also to reinforce the authoritarian state through a rentier model. Through this sector, the incumbent regime at the time managed to create new private sector and middle class partners that were dependent on state largesse and, therefore, largely politically acquiescent. Similarly Richter and Steiner (2008), refer to the neo-patrimonial rentier character of the Egyptian state that has relied on tourism development as a source of external rent compensated for the fiscal losses experienced in the 1980s.

Heydemann (2004) coins the term "*networks of privilege*" to describe the organization of economic interests and rent-seeking during economic reform process in the Middle East. By drawing on network theory in sociology, this framework highlights the importance of formal and informal networks in influencing policy outcomes and how the structures and practices of these networks are shaped by institutional change (Heydemann 2004, 29). The approach does resonate in the current context in terms of the selective, partial and uneven process of reform. At the same time, Heydemann's analysis was

⁴ The income derived from a 'gift of nature' (Beblawi, 1990).

applied to a longer time horizon as compared to this study, where both formal and informal networks are still in their nascency. Still, the notion of informal networks is an essential building block in helping accurately describe how various interests interact to influence policy outcomes.

Post-communist political economies provide some interesting parallels for the study of the political economy of reform in transition contexts like Egypt and Tunisia. Both countries are undergoing similar transitions in terms of experimentation with democratic processes, the challenge of dismantling old regimes and client networks amidst pressure to introduce structural economic reforms. Hellman's (1998) influential work on the challenges to reform in post communist transitions has emphasized the "partial reform model" permeating in such contexts. This model suggests that benefits of neoliberal reforms are captured by a narrow constituency of short-term winners, and that costs of reform are dispersed among a large vector in society. This explains why several post communist countries have opted for partial reforms since first round winners have exercised their power to preserve this partial reform equilibrium. Barnes (2007) studies episodes of 'marketization' in Bulgaria under changing political leadership brought in through elections to describe a movement from a "Partial-Reform Equilibrium Model" to an "*Equilibrium of Competitive Capture*" model. The underlying thesis is that elections are an important force for change because they bring in new leaders not beholden to old guard business elites who have captured the state by forming alliances with the bureaucracy thus blocking economic liberalization when not in their interests. The Equilibrium of Competitive Capture appears, however, more relevant in new democracies, where the first cycles of electoral elections shake up dominant political and economic actors, and bring to the fore new economic interests that still capture the state, but allows for the dispersion of access to state coffers over a number of electoral cycles. Barnes describes the dominance of a Bulgarian conglomerate "Multigroup" which benefited from close ties to the old regime to extract state resources, a situation that changed in late 1994 when parliamentary elections were held and brought into power the Bulgarian Socialist Party, which led to the rise of new business group "Orion". Based on a comparative analysis of economic reform experience in post communist Bulgaria, Poland, Russia, and Uzbekistan, Frye (2010) establishes the relationship between the level of domestic political polarization or contestation among political forces and the success of economic reforms. According to his analysis, both Russia and Poland were able to introduce comprehensive and rapid policy change in the first months of transition owing to the political void.

Turning to studies that have focused on Egypt and Tunisia, a study by Bechri and Nacacche (2003) looks at various episodes in Tunisian economic policy (starting from 1956 and 2000) and suggests that the efficiency of the policymaking process in Tunisia should be evaluated through the lens of *representation, coordination and commitment*. Representation of societal interests is necessary for

mediation and conciliation of competing demands. Coordination between interest groups and stakeholders, on the one hand, and with different levels of government, on the other hand, is also needed to ensure that government does not intervene with the market. Commitment is a factor of credibility and enforceability of reform policies.

Contrary to dominant political economy discourse, Abdel-Latif and Hubert (2009) argue that effective informal relationships between policymakers and investors are an important determinant in unleashing the growth of industry. Their research on the food industry shows how *effective state business relations* helped overcome supply constraints and political obstacles in decision-making. Research on the communications industry shows how effective state-business relations helped Egypt to overcome initial barriers to entry and establish a new industry that was virtually non-existent. Yet, they do concede that the gains were sometimes appropriated by a few actors. The research falls under the political economy school that views economic policy to be an iterative process and stresses the important role that dynamics and context play in determining outcome as opposed to the regulatory reform school that takes a simplistic view of investment being strongly and directly related to regulatory and institutional reforms.

Belev (2001) compares Egypt and Tunisia's privatization experience in the mid 1990s. Both countries had divergent outcomes in the privatization process: where Egypt's process stalled, Tunisia's witnessed notable progress. The underlying hypothesis is the Government of Egypt's liberal approach opened the door to public debate and thus compromised the pace of privatization, as well as its policies and regulatory framework. On the other hand, Tunisia's illiberal approach allowed more discretion and deliberate action on the part of government. He suggests that the success of privatization is largely contingent on the discretionary powers of the executive giving it greater autonomy and keeping it at arm's-length from key stakeholders (i.e. public sector managers, labor unions, bureaucracy, business organizations) that can jeopardize the coherency of the policy. The importance of a technocratic "change team" that have no political or ideological affinities is also underscored.

Dillman (1998) adopts a similar analysis by suggesting that the Tunisian structural adjustment was considered more sustainable due a "*cohesive political elite*" and the ability of government to weaken organized interest groups and opposition. However, in his view, this success came at the price of pluralism, inclusive multi-party politics and democratization.

In a similar vein, Hibou and Husley (2006) suggest that businesses were subject to control through bureaucratic discretion and interventionism, as well as diverse levies and economic constraints, in exchange for political stability and social peace. The state-business relations model, at the time of Ben Ali, was characterized as one of *agreement, negotiation and settlement*.

According to Joy (2009), neoliberal policies adopted in Egypt resulted in the ensuing authoritarianism and the crony capitalist system in the Mubarak. A description of various forms of privileged access to state coffers by institutional forces (i.e. the military) and businessmen is provided.

Furthermore, several studies on the region have emphasized the shallow nature of economic reforms due to *state capture* and the role of *external rents*. For instance, White's book on the political economy of Tunisia and Morocco (which studies the politics of change in the Maghreb countries) suggests that economic change and expanding ties with Europe were *externally-driven* under Ben Ali's regime. In assessing winners and losers of Tunisia's expanded trade ties to Europe, White notes a thin segment of an affluent elite with intricate ties to government are in the former camp, while the losers tend to be the vast majority of people.

White and Cason (1998) address the limited success of export promotion strategies in Brazil and Tunisia. In Tunisia, the shallow export promotion strategy adopted had resulted in short-term success and has forgone deep structural changes in the economy. They suggest that domestic business interests resisted efforts to stepping up a development strategy that threatens their interests. This resistance was also reinforced externally by support and capital provided by EC and European investors that is directed towards traditional sectors (i.e. tourism and textiles).

So while most of the above mentioned frameworks view policy as a *state-centered* policy initiation process with a central role played by the elite and external rents, economic policymaking in post-uprising Arab contexts is deemed more complex, with loosely-connected networks, political parties, society and populist social movements playing a far more influential role in policymaking. The transformation of the political and institutional environment in several post-uprising contexts, including Egypt and Tunisia, does warrant, however, the reference to frameworks that capture the dynamically transitional nature of the political and economic power structures, without being fixed in static frameworks that assume a more path-dependent approach to policymaking.

Accordingly, as more plural representation in public policymaking takes place in post-uprising Egypt and Tunisia, there is more space and opportunity to challenge the dominant political economy of state capture by the old guard business elite. Citing Hellman and Kaufmann's analysis (2001), countries moving from a system of state capture have experienced some form of political competition due to either elections or other shifts, and have enhanced transparency in public policymaking and disclosure of interactions.⁵ The former is perceived as a bottom-up process where the growth of civil society watchdogs and pressure groups can induce greater transparency. The ability to mobilize the losers in the

⁵ Use of public hearings, disclosing discussions on laws/decrees, voting records of legislature, etc., are some mechanisms cited by Hellman and Kaufmann (2001).

captured economy collectively (e.g. small and medium-sized enterprises, consumers, and other interest groups) is one way to counterbalance and weaken the foundation of a captured economy.

Accordingly, the hypothesis adopted by this study is that ‘the opening of the political and civic space in Egypt and Tunisia has allowed the emergence of new organized economic actors and interest groups to begin to challenge the layered informal networks of ‘state capture’ by business elites affiliated with ousted regimes’. Holding more frequent and more transparent multi-party elections, the rise and fall of administrations centered on Political Islam, the presence of interim military-run administrations in Egypt and the growth of civil society, including more vocal labor and other interest groups are all signs of the contested power vacuums left by collapsed regimes. Indeed, the waning influence of state captors affiliated with the Mubarak and Ben Ali regimes who once monopolized access to influence policymakers has gradually taken place over the course of the initial three year transition period since the events of 2011 and are reflected throughout the study below. The capture of the state by *ancien regime* business elites has not, however ceased to exist altogether⁶, and will likely to continue in a diluted format in the medium term, however, the dynamics of transition have created competition from other economic forces and this study explores both how these dynamics are evolving as well as what, in terms of policy recommendations, might be useful for society, business and policymakers to take note of so as to leverage the ongoing competition of forces to yield a relatively more efficient model of state-business relations in national welfare terms.

2. BACKGROUND AND CONTEXT: ARAB POLITICAL ECONOMIES IN FLUX

2.1 The Arab Spring Transitions

While the Arab awakening has impacted the political economies of Arab states differently, the message that state-business relations can no longer afford to rely on pre-existing models of business advocacy has reverberated across the region. Rent-seeking, cronyism, patronage, and state capture have long been—to varying degrees—all features of state-business relations in the Arab world. In post-uprising countries, the rise and fall of regimes, the adoption of new constitutions, the holding of theoretically more open legislative elections, the emergence new interest groups and a more scrutinizing public are all dynamics that are likely to influence the mechanics of policymaking, and with it, legacy systems of private sector advocacy. For decades, state-business relations skewed in favor of incumbents and their supporters were *de rigueur* across the Arab countries, including Egypt and Tunisia (Ghalioun 2004; Heydemann, 2004; Kaboub, 2013; Sadowski, 2001; Sika, 2013; Adly, 2011). With exclusionary

⁶ The re-organization of old guard business elite in the economy and polity can be seen in post communist economies. See

political processes and institutions in place, effective opposition had been thwarted, structural reforms and difficult decisions in favor of overall national welfare but costly to entrenched business interests had been frequently delayed or considerably diluted in practice. In many cases, a narrow business elite had ‘captured’ the state in Egypt and Tunisia, sometimes producing sub-optimal economic policies that crowded out new entrants to the market, foreclosed opportunities for innovation and entrepreneurship and failed to set the economy on a course that could effectively compete with peer states (Galal and Selim, 2013; Diwan, 2013).

While once considered disciples of the IMF for their macro-economic stability and economic growth trajectories, the politics of exclusion in both Egypt and Tunisia and inefficient decision-making contributed to economic policy shortcomings, including high unemployment (especially among the youth), rising poverty and tangible regional disparities owing to deteriorating living standards.⁷ All these socio-economic pressures helped fueled some of the discontent among the Egyptian and Tunisian populations, eventually leading to the revolts against the Mubarak and Ben Ali regimes’, respectively. But with new political openings and new political players on the economic and political scene, both countries are moving along new trajectories that can offer realistic possibilities for systemic change on all levels, including a revisionist potential for state-business relations.

