FOUR

The New Authoritarianism

The present volume deals with transitions from certain authoritarian regimes toward an uncertain "something else." That "something" can be the instauration of a political democracy or the restoration of a new, and possibly more severe form of authoritarian rule. The outcome can also be simply confusion, that is, the rotation in power of successive governments, which fail to provide any enduring or predictable solution to the problem of institutionalizing political power. Transitions can also develop into widespread, violent confrontations, eventually giving way to revolutionary regimes, which promote changes going far beyond the political realm.

—GUILLERMO O'DONNELL and PHILIPPE C. SCHMITTER, *Transitions from Authoritarian Rule*, 3.

What determines the outcome of transitions away from certain authoritarian regimes toward an uncertain alternative "something else" in the Middle East and North Africa? If the outcomes are new forms of authoritarian rule, what are the salient traits of these new autocracies? This chapter has three related goals. First, it argues that the authoritarian leadership in Egypt, Syria, Algeria, and Tunisia made timid turns to democratization in the 1980s and 1990s. The leadership then utilized single-party institutional structures and new patronage opportunities generated by privatization to subvert full

transitions to democracy and to reinforce control over a new form of authoritarian rule that can be characterized as a crony capitalist and landlord spoils system cloaked in a multiparty democratic façade.

Second, by showing the transformation in the substance of authoritarianism in this period in a subset of Middle Eastern states—the single-party Arab republics—it argues that authoritarianism in the Middle East and North Africa is both persistent and dynamic; and emphasizes that the shifting social relations, policies, and legitimacy strategies embodied in the new MENA authoritarianism have immediate effects on the welfare of millions of Egyptians, Syrians, Algerians, and Tunisians.

Third, the chapter calls into question assumptions in the neoclassical political economy literature by demonstrating that instead of dismantling rents, economic liberalization in the Arab single-party socialist republics reorganized opportunities for rent seeking,[1] and did so in a manner that benefited different social groups. Rent-seeking coalitions have been transformed in Egypt, Syria, Algeria, and Tunisia from the broad populist coalitions that sought rents created by public-sector jobs, access to state-owned land, welfare outlays, protectionism, subsidies, and tariffs to the urban- and rural-elite distributional coalitions of the more market-oriented environment that pursue rents generated by the privatization of state-owned enterprises and land.

Explaining the Authoritarian Outcomes of the Political Openings of the 1980s and 1990s: A Funnel Approach

After the gradual move toward the new authoritarianism (discussed at the end of chapter 3), Egypt, Syria, Algeria, and Tunisia introduced new multiparty experiments in the 1980s and 1990s and accelerated economic liberalization by taking crucial steps toward privatizing their economies. Once these transitions from a certain authoritarianism to an uncertain something else began. a range of factors influenced the authoritarian outcomes of the countries' political openings. In the funnel approach presented in chapter 2, variables at a particular level of analysis are understood to explain part of a regime outcome; hence, one must consider variables from all levels to approximate a full explanation. At the outset here, I highlight factors that contributed to authoritarian outcomes in the Arab republics but that could not serve as full explanations if we failed to consider how autocrats utilized patronage-based economic liberalization and the dominance of ruling parties and affiliated corporatist organizations to subvert impulses toward democratic politics. Or, in the language of the funnel approach, domestic structural changes and an institutional legacy were particularly important factors that enabled authoritarian incumbents to transform authoritarian rule without losing power and control.

In terms of macro-structural factors, international political trends and global economic changes worked against democratization during the Arab republics' political openings in the 1980s and 1990s. Even before September 11, 2001 and the rise of international Islamist terrorism, global powers had been more willing to accept authoritarianism in the Middle East and North Africa than elsewhere in the developing world.[2] Globalization, which favored capital over labor, weakened the economic power and political clout of workers and peasants who felt increasingly alienated from the authoritarian regimes in Egypt, Syria, Algeria, and Tunisia . In terms of national culture, claims that Arab and Islamist societies were impervious to democracy did not fit the reality of democratic impulses in the region nor its diversity. Nonetheless, patronage politics did act as a historically specific cultural factor that contributed to sustained authoritarian rule.

In addition to single-party legacies, other institutional arrangements influenced the choices of political activists and elites that served to perpetuate authoritarian rule in the four countries discussed here.[3] Autocratic rulers became adept at divide-and-rule tactics to prevent a broad coalition of parties from overtaking the ruling party, including allowing some to compete while outlawing others. Electoral and political party laws were designed to subvert democracy; electoral fraud was common. Freedoms of association and press were limited when deemed necessary by autocratic leaders. State parties received the bulk of government campaign funding and perpetuated their amalgamation with the state. Opposition parties could not find private money because those with resources did not want to back losers. To prevent political parties from gaining support, the regimes favored independent candidacies and funneled political participation toward other civil society organizations. To weaken the power of "popularly elected" parliaments, rulers installed or gave more power to unelected upper houses.

The resort to sheer repression and the security state served as the bluntest incumbent strategies for utilizing institutions as resources to sustain authoritarianism. More favorably endowed in the areas of military, security, and police capabilities than other developing countries, rulers proved willing to unleash these powers when threatened.

Islamism, the most powerful social movement in the Middle East and North Africa, fostered authoritarian trends. Regime leaders in all four cases utilized the threat of Islamists to turn authoritarian after soft political openings. The domestic violence of militant Islamists persuaded many citizens of the four countries to accept their rulers' explanations for limiting democratic progress or for making sharp authoritarian turns. Yet while not in the majority, moderate Islamists who adopted expressions of Islam compatible with democracy and human rights offered the potential for Islamism to contribute to democratic rule.

At the leadership level, rulers in the region over time demonstrated personal preferences for authoritarianism even when the prevailing structural and cultural conditions provided them with small openings to shift their countries' political systems in a more democratic direction. All of these factors were necessary but insufficient explanations for the authoritarian outcomes of transitions away from the old authoritarianism in Egypt, Syria, Algeria, and Tunisia.

In addition to the above factors, economic reform in the Arab socialist republics created and favored a rent-seeking urban and rural elite favoring authoritarian rule. Resources were increasingly taken away from the workers and peasants; they were the groups with the most to gain from democratization. The changes in the domestic structural conditions, in conjunction with the social-control powers of state party institutions and their affiliated corporatist organizations, drove the outcomes of political openings in an authoritarian direction.

Given their economic gains, landlords and capitalists showed little inclination to struggle for democracy and transparency at a time in which their countries were experiencing political openings. Instead they rallied in support of the ruling parties during the various multiparty experiments. The losers of economic reform, workers and peasants, had increasingly good reason to be advocates of democratization, but they found themselves confronting state elites in control of a ruling party that was amalgamated with the state. In addition, they confronted the state parties' affiliated corporatist organizations, which had been designed to incorporate and demobilize worker and peasant political power. Their narrow choices remained as follows: to accept their vastly diminished role in the coalition of the ruling party and whatever state patronage remained for them; to support the weak secular or liberal Islamist opposition parties that were unlikely ever to obtain patronage to distribute; to turn to radical Islamists if especially aggrieved; or simply to withdraw from politics and ignore the multiparty elections that had become part of the political landscape. Overall, these new social relations and policies reflected how authoritarian incumbents utilized ruling-party institutions and new sources of economic patronage generated by privatization to undermine the development of competitive multiparty politics during the political openings of the 1980s and 1990s in Egypt, Syria, Algeria, and Tunisia.

The New Authoritarianism in Egypt

As the previous chapter recounts, in the immediate aftermath of Nasser and the Free Officers' military coup in 1952, the emerging regime staked its legitimacy on statist and populist policies that enabled workers and peasants to make important gains in Egypt's domestic political economy. However, the gradual economic and political liberalization that began in the mid-1970s eroded those gains. The full transformation to the new authoritarianism, ushered in decisively by politicized privatization policies to the benefit of economic elites, included changes in political institutions, policies, ruling coalitions, and legitimacy strategies; and can be dated from Mubarak's political opening in 1984.

Political Institutions

A number of institutional changes have occurred in Egypt since Mubarak took power after the assassination of President Anwar Sadat in 1981. Most prominently, he has presided over the development, or reemergence, of a façade of multiparty politics, under the continued domination of the state party, the NDP. The NDP itself has been transformed from a populist party to one that caters to economic elites, increasing a trend that began in the 1970s under Sadat. An Islamist party, the Muslim Brotherhood, has emerged as the main opposition social force and the only real threat to single-party rule in a nominally multiparty political system. State corporatist mechanisms of social control in Egypt under Mubarak have been frayed, with significant splits resulting between the base and leadership due to Egypt's economic reforms, especially privatization. Presidential power has increased.

This section highlights the capacity of single-party regimes to orchestrate changes in ruling coalitions, control elite fragmentation during difficult times, and deliver the votes of alienated constituencies in multiparty contests. We also analyze the decision-making process behind Egypt's various steps to implement and backtrack from political and economic reforms under Mubarak. While discussing a number of structural considerations that impinge on elite decision making for political and economic reform, it emphasizes how Mubarak and other Egyptian leaders have utilized state party and state assets as resources to sustain authoritarian rule while publicly claiming to be committed to a transition to democracy.

Three years after coming to power in 1981, Mubarak relaunched Egypt's embryonic multiparty political system. A number of themes emerge from the controlled multiparty elections that have been held in Egypt under his rule. First, no opposition party that represents the interests of the bourgeoisie, labor, or peasants has been able to gain traction against the state party. Instead, economic elites have supported the NDP while workers and peasants have signaled their discontent with the regime largely through strikes and struggles against the regime-controlled leadership of the national trade union federation. Second, the Muslim Brotherhood emerged as the strongest opposition social force in Egypt. Third, both state patronage and NDP institutional resources, including ancillary corporatist organizations, have been mobilized to prevent Egypt's timid political openings from spiraling out of regime control.

During the era of multipartyism under Mubarak, Egypt's state party has proven to be adept at creating a new social base of support among economic elites. The natural party of traditional economic and political elites in Egypt, the Wafd (an updated version of the nationalist party during Egypt's pre-1952 liberal era) began well in Egypt's multiparty legislative elections by garnering fifty seats in the 1984 elections. Their number of seats in parliament dwindled, however, in successive elections, to thirty-five in 1987, a boycott in 1990, six in 1995, seven in 2000, and six in 2005 (see election results in tables 4.1–4.3, at the end of this section). For the most part, landlords and the private-sector bourgeoisie have supported the NDP in Egypt's multiparty legislative elections.

The number of businessmen in parliament increased during the 1980s and 1990s. These new parliamentarians overwhelmingly supported the long-dominant NDP. The electoral laws of 1986 and 1990 allowed independent individuals—those not affiliated with any political party—to run for elections. This law resulted in the election to parliament of a number of prominent businessmen who ran as independents only to join the NDP after being elected.

The higher numbers of businessmen and landlords in parliament became noticeable in the 1995 elections when they comprised 16 percent of the new parliament. The total number of members included 66 businessmen, 59 of whom belonged to the NDP.[4] In the 2000 elections 120 prominent economic elites took office as representatives of the NDP.[5] From 2000 on, businessmen rose sharply in prominence in that party. The policies committee, the most powerful group in parliament was formed by Gamal Mubarak, son of President Hosni Mubarak, and included powerful businessmen such as Ahmad Ezz, Husam Badrawi, Ibrahim Kamil, and Jamal al-Nizar. The local NDP cells also began to include more businessmen.[6]

In addition to the capacity to create a new core base of support, the NDP has been able to prevent elite fragmentation. This capacity was strikingly put to the test at the end of the 1990s. As noted by Jason Brownlee, an internal split roughly along generational lines led a younger leadership within the NDP to consider breaking away to form their own political party, the Future Party. The new generation consisted of men, largely educated in the United States and Great Britain, who had close ties with the business community and wanted to accelerate economic and social reforms.[7] The conflict was resolved when the younger group, headed by Gamal Mubarak, was enabled to take more control within the party. Plans for the Future Party were dropped after its core members took over leadership of the NDP;[8] the government formed by Ahmed Nazif in 2004 represents this group.

The NDP was able to maintain electoral control during the shift to multiparty politics partly by blocking the emergence of a labor- or peasant-based political party capable of challenging its hold on power. The nexus of political, economic, and security power that the ruling party can deploy in "contested elections" has successfully stunted the

growth of secular opposition parties.[9] The leftist Tagammu and Nasserist parties lack a strong popular base, and no leftist party has garnered more than twenty-seven seats in any election. Indeed, that number was reached only once, while their highest share of votes beyond that total in any election has been just six. Their poor showing is largely due to the NDP's monopoly of state patronage and government controls on labor-organizing that restrict the parties' outreach to their natural constituencies—Egyptian workers and peasants. Even though the NDP has sharply curtailed the Nasserist era's job security, subsidies, benefits, and welfare provisions, it has continued to turn a sufficient number of public resources into patronage goods that benefit popular sectors to bias electoral competition in its favor. More significantly perhaps, the NDP has utilized its roots in society and the party machine throughout the country to deliver the peasant and labor vote.

With Egypt's multiparty elections under Mubarak, the votes of workers and peasants have been delivered by the NDP party machine and security agencies, even when the political programs of other parties were more suited to their interests.[10] Monitors of the 2005 presidential and legislative elections claimed that the state collectively transported workers from industrial areas to vote. During the voting process they were watched by NDP deputies to insure votes for the state party. Six months prior to holding elections, the state bolstered support for its party by opening up slots for seasonal and part-time employment in state institutions.[11] A study of parliamentary elections between 1981 and 2005 revealed that public expenditures flowed to the urban poor, small farmers, and state bureaucrats in the months preceding each election. These expenditures increased inflation and reduced the state's fiscal reserves.[12]

The Egyptian Trade Union Federation was also used to deliver the votes of workers.[13] In some cases, there were threats to deprive workers of social security benefits provided by the ministry of social affairs.[14] Some powerful businessmen who own factories collected thousands of workers' votes for themselves as NDP candidates, by busing the workers in from their factories to vote. Ahmad Ezz, a wealthy and powerful member of the NDP, collected significant numbers of votes in this manner.[15]

Peasant votes were also delivered to the state party. The NDP typically co-opted its candidates from local notables who in turn were used to distribute patronage: "Patronage could range from the distribution of chickens at election time, to the promise of government jobs or the delivery of roads and utilities to a village, to the refurbishing of the local mosque."[16] For most peasants, issues and ideologies rarely played a role in voting behaviors; many voters either lacked political consciousness or were unconvinced of the efficacy of voting in an authoritarian regime.[17] In rural areas, most people cast their votes for the notables for whom they worked or for those who had the government connections to deliver favors. The government could thus offset the votes of the more politically conscious with a mass of rural votes delivered on a clientage basis.[18] The efficiency of the NDP machine in local areas delivered a high percentage of rural voters, often up to 40 percent, that made up for very low urban turnout.[19]

In villages in upper and lower Egypt, NDP members used microphones to get out the vote and charged fines to those who did not vote. Government officials took peasants to the polls in groups.[20] NDP deputies kept a close-enough watch on the proceedings to violate any secrecy of the ballot. Bribery, threats, and mobilization of the collective votes of peasants were accompanied by government officials providing peasants with ad hoc services and goods in order to win NDP votes.[21] In towns and villages, government officials erected new buildings, amended laws to benefit certain areas economically, and improved public services around election time to deliver votes to the NDP.[22]

In addition to the obstacles to electoral competitiveness posed by the government party, including their capacity to turn public resources into state patronage under the NDP banner, the opposition parties have their own weaknesses. In the 2005 elections, none of the opposition political parties was able to position a new dynamic leadership with persuasive, concrete plans of action and a suitable nationwide organizational framework.[23] The parties in most instances lacked internal democracy and were unable to connect with popular constituencies.[24] Added to or as a result of ruling party machinations and opposition party impotence is a disengaged electorate—voting in urban areas is as low as 10 percent—largely uninterested in multiparty elections because of the nature of the political arena that the government has imposed.[25] In the 2005 historic multicandidate presidential election, less than 10 percent of the country's thirty-two million registered voters turned up to vote.[26]

Political parties often play a minor role in a popular upsurge's mobilizations and pressures. Most of the effort is often borne by unions, professional associations, human rights organizations, religious groups, intellectuals, and artists.[27] As just discussed, opposition parties are frequently in too great a disarray, due to steps taken by the state party and their own weaknesses, to accomplish this task. Instead of taking a stand in Egypt's controlled multiparty elections, the popular mobilization and pressure against economic reform and political reform has often been centered in the base of unions that are frequently at odds with the leadership of the country's peak federations, and by peasant insurrection and violence in the countryside.

The only legal labor unions in Egypt are still part of the Egyptian Trade Union Federation (ETUF), the national confederation of unions that became a part of the state apparatus under Nasser. After the Egyptian government tangibly began privatizing in 1991 with the implementation of law 203, the ETUF leadership endorsed the legislation.[28] This step severely strained state corporatist mechanisms of control in Egypt, as workers resisted the privatization policies that their national leadership adopted. The implementation of law 96 in 1992 that resulted in upward land redistribution and the reversal of Nasser's agrarian reforms mobilized peasants in a similar manner.