2.2 The Initial Revisionism of Egypt and Tunisia’s Political Economies

New players have emerged contesting the political and economic space, with new political configurations and conditions shaping their interactions and engagement. In this evolving context, state-business relations and the private sector are being subject to and influenced by a confluence of factors that are likely to change dynamics of economic policy-making whether it be the economic crisis and recession, the rise and fall of regimes, a shift towards more plural political representation, the introduction of new institutions, and a more critical public opinion. How is business interest representation responding and being influenced by these changing dynamics and how far is economic policymaking moving towards more equity and plurality is an important area of inquiry to understand to what extent are both countries evolving from a political economy model of state capture and if so, what should be considered to avoid recreating inefficient policymaking outcomes.

As shall be demonstrated, the initial backlash against the business community in both countries was driven by perceptions of corruption and cronyism, where a long history of opaque relationships and transactions between an elite but small group of business actors and principals within the ousted administrations left much to the populist street’s imagination, something made particularly acute by the

⁷ In Tunisia, the north, north-west and centre east enjoyed far greater private and public investment than the south and the centre-west of the country. In the case of Egypt, the delta region witnessed better economic and social outcomes than Upper Egypt.

extreme disparities in wealth between these elites and the majority of the country. Recognizing this, both the last days of the ousted administrations and the early days of the interim governments saw much pressure exerted against several key business figures closely associated with the ousted administration in an attempt to cool tensions. This was especially acute in Egypt, where indictments, arrests and imprisonment of many key business figures associated with the Mubarak regime became a weekly occurrence. Less than three years later, Egypt would witness a very similar process yet again, with arrests of a new group of business leaders once again associated with an ousted administration shortly after the fall of the elected Morsi government in Egypt.

This initial revisionism of the political economies of Egypt and Tunisia has therefore created an environment where informal networks that usually dictate the interactions of business and government have collapsed, forcing business interest groups across the spectrum to re-think existing advocacy strategies as well as to create a unique and tentative space for the emergence of new actors.

3. ORGANIZED BUSINESS INTEREST GROUPS IN EGYPT AND TUNISIA

Whether a response to the opening of political and civic space, or an outright response to revolutionary fervor and populist pressure, the system of business interest representation in Tunisia and Egypt has already experienced notable changes. While this change is not revolutionary in itself (for instance there is little change in the way that small businesses and entrepreneurs organize themselves for policy advocacy), there are some push factors (bottom-up demands from entrepreneurs to be better represented) and pull factors (government affording more space for civil society) that suggest that the system is opening up in ways that seemed unlikely before the uprisings.

A brief overview of the manner in which business interests organize and represent themselves in Egypt and Tunisia in post-uprising contexts shows some overriding similarities, which can be broadly summarized into four main trends:

First, established business interest representation **organizations tied to the old regimes** continued to exist, either by partly responding to change through internal renewal/ reform or weathering the storm with cosmetic changes to the governance system or in the chosen approach to dealing with government. For instance, the Federation of Egyptian Industries (FEI), one of most established and influential business organizations in Egypt has followed the latter approach, without any effectual change in governance. On the other hand, in Tunisia, the Union Tunisienne de l'Industrie Du Commerce et d L'Artisan (UTICA) underwent a proactive reform process to its governance and internal structure. Details are discussed further in the following sub-section.

Second, in both Egypt and Tunisia, new institutions associated with **new interest groups emerged** in the post uprising context in some instances challenging and causing tension with established business interest representation organizations. In Egypt, the Egyptian Businessmen Development Association (EBDA) emerged whose Chairman Hassan Malek was a prominent Muslim Brotherhood businessman with direct connections to the Presidency and Government. The case of the Confederation des Entreprises Citoyennes de Tunisie (CONNECT) in Tunisia, is another example of a rivalry business interest organization that had no ties to the Islamist government but relies on strong communications, broad representation and independence to advance its business agenda. Both associations are considered “*developmental associations*”⁸ whose mandate surpasses lobbying to include advancing the collective interests of its members, promoting responsible business and creating a new class of entrepreneurs.

Third, a prevalent trend is where business leaders have become part of the political scene either by founding **political parties that collate a large constituency of business community members** or where individual businessmen join political parties. With the exception of the co-option of specific business leaders within incumbent ruling parties in the pre-revolutionary context of single party rule, most businesspersons avoided political categorization. This situation, however, changed with the opening of the political space where a shift in thinking took place as political parties were perceived as a viable vehicle for public policy change and exercising influence.

Fourth, an existing albeit not a prevalent trend is where **smaller and previously excluded business interests have become more organized**. In Egypt, the example of the initiative to set-up an export council for handicrafts, for instance, a long-marginalized initiative under the Mubarak government, falls under this trend.

3.1 The Egyptian Context

3.1.1 Organizations Tied to the Old Regime

The Federation of Egyptian Industries and Export Commodity Councils in Egypt:

⁸Doner and Schneider (200) and Cammett (2007) draw a distinction between developmental business associations and clientalistic business associations, where the former pursue productive and inclusive goals for the sector/industry as opposed to the latter that focus on narrow interests and distributional rent. Doner and Schnieder (2000), suggest that developmentally-oriented associations are characterized by most or all of the following four features of internal organization: (1) voting weighted by size; (2) Flexibility in adjusting internal rules and representation to changes in membership or association tasks; (3) Transparent decision-making; and (4) opportunities for extensive deliberation among members.

The business representation system preceding the 25th of January in Egypt can be divided into quasi-governmental business associations and independent business associations. Quasi-governmental associations include the Federation of Egyptian Industries, the Export Commodity Councils and the Federation of Egyptian Chambers of Commerce. The focus in this section is on the scanning of two quasi-governmental associations, the FEI and Export Commodity Councils, as they are considered by far more influential than other existing associations due to their symbiotic relationship with government. However, there will be emphasis on the Federation of Egyptian Chambers of Commerce and independent associations throughout the following study. The former, in particular, played a visible role in the 2012 Constitution and its amendment in late 2013, which will be alluded to in the case studies section.

In the case of FEI, the FEI's board and chairman are appointed by the Minister of Trade and Industry, while the Export Council Chairpersons (which can be from the public or private sectors) are nominated together with the members of the councils by Ministerial decree (Kheir El Din et al. 2008). By many accounts, the FEI is arguably the most influential business representation structure representing the interests of 15 industries/ sectors and forty-thousand industrial establishments (Kheir El Din et al. 2008; Saif and Ghoneim, 2013).

The FEI in a post-uprising context underwent little change, if any. Despite the initiatives at restructuring, leadership remained the same and modalities of advocacy and lobbying were business as usual. Attempts to remove FEI Chairman Galal El-Zorba⁹ (a prominent businessman) by a pro-reform movement in the FEI were unsuccessful. Zorba maintained a strong base of support and remained Chairman until his orderly replacement by the former Deputy Chairman, Mohamed El-Sewedy.

The official position of the FEI has been not to engage in politics, and this has been recently reinstated by Mohamed El Sewedy. However, their initiative and proposal regarding the 2012 Constitution¹⁰ does indicate they are willing to engage in some sort of political activism. So while, Ghoneim and Saif's (2013), belief that the "prerevolutionary business elite has failed to articulate a new role for itself in the transition period", remains true, however, initiatives like the FEI-led economic proposal for the 2012 constitution indicates acknowledgement of the changing political and institutional environment and a willingness to engage. Views expressed by former officials in the Morsi administration confirm that the FEI was more willing to engage with the new government, as opposed to associations like the Egyptian Federation of Chambers.¹¹

The establishment of Export Councils, previously named Commodity Councils, came into being in the late 1990s when then-Minister of Supply and Foreign Trade Ahmed El-Goueily suggested the

⁹ El Zorba served as President of FEI for three terms (i.e. 9 years).

¹⁰ One of the prime decisions post 30 June military was to amend the 2012 constitution by a 50 Member Re-Drafting Committee set-up by the post 30 June military backed Government.

¹¹ Interview with Abdel Hafez El Sawi, Former Head of the Economic Committee, Freedom and Justice Party

creation of a consultative body within Ministry of Trade where the Government can consult private sector in trade policy-making. Over time, the Export Councils, especially during the tenure of Minister of Economy Youssef Boutros-Ghali grew in number and clout by attracting heavyweights in the export sector. Kheir El Din et al. (2008), emphasize the politicized process by which decisions are reached in the Councils, indicating that powerful interests largely influence public policy positions which while clientelistic, do not necessarily reflect interests of the sector at-large.

Throughout the three year period under study, there was little to indicate that there were any attempts to reform the governance structure of the Councils, by allowing for more inclusive representation, until the recent Ministerial Decree 143 and 2014 engineered by Minister of Trade, Industry and Investment and his top advisers.¹² The Ministerial Decree, which has been described by the media as being revolutionary, establishes 11 exporting councils for small exporters that parallel the already 12 existing ones dominated by the large players. While the decision is indicative of a shift in government consultative mechanisms to a more wider and inclusive representation of business interests, it has not been taken lightly by the already existing Export Councils suggesting that segmentation is not in the interest of the sector at large (ibid, 2014).

There has been however a change in the way it engages with government. In a step to engage with the new governance structure, before the 2011 People's Assembly was dissolved, the Export Council officially approached the Budget Committee of the Assembly regarding the 4 billion Egyptian Pound budget allocation to the Export Promotion Fund, which parliament was debating its removal. Key figures from the Export Council, led by Hussein Sabbour, gave a presentation on the importance of the Fund for exports,¹³ and through some bargaining and negotiation with Budget Committee members, the fund was kept, however with allocations downsized to 2 billion Egyptian Pounds.¹⁴ There was also criteria added to access the fund, which was linked to the value of export increase and employment creation (ibid 2014). Recently, there are attempts to amend laws and regulations governing industrial and trade federations limiting government intervention (Ghoneim and Saif, 2013).¹⁵

3.1.2 Organizations of New Interest Groups

The Egyptian Businessmen Development Association (EBDA):

Following the uprising, a number of Islamist leaning business groups have emerged with the most visible being the Egyptian Business Development Association, launched in March 2012 by prominent MB affiliated businessman Hassan Malek. Modeled on the MUSIAD model (an independent association for

¹² Al-Saadany, Salah. 2014. "A Coup in Export Councils". Al Wafd Online. <http://www.alwafd.org/>

¹³ Interview with Mohamed Kassem Chairman of the Readymade Garments Export Council, December 2012.

¹⁴ Interview with Abdel Hafez El Sawi, Former Head of the Economic Committee, Freedom and Justice Party, June 2014.

¹⁵ These laws would allow elections to be held for the boards and chairmen of industrial and trade federations.

businessmen and industrialists that played an influential role in promoting SME development) in Turkey, EBDA adopted an approach of openness to civil society and SME development as it relates to sustainable business practices. Malek is a strong believer that the business community should play a strong role in development, a practice he espouses was not practiced by crony capitalists¹⁶ of the Mubarak regime¹⁷. The association was one of the first to apply ISO26000¹⁸ standards regarding its social responsibility efforts. Speaking to Malek, he leaned towards the utilization of information based strategies in EBDA by tapping on technical experts, academics, think-tanks and former government officials when developing policy proposals. He also believed that working with civil society is a must to ensure that policies reflect the common good. While obviously in an advantageous position, EBDA however, dealt with both the executive and legislature, without sidelining either, as Malek believed that it is important to lobby/communicate with both branches of government.

It is important to underline here that EBDA's association is a classic example of the emergence of new business interests that were tied to a new power structure (i.e. MB majority in the People's Assembly). This strong state-business relation became quite glaring when former president Mohamed Morsi was elected into office. At this time, MB affiliated economic interest groups had grown in prominence and posed a threat on business associations associated with the previous regime.

It follows that EBDA was able to build its membership base at breakneck speed reaching 670 paid members only in 2012-2013¹⁹. Putting this into perspective as of 2013 the Egyptian Businessmen Association (EBA), a prominent businessmen association which has existed for 35 years now, has around 300 members, and the Egyptian Junior Businessmen Association (EJB), an offspring of EBA, has around 400 members. What complicated matters was there was a strong rivalry between this new business association and established business associations. Both EBA and EJB leadership²⁰ have indicated that some of their members have left their association to join EBDA, based on the attraction that the association posed as being influential and directly connected to decision-making circles.

Malek's entanglement with the incumbent administration at the time went beyond EBDA, with the creation of the *Tawasol Committee* in which Hassan Malek was the designated Chairman, it became obvious who the movers and shakers had become. The Tawasol Committee, included leading businessmen in Egypt of which several were from the old guard, was the interlocutor between the elite business community in Egypt and the presidency, granting this group highest access to decision-making.

¹⁶ For more information on cases of crony capitalist capture in the area of land allocation, privatization and sales and exportation of natural resources, refer to Adly (2011) on the state of corruption and crony capitalism in Egypt between 1990-2011.

¹⁷ Maroushi, Nadine "Brotherhood Businessman Urges Business to Play a Role in Development." *Egypt Independent*, April 15, 2012. <http://www.egyptindependent.com/news/brotherhood-businessman-urges-business-play-role-development>

¹⁸ ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way. It cannot be certified like other ISO standards. See: <http://www.iso.org/iso/home/standards/iso26000.htm>

¹⁹ Interview with Wael Zoghby, Executive Director of EBDA on 1st, October, 2013.

²⁰ Interview with Omar Sabbour, Former Chairman of EJB at the time, and Hamdy Rashad, Head of Investment Committee, EBA.

This privileged access triggered a déjà vu situation with the business community at large which many feared would be a repetition of the crony capitalist system under the Mubarak regime but under a different guise. Such fears also reverberated in the media, with much criticism directed to leading MB businessmen and close ties to incumbent administration.

EBDA's close links to the incumbent administration at the time, however, has proven to be a double edged sword. With the dramatic turn of events post June 30th and the persecution of MB members and sympathizers, Hassan Malek fled the country and the EBDA had to fend for itself with the fall out of favor of anything associated with the MBs. This is quite an interesting episode for EBDA where once a very influential association with unlimited access to policy-making circles had to deal with a hostile political environment in its brief history of existence. For starters, after the dramatic pull of membership between 2012-2013, the association stopped receiving any new applications and witnessed eight drop-outs.²¹ What has been more challenging is that policy-makers and institutions distanced themselves from the association. So, instead of pursuing one of its main objectives, which is advocacy and representation of the interests of its members, this objective was now put to a halt. In light of the anti-MB sentiment propagated by media, the Executive Director of EBDA took the managerial decision to keep a low profile.²² El-Zoghby, however, argues that EBDA primarily aimed at providing services to its members such as B to B services, training and building partnerships to further the interests of its members. The association still managed to launch some new initiatives such an entrepreneurship programme at the time of the interview, and also had plans to co-organize a conference with the Asia-Egypt Business Association. El-Zoghby also mentioned that the Minister of Trade in the caretaker government extended an invitation to EBDA in a consultation that took place with the business community post 30th June,²³ which might be a sign that incumbent administration recognizes that EBDA legitimately represents the business community, regardless of connections to Hassan Malek, an image that is hard to shake off.

²¹ Interview with Wael El-Zoghby, Executive Director, EBDA, October, 2013

²² Ibid, 2013.

²³ Ibid, 2013.

Aleyat Economic Development Association:

While not at all a dominant trend, in Egypt the setting up of think-tanks by the business community has also been observed in the post uprising context. One example being the Aleyat Economic Development Association which was founded by Wael Ghanem, former Board Member of the Egyptian Junior Businessmen Association and business entrepreneur, and a number of professionals in the economic policy field, with the purpose of creating a development oriented business community. The Aleyat mission is that “it seeks to advance policies that significantly impact poverty alleviation, empowerment of marginalized people, job creation, protection of property and intellectual rights, innovation encouragement, social justice achievement and economic freedom”. According to Ghanem, there is potential for the creation of new NGOs, think-tanks and business associations, especially that there is support from the donor side.

Initiatives like EBDA and Aleyat are indicative of a shift in the mind-set of a segment of the business community that seek to create developmental associations that are perceived to be comprehensively addressing private sector development and issues affecting socio-economic development, which transcends what is the commonly-held image of a narrow and self-interested business culture.

3.1.3 Political Parties Founded by Individuals with Significant Business Interests

One of the prevalent forms of business community representation in policy, has been the setting up of political parties or the joining of individual businessmen in political parties. In 2011, Egyptian billionaire and business tycoon Naguib Sawiris, eldest son of the Sawiris family,²⁴ co-founded Al-Masryeen Al-Ahrrar which is a liberal center right political party that aspires for a democratic and secular order. The party won 14 seats in the lower house of parliament elections and has been very active on the political scene, as per its involvement in the National Salvation Front, a coalition of like-minded political parties.²⁵ The party also has a well defined and comprehensive economic reform agenda that addresses both the macro and micro-level policy issues and sectoral policies (Ghoneim and Saif, 2013).

Another party is the Egyptian Social Democratic Party, a socially centre-left liberal party with centrist fiscal thinking founded in 2011 by leading civil society figures, politicians and economic experts and has a wide appeal among a broad base of the Egyptian business community rather than any single individual. The ESDP advocates social and economic justice, viewing the private sector and free market

²⁴ The Sawiris family controls the Orascom Group, Egypt's largest conglomerate, which owns interests in construction, telecom, hotels and technology and employs over 100,000 people.

²⁵ An alliance of opposition political parties formed in response to President Morsi's controversial constitutional declaration granting him enormous powers and his decision to hold a constitutional referendum.

policies as the most productive and efficient way to organize the economy, albeit with a measure of state regulation.²⁶ The party won 16 out of 498 seats in the 2012 parliament which was later dissolved. Two members of the party, Hazem Beblawi²⁷ and Ziad Bahaa El-Din, served as Interim Prime Minister and Deputy Prime Minister in the post-June 2013 caretaker government.

With the exception of socialist parties, most political parties created in the post uprising context held favorable positions towards the private sector, however they did lack clear positions on key issues such as taxation, minimum wage, and privatization (Ibid, 2013).

3.1.4 The Organization of Previously-Excluded Business Interests

The post-uprising context also witnessed the emergence of initiatives to organize smaller and marginalized business interests that were unorganized in the Mubarak era. One example is the initiative to create a Council for handicrafts within the Ministry of Trade and Industry. The request to set-up a handicraft export council was submitted in May 2013 to the Minister of Trade and Industry (at that time Hatem Saleh) by a number of businessmen from the hand-craft sector led by Hisham El Gazzar co-founder of *Yadawee*. The idea, according to El-Gazzar existed for 4-5 years, and derived from the need to create an institution that serves the interests of the handi-craft sector that has no representative body, but it only came to fruition in the post uprising context which he believed would be an opportune time for the sector, in light of the tendency of the MB-led government to look for quick wins that can be publicized through media.

At the same time, setting up a handi-craft export was pursued primarily with the purpose of developing a comprehensive development strategy for the sector based on a participatory approach that reflects the real needs of the sector, and not for redistributive purposes. The aim was also to formalize it where 99 percent of the sector is informal, and to achieve more facilitation of business establishment and operation procedures. At the same time, the fact that these key producers were set on creating a handicraft export council affiliated to the government rather setting up an independent business association, was motivated by the strongly held perception that an independent body would have been ineffectual, and close proximity to decision-makers and being part of the formal institutional setting would advance the sector.

3.2 The Tunisian Context

²⁶ Gehad, Reem. 2013. "Egyptian Social Democratic Party: From opposition to cabinet leaders". Ahram Online. <http://english.ahram.org.eg/NewsContent/1/0/77166/Egypt/0/Egyptian-Social-Democratic-Party-From-opposition-t.aspx>

²⁷ Beblawi also served as finance minister and deputy prime minister for economic affairs in 2011.

3.2.1 Organizations Tied to the Old Regime

Union Tunisienne de l'Industrie Du Commerce et d L'Artisan (UTICA):

UTICA is one of the oldest association of employers in Tunisia whose membership encompasses all the umbrella organizations and professional structures of the different economic sectors, particularly commercial, handicrafts and services. Its mission is the social and economic promotion of the interests of its members, as well as facilitating coordination and networking activities. While small business interests are also represented in UTICA, it is considered a membership association for mainly big industrialists who were either members in the RCD or had close ties to the regime (Cammett, 2007). The cooptation of UITCA took place under Chairmanship of Al-Hady Jilany, a wealthy business leader also served on the RCD's Central Committee. In that respect, understanding how UTICA operated, and interacted with this changing socio-political and economic context is key to understanding who are the influencers and drivers of change in economic policy making.

When the uprising took place in Tunisia, UTICA President was over thrown by a coalition of six business members²⁸ within UTICA. With the wide spread view of UTICA comprising a symbol of the old regime whether this a result of its infiltration by RCD businessmen or its leadership by a close associate of Ben Ali—Al-Hady Jilany—or both, the move was imperative in terms of enforcing its legitimacy and credibility in light of the sweeping changes undergoing in Tunisia. The coalition or movement aimed to introduce three major changes, which are: a renewal in the thinking and strategic direction of UTICA, which included setting up six new commissions and a National Council on Transition, a re-writing of the by-laws of UTICA and the organization of the first UTICA conference in the post uprising context which took place after one and a half years and signaled a new page for UTICA. Slim Ghorbel, a member of the coalition and the Executive Bureau of UTICA, expressed that “UTICA had underwent its own revolution” (Interview with Slim Ghorbel, 2014). With new faces bringing in a new agenda, events that unraveled down the road indicated that UTICA’s new leadership was serious about changing the image of association and engaging with this new context through a more proactive and inclusive approach. For example, one finds that in the post uprising leadership started to talk about SMEs and inclusive growth. UTICA leadership also perceived it necessary to change its communications strategy by addressing public opinion after an overwhelming negative image of the business community canvassed by media. The message they enforced was that UTICA is a nationalistic institution that represents businessmen that are law abiding citizens who pay taxes, customs and do not work informally with government (ibid, 2014).

Another sign of the shift has to do with the once confrontational relationship between UTICA and UGTT that witnessed a change in course in the post uprising context, where both organizations found

²⁸ Key figures in the coalition were Khaled Fourati, Slim Ghorbel, Kais Saary, Khalil El Gheriany, Kais Charfi and Abdel Aziz Dargouth.

themselves sharing certain objectives and working towards mutual goals, as exemplified in their role in the national dialogue in October 2013. UTICA's role was perceived instrumental in nominating Mehdi Gomaa as the Prime Minister in the new caretaker government, which had helped partly to restore the legitimacy of the association.