Despite laws forbidding strikes, strikes against privatization in Egypt occurred in the early and mid-1990s.[29] The textile industry led the way with major strikes at Misr Fine Spinning and Weaving in Kafr al-Dawar in November 1994 and Misr Helwan Spinning and Weaving in August 1998.[30]

Since 2004, Egypt has been experiencing its longest wave of worker protests and strikes since World War II.[31] Wildcat strikes have flared across the country, hitting everything from small processing factories to massive state-owned enterprises.[32] In addition to new strikes in the textile industry, demonstrations and strikes have occurred among food processing workers, garbage collectors, Cairo subway workers, and others.[33] In 2006 alone no fewer than 222 sit-in strikes, worker stoppages, hunger strikes, and demonstrations occurred in Egypt.[34] There were more than 200 worker protests in 2005 as well.[35] To respond to this substantial and broad-based kind of resistance to the regime, government authorities have been using proceeds from high oil prices and the sales of state-owned enterprises (SOEs) to quickly, if often only partially, respond to striking workers' demands for unpaid bonuses, benefits, salaries, and compensation for lost jobs and arbitrary dismissals resulting from privatization.[36] However, the government has utilized the stick as well as the carrot. In late April 2007, it closed down the headquarters of the Center for Trade Union and Workers' Services (CTUWS) and shut down its local offices. CTUWS offers legal aid to Egyptian factory workers, and educates workers and the public about Egyptian labor law. In reaction to government repressive measures toward the CTUWS, members of various civil society organizations began a sit-in to express solidarity with the organization.[37] The CTUWS also aroused government repression by reporting that the government interfered in the 2006 union elections of the ETUF. Strikers complained that the government should address the causes of the widespread labor unrest instead of going after workers' rights groups.[38]

The current strike wave began at the same time as the emergence of the Kifaya (Enough) protest movement, and during a period when the Muslim Brotherhood demonstrated broad popular support. Since 2004, both of these movements, along with leftists and secular nationalists, have been behind the strongest pro-democracy street protests in Egypt in years. The Egyptian government clamped down on Kifaya and the Muslim Brotherhood recently, and now are doing the same against the workers' movement. Government repression has ramped up as activist workers shift their focus from wages and benefits to the explicitly political question of their relation, through the ETUF, to the state.[39] The government is aware that there is a new movement afoot to replace the ETUF with an independent trade union federation; the regime intends to thwart it.[40]

To appease workers as they dismantle the old social contract, the Egyptian government has implemented different projects for financial compensation. In 2005 compensatory plans were put in place before 41 state companies were privatized. The 41 companies raised the number of privatized state enterprises to 234 out of the 314 SOEs affected by law 203 of 1991. Compensatory strategies included early retirement programs for workers in SOEs funded by foreign donors and privatization proceeds. Workers were offered upfront cash payments based on their anticipated salary losses, along with a monthly stipend.[41] Critics complained that the pensions were less than half of what the workers would have received under the old plan, and alternative job opportunities

were nonexistent. Workers often accepted out of fear that their alternative was not receiving compensation at all.[42] Implicitly acknowledging the issues in a recent Labor Day speech, President Mubarak asserted that the state is committed to maintaining the hard-earned gains of workers. He claimed that he gave rigid directions to the government to protect workers' rights during the application of the privatization program and also made unions partners, in bargaining and evaluation to obtain the best terms, in the process of selling state-owned enterprises. He pledged that the state would expand its social security system by one million families and would raise the level of pensions.[43]

Peasant reaction to economic and political reform in Egypt has been just as volatile as the reaction of workers. Law 96 of 1992 reversed Nasser's land reforms and returned land to large landowners and landlords. The changed law increased levels of tenant impoverishment and led to systematic violence.[44] Its full implementation occurred in 1997 with fear, in some quarters, of social revolution. While revolution did not occur, the level of violence in rural politics in the wake of the reforms has been sometimes intense, and has been minimally reported by the Egyptian government. With little result, tenant farmers have also pursued legal channels to retain their land rights; thousands have gone to courts and have filed lawsuits through organizations such as the Land Center on Human Rights (LCHR).[45]

The LCHR in Egypt documented 32 deaths, 751 injuries, and 2,410 arrests between January 1997 and May 1998 in the Egyptian countryside, related to the implementation of law 96. There were also violent clashes in about one hundred villages in Egypt that year, resulting in numerous incidents of intimidation, illegal detention, and torture of farmers on the part of the police and security forces.[46] Between January 1998 and December 2000 there were a total of 119 deaths, 846 injuries, and 1,409 arrests related to the law.[47]

The violence stemming from law 96 can be further cataloged. In February 1996, a tenant farmer was stabbed to death by his landlord after refusing to evacuate a plot of land.[48] In December of that year, organized resistance began when some three thousand tenant farmers in the town of Beni Suef, 150 kilometers south of Cairo, demonstrated against a branch of the Agricultural Credit and Development Bank which refused to offer the farmers' annual loans due to the impending implementation of law 96. The farmers marched to the governor's office to protest the law. The security forces ended the demonstration by arresting ten protestors.[49] The opposition newspapers *Al-Destour* and *Al-Sha'b* were shut down for reporting these and similar incidents.[50]

The dispute in Beni Suef marked the start of a series of protests denouncing the law in the Egyptian countryside; these took the form of meetings, demonstrations, signature collections, the raising of black flags over rooftops and in fields, and the display of signs in houses.[51] There were efforts to organize these protests. A group of opposition parties and NGOs organized the Farmers' Committees for Resistance to Law 96, and the Tagammu Party staged a rally in Cairo against the law on April 30, 1997. Seven thousand farmers gathered to protest. In response, the state used repressive measures designed to target armed Islamic groups against the tenant farmers and their supporters.[52] Many of the protests erupted into violence. In two southern villages, several thousand leaseholders gathered for a march and then blocked the main traffic thoroughfares and local railroad tracks. They set fire to several houses of local landlords and a bus, killing three people and injuring twenty. The next day in a Nile Delta village, tenant farmers set fire to the offices of the local branch of the ministry of agriculture in an attempt to destroy land tenure records. More than 160 people were arrested. In another delta village, a seventy-year-old tenant farmer and his wife were beaten to death by the owner and his son for refusing to pay a rent increase.[53]

There were other sparks of resistance to the new land policies. Farmers held meetings sometimes backed by NGOs and opposition political parties to discuss their rights under the law. These meetings were followed up by the police taking in many participants for questioning.[54] Farmers in a village in the Talka district designed and hung up banners condemning the law and were quickly arrested by security forces and prosecuted for inciting protests.[55] Similar arrests occurred in other villages in reaction to plans to hang black banners on the walls of agricultural cooperatives as a sign of mourning to protest the law.[56]

Formal political institutions have been too weak or too hostile to advance the interests of peasants during the revolution in rural social relations caused by law 96. State corporatist organizations and rural cooperatives are dominated by NDP members and large landowners.[57] Despite years of efforts by peasant activists and leftist intellectuals, it is illegal for peasants to form their own independent trade union.[58] The

reconciliation committees created to resolve disputes have systematically favored landlords.[59] The security forces, police, and gangs of thugs hired by landlords and backed by the central government to enforce the law have suppressed resistance harshly and have created a new fierce view of the security state in the Egyptian countryside.[60] The secular opposition, Tagammu, Labor, and Nasserists organized opposition against the law, and the parties and tenant farmers collected 350,000 signatures petitioning the government to change the law. Asserting that opposition to the act could not be so strong, the minister of agriculture refused to accept the petition.[61] The compensation of distributing reclaimed desert land to some tenants was not accompanied by the resources needed to make farming in those areas viable.[62]

While workers and peasants strained against changes in the NDP state largely outside the electoral arena, the mobilizational force of political Islam challenged the regime's commitment to controlled pluralism at the ballot box, and at times with violence. In Egypt there currently are Islamic political movements that correspond to Neo-Islamic Totalitarianism, Liberal Islam, and movements somewhere in between. In this chapter I describe the activities of the Neo-Totalitarian, Jamaat al-Islamiyya (Islamic Group), the Wasat (Center) Party that represents a form of liberal Islam, and the Muslim Brotherhood, a movement that falls in the middle. The Muslim Brotherhood is Egypt's most powerful opposition force.

The Islamic group is Egypt's largest Islamist militant organization. The organization's roots began among students at Asyut University in Upper Egypt, led by Umar 'Abd al-Rahman and Karam Zuhdi. This group participated in theatrical acts of violence designed to bring down the regime in Egypt in 1974–1981, culminating in the assassination of Anwar al-Sadat in 1981.[63] Some of its radical leaders were former Muslim Brothers. The group began a new wave of violence in 1992 that largely ended in the late 1990s due to a combination of repression and the loss of public credibility.[64] The armed offensive included the assassination of the secularist journalist Farag Fuda in June 1992, the intensification of armed struggle in Upper Egypt spurred by the arrest of Umar 'Abd al-Rahman in the United States in 1993, and the massacre of fifty-eight foreigners and four Egyptian tourists in Luxor in November 1997. A faction of the Islamic Group with a global perspective sought to engage the "greater enemy" in Afghanistan and elsewhere; that group includes al-Qaeda's number two man, Ayman al-Zawahiri.[65] Around the turn of the twenty-first century, the Islamic Group within Egypt, including Sheikh Umar 'Abd al-Rahman, made a firm commitment to nonviolence in statements sent to newspapers and other outlets.

The Wasat political party began as a splinter group from the Muslim Brotherhood in 1996. It claims to represent the middle (*wasat* means middle) position between those who subscribe to a rigid defense of Islamic tradition and those ready to jettison that tradition in its entirety in favor of values and institutions imported from the West.[66] Unlike the Muslim Brotherhood, and in the spirit of Liberal Islam, it disagrees with approaching the *shari'a* (Islamic law) as a fixed and unchanging set of rules hostile to Western values and institutions. Instead, it interprets *shari'a* as compatible with popular sovereignty, ideological and political pluralism, and equal citizenship rights.[67] The Wasat Party advocates opening up political office including the presidency to non-Muslims and calls for full citizenship rights for women and non-Muslims.[68] Like all religious parties, the Wasat Party is banned from the formal Egyptian political system. It has much less popular support than the Muslim Brotherhood.

The Muslim Brotherhood is Egypt's oldest and most influential Islamic political organization. Running as independent candidates and in alliance with secular political parties, the Muslim Brothers has the most popular support of any opposition social force, as the election results at the end of this section indicate. Like the Wasat political party, in recent years senior Brotherhood leaders have incorporated rhetorical support for democracy, pluralism, and human rights in their official statements, but their sincerity in this regard is doubted due to their insistence on rule according to strict enforcement of traditional legal rulings and traditional interpretations of *shari'a*.[69] Their support for popular sovereignty is undercut by their qualifying statements that insist that man is only allowed to rule according to principles of religion and strict enforcement of *shari'a* as traditionally understood.[70]

In the mid-1990s, during its counteroffensive against the wave of violence from the Islamic Group, the Egyptian government declared that in terms of using violence there was no substantial difference between the Muslim Brothers and the Islamic group. Hence, the government cracked down on both.[71] Publicly, the Muslim Brotherhood, occupying a grey zone between Neo-Islamic totalitarianism and Liberal Islam, continues to propagate a nonviolent Islamist message and continues to organize to overtake Egypt's controlled multiparty political system by winning majority representation in both civil society and the parliament. After the Muslim Brotherhood's success in the 2005 elections, in which they won a historically high number of opposition seats and demonstrated that they are the main opposition to the status quo, the Mubarak regime intensified measures to drive them out of the formal political system. A national referendum championed by Mubarak gave limited legislative authority to parliament's upper house, which was previously an advisory body. The Muslim Brotherhood was ousted from the electoral competition for seats in the Shura Council (the upper house created to provide secure support for the regime) by the regime, thus enshrining the prohibition of political activity informed by religion.

The oscillation between opening and closing of political space in Egypt under Mubarak raises the question of how structural factors such as the balance of class power, cultural influences, and historical institutional arrangements influenced his political formation of preferences and power. In terms of decisions about political and economic reforms, the evidence indicates that Mubarak and other Egyptian leaders believed that they could increase regime legitimacy by conducting multiparty elections while utilizing the state party to maintain power and control and state patronage to rebuild a coalition of support. While leadership choices regarding political and economic reforms in Egypt as elsewhere are often connected, for analytical purposes this section will discuss political reforms and the next section will discuss decision making with regard to economic reform.

Observing the Egyptian legislative elections of 1984 and 1987, one analyst argued that there were steps toward real democracy and that the steps were taken because Mubarak himself was a democrat. According to Derek Hopwood, writing in the early 1990s, Mubarak "genuinely wishes to see a wider democratic system which is introduced by consensus and responsibility."[72] Other analysts have been less convinced and for good reason. Based on an analysis of Mubarak's speeches, Roger Owen has argued that Mubarak wanted democratic legitimacy but continued authoritarian single-party rule:

> To begin with, his speeches have consistently made the point that Egypt's pre-1952 exercise in pluralism was a total failure, with the parties of those days occupied with their own disputes and incapable of uniting their efforts to confront the demands of national independence. He has been equally insistent that the introduction of democracy is a difficult business and can only be properly achieved over a long period of time.[73]

Owen puts the preference for single-party rule into historical perspective; one can infer that justifications for this form of authoritarianism are part of the socialization process within the NDP leadership. To explain the measured political reform steps that Mubarak took, Owen points to their role in building up support and helping to defuse some of the tensions of economic liberalization exacerbated by growing international debt.[74] It is important to note that between the 1984 and 1987 elections, Egypt experienced a second dose of volatile bread riots linked to new cuts in consumer subsidies, along with a violent mutiny among the Central Security Force, and strikes over workers' pay. Mubarak and his ties with Washington were blamed. The army quickly contained the situation.[75]

In 1990, Egypt's Supreme Constitutional Court ruled that the 1986 election law, prepared for the 1987 elections, was invalid because it discriminated against independent candidates, and declared that the parliament elected under that law to be null and void. Again, Mubarak suspended parliament early, this time by two years, and new elections under different electoral laws were held in 1990.[76] While nominally more competitive, the NDP won those elections in a landslide as well. Mubarak was again able to claim some democratic legitimacy without the threat of losing power.

The legislative elections of 1995 were widely viewed as a setback in terms of political reforms. The context contributed to the backtracking. In 1992, the Islamic Group launched a broadside-armed offensive against the government. When the United States arrested Umar 'Abd al-Rahman in the United States in 1993, armed conflict intensified between the security services and the Islamic Group.[77] The government was also aware of the civil war in Algeria that began after the Islamist FIS won parliamentary elections and were not allowed to take power in early 1992. The Egyptian government responded with harsh repression against its own Islamists, lumping the Islamic Group and the Muslim Brotherhood together, though the latter renounced violence

officially. The dialogue between Islamists and the government was, to put it mildly, strained. In his version of Egyptian–Islamists relations, Mubarak summarized the situation at that time in this way:

> The Illegal Muslim Brothers and the so-called Islamic Groups are all the same. They say they are moderates. There are no moderates. . . . Since the 1970s there was some kind of dialogue. It continued to some extent until 1992 in hopes that these people could be persuaded to give up violence. But then [militants] came back from Afghanistan and started using machine guns and killing people here. . . . When they killed the speaker of the Parliament and a famous writer, and started to attack tourists—just anybody on the street, we said "enough!" . . . Look we understand this area very well. [In response to U.S. pressure to engage with Islamists:] Your media said that Americans were "advising Egypt with their dialogue." Never. And whoever says to me "dialogue," I tell him, "No. Go have a dialogue in your own country. We know our people, and how to deal with them."[78]

Repression in the mid-1990s in Egypt was also increased to stifle resistance to economic reform policies that were leading to readily apparent gross inequalities.[79] The legislative elections of 1995 reflected these societal strains; indeed, the Egyptian government utilized its entire "menu of manipulations" and coercion to engineer a parliament in which all but 14 of 444 seats went to the NDP.[80] At that point, the support of economic elites was vital due to the regime's need for allies, within a mass of discontent; and by that time landlord and capitalist support of the NDP was already growing within parliament. The government also had to gamble that state control over unions could contain dissent.

In contradiction to the results of the 1995 elections, President Mubarak told reporters that high voter turnout was a "clear sign of the impartiality and fairness of the electoral process, and an indication of the progress of democracy in Egypt." Yet when asked whether he intended to make changes to accompany the installation of the new parliament he seemed irritated by the suggestion, "What change?" In response, he asked,

> What will we gain from making unnecessary changes? . . . the present government could remain for several years and could be changed in three months. But there is no need to change the

> government completely and bring in one, which knows nothing about how to run the country's affairs and starts studying things anew and saying this or that was wrong. That would create a period of paralysis for the country. I have no time for paralysis. The processes of political reform and development are going ahead, so I am not going to stop them.[81]

In its clashes with the government in the 1990s, the Islamic group targeted the tourist industry in particular, culminating in a massacre of fifty-eight foreigners and four Egyptians in Luxur on November 17, 1997. According to one analyst, the combination of repression and loss of credibility following the incident ended the viability of the jihad option in Egypt.[82] The quelling of Islamist violence in the late 1990s set the stage for new political reforms. The Supreme Constitutional Court (SCC) ruled that the 1990 and 1995 parliamentary elections were unconstitutional because they did not permit judicial oversight. Instead, the status quo was enforced when the ministry of the interior began to supervise the elections.

The 2000 elections were the first elections supervised by the judiciary, a long-time opposition demand. The elections took place in three stages due to the limited number of judiciary members. These elections, which were moderately more favorable to the opposition parties, countered the trend in which the NDP had steadily received increasing shares of parliamentary seats: 68 percent in 1987, 86 percent in 1990, and 94 percent in 1995. The NDP's share fell to 87.8 percent of the 2000 parliamentary seats.[83] The elections, however, were also marked by broad repression of the Muslim Brotherhood, which appeared to be growing in popularity (17 new members of parliament out of 454 were members of the Muslim Brotherhood running as independents), a stifling of civil society organizations, and new tactics to prevent judicial oversight by requiring that judges stay inside the polling station while regime intimidation occurred outside, and by naming state attorneys as judicial observers.