Institut Arabe Des Chefs D'Enterprises:

IACE is an economic think-tank, created in 1985 with a mission “to promote the business and improve the business environment and making recommendations and proposals for reform with the support of Heads of businesses, academics and other actors of civil society”. There is more than meets the eye with regards to the policy influence and leverage this CSO has on the Tunisian economic policy scene. With more than 500 members, who contribute to 70% of economic activity in Tunisia, IACE is not just a think-tank that informs policies through the evidence based research but it has developed a reputation as a serious business interest advocacy organization rendering direct access to policy circles. Interviews with Majdi Hassan, Executive Director of IACE, confirms this through his multiple references to direct meetings with governments and interventions that IACE have undertaken to influence policy change.

In addition to their six research centers, IACE has a number of research activities and initiatives that aim to gauge the business environment such as their investment confidence index, consumer confidence, and thematic expert working groups, etc. They also have Advocacy Committees that have under their disposal an extensive database on who's who and organize small meetings, debates and discussions on policy issues of interest to their members. After the revolution, IACE has introduced a number of new initiatives that take advantage of the spirit of the times such as their Web TV that aims to influence public opinion through 2-3 minutes short clips on economic policy issues. However, IACE approach to political process and policy dialogues was not to engage believing that its role should be first and foremost limited to economic policy-making, a stance mirroring that of Egypt's FEI, where the approach is to engage but in a low profile and specific manner.

3.2.2 Organizations of New Interest Groups

Confederations des Entreprises Cityoyennes de Tunisie (CONNECT):

CONNECT is a businessmen association that was created in post –uprising Tunisia in response to the lack of inclusive vehicles for business interest representation that offer a progressive agenda and alternative approaches. The vision of CONNECT is “to be the reference entrepreneurial partner for an *equitable* and responsible social and economic development”. CONNECT includes firms of all sizes and

aims to represent membership organizations in decision-making, as well as provide networking opportunities for its members.

CONNECT has succeeded in placing itself as one of the leading businessmen associations²⁹ with high visibility on the policy scene, challenging and causing some tension³⁰ with what is perceived to be its rivalry organization UTICA. The latter has reportedly rejected invitations to participate in policy dialogues upon learning that CONNECT is in the picture. At the same time, most Tunisian interviewees in this study have referred in one way or another to the role of CONNECT in policy dialogues with government, and its effectiveness. Actually, CONNECT and UTICA were received by the PM Mehdi Jomaa end of February 2014 for what was the first dialogue to take place between government and economic forces to find solutions to the economic crisis. Interview with Monia Essadi, Vice President of CONNECT, reveals the active involvement of CONNECT in public policy such as per their consultation by the NCA on the budget law, and by the Ministry of Investment on the investment code reform.

However, there is still the perception that UTICA is more representative of the business community simply in terms of the sheer number of its members. Jade Salhb,³¹ a World Bank consultant working on public-private sector dialogue points out that the legitimacy of UTICA stems from its representativeness, as far as the electronic sector is concerned around 80% of it is represented in UTICA. But taking into the account the fact that CONNECT is still a relatively new organization compared to UTICA (which has existed since before the uprisings) the issue of representation can be more fairly put into perspective.

One of the conscious decisions of CONNECT was to keep distance from the regime in order to maintain independence and mitigate the negative image that businessmen are corrupt or benefit from personal connections and proximity to the regime.³² By naming it “enterprise cityoyennes de Tunisie”, which literally translates into “Tunisian national enterprises”, the purpose was to address the negative image of business community by the media and stress the value of citizenship. CONNECT is very vigilant in applying its principles where for instance firms that evade taxes or under-estimate revenues are not accepted as members.

Second, CONNECT’s policy advocacy is almost entirely based on evidence based research.³³ Unlike most businessmen associations that rely simply on cumulative experiences in taking policy positions or making proposals, CONNECT has followed a fresh approach.

²⁹ Interview with Mehrezya Al Obeidy, First Vice President National Constituent Assembly

³⁰ One interviewee described it as being an antagonistic relationship.

³¹ Interview with Jade Salhab, World Bank, March 2014.

³² Interview with CONNECT Vice President, Monia Essadi

³³ In this respect, in 2012 CONNECT funded a comparative study of ports (including Singapore, Malta and Hong Kong) in response to the logistical bottlenecks in Port Radis, such as the sharp rise in price of containers and corruption experienced, where 80% of Tunisian goods are transferred. The study proposed short, medium and long term solutions to the problem and was presented to the Minister of Transport at the time from Ennhada, who did not address the problem which had exacerbated according to an interview with Monia Essadi.

Third, its communications strategy has focused on actively engaging with the public through the media,³⁴ and disseminating the message that businessmen are national actors that are working for the betterment of Tunisia.

It is worth underscoring that direct access to policy-makers was implicitly perceived as an important factor in the effectiveness of the association in representing interests of its members.

CONNECT is a living example of a business association that is attuned with its times with its understanding of the multi-dimensional role of the business community, which the code of ethics of the Association spells out as being firstly an economic role, second a social and communal role, third an environmental role and last but not least good governance practices.

The emergence of CONNECT on the policy-making scene has instilled a sense of competition with other business associations, especially UTICA. On a political economy level, CONNECT's ability to represent a broad spectrum of the business community in policy does create room for shaking the system of state capture, by challenging sub-optimal policies and institutional arrangements that were reinforced by the elite business community and the Ben Ali regime.

Nouvelle Republic (NouR):

Another think-tank created in the post revolutionary context, which like IACE has strong links with policy-making, and aims to create a platform for business community and intellectuals to engage in policy, is Nouvelle Republic (NouR). NouR was created on 15 January 2012, based on an initiative of 20 intellectuals who were mainly in ATUGE,³⁵ that believed in the importance of participating in the “political process”³⁶ in a time of significant change. The call for participation had gained momentum when in five days membership had reached 200, mainly from the business community and intellectuals, but also from acquaintances to Maher Kallal, the President of NouR. Kallal in describing the initiative: “we wanted to create a forum for a new republic by becoming an independent think-tank that provides research and policy forums”. While its activities were more tilted towards policy forums, it had managed to carve a place in the policy making scene by its notable ability to bring business actors and specialist, with the government together to discuss economic policy. Some members of NouR have also held ministerial positions (ibid, 2014). While this proximity has created the perception that NouR is affiliated to Ennahda, Kallal has asserted that is not the case and that NouR adopts an open policy in the sense that it works with any government regardless of its position on the ideological spectrum. It also aims to work collectively by stressing that they are trying to change the culture of individual businessmen

³⁴ While proven to be a challenging endeavor, they have approached both national TV and radio stations, as well as regional channels such as Al-Jazeera, in attempt to broadcast their message to the public.

³⁵ Associations des Tunisien des Grande Ecole is a network of Tunisian expatriates, specifically graduates of French schools.

³⁶ Interview with Maher Kallal, President of NouR, on March, 2014.

meeting/lobbying directly with government. In this domain, NouR has worked with IACE on how to promote collective business lobbying practices among the business community (ibid, 2014).

Unlike several business associations and think-tanks representing business interviewed under this study, NouR is premised on the principle that engagement of the business community in politics is necessary to affect change. It tries to undo the business interest representation culture that Ben Ali has instilled in which the business community should remain strictly in the economic sphere. Maher Kallal maintains the strong view that civil society is part of the decision-making process and specifically that the business community has an important role to play in the political process and institution building. “Many do not understand the difference between being in politics and that of being in civil society but holding policy positions, and that it is the latter that needs to happen” asserts Kallal.

NouR has been quite active despite its nascency as an institution, particularly on the investment code reform which they played an integral role in bringing in the necessary technical expertise and working with the Ministry of Investment from the outset. They have also worked with media to promote professionalism and good practices, believing that state capture of media has now been replaced by business capture.

3.2.3 Political Parties and Business Interests in Tunisia

Similar to Egypt, Tunisian businessmen have sought out to become part of political party apparatuses. This trend had existed before the revolution, but it mainly involved participation in the dominant one party system.³⁷ Business' support of opposition or a plural party system was strongly resisted by the regimes. For instance, Al Moncef Khamakhem's –a prominent Tunisian businessman– membership in the Regional Association for Trade and Industry in Sfax was suspended by the Ben Ali regime due to his support to civil society and opposition political parties.³⁸

It seems, however, that the opening up of political space and a notable emergence of plural forms of representation through political party apparatuses, has been viewed by the business community as a viable means for effective participation in policy-making. While the focus is not the economy, the involvement in political parties reflects an understanding of the multi-dimensionality of decision-making process.

In Tunisia, there are two main political parties where it can be safely said are strongly representative of business community members. One is new, and was created in the post-uprising, which is AFEK. AFEK is a centre right political party funded by businessmen and mainly represents entrepreneurs, bankers and Tunisian diaspora. It is interesting to highlight that founders of AFEK, like Selim Seghal, is also a founder of the influential IACE. Hichem Ben Fadhl, Executive Director of AFEK, describes it as a small party that is pushing for change through representation of new classes of entrepreneurs. The platform of the party does make specific reference to innovation, technology and creativity, something uncommon in both pre and post uprising political parties. The party had to shake off an image of being an exclusive club for business community. Amena Moneif, the official spokesperson for the party who later resigned due to the weak democratic culture of the party, addressed this issue by stressing that AFEK is an inclusive party that includes other Tunisian social groups. She also highlighted that funding received by business community is declared after due diligence is conducted on the business firm and it does not exceed 5% of the budget per business person. Furthermore, according to Moneif, political parties, and specifically AFEK Tounes, have an important role to play in economic policymaking, by presenting policy alternatives, revisiting taxation system and employment creation. AFEK, she believes is responding to the endemic economic challenges that triggered the revolution.

³⁷ Business community in both Egypt and Tunisia influenced the one party system before revolution either through membership in policy committees or funding of parties.

³⁸ Article in Marina Club "Businessmen Enter Political Life in an Attempt to Protect Wealth Through Funding Political Parties" https://www.facebook.com/note.php?note_id=179539528769408

Nida Tounes, founded by the former PM Beji Caid el Sebsi after the post-uprising 2011 elections, is a secular party³⁹ known in Tunisia to be infiltrated by old regime, or “counter-revolutionary forces” as the founder and members of its executive committee held high ranking government positions in the Ben Ali regime. The party’s Secretary General, Taïeb Baccouche, was former President of the UGTT, which might explain the party’s support by the Union. A prominent business community figure on the executive committee of the party is Faouzy Elloumi, CEO of Elloumi Group,⁴⁰ who was a MP in Ben Ali regime and mayor of Sidi Hsine.⁴¹ Mahmoud Ben Rhomdane, chief economic advisor to the party didn’t deny this link with RCD, in his words: “To start a party, you need two things: guys and money,” he said. “Nidaa Tounes isn’t the cleanest train. But it’s the last train. If you want to reach the terminus of democracy, you’ve got to get on board...otherwise it’ll be Ennahda in power for the next two generations.”⁴²

Another Tunisian political party founded in 2012 which had strong representation of business community until recently is the Republican Party (Al Hizb Al-Joumhour). The party which is centrist liberal includes around 200 business persons among its membership.

The Nationalist Union for Liberty party was founded by businessman Slim Al-Riyahi⁴³. The party, which is mainly posited on the personality of El Riyahi, has won only one seat in the NCA elections despite the reportedly ludicrously funded campaign and his ownership of media channels.⁴⁴

Nevertheless, views of impact of these newly established parties have differed, where some believed that AFEK was not successful in influencing and garnering support in the NCA elections and Nida Tounes, other hand, according to young entrepreneurs, did not bring any new agenda⁴⁵. Some suggest that its popular appeal stems from its outright rejection of Ennahda rather than articulating a strong socio-economic vision. While the reality might be more varied, the generally held perception is that political parties in Tunisia do not offer a realistic vision and implementable solutions for the economy, which is also confirmed by media reports and academic assessments. Such views are also shared with regards to Egyptian political party positions with regards to the economy, where it is believed that they lack clear positions on critical issues such taxation, privatization and the minimum wage (Ghoneim and Saif, 2013).

³⁹ It is not clear what the ideological disposition of the party is, that attracts leftists, liberal progressives, Destourians, and former RCD party members.

⁴⁰ Operates mainly in the automotive industry and includes Chakira Cables (CC), COFAT company, and Coficab - See more at: <http://www.tunisia-live.net/whoswho/faouzy-elloumi/#sthash.gMgODyAJ.dpuf>

⁴¹ http://en.wikipedia.org/wiki/Call_for_Tunisia

⁴² Marks, Monica and Omar Belhaj, Salah. 2013. “Uniting for Tunisia?” Sada, Carnegie Endowment for International Peace. <http://carnegieendowment.org/sada/2013/03/28/uniting-for-tunisia/fu3g>

⁴³ A wealthy Tunisian businessman who accumulated his wealth in Libya from energy and real estate sector.

⁴⁴ Hamdy, Samir. 2014. “Liberal Parties in Tunisia, Weak, Incapacitated and Lacking Effectiveness” Al-Araby Al Gadid. <http://www.alaraby.co.uk/opinion/97bb1942-3d02-4185-bca8-7119fbc3b32>

⁴⁵ Interview with Elyes Jeribi, CEO of Linkao, March 2014.

3.2.4 Consultations with Previously-Excluded Business Interests

In Tunisia, there are some indicators of government readiness to consult with IT entrepreneurs, for example, events like Korba Tic Week which is a government led initiative that aims to layout government plans for the IT sector among a key group of private sector players for consultation, however, according to Elyes Jeribi, Co-Founder and CEO of Linkao, these initiatives tend to be short spanned given the lack of an enabling structure in the government administration for the implementation of the policy recommendations that come out. Other government initiatives such the creation of an IT fund dedicated to development of the IT infrastructure through the taxation of the Telecom operators and a subsidies fund for innovation have been stalled by the administration.

4. ANALYSIS OF INTEREST GROUP ADVOCACY AND STATE CAPTURE DURING KEY EPISODES

4.1 The End of the Political Economy Status Quo: ‘State Capture’ in the Absence of the ‘State’

For both Egypt and Tunisia, the respective fall of Mubarak and Ben Ali in business environments where the Western concept of the rule-of-law remains lacking threw both political economy landscapes into sudden disarray. The informal networks, arrangements, understandings and modalities of cooperation—all so heavily dependent on personal relationships between key players in government and key business figures—had collapsed, since many of parties to these arrangements were not only no longer in a position to enforce agreements through the informal system, but in many cases, the paradigm shift was so radical that no new actors had emerged to fill the vacuum. A reportedly increase in bureaucratic corruption in both Egypt and Tunisia⁴⁶ might have been a response to this vacuum, where corrupt elements of the bureaucracy were diverting and spreading out their rent-seeking activities to new captors, where old captors were indicted, or imprisoned. Where new actors were in place, they either lacked the minimum legacy of internal legitimacy necessary to exercise the basic authority over the ‘deep state’ to be functional, or they genuinely did not comprehend how the informal systems functioned or both. Long excluded from the trophy layers of economic activity, MB affiliated businessmen attempts to fill the economic spaces vacated by the established business elite in the Mubarak era took place in parallel to overt and covert methods to overtake state institutions as much as possible⁴⁷.

⁴⁶ Both Egypt and Tunisia’s scores and international ranking on Transparency Internationals’ Corruption Perception Index (based on assessments and business opinion surveys of level of corruption in public sector) have deteriorated in 2011, 2012 and 2013 in comparison with 2010. See: <http://cpi.transparency.org/cpi2013/>

⁴⁷ Although anecdotal, this was confirmed by several interviewees from business community and former government officials.

In an atmosphere of recriminations and indictments against ousted incumbents for abuse of authority and misappropriations of state funds, the few actors who accepted roles in the executive branch were themselves extremely fearful of making even basic decisions that required signature or formal approval processes. In Egypt and Tunisia, both senior and middle level government officials were either investigated or subjected to corruption charges with their assets frozen (Owen, 2013; Joy, 2009). This resulted in “dragging feet” governments, that were unwilling to take serious decisions. It was very quickly clear in both countries that the old ‘rules of the game’ had ceased to exist, at least tentatively, although new channels were already being explored by the business communities. For instance, where instability has posed as a huge challenge to advocacy, and policy predictability, organized business community resorted to media to voice demands and to bring to light challenges faced by the private sector, when reaching decision-making circles was fraught with challenges.

Another dynamic that has served to weaken the state capture system in both Egypt and Tunisia is the backlash against business community with either real or perceived links to the ousted regimes. In Tunisia, there have been more than 800 cases of corruption and money laundering, involving more than 1,200 businessmen and previous government and administration leaders. In Egypt, the first wave of crackdown was driven by populist pressure, and the determination of Egypt’s prosecutors to pursue cronies associated with the Mubarak regime (Owen 2013). Key business figures in the crony capitalist system created in the Mubarak era were either imprisoned or embroiled in several court cases due to the abuse of their positions (Diwan, 2013; Adly, 2011). According to one account, twenty-eight key business figures have been accused of the illegal acquisition of state lands (Joy, 2009). Contrary to the Tunisian experience, Arab investors were also targets of a series of lawsuits, and revokes on privatization, and in several of these cases imprisonment was the outcome. For instance, one of the largest Emirati investors in Egypt, Hussein Sigwani, was subjected to a 5 year prison sentence due to alleged corruption in accessing land and licensing rights⁴⁸. A major set-back was experienced with the State Council reversal of major privatization deals, such as Omar Affendi, Tanta Flax, Nile Cotton Ginning and Shebin Spinning and Weaving that had taken place in the Mubarak regime, under the premise that the contracts were granted below market price. It seems that labor and former SOE managers in these privatized companies might have triggered this coup against private ownership, according to one interpretation.⁴⁹ Another interpretation was that these lawsuits were basically a vendetta by individuals with a socialist ideology against the Mubarak regime cronies⁵⁰.

⁴⁸ Interview with Gamal El Din Bayoumi, Chairman, Arab Investors Union, January 2014. Confirmed by newspaper coverage, example: Alshorouq, Money and Economy, Issue 2033, August 2014.

⁴⁹ Ibid, 2014.

⁵⁰ Interview with Tarek Tawfik, CEO Cairo Poultry Company, June 2014.

It is important to underscore the increased vocality of labor representation and unions, as well as their obvious impact on decision-making outcomes in post-uprising. By and large, both the Mubarak and Ben Ali regimes had ensured the cooptation of labor and its representative bodies through rigid labor laws and subjugation to the capitalist class, the latter was particularly important in weakening opposition to economic liberalization (Tsourapas, 2013). Now the situation has altered significantly, to the extent that the balance of power between labor and capital has tilted in favor of the former, but more so in the case of Tunisia than in Egypt. In Tunisia, “the UGTT emerged as the most organized and effective force in the country, exerting substantial pressure through successive strikes and protests in order to increase salaries and subsidies, stop privatization, and recruit workers in the public sector.”⁵¹ The UGTT also was a key factor behind the step down of the Troika government in January 2014, reducing the political polarization between the Troika and secular opposition. In Egypt, the minimum wage was not only imposed through civil service pressure, but labor organizations did also play a role.

In Egypt, the sense that the military establishment was the final arbiter of all policymaking, especially during the first phase after the revolution, created complex challenges for businesses that operated in sectors where there was direct competition with commercial operations controlled by the military⁵², but initially, even the military was reluctant to overplay its own hand. In the views of one international lawyer who works with investors in Egypt: “Before the 25 January Revolution, things were easier and the map was clearer. It was clear who to talk to in order to resolve issues, and investors want transparency and reliability. But since the Revolution transparency hasn’t improved, and reliability has gone down as well. The decision-making process is not predictable either”.⁵³

In effect, at least briefly, the state was no longer ‘captured’ by special interests in the private sector, but this owed much more to the *de facto* absence of the state itself (as it was previously known) than to reform, benevolent governance or private sector restraint.

4.2 The Drafting of New Constitutions

4.2.1 The Egyptian Case

When the 2012 Constitutional Committee was being selected by the parliament elected in 2011, there was no attempt to include business community organizations, whether independent business associations or quasi-governmental, among the 100 members. While this decision can be justified in light

⁵¹ “All Politics is Economics” http://www.foreignpolicy.com/articles/2014/01/10/all_politics_is_economics

⁵² For one example from the literature on military role in the Egyptian economy see Joya (2009).

⁵³ Moustafa, Noha. 2014. “Amendments to the Investment Law.” *Al-Ahram Weekly*, Issue No. 1187, March 16. <http://weekly.ahram.org.eg/News/5618/18/Amendments-to-the-investment-law.aspx>

of the perception that quasi-governmental business associations are mainly representative of the old guard, on the other hand, it is considered a form of exclusion in the absence of alternative representative bodies for the private sector, a vital partner in any new social contract.

This lack of representation did stir up discontent on the side of organized business, with the Egyptian Federation of Chambers of Commerce being particularly vocal in the media on this issue. With a membership of 4 million enterprises in trading, industry and services, the Federation had a strong interest to represent the private sector on this committee. In any case, the Federation developed its own proposal regarding an “economic constitution” which was presented to the Constitutional Drafting Committee as a “take-it-or-leave-it” proposal.⁵⁴

The EFCC proposal mainly comprised of suggested articles to the draft 2011 constitution. Specifically, concerning article 13, the proposal stressed the need to explicitly state the economic system of the state. The suggestion was to adopt a market economy that takes into consideration the social dimension and achieves balanced development between different classes and regions, and allows for public ownership. Explicitly stating the economic identity addresses shortcomings in the 1971 Constitution that had conflicting economic ideologies (i.e. market vs. socialist). Other propositions were made concerning article 15 on the ownership and use of natural and public resources, article 107 on the role of the Central Bank of Egypt, article 25 on public finances. The Federation also had reservations on ambiguous articles such as the sharing of capital and workers of the cost of development, as well as the article on the minimum and maximum wage, and linking it to productivity.⁵⁵

Another competing proposal made by the business sector for the 2012 constitution was the one led by the FEI. Based on an initiative by the President of the Federation, that brought together 20 businessmen (including MB businessman Hassan Malek) and economists, the purpose was to have a say in the Egyptian constitution. At first, the discussions seemed to be reflecting a very narrow and self-interested perspective regarding how the constitution can best serve the business community, however, the diversity of the backgrounds involved and role of technocrats like Ahmed Galal resulted in a change of direction, where more thinking about various interests beyond business community were taken on board in formulating economic issues for the 2012 constitution-making process. The exercise was a serious⁵⁶ and extensive one that took place over a 6 months period, and where comparative experiences of different constitutions, were studied. The final product was a proposal comprised of 68 constitutional clauses that addressed economic issues, which was sent to the Head of Constitutional Drafting Committee—Khaled El Gheriany. While the proposals made by the FEI were not taken seriously by the

⁵⁴ Interview with Abdel Hafez El Sawi, Head of the Economic Committee, FJP

⁵⁵ Amin, Raafat. 2012. “The Chamber Expresses Reservations on the Economic Related Articles in the Constitution”. Al Ahram Newspaper, 22 November, 2012.