The tepid step toward political reform in Egypt in 2000—allowing electoral supervision by the judiciary as required in the Egyptian constitution—was attributed by one analyst to an economic crisis in the summer before the November elections that fostered the consideration of political reform to relieve political tensions. Due to a liquidity crisis, the Central Bank devalued the Egyptian pound, the price of

many goods rose, and several parliamentary deputies were convicted of corruption.[84] The decision by the Supreme Constitutional Council to declare the 1990 and 1995 elections unconstitutional and provide for supervision of voting by the judiciary was also a response to charges of electoral fraud and corruption in the previous two legislative elections.

The Egyptian government allowed the SCC decision to stand in order to refurbish its own democratic credentials.[85] A government supporter noted President Mubarak's personal dedication to democratization and called the electoral reforms "the single most important political development of 2000 in Egypt . . . the president has acted rapidly and energetically to bring the ruling into effect, as a result of which legislative reform this year ensured full judicial supervision over the legislative elections for the first time in Egyptian history."[86] Mubarak's decision to allow judicial supervision also was aimed at the international community. In a speech given at the time, Mubarak asserted that the step "shows clearly that Egypt is a democratic country . . . which has a democratic system based on multiple parties and seeks to strengthen [its multiparty democracy] in conformity with the genuine nature of [Egyptian] society . . . and [its][87] values, customs, and traditions." Regionally, some speculated that elections in Iran, considered more democratic than those in Egypt, prompted a step toward democracy in Egypt in order to place Egypt at the forefront of political reforms in the Middle East.[88]

To explain the 2000 political reforms, other analysts pointed to a revival of street politics, regime unpopularity due to the country's ties with Israel, and weak Egyptian support for the second Palestinian Intifada. The regime calculated that opposition could be dampened by a democratic step to allow discontent to be registered within the system.[89] Again, this calculation also had to take into account the social control capacities of the NDP–Egyptian Trade Union Federation alliance.

A new phase of political reforms was launched in 2005. In a move that startled both Egyptians and foreign observers, Hosni Mubarak announced in February 2005 that the country's election laws would be changed to allow multiple candidates in direct elections for the Egyptian presidency. Previously, the Egyptian president had been elected by a two-thirds majority of the People's Assembly, and then, in a second stage, was confirmed by public referendum.

A range of explanations has been proffered to explain the leap to what turned out to be nominally competitive presidential elections in Egypt. Mubarak won in a landslide capturing 88 percent of the vote. To the cynical, the multicandidate presidential election was engineered to smooth the transition from Hosni Mubarak to his son, Gamal.[90] Others argued that domestic tensions had increased pressure for political reform.[91] Economic woes and social frustration had led for the first time to widespread public calls for alternatives to Mubarak: "While Egyptians have long sanctified or loathed the persons of their presidents, it is only during Mubarak's tenure that specific demands to trim presidential powers have migrated from the pages of law journals into everyday conversation."[92] At the time, the economy was beset by recession, double-digit unemployment, and glaring inequality. Police brutality between 2003 and 2004 caused further anger and disenchantment in Egyptian society.

A cabinet reshuffle in 2004 brought in a group of ministers committed to more rapid and unpopular economic reforms. The ministers of investment, finance, industry, and trade all were linked to a new market-oriented generation led by Gamal Mubarak.[93] That cabinet reshuffle led to the first ever public rally calling for Mubarak to step down. The demonstration was led by a group organized within days of the July 2004 reshuffle to protest what they viewed as a cosmetic change when the country required fundamental constitutional and economic reforms. The protestors wore stickers over their mouth with the slogan *Kifaya* (Enough).[94] The Kifaya movement went on to gather signatures supporting contested presidential elections.

International and regional factors also contributed to Mubarak taking the 2005 political reform step to hold multicandidate presidential elections. Between 2003 and 2004, the U.S. administration under George Bush introduced various plans to democratize the Middle East: the U.S.–Middle East Partnership Initiative (MEPI), the Greater Middle East Initiative, and a watered-down version of these two, the Broader Middle East and North Africa Initiative (BMENAI).[95] Because Egypt was a major regional ally and recipient of U.S. aid, the Bush administration expected Egypt to lead the way for freedom in the wider region.[96] The Egyptian government was publicly chastised by the U.S. Secretary of State, Condoleeza Rice, for its treatment of jailed democracy activist and respected researcher Saad Eddine Ibrahim, the director of the Ibn Khaldun Center for Development Studies. A G-8 statement of principles supporting Middle East democratization and desire for a U.S.–Egypt economic partnership initiative also figured into the regime's calculation.[97]

There were also regional pressures for political reforms, sometimes linked to the same pressure applied by the Bush administration on Egypt. The Palestinian presidential elections of 2005 were widely judged to have been free and fair. In Saudi Arabia, Crown Prince Abdullah pledged to hold the kingdom's first ever municipal elections. In Libya, Muammar Qaddafi pledged to cancel his country's emergency law. Speaking in 2004, Jordanian foreign minister Marwan Muasher stated that "A year ago, reform was not even on the radar screen of most Arab countries. . . . Today the debate has moved from defining the elements of reform to how to implement it."[98]

Reacting to the international and domestic pressure, Mubarak informed the public in a series of interviews that "ruling Egypt is no picnic" and that he was "compelled by presidential duty to sacrifice creature comforts such as dining out or frequenting the cinema."[99] Even as the regime was preparing for presidential elections, Gamal Mubarak remarked, in reference to ending twenty-three years of emergency rule and undertaking constitutional reform, that "it is not wise to broach issues affecting domestic stability, and it is not possible to follow the wishes of the man on the street on everything and make them a reason for fundamental change."[100]

After Mubarak's landslide victory in the 2005 presidential elections, parliamentary elections were held and were judged to be as free as any ever held in the recent multiparty era.[101] In the 2005 legislative elections, the Muslim Brotherhood gained the most. More secure about having stamped out radical Islamists, the government had shifted from a position of absolute repression to limited accommodation of the Muslim Brotherhood.[102] Running as independents, the Muslim Brotherhood won 88 seats or nearly 20 percent of the vote; The NDP won 311 seats or 68 percent. The secular opposition parties had formed the United National Front for Change and faired miserably. Tagammu received 2 seats and the New Wafd, 6. The Nasserist party did not win any seats, nor did the Liberal party, the right platform of Sadat's platform with Islamist tendencies.

After the 2005 elections, the Egyptian government sharply backtracked on political reform. A national referendum championed by Mubarak gave limited legislative authority to parliament's upper house, which had previously been an advisory body. In addition, constitutional changes removed requirements that judges supervise elections, enshrined the prohibition of political activity informed by religion, and allowed for the suspension of constitutional civil liberties in cases deemed by the government to involve terrorism.[103] Mubarak also canceled local elections scheduled for April 2007 and sentenced one of his presidential opponents, Ayman Nour, to five years in prison on trumped-up charges, and began criminal investigations on those in the judiciary who questioned his electoral cancelation decision.[104] Repression of the Muslim Brotherhood was stepped up by the regime as well. After their advances in the 2005 parliamentary elections, "Mubarak, who had never truly embraced democracy, reverted to his old autocratic practices."[105]

Other than dislike for the results of the 2005 elections and Mubarak's authoritarian ways, foreign influence had a role in the Egyptian government's backtracking. The U.S. pressure for political reforms weakened because of its preoccupation with Iraq and fear of Islamist takeovers across the region, including Hamas's victory in the free and fair 2006 legislative elections to the Palestinian Authority.[106]

At the time of this writing, March 2009, every multiparty parliamentary election in Egypt since their relaunch in 1976 by Sadat has delivered at least a two-thirds majority to the state party. That total is needed to pass legislation; such a landslide is always delivered in Egyptian elections, including the recent multicandidate presidential one. The top leadership in Egypt has clearly decided that limited reform can be managed by the NDP and its affiliated corporatist organizations, and that controlled multiparty politics is less costly than the social strains caused by a completely closed political economy enduring hard times and undergoing fundamental transformations.