⁵⁶ There was committee set-up and a secretariat for backstopping. Meetings took place on a weekly basis.

2012 drafting committee,⁵⁷ the fifty-member Constitutional Re-Drafting committee, however, did adopt certain articles like the one on decentralization, and taxation, while also removing the articles related to nationalization in the amended constitution of 2013.⁵⁸

There were also some sector specific proposals made, such as those from the ICT sector. Experts in the sector expressed their scrutiny of the draft constitution that it does not guarantee the right to privacy and does not encourage foreign investment. The specific criticism was that there were no articles on the intellectual property, privacy of information and transparency of information that concerns the public. The Ministry of Information and Communication Technology⁵⁹ criticized the fact that there were nine suggestions provided by the sector and were “totally ignored”. From the experience of transition economies, enhancing transparency of information to the public is considered a necessary prerequisite for dismantling systems of state capture (Hellman and Kaufmann, 2001).

In both the 2012 and 2013 constitution-making processes, the power of organized business to influence outcome has been strongly challenged by new interest groups and members of the drafting committee that are on the far left of the ideological spectrum. Organized business resorted to both formal and informal lobbying to ensure that there is an informed understanding of the role of capital in the economy and the underlying economic vision behind business propositions⁶⁰.

4.2.2 The Tunisian Case

In Tunisia, there was less interest on the side of organized business interests to participate in the constitution-making process. The ANC, which was elected with the purpose of producing a new constitution for Tunisia, had embarked on the constitution-making process in February 2012 in what was considered a rather protracted process that was strongly criticized by opposition forces. Nevertheless, it is important to highlight that the constitution-making process was open to civil society, political parties, academia and intellectuals. Public hearings and consultations took place both nationally and regionally, as well as beyond the border consultations with Tunisian expatriates. On 14-15 December a meeting was held with more than 300 civil society organizations to hear their views on the constitution, and a national dialogue was held. On the representation of business, Habib Khedr,⁶¹ Member of Ennhada and Moderator of the 2014 Constitution commented that UTICA was at first not interested in participating in the process, contrary to the role of UGTT which had presented a comprehensive proposal regarding the

⁵⁷ Hashish, Essam. 2014. “A Q&A with President of the FEI Mohamed El Seweidy”. <http://akhbar.akhbarelyom.com/news/newdetails/151161/6/>
-اتحاد-الصناعات/استجواب-محمد-السويدي-رئيس-اتحاد-

⁵⁸ Interview with Ahmed Galal, Managing Director of Economic Research Forum, June 2014

⁵⁹ At the time, Mohamed Salem was the incumbent minister.

⁶⁰ Interview with Tarek Tawfik, CEO Cairo Poultry, June 2014.

⁶¹ Interview with Habib Khedr, Moderator of the 2014 Constitution, March 2014.

constitution. It was only in late 2012 and early 2013 that UTICA reached out to the Moderator with specific proposals for the constitution. One of the propositions was the inclusion of the “freedom of economic initiative”, which was not included. Again, similar to the proposals made by Egyptian businessmen associations, it was believed that proposals made by UTICA reflected a purely capitalist approach, which were deemed by some observers to not reflect the entire spectrum of socio-economic objectives that the state should be upholding (ibid 2014).

The laggard approach of UTICA was interpreted as a general weakening of the association and its voice in policy in light of a pre-dominance of the UGTT on the scene.⁶² For instance, UTICA was trying to restrict the right to protest, but the UGTT succeeded in imposing its will in this area.

4.3 International Monetary Fund (IMF) Stand-by Agreement Negotiations

While the Stand-by Agreements and ERSAP, adopted in 1986 in case of Tunisia, and 1991 in the case of Egypt, were conceived under markedly different conditions from what stands in a post-uprising context, however, studying the negotiations processes conducted in both countries with the IMF after February 2011 sheds light on the changing dynamics between the role of IFIs, on one hand, and the participation of interest groups and the role of public opinion, on the other hand. In economic policy-making, and in contrast to the experience of the 1980s and early 90s, there was a heightened awareness and concern that stabilization measure would have strong and acute ramifications on social justice and achieving inclusive economic growth if not weighed carefully against existing challenges and pressing concerns of society and the private sector. A conclusion that was only reached in the early experiences Egypt and Tunisia had with IMF backed austerity measures through a gradual and yet painful reform process.

4.3.1 Egyptian Business and the IMF

Egypt approached the IMF in early 2011 in an attempt to prevent an eminent balance-of-payment crisis and to restore investor confidence in the economy. At the time the military-controlled Supreme Council of the Armed Forces (SCAF), had a significant say and input in the negotiations with the IMF, as it did in decision-making processes across all other policy domains. Driving the negotiations was the need to bridge the fiscal gap of USD \$10-12 billion, and a staff agreement was reached that the IMF would provide a loan of USD\$ 3.2 billion. The Minister of Finance at the time—Dr. Samir Radwan—a key government figure in the negotiations with the IMF had introduced an expansionary budget⁶³ which included a significant public investment component to stimulate private sector investments that suffered

⁶² Ibid, 2014.

⁶³ The proposed 2011/12 budget would have resulted in a deficit of 11% of GDP.

from the economic shock triggered by the revolution. Under this expansionary budget were a number of projects that had been planned under the PPP scheme.

One of the interesting developments during this period, was the consultations with the business sector and societal policy dialogues that the Ministry of Finance had spearheaded on the 2011/12 budget and economic reform measures. By and large, this was the first time where discussions on the budget were taken beyond official institutions and closed policy circles, and where non-state actors were consulted. Apparently, this was the only time where this consultation took place officially on the budget, which could be partly attributed to the significant opening in public space and emphasis on public engagement as a result of the post revolutionary euphoria. It can also be explained by the fact that Former Minister Radwan was personally a strong advocate of consultation with the business community and role of public opinion in policy-making, as he stresses: “Wherever we have failed, it is when we did not consult with public opinion”. In retrospect, the Ministry of Finance had held six policy dialogues on the proposed 2011/12 budget, with the business community, trade unions and NGOs, academia and economic experts, intelligentsia and revolutionary youth groups. These dialogues were taking place in parallel with IMF negotiations. While the consultations took place with the usual business community organizations such as the FEI, EBA and EJB, it is worth noting that all the proposed measure such as taxes on distributed profits in the stock exchange, the change from sales tax to value added tax,⁶⁴ and the increase in taxes for the top income bracket to become 25% instead of 20% were all negotiated beforehand with and supported by these business organizations.

However, in the case of the introduction of the tax on capital profits from the stock exchange, at the intervention of the former Chairman of Mohamed Abdel Salam, Chairman of Misr for Central Clearing, Depository and Registry (MCDR)⁶⁵, this measure was halted. Abdel Salam had suggested to the SCAF, which at the time was acting as the state’s executive decision-making authority, that introducing the tax would harm stock exchange activity, at a time when the Egyptian economy was struggling.⁶⁶ It is worth highlighting that the MCDR imposes a levy on all stock exchange transactions. This policy reversal is perhaps indicative of narrow interests gaining the upper hand in final decision-making processes in the post uprising context.

Subsequently, the proposed \$3.2 billion IMF loan was turned down by the SCAF backed government, which perceived the loan to be exacerbating an already risky foreign debt situation, and placing loaded economic conditions (Nelson and Sharp, 2013). Although the business community viewed

⁶⁴ This shift had already been accomplished by former Finance Minister Youssef Boutros Ghali from the ousted regime, but was not actually put into force.

⁶⁵ MCDR is an Egyptian joint stock company registered under Capital Market Law 95 of 1992.

⁶⁶ According to interview with Dr. Samir Radwan, Abdel-Salam was not representing the business community, but a narrow interest group which were basically stock exchange brokers.

the fiscal reform measures associated with the loan to be less restrictive as compared to later requirements imposed by IMF, the decision to turn down the loan was a purely populist response by SCAF. It is worth noting that the IMF's is not perceived favorably among a large segment of the population not only because of the austerity and structural adjustment measures that impact the poor most, but also due to the popular association of IMF programs with autocratic rule under the Mubarak regime (ibid, 2013). This also explains the subsequent governments' hesitance to deal with the reduction of subsidies.

One year later, as Egypt's economic woes worsened and against the backdrop of a dipping currency,⁶⁷ a projected budget deficit of 11 percent of GDP in June 2013, soaring inflation and depletion in foreign currency reserves, the pressure on the Morsi administration to resort to the IMF escalated, which at the time was portrayed as one of very few options at hand, especially that the IMF loan was perceived as a necessary measure to unlock funds promised by Qatar, Saudi Arabia and EU within the vicinity of US\$ 15 billion. Organized business community continued to support the austerity measures and were particularly keen on addressing the phasing out of subsidies.⁶⁸

So while a 22-month Stand-By Arrangement (SBA) in the amount of about US\$4.8 billion was the subject of months of negotiations and was premised on the IMF endorsement of an economic reform plan⁶⁹ by the GoE, the loan deal was not concluded until the time of this research was published, even though the government had already taken concrete measures in November 2012 to lift subsidies on 95-octane petrol in line with the plan. It also raised energy subsidies on energy intensive industries and medium energy intensive industries.

What was instructive in this regard, was the emerging power structures and evolving context in which the SBA was negotiated. This time around, and in contrast to the early 90s, the 2012 Stand-By Arrangement was quite different in terms of the character and rhetoric which accompanied the negotiation process. While the same cannot be said about the nature and content of the reforms, which basically involved classical austerity measures such tax increases, and subsidy cuts, however, there was more emphasis on both the IMF and Government side on aspects of transparency, inclusiveness, and social justice, even if this was perceived only to be lip service. An interview with Ratna Sahay—Deputy Director of the Middle East and Central Asia Department, IMF—on commitment to support Egypt, her comment emphasized that IMF financial assistance was mainly aimed at “promoting social justice and preserving macroeconomic stability”.⁷⁰ Whether this is by intention or not, the ability to conclude deals in a discretionary manner was no longer a viable option for the Government. Demands for greater transparency in IMF negotiations were voiced by various opposition figures and political parties,

⁶⁷ The currency had lost more than a tenth of its value since ousting of the former President Mubarak.

⁶⁸ Interview with Tarek Tawfik, CEO Cairo Poultry Group and Vice President of FEI, June 2014.

⁶⁹ The economic reform plan, however, focused on reducing spending, primarily by cutting energy subsidies, and boosting revenue, including through reforms to move from a general sales tax to a value-added tax.

⁷⁰ Interview with Ratna Sahay, IMF Survey Magazine, IMF. <https://www.imf.org/external/pubs/ft/survey/so/2011/int063011a.htm>

including Amr Moussa, Amr Hamzawy, Mohamed ElBaradei, the Wafd party, and Hamdeen Sabahi, during an IMF delegation visit to Egypt in mid-April 2013 (Nelson and Sharp, 2013).

Another new dynamic in the post revolutionary context has been the obviously more vocal and influential public opinion role in the public policy making process. Despite the persistent efforts on part of the Qandil government to close the deal on the \$4.8 billion loan with the IMF (which was almost concluded in November of 2012), the social unrest and violent protests,⁷¹ as well as the media focus that prevailed during the time, prevented such a deal from taking place and the Qandil Government found itself unable to fully implement the IMF-negotiated economic reform program. On December 10, 2012, the Qandil Government officially retracted by requesting the IMF to delay the loan deal against the backdrop of rising discontent, a situation that would have further de-stabilized the country if austerity measure were introduced. The president also postponed planned tax increases that were part of austerity measures needed to restore fiscal space and secure the IMF loan.

While the business community generally supported austerity⁷² measures endorsed by the IMF, it was quite clear from those interviewed that there were very few meeting points between the business community and the Government in terms of the short-term growth model that Egypt should be pursuing, specifically during the Qandil administration. Measures such as the introduction of sales taxes and property taxes on industrial establishments were not deemed (by the business community) to be helpful to short-term growth.⁷³ There was a commonly-shared view that the government has not exhausted other options that could pose less harm to national industries. This was quite obvious in the tourism sector, which was one of the hardest hit by the revolution, where the government planned to introduce a 10 percent tax on hotel services, resorts and tourist transportation. Ilhamy El-Zayat representing the Chamber of Tourism, rejected any additional tax burdens or energy-related price increases, especially during the middle of tourist seasons, but suggested a more planned decision-making process where the announcement of increases would take place beforehand and before the tourist season. Wider public discontent with austerity measures did provide sufficient grounds on which the government, led by the Minister of International Cooperation and Planning, held a dialogue where seven national think-tanks discussed the various pillars of the reform plan. The dialogues could be seen as way of providing an academic seal of approval for the reform plan. It seemed to observers that the fact that the Government

⁷¹ During this period, specifically between November and December 2012, President Morsy had taken two controversial political measures stirring uproar from opposition, the judiciary and provoking street protests. The first incident took place on November 22, 2013 when he issued a constitutional declaration granting himself far reaching powers. This declaration was widely perceived as a major setback in the democratic transition process and was widely condemned both internally and externally. The second controversial measure undertaken by the former President was his insistence to put the draft constitution to referendum, a constitution that transpired from what was regarded constitution-making process that was skewed in favor of the Islamic parties in the parliament.

⁷² *The National Plan for Economic and Social Reform*, the GoE's 2012-2014 Plan, Fiscal and Monetary Policies, the Cabinet of Ministers.

⁷³ The decision was taken by the Government in September 2012, and was outright rejected by the FEI. See: Al-Borsa. 2012. "Emergency Meeting in the FEI to Discuss the Raising of Energy Costs in Energy Intensive and Less Energy Intensive Industries". September 12. <http://www.alborsanews.com/2012/09/15/اجتماع-طارئ-ب-اتحاد-الصناعات-ل/>

was trying to stay at arm's-length from organized business groups where business community members associated with the old regime was a contributing factor behind the resort to this tactic.

Nevertheless, since April 4, a revised economic programme was being discussed between the GoE and the IMF. The austerity measures were less ambitious than those planned in November of last year. Proposed measures included a gradual reform of fuel subsidies, and an extension of sales tax to fewer items than previously planned. However, with the overthrow of the Morsi regime, the negotiations had been completely put on standstill with the 2013 military backed government opting for disengagement from the negotiation process with IMF in favor of tapping Arab donors. The resort to external rent here again has some parallels with the previous regimes risk averse policy-making calculus where resort to austerity measures were regarded as a threat to status quo and social stability.

While the imperative to address macro-economic imbalances is eminent, at the same time the growing disillusionment of the public with austerity measures with the lack of an effectual increase in social sector spending, has put the stabilization process at risk. Indeed, austerity measures are a bitter pill that the Egyptian economy must swallow, in light of budget deficits and declining external rents, however, the political will to impose such measures have been lacking. Time and time again the business sector has been able to ward off some serious fiscal reform measures such as progressive taxes and property taxes on industrial property. Furthermore, public opinion has become more of a decisive factor during the post uprising context, something that was not at all common in the Mubarak era, the downside to this is that much needed fiscal reforms have not been adopted.

4.3.2 Tunisian Business and the IMF

Against the backdrop of shrinking investments, decline in tourism revenues and exports and a widening budget deficit, in November 2012 the Government of Hamadi Jebali had started publicizing the need to approach the IMF for a standby credit line worth \$2.5 billion for 2014 budget⁷⁴ and beyond. The Tunisian economy was going under a severe recession at the time due to the recession in Europe (a main destination for Tunisian exports), capital flight due to uncertain context and backlash against business community and worker protests and social unrest.

Similar to Egypt, negotiations with the IMF witnessed progressions and standstills due to the political instability and growing social tensions. It was only in June 7, 2013, and under the Government of Ali Laarayedh that the IMF approved a US\$1.7 billion Stand-By Arrangement with Tunisia to support its economic reforms focused on planned fiscal and monetary reforms including cuts on wages and subsidies; strengthening social safety nets; improving banking sector regulatory framework through audits of public

⁷⁴ The 2013 deficit was covered by loans from the World Bank (USD 500 mn) and African Development Bank (USD 500mn).

banks, strengthening banking supervision and aligning prudential norms with international ones⁷⁵. As planned, in March 2013, government increased fuel prices by 7%, a decision that was publicly announced in advance, thus did not pose as shock to the economy and private sector.

On societal buy-in and consultations with stakeholders, Amine Mati, the IMF Mission Chief in Tunisia, expressed that there have been consultations on the economic reform program with a range of actors, including representatives of the media, civil society, political parties, parliamentarians, labor unions and academics.⁷⁶ But according to actors from UGTT and business entrepreneurs, these consultations are simply window-dressing and that the structural weaknesses and development of inclusive growth strategies are left untouched. Indeed, this is one of the few policy issues where UGTT and UTICA have a common position, which was their refusal to have austerity measures imposed under the IMF agreements. There is consensus that restoring investor confidence is not simply resorting to IMF seal of approval on economic reforms but in tandem it requires persistency and commitment to achieve stable institutions and governments, and a renewal of economic strategies and the economic development model followed by Tunisia, rather than following the orthodox macro-economic stability and growth model proposed by IFIs.

Notwithstanding the subsequent foot-dragging governments in Tunisia, there has not been a break from the past policies and directions of governments in Ben Ali era in terms of following IFI prescriptions. Broadly speaking, the Ennhada led government economic policy platform is a repetition of the neoliberal policies of the past, constituting a path dependency (Kaboub, 2013). Without taking bold steps towards a deep restructuring process, social justice concerns and private sector development will remain elusive goals.

4.4 Anecdotal Evidence from Lobbying in Tunisia over the Investment Code

While the 1994 Investment Incentives Code⁷⁷ was considered to be quite generous in the incentives it stipulated, it was, however, not considered effective in building a diversified and high value added industrial base for the Tunisian economy. The flagrant regional disparities that the Tunisian suffered from and high unemployment was one of outcomes of this skewed investment regime whose the lack of good governance has led to a decline in investor confidence. It is important to bear in mind that one of the most common criticisms of the 1994 Investment Incentives Code was that it mainly attracted offshore investments in low value added and traditional sectors, and only a small clique of business

⁷⁵ IMF Survey Online. 2013. *IMF Loan Aims to Help Tunisia Boost Growth, Protect Poor*. <http://www.imf.org/external/pubs/ft/survey/so/2013/car061713a.htm>

⁷⁶ IMF Survey Online. 2013. *IMF Loan Aims to Help Tunisia Boost Growth, Protect Poor*. <http://www.imf.org/external/pubs/ft/survey/so/2013/car061713a.htm>

⁷⁷ For more information on the January 1994 Investment Incentives Code, visit: http://www.investintunisia.tn/site/en/article.php?id_article=789

community members benefited from it, by placing a cumbersome authorization process and multiple institutions that crowd out rival businesses. On this latter point, a recent World Bank study documents performance differentials between 220 firms⁷⁸ related to the Ben Ali Family and competitors (Rikers and Freund et al. 2014). The study shows that entry regulations such as authorization requirements and FDI restrictions have largely accounted for these 220 firms superior performance in terms of market share, employment, profits and growth of these variables, as compared to their rivals (ibid, 2014).

As it stands, reforming the investment code was a state centric process led by the executive in response to the need to address weaknesses in the 1994 investment code such as its lack of responsiveness to existing economic challenges; its unduly focus on fiscal incentives; the lack of a clear investment policy, and the ambiguity of the code and somewhat fragmentation in some areas that does not send positive signals to the investor; the lengthy procedures and multiplicity of organizations involved, as well as lack of performance assessment and follow-up mechanisms in place. Given this, by balancing four pillars of investment (rights of investors and investment guarantees, access to market, governance of the investment regime, and investment bodies' mandates), the proposed investment code is structured around four national priorities which is achieving regional development and inclusive growth, aiming towards an increase in value added of all sectors, the development of human capital and the enhancement of exports and the "internationalization" of Tunisian companies. Furthermore, a new investment agency is proposed to replace the API and FIPA which were the main regulatory agencies concerned with investment.

4.4.1 Government Consultation with Business: A Move to More Optimal Policies?

One of the main attributes of the reform process of the Investment Code which is of interest to this study, is the participatory approach adopted by the Government through which various ministries, public bodies and business interests were involved in the formulation of and consultation on the Code. On the government side, and at the forefront was the role of Ministry of Investment and International Cooperation, which had an instrumental role in bringing the Investment Code to life. In its entirety, the whole project was managed by a five member management team which included one official from the Ministry of Investment, two officials from the Ministry of Finance, one official from the Ministry of Rural Development, and another from the Ministry of Justice. Technical support came from the IFC, Ernst & Young Consulting and a local law firm Kallal and Associates, which is also affiliated to the NouR NGO.

⁷⁸ These are firms that are directly linked to the Ben Ali family and does not include firms with cultivated connections. These firms appropriated 21% of all net private sector profits and accounted for approximately 3% of private sector output.

A tri-partite committee was set-up that included (1) the above mentioned ministries, (2) related public agencies and bodies such as APII, API, FIPA and others and (3) an investment committee that included business interest representation organizations and members of the private sector. The private sector investment committee was designed to be inclusive as possible by including new business organizations such as CONECT, chambers of commerce (local and foreign), NGOs and entrepreneurs beyond the usual suspects. In terms of process, periodic meetings were held with the private sector committee and concerned stakeholders to present progress on the Code, both nationally and regionally. According to Mohamed El-Shiaty, 30 consultation workshops were organized during the course of the formulation and drafting of the Code. In addition, a survey of 140 Tunisian enterprises was organized to understand investment regime challenges from the demand side.

While the involvement of SMEs has been less visible, the process in which the proposed new Code was developed has merits, and can provide some lessons for other countries in the MENA region. Yet a number of influential business organizations, economic specialists and entrepreneurs did express some reservations on the Code, which were mainly concerned with the lack of an underlying vision and strategy, and the lack of political will to adopt structural and sweeping changes needed to revolutionize the business environment. According to Hichem Fadel, the Government is not focusing on what entrepreneurs need but is re-inventing the old investment regime. He suggested “Instead of providing unrestricted fiscal incentives, what the government should be doing is imposing a 10% corporate tax, a removal of tax breaks and bringing down the number of authorizations from around 160 to 20 at least” which he thinks would put the investment climate reform process on the right track. Another skeptic was Majdi Hassan from IACE who believed that no one stands to gain from the new Investment Code, which lacks strategy and an underlying vision. He commended the process in which the Code was organized, but underscored that the main challenge lies within politicians who are avoiding taking difficult decisions. According to him, the Investment Code will not be passed in its current form, and will be amended. As mentioned previously, representation is not the panacea for good policy making, but what is also required is a coherent vision/policy on the part of government.