In addition to experiments in multiparty competition and the weakening of state corporatist organizations, changes in political institutions that characterize a new authoritarianism in Egypt include increasing presidential power. Economic reforms globally have been accompanied by a shift in the policy-making process to privilege-insulated technocratic change teams under presidential auspices. This insulation of technocrats and the presidents' closest advisors has even

Table 4.1. Egyptian Legislative Elections

PARTY	1984	1987	1990	1995	2000	2005
NDP	390	348	360	417	388	311
Muslim Brotherhood	8	30	Boycott	1	17	88
New Wafd	50	35	Boycott	6	7	6
Socialist Labor Party		27	Boycott			
Liberal Party		3	Boycott	1	1	0
Progressive Unionist Party			5	5	6	2
Arab Democratic Nasserist Party					2	0
Nasserists						5
Independents			79	13	16	24
TOTAL	448	413	448	444	444	444

Source: Daniel Brumberg, "Liberalization Versus Democracy: Understanding Arab Political Reform," working paper, Carnegie Endowment for International Peace (Washington, D.C., 2003); Wikipedia 2005 results, accessed February 8, 2006.

been recommended by the international financial institutions pressing to advance market-oriented policies in the Arab world.[107] Multiparty politics weaken state parties in relationship to executive branch elites. In such circumstances, historic ruling parties to some degree have to compete with other parties for privileged access to presidential power. The new institutional arrangements reduce structural resistance to policies, which transfer economic management from the state–single-party alliance to the new state–bourgeoisie-private sector alliance.[108]

In sum, president Hosni Mubarak and presidents in the other former Arab socialist single-party regimes probably calculate that the new multiparty systems weaken the single party, the national trade union federation, the bureaucracy, and potentially the judiciary relative to themselves while retaining their social control capacities. Writing about Egypt under Mubarak, Jason Brownlee asserted that

Table 4.2. Egyptian Electoral Elections, Shura Council

PARTY	1980	1983	1986	1989	1992	1995	1998	2001	2004	2007
National Democratic Party										84
Independents										3
National Progressive Unionist Party										1
TOTAL										88

Source: Wikipedia 2007 results, accessed September 1, 2007.

> After a tenuous period of political opening in the 1980s and very early 1990s, the regime has progressively limited opportunities for the dispersal of power beyond the president, let alone for an actual alternation in power. If any form of "freedom" has been expanded in Egypt, meanwhile, it has been the freedom of the presidency from the informal constraints that earlier limited his authority. . . . Overall, pluralism has declined markedly since the outset of his rule. And unless domestic—perhaps more importantly—international actors compel the Egyptian president to cede power to other branches of government and to allow civil society organizations to operate independently, the outlook for organized political contestation in Egypt will only continue to dim.[109]

Perhaps to compensate for increasing presidentialism and partly due to the external pressures and domestic unrest just discussed, Mubarak implemented directly elected "contested" presidential elections in September 2005. Typical measures were taken to prevent any chance of an alteration in power, and Mubarak won by a typical landslide margin as indicated in Table 4.3.

Table 4.3. September 7, 2005, Presidential Election Results

CANDIDATES, NOMINATING PARTIES	VOTES	%
Hosni Mubarak, National Democratic Party	6,316,714	88.6
Ayman Nour, Tomorrow Party	540,405	7.3
Numan Gomaa, New Wafd Party	201,891	2.8
TOTAL	7,059,010	

Source: 2005 Election Data provided by Wikipedia, accessed September 16, 2007.

Ruling Coalition and Policies

The argument in this section is that the Egyptian government has utilized privatization policies to shape a new authoritarian ruling coalition among a rent-seeking urban and rural economic elite. The policies also deprived the Egyptian political system of an opportunity to foster democracy by distributing stock more broadly, thereby taking resources away from workers and peasants who increasingly have the most to gain from democratization. The results of Egypt's privatization policies (crony capitalism) and an analysis of Egyptian leaders' decisions to adopt economic reforms support this argument.

In 1984, when Mubarak relaunched multiparty political elections after the 1981 assassination of Anwar Sadat, the regime, through its economic policies, still maintained a multiclass ruling coalition and credible claims to populist legitimacy due to the extensive state sector employing organized labor, welfare policies, and Nasser's land reforms that continued to benefit peasants. In the course of the controlled multiparty elections in Egypt between 1984 and 2005, however, state-led economic liberalization, especially privatization, signaled a shift to a ruling coalition anchored by a rent-seeking urban and rural elite.

Privatizations of state-owned enterprises and land have been the most important economic reforms implemented by the Egyptian government. Theoretically, privatization policies should decrease rent seeking in the economy and should limit corruption. The general debates about implementing all aspects of an orthodox economic reform program have been driven by the proponents of the tenets of neoclassical theory, which assume that divestiture programs and other economic reform policies act to overcome rent seeking.[110] However, recent experience has demonstrated that economic liberalization is a process that reorganizes opportunities for rent seeking.[111]

There are a variety of methods by which ownership of State-Owned Enterprises (SOEs) can be transferred to the private sector. Firms can be sold to another company (anchor firm) or to a strategic investor after competitive bidding. The state can also liquidate public firms and sell their assets to the highest bidder. Other methods distribute stock more broadly. Voucher programs allocate shares of stock to all adult citizens on an equal basis, who may then choose either to hold their shares or sell them. Finally, employee stock ownership plans allow workers to purchase stakes in the firms that employ them in Employee Shareholder Associations (ESAs).[112]

Most economists and lending agencies tend to prefer sales to anchor firms or strategic investors because they assume that capitalist firms and strategic or wealthy investors will operate the enterprises according to efficient market principles and will infuse the firms with new capital to modernize equipment and production techniques.[113] But Egypt's privatization process has lacked the regulatory framework necessary to prevent the sale of the majority of its SOEs at below market value to a small group of investors. The result has been the creation of a series of privately owned monopolies or near monopolies. Ultimately, privatization in Egypt has been less about generating economic efficiency than about picking winners and losers.[114]

Privatization in Egypt began in earnest with the passage of law 203 in June 1991. The program aimed to privatize 314 public sector companies.[115] Out of the 190 companies privatized by 2002, a total of 34 were sold to Employee Shareholder Associations. The ESAs struggled. The 34 companies were sold in installments that were to be funded out of dividends, with the ESAs granted five to ten years to pay the holding companies. However, many of the companies failed to prosper and were unable to make the payments.[116] Most of the remainder of the companies were sold to anchor firms and strategic investors.

The Arabic press and Egyptian social science research centers have emphasized the prevalence of rent seeking in Egyptian privatization programs. Hassan Tawfiq Ibrahim argued that privatization led to state bureaucrats colluding with businessmen to purchase state-owned

enterprises at lower-than-market prices. He noted that while corruption had existed before, privatization opened the door wider due to the lack of transparency and accountability in the process of selling SOEs.[117] According to newspaper reports, the Egyptian government does not provide accurate figures about the total sum of money gained by the state treasury through the selling of public sector companies.[118] They assert that former Prime Minister 'Atif 'Ubayid presented contradictory figures that seem much lower than the actual market value of the companies sold. By 2000 the government declared that it sold 138 SOEs for less than $8 billion. In addition, the reports argue that profits from the sale of the enterprises that were supposed to be used to create new jobs never for the most part materialized. The unemployment rate in Egypt increased sharply in 2001.[119]

Ahmad al-Sayyid al-Najjar identified several companies that were sold by the government at prices so low that at times the price paid was lower than the value of the land on which the companies stood. These companies included an Egyptian state-run Pepsi Cola company, al-Nasr Boilers, al-Ahram Beverage, Asyut Cement, and the Meridien hotel. According to the author, all of these companies were profitable at the time that they were sold.[120]

The 2004 Human development report in Egypt unveiled more cases of rampant rent seeking,[121] declaring that the state sold profitable companies and kept failing ones. The central bureau of accounting, according to this report, is excluded from the privatization process, and parliament and its councils are not consulted about the selling procedures. The overall privatization process in Egypt has lacked transparency. In one case described in the report, an investor bought the Qaha Company for Preserved Food with a loan backed by fake guarantees and then kept the company even after failing to make installment payments.

The current Egyptian privatization policy of selling assets to strategic investors, small groups of investors, or anchor firms led to monopolies or near monopolies in many sectors of the increasingly marketized economy. These included cement, iron, food, telecommunications, and beverages.[122] For example, Ahmad Ezz, a powerful businessman and personal friend of President Mubarak, controlled more than 50 percent of the iron market, and Ahmed Baghat controlled more than 31 percent of the television market after such purchases.[123] Evolving monopolies and corruption have been reported in specific companies such as the Iron and Steel Company, Telemisr,[124] Nasir for Iron Pipes,[125] The Egyptian Company for Chemicals and Metals Trade, and the Holding Company of Tourism, Habitation, and Cinema.[126]

According to the opposition organization the Free Egyptians,[127] the president's son Gamal Mubarak has been linked to numerous rent-seeking arrangements via several organizations: the Policies Committee, the Future Generation Foundation, the Social Fund for Development, the U.S.-Egypt Business Council, and the Egyptian Center for Economic Studies. Prominent business partners of the Mubaraks in these endeavors include Ahmed Bahgat, Ahmed Al Bardai, Ahmed Zayat, Ahmad Ezz, Galal Abdel Maksoud Al Zorba, Hosna Rachid, Hossam H. Badrawi, Ibrahim, AL Alfi, Mahamed Farid Khamis, Mahamed L. Mansour, Mohammed Abou-Al-Enein, Raouf Ghabbour, Sarwat Sabet Bassily, Yaseen I. Loutfy Mansour, Yasser Al Mallawany, and Youssef Loutfy Mansour. The president's family gained stakes in numerous products, franchises, and companies including Sofitel, Hundai, Nissan, KFC, Skoda, Stella Beer, and Marlboro. The Mubaraks' partners acquired the most lucrative franchises and companies by utilizing supporting loans from state-associated banks attained without proper collateral.