So while creating the space for private sector involvement is an encouraging sign, the proposed reforms in the investment code have fell short of business community expectations and aspirations, as was re-iterated by various business organizations such as IACE, UTICA and CONECT. One of the main criticisms is that does not address the dualistic economic system which supports the coastal regions and offshore production and services at the expense of south-west and centre west. Tunisian social media was also critical of the tutelage of IFIs and international donors in Tunisian economic policy making as in the case of the Investment Code Reform. A social media platform like Nawaat suggested that the investment code was basically the product of an externally driven agenda, which impinges on the autonomy of the

Tunisian Government. The fact that IFC had provided technical assistance and a €625,000 grant to fund the revision of the code was shunned.

The formulation of the new Investment Code underscores (at this stage) a disconnection between economic policy making and the business community. The difference between optimal and sub-optimal policies in this case lies in the capacity of the government to present a viable vision that breaks away from the political economy of the past, is internally driven and based on an understanding of sector specific challenges and opportunities from the business community.

The concept of a path-dependence of policy and distribution brought about by institutional economics discourse (North, 1990) and comparative institutionalism (Grindle, 2001) comes to light here. Similar to the 1994 Investment Code, the proposed reforms to the investment code will continue to permeate patterns of investment that are supported by certain interest groups with strong bargaining power that benefit from these institutional arrangements, one of them being foreign capital and Tunisian firms that benefited from the old system of incentives. Politicians are not willing to pay the political costs of changing this institutional pattern, especially in light of the power relationships supporting these institutions.

5. PRELIMINARY CONCLUSIONS

5.1 Has ‘State Capture’ Ended?

As the uprisings have instigated a long and protracted process of political evolution (Khashan, 2012), the dynamics of state-business relations have mirrored such change resulting in a revisionism in the state capture model but not an end to state capture. So while it may no longer be easy for the state to be captured, state insulation from rent-seeking and capture is not likely in the foreseeable future, due to institutional weaknesses of the state, the evolving nature of the political system, the still dominant role of personalized relationships and informal networks, the entrenched elements of the old regimes in the state apparatuses and business, and the limited role played by civil society as a countervailing force and a propagate for democratic processes. In other words, while state capture conceptually will not change in terms of susceptibility of the state to capture by private interests but rather that actors most influential within the previous system of state capture have changed. New dynamics such as regime rise and fall, a populist leaning policy-making process, more vocal labor organizations and the spread of ICT and social media activism allowing for greater participation, will likely reshape the state capture model. The competition induced by the emergence of new business interests and their organization, and the backlash against corrupt government officials and business interests associated with Ben Ali and Mubarak regime have also reduced the space for opportunistic behavior by business. So while opportunistic behavior has

surfaced, as per the MB affiliated businessmen attempts to capture contracts or crowd out existing private sector interests in Egypt, this has been challenged by media and some civil society oversight. The role of the military in the economic and political landscape in Egypt is another important factor that would most likely curb state capture or re-capture of the state by the businessmen from the old regime (Joy, 2009).

5.2 Policy Recommendations

- One of the most important trends in the post uprising context that needs to be nurtured is *the formation of formal independent business structures* that rival existing business interest organizations that are tied to the state. Independence of business associations is key factor in striving towards a more equitable and inclusive economic policy making process. According to both the Egyptian and Tunisian experiences, business associations that are affiliated to government tend to be dominated by large industrialists that are proven to be less willing to challenge the status quo, and encourage deep structural change in the economy. Supporting and encouraging the formalization of rival business organization structures, can challenge dominant business interests. However, it is equally *important for smaller business interests and losers from the pre-existing system to organize themselves*, which the research has proven is still a process at its nascency, and is impeded by costs of organizing. Perhaps donor support to emerging structures, which has been highlighted as an area of interest, can be tapped on.

Furthermore, the *self organization of business needs to stem from a broader and a more encompassing perspective of its role in this changing environment and how this relates to other stakeholder groups*. So at any moment in time, business interest organizations need to avoid a resort to rhetorical public interest arguments to advance a position or a policy, but should instead be fully informed and should pay due consideration to the impact of positions held on other stakeholders. The need to self-organize is imperative to push for an inclusive pro-growth development strategy, to create an enabling business environment and supportive economic policies for investment and trade growth.

- It remains within the domain of *government to create regular and transparent consultation mechanisms and channels for private sector participation in economic policy-making*, as well as achieving balanced representation of business interests, where no particular group gains a preponderance of power. Taking example from the Russian experience, addressing state capture

involved the federal government building a system of collective representation that would represent large, medium and small business (Yakovlev, 2006).

- In a post uprising context where decision-making powers is witnessing more dispersion, and there is an upsurge in the role of labor organizations (specifically in Tunisia), media and public opinion, ***business associations need to adopt new advocacy strategies*** that reflect both the new institutional environment and emerging power structures by resorting to evidence based policy research, gauging public opinion, adopting consensually agreed upon positions and coalition building with other business interests and other stakeholders.
- Another outstanding trend in both in Egypt and Tunisia is ***the emergence of more activist business associations*** (e.g. NouR) ***or interventions*** (e.g. the participation of the FEI in constitution-making process) that has been supported by the opening of political space. In light of the empirically proven links between economic reform and political liberalization, this trend should be viewed favorably, as publicly active business association can wield the necessary leverage to advocate for institutional reforms necessary for inclusive economic reforms and growth. Evidence from post communist transitions economies suggests that corruption increases business formation, since business associations can serve as a check on the state, and curb corruption (Duvanova, 2007).
- ***The tradeoff between credibility and representativeness of business interest associations***, as of the case of CONECT and UTICA, is omnipresent in the post uprising context. So while an organization like UTICA has authority to represent the business sector, it does not necessarily yield the credibility needed to influence policy in an effective manner. On the other hand, CONECT has the independence and strategic approach necessary to be considered a reckonable force in the area of business advocacy. This tradeoff is an issue contemplated in developed contexts also, where representative institutions with a large membership base renders it challenging to reach consensus on policy positions due to the weak internal mechanisms for mediation and consensus building, and the politicized process of reaching decisions. Whereas in smaller organizations that directly represent their members, inclusively reaching common positions can be effectively achieved in a timely manner.
- It is worth underscoring that one of the most serious challenges inflicting state-business relations at large is related to the blanket crackdown and the demonization of the capitalist class. At the

highest levels of government, in both Egypt and Tunisia, these measures were frowned upon and were regarded as detrimental to the Egyptian and Tunisian economy⁷⁹. There was, however short-lived, confidence building measures taken by the Morsi administration with local and foreign investors mainly through reconciliation and negotiation of settlements with investors facing legal proceedings and for which there was no verdict yet reached by the judiciary⁸⁰. Yet, till this day there has been no serious attempt to *set clear criteria regarding what constitutes illicit private sector gain and corruption in both Egypt and Tunisia*. To say the least, the process is considered ambiguous and mainly populist and possibly politically driven, with private investment being a net loser, and with economic suffering and unemployment on the rise due to dwindling investments.

⁷⁹ Interview with Rachid El Ghannouchi, President, Ennhada Party, March 2014.

⁸⁰ Al Ahrām. 2013. "Official Spokesperson for the Cabinet: Egypt Protects Foreign Investment." Al-Ahrām Newspaper, Issue no. 46182, May 16th, 2013.

LIST OF INTERVIEWS

INTERVIEWS HELD IN EGYPT

1. Ahmed Galal, Managing Director of the Economic Research Forum, and Former Minister of Finance in interim government on 16 July 2013
2. Tarek Tawfik, Federation of Egyptian Industries Vice Chairman and Managing Director of Cairo Poultry Group
3. Hamdy Rashad, Chairman Investment Committee, Egyptian Businessmen Association
4. Sherif Bahig Hamdy, Project Officer, Advisory Services Division for the Middle East and North Africa, International Finance Corporation
5. Mohamed Youssef, Policy Coordinator, Social Fund for Development
6. Amr Gohar, Chairman, ECCO Outsourcing
7. Adel Abboud, Executive Director, Egyptian Federation for Small and Medium Enterprises
8. Gamal El Din Bayoumi, Chairman, Arab Investors Union
9. Samir Radwan, Former Minister of Finance in interim government (January 2011 to July 2011)
10. Wael El Zoghby, Executive Director, the Egyptian Businessmen Development Association, EBDA
11. Mohamed Kassem, Chairman of the Ready Made Export Council, and CEO and Chairman of the World Trading Company
12. Omar Sabbour, Former Chairman of the Egyptian Junior Businessmen Association (EJB), and Managing Director of Oriental Resorts
13. Wael Ghanem, Co-Founder Aleyat Economic Development Association and Former Board Member of the Egyptian Junior Businessmen Association (EJB)
14. Hassan Malek, MB Business Leader and Chairman of the Egyptian Businessmen Development Association, EBDA
15. Dina Kafafy, Senior Economic Advisor, the Egyptian National Competitiveness Council
16. Dalia El Hawary, Advisor to the Minister, Ministry of Investment
17. Abdel Hafez El Sawi, Head of the Economic Committee, Freedom and Justice Party
18. Mohamed El-Shiaty, Operations Officer, International Finance Corporation

INTERVIEWS HELD IN TUNISIA

1. Ahmed Riza, Managing Director Maghreb Papier
2. Habib Khedher, Rapporteur General de la Constitution, National Constituent Assembly
3. Abdelrahmane Lahga, Economic Advisor, Union Générale Tunisienne du Travail / Tunisian General Labor Union, (UGTT)
4. Elyes Jeribi, CEO and Co-Founder, Linkao

5. Giorgia Albertin, Resident Representative for Tunisia, International Monetary Fund (IMF)
6. Jade Salhab, Consultant Expert, Specialist in Private Sector Development, World Bank
7. Selim Ghorbel, Member of the Executive Bureau in Charge of International Relations, UTICA
8. Maher Kallel, President, Nouvelle Republique-NouR NGO
9. Hichem Ben Fadhl, Executive Director, Afek Tounes and Director General of the International Maghreb Merchant Bank
10. Mehrezya Al Obeidy, First Vice President National Constituent Assembly
11. Nizar Alaya, Office of the Prime Minister
12. Ridha Chkoundali, Director, Center for Economic and Social Research Studies
13. Monia Jeguirim Essaidi, Vice President, Confederation des Entreprises Citoyennes de Tunisie – CONECT
14. Laith Ben Becher, President, Syndicate of Farmers – Synagri
15. Rachid Al-Ghannouchi, President, Ennhada Party
16. Majdi Hassan, Executive Counsellor, Arab Institute of Business Leaders –IACE
17. Mohsen El Jandoubi, President, the Tunisian Organization for Social Development

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Suggested topics for research included; transition and consolidation processes of the new political regimes; modes of mobilization and expression of emerging and informal political actors; the role of the state in polities, societies and economies; civil society and its relation to governance, constitutional debates, constitutional reform; changes in the legislative and the judiciary; platforms of political parties, coalition-building among diverse political actors; governance of religious, linguistic, ethnic diversity and gender equality; social demands, labour activism and the role of trade unions and professional associations; transformations in the security sector and the role of the media.

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