Comprehensive data on the concentration of ownership in various industries would be one indicator of the overall amount of crony capitalism in Egypt. Unfortunately, this data does not exist.[128] Absent that, anecdotal evidence on conspicuous consumption indicates levels of cronyism in the privatization of Egyptian industries.[129] In the mid-1990s conspicuous consumption rather than productive investment increased, according to Egyptian economists:

> Between the Nile and the Cairo zoo, workers are constructing the First Residence, an exclusive apartment complex offering units at more than $3 million each, a helipad, and separate villas equipped with swimming pools. On Cairo's streets even the most expensive Mercedes Benz cars—such as the $440,000 model S600—have become a common sight. And at the upscale World Trade Center mall, a growing number of ritzy shops sell fine French china and imported designer clothing.[130]

As the rich have grown richer, the poor have become poorer. Economic reform has meant rising prices and fewer job opportunities for Egypt's population of 60.6 million, striving to survive on $750 a

year per capita. "The gap [between rich and poor] is certainly getting wider," said Galal Amin, an economics professor at the American University of Cairo. "In the '90s this disparity has become very obvious."[131] The structural-adjustment policies, which were applied in 1991, were much harsher than those applied in the 1970s, but wealthy entrepreneurs took advantage of the growing capitalist atmosphere.[132] On Egypt's north shore and the desert road from Cairo north to Alexandria, developments of million-dollar villas are sprouting. Shops sell designer clothing by Christian Dior and Donna Karan, Lalique crystal, and Cristofle silver.[133]

Another description of conspicuous consumption in Egypt concluded with the following:

> But five years of free-market economics have contributed to a surge of luxury spending in Egypt, at least by a privileged few. Like Moscow or Shanghai, Cairo is awash in the badges of new wealth, from $14 million penthouse apartments to gourmet bakeries selling cheesecakes for $50 each. In perhaps the ultimate testimonial to Egypt's new-found purchasing power, the German luxury-car maker BMW recently announced plans to open an assembly plant here. Mercedes-Benz is expected to follow.[134]

Moving beyond the discussion of crony capitalism and conspicuous consumption, land privatization policies in Egypt have also been more about choosing winners and losers than about generating economic efficiency. An analytical literature focuses on the relationship between farm size and productivity;[135] its central theme is that smaller holdings are more productive than larger ones per unit of land. The arguments supporting the superior productivity of smaller holdings highlight the reliance on cheaper family labor (instead of hired labor). Supervision costs of managing hired labor and enforcing effort are higher. Often large holdings are not cultivated entirely and some elites hold stretches of property for reasons of political power or prestige rather than undertaking active exploitation of full productive potential. Dangers of overproduction are low for smaller, family farms. Defenders of large farms contend that the use of farm machinery requires a minimum farm size. However, the literature asserts that capital is often scarce and labor abundant in developing countries, so costly machines should be avoided where possible. In addition, in those cases where large machinery is useful improved rental programs could easily make the necessary machines available to small farmers.

As discussed, recent land-tenure policies implemented in Egypt reversed Nasser's land reforms. The Egyptian agrarian reform of 1952 maintained the private property of the original owners, but beneficiaries received inheritable tenancy rights where the rent was fixed at seven times the land tax. Tenants could be evicted only if they did not pay the rent, and they were registered in agricultural cooperatives as holders, farming the land as if it were their own. Landowners were unable to sell their land because rents were not reevaluated and over time fell to levels that were much lower than market value, with the added burden of tenants who for the most part could not be evicted.[136]

Rent ceilings and secure tenancy led to the stagnation of agricultural production. Rents remained fixed much too far below market prices and frequently peasants did not have the resources to increase production. Through law 96 of 1992, the Egyptian government revoked Nasser's Agrarian Reform Law of 1952 that gave tenants rights of security of tenure and legal rights of tenancy. After a five-year transition period, on October 1, 1997 all owners were able to retake their land and charge tenants market-based prices. To explain the tenancy reforms, the Egyptian government stated that it was redressing an imbalance that had emerged over time between rental values and market rates for land.[137]

The solution to the conflict between tenants and landowners could have been resolved in a number of ways, including efforts to bolster small-scale ownership and production among former tenants in a more market-oriented environment. In the end, however, law 96 dramatically favored the interests of owners over those of tenants. Tenants were evicted en masse and compensation to them amounted to only one-fifth of the sum considered during the debates on the subject. In addition to these rent ceilings, the state chose to sell much of publicly owned lands to the highest bidder, causing a steep drop in the proportion of small landowners[138] By the end of the 1990s, 7 percent of the population owned 60 percent of agricultural land.[139] A close observer of rural politics in Egypt claimed, "In passing [law 96] the GOE managed a most careful slight of hand: they managed to mask the naked return of power, money and authority to [landlords] while insisting no change to the Nasserist revolutionary inheritance that secured tenant

rights [had occurred]."[140] The Egyptian government chose winners and losers in this instance, weakly backed by claims of increasing productivity. By formulating Egypt's agricultural crisis as a crisis of ownership rather than access, security of property rights for owners rather than security of rights for tenants and employment opportunities for the landless and near landless, law 96 accelerated rural social differentiation, marginalized female-headed households, and promoted a return to indentured child and adult labor.[141]

Resistance against deepening economic reforms in Egypt slowed privatization during some years and helped achieve marginally better terms for workers, but by the time of this writing in 2009, most state assets had been privatized to the benefit of urban economic elites; land tenure rights had also been returned to landlords. In addition, most state subsidies that benefited workers and peasants were reduced or cut all together, including those on rice, sugar, cooking oil, fuel, power, and transportation. Privatization ended job security and associated social provisions.[142] Observers have noted deteriorating social conditions in Egypt since the early 1990s, and although certain social indicators such as life expectancy and infant mortality have improved, unemployment, poverty, and income gaps reportedly increased in the 1990s.[143]

Given the strains on social equity generated by the marriage between wealth and political authority in Egypt, how can we explain the government's decision to implement politically motivated economic reforms? The evidence suggests a calculation by the upper echelons of the state and government to build a social base of support from rent-seeking urban and economic elites, and enrich themselves in the process.

Effectively economic liberalization in Egypt had stalled between the late 1970s and early 1990s. However, in the 1990s significant economic reforms were implemented, signaling an end to the logjam.[144] Between February and October 1991, the government changed the foreign exchange system into a largely market-determined rate. In January 1991, banks became free to set interest rates. In the same year, parliament approved a budget to cut the government budget by 9.5 percent of the GDP. Beginning in 1990, subsidies were reduced on a large variety of goods, especially energy products. Subsidies for basic foods, cigarettes, and fertilizers were also cut.[145] Most fundamentally in terms of a deepening of economic reforms and a shifting of social relations in Egypt, privatization of state assets began seriously in the early 1990s.

What caused the logjam against economic reforms in Egypt and what ended it? The Egyptian government's resistance to most elements of an orthodox economic reform program, especially privatization, throughout the 1970s and the 1980s has been explained in various ways. Domestically, some scholars argue, the balance of class power was against reform.[146] It was asserted that states had difficulties imposing policies that noticeably discriminated against urban populations, especially labor, that could protest and demonstrate against reforms; and since governments typically give top priority to political stability they were not willing to deepen economic reforms to include privatization and higher unemployment. Similarly, structural adjustment harmed the interests of other citizens working in the public sector and they, along with labor, successfully organized against a deepening of reform. In contrast, those who stood to benefit most from the implementation of a full orthodox economic reform program included commercial agriculture, private industrialists, and export sectors that would have to anticipate future but uncertain gains; the latter groups were more weakly organized to complete the economic reform process than the defenders of the public sector who stood to lose much quickly.[147] This perspective, however, is blind to the real possibility of economic elites being aware of potential gains and organizing to pursue the uncompetitive appropriation of state-owned assets. In this light, the formation of new ruling coalitions built upon state privatization policies provides a plausible explanation for the breakdown of state resistance to full economic liberalization.

Other related factors posited that contributed to the stalemate of economic reform included the threat of destabilization from a population that was as a whole unwilling to accept a violation of the social contract implied by the regime's statist and welfare policies. Finally, it was argued that internationally Egypt was strategically important to the West and therefore able to earn rent in the form of large amounts of foreign aid that delayed economic reform.[148] In a similar vein, worker remittances and oil sales stalled reforms.

To explain the breakdown of regime resistance to a deepening of economic reform and privatization in the early 1990s, some scholars referred to a change of hearts and minds among high-level Egyptian government officials and Western donors who came to believe that the statist policies and partial economic reforms were not sustainable and

that delaying full reform meant sacrificing Egypt's economic future and causing persistent economic crises that typically lead to political stability. Egypt's growing foreign debt contributed to this sentiment and weakened the government's autonomy in the economic policy process.[149]

Samir Sulayman made the case that the availability or lack of sufficient government revenue has been the decisive factor in Egypt's economic reform trajectory.[150] According to him, in 1987 the state signed an economic reform agreement with the World Bank due to a financial crisis stemming from a decline in oil prices, a decline in Suez Canal revenues, and a decline in immigrant labor remittances from Egyptians working in the Gulf. The state then signed an agreement with the IMF and rescheduled its external debt with the Paris Club. The state failed to abide by these agreements and in 1990 the Egyptian government began to appear like a hopeless case and an international beggar.[151] However, in 1990, the first Gulf War erupted and the rewards Egypt received for its military and political help contributed to the implementation of more economic reforms to satisfy its creditors. After the war, Egypt experienced an economic upturn from contributions from Western and Arab governments and their cancelation of debts that totaled around 24 billion dollars. This influx of foreign exchange reserves increased the political feasibility of implementing all measures of the structural adjustment and stabilization packages that Egypt had signed with the IMF and World Bank.

In terms of accelerating economic reforms, analysts also pointed to an improved ability to manage the implementation of economic policies: the government timed policy changes on holidays when street protests were unlikely. Reform by stealth strategies included removing subsidized goods from shelves rather than cutting the subsidies. The government made the reforms more of their own initiative rather than IMF or World Bank initiatives by presenting the policies as locally designed. Finally, the 1989 collapse of the Soviet Union made alternative ideologies less appealing.[152]

Changing views on economic reform in Egypt had to reach the very top. Mubarak had to change his position from his stance in the 1980s when he talked of public and private sectors as complementary partners and referred to the IMF as a quack doctor reflected by its belief that the private sector, which had never met investment targets, could work wonders in Egypt.[153] Due in part to the already described factors, Mubarak and his top officials changed their minds about deepening economic reforms in the early 1990s. Mubarak's speeches began to embrace the once-scorned IMF and World Bank prescriptions and he endorsed their suggested reforms.[154]

In a Labor Day speech in 2006, Mubarak extolled the virtues of economic reform and privatization.[155] In that speech, he backed economic reform in Egypt because it was a policy package that had proved successful in many developing and advanced countries alike, including the former Eastern bloc. He stated that Egypt could not ignore global trends reflected in market economics, privatization, and the World Trade Organization. He argued that the global context made privatization beyond debate, and that it was a means to encourage private investment, raise the growth rate, and create more jobs. He remarked that the privatization program was meant to save the public money by divesting the state from enterprises that the private sector could handle more efficiently. For Mubarak the question had become *how* to privatize state assets and protect workers' rights and benefits. On this point, he asserted that privatized companies, even foreign-owned ones, operated under Egyptian laws that protect worker rights and benefits.

In a sense Mubarak's change of position reflected long-term changes in the balance of class power in Egypt and the formation of a new distributional coalition of urban and rural economic elites who were poised to gain from privatization. The upper echelon of state officials, some within Mubarak's family, stood to profit from the government's privatization policies. Beginning in the late 1970s, businessmen and their organizations emerged as a strong and unified force, increasingly independent from government control, even as the trade unions remained under considerable government control. Business groups mostly favored the full orthodox reform package including privatization and began participating in its design in parliament, and in the ruling NDP in greater numbers.[156] Powerful elements of the business community and landlords realized that they could anticipate gains from market reserves made available by state withdrawal. Government elites, including the military, also had formed growing alliances with business families and stood to gain personally from privatization. In this manner, economic reform characterized by patronage contributed to a change in the balance of class power within Egypt and helped alter

the economic policy preferences of powerful government officials and economic elites while creating a new set of allied interests and coalition partners that buttressed the regime's ability to govern.

Beyond providing support for the NDP, businessmen and landlords operating within the NDP contributed to the formation of economic reform policies from which they decisively benefited. A powerful group within the NDP has been characterized by Ahmad al-Sayyid al-Najjar as a new ruling coalition of capital-owning bureaucrats who have been behind the recent steps in economic liberalization and have amalgamated themselves with private capital when crafting economic reform policies.[157]

Economic elites in parliament allied with the NDP, strongly influencing government policies to conform to their interests in privatization, tax law, antitrust, trade agreements, and labor laws.[158] They head important legislative committees, such as the Planning and Budget, Economic, and Industrial Committees. In 2005, the new taxation law 91 placed an increasing burden on the shoulders of the middle and lower classes while cutting taxes for the wealthy. The law cut the highest tax rate from 40 percent to 20 percent. The top rate was also applied to a greater number of people; anyone earning over 40,000 Egyptian pounds a year owed the same amount of taxes. The difference between taxes paid by the poorest and richest Egyptians was reduced to 10 percent. This meant that businessmen making millions paid insignificant tax rates relative to their income and also benefited from industrial and commercial public services that small businesses paid out of their own pockets.[159]

Employees working for the state also were disadvantaged by the new tax policy. Taxes are deducted directly from their monthly salary, while powerful business owners continue a high rate of tax evasion.[160] In addition, new antitrust laws did not provide strong enough regulation to end the monopolies formed from privatizing state assets.[161] Businessmen in Egypt have also influenced the state in their adoption of trade agreements. For example, members of the Egyptian press charge that Egyptian textile and apparel entrepreneurs negotiated the establishment of a Qualified Industrialized Zone with Israeli counterparts without parliamentary debate.[162]

Labor policy in the form of the Egyptian Unified Labor Law 12, implemented in 2003, reflected the desires of capital much more than labor.[163] The labor law increased the power of the state-allied ETUF leadership, and weakened the power of the rank and file. The right to strike was exchanged for the right to fire, but strikes from the base, where militants operated, had to be approved by the leadership.[164] All of these laws were enacted in spite of the objections of the leftist opposition parties. There were two Nasserist deputies and six from Tagammu in parliament when these laws were implemented. They raised fierce arguments about these laws, but the voice of the NDP majority prevailed.[165]

In sum, during Mubarak's political opening, landed elites and business classes within the NDP successfully pressed for their material interests and personal freedoms in parliament, while the new system largely excluded the mass public from these same opportunities. In addition to state policies and laws favoring economic elites, the expansion of judicial powers during the era of multiparty politics has been utilized primarily to ensure new property rights to the benefit of the urban bourgeoisie and landlords, while secondarily protecting the right of the masses to assemble and protect themselves from state abuses.[166]

Finally, for the reasons described at the beginning of this section, the Egyptian government felt that they had a quiescent-enough population and a strong-enough base of support in the early 1990s to deepen privatization and market reforms in the manner that they did. This sense of state control also came from the limited opposition to Egypt's participation in Gulf War I. Regime leaders felt that they could move ahead on economic reform without the dangerous widespread demonstrations of the 1977 bread riots. They were partially correct. Protests in Egypt against economic reform in the 1990s and early twentieth century did not provoke the generalized instability of 1977, but protests have been widespread among workers, peasants, and Islamist organizations.

Legitimacy

All of the recent elections in Egypt attest to the regime's pursuit of electoral legitimation. Maintaining eudaemonic legitimacy, the promise to improve people's lives and welfare, has been difficult for a Mubarak regime implementing neo-liberal economic reforms in the manner that they have done. The rational legal legitimacy earned from the successes of economic reform ring hollow when privatization has benefited a rent-seeking urban and rural economic elite. In response to the changes in social relations and setbacks to workers and peasants that have resulted from new policies, the regime has sometimes sought to hide the unpleasant realities. The distributive effect of economic liberalization, especially privatization, led the Egyptian government to restrict the media. Law 93 of 1995 significantly widened the definition of crimes such as the propagation of false information and punished citizens convicted of these crimes more severely. The aim was to make it easier for the regime to suppress information that either explicitly or implicitly contained accusations of corruption. The law also led to the suppression of various periodicals, including state prevention of the distribution of *Al-Destour* and the *Cairo Times*.[167] Law 93 targeted the broad coverage of corruption in which politicians, higher civil servants, top managers of the public sector, or private business people were involved. The law followed on the heels of rumors that the sons of President Mubarak had received an important commission for the sale of Airbus aircraft to Egyptair.[168]

The regime also has sought to maintain a patina of continued populism. The World Bank supports Egypt's Social Fund for Development that aims to create employment and provide a social safety net.[169] Early retirement programs and selling shares of state-owned enterprises to workers exist but are flawed and limited.[170] Coerced charity forms a similar function. Mubarak cajoles Egypt's rich private-sector entrepreneurs to support state programs such as his voluntary school-building program. There is the implied threat that the rich should remember how they made their money in the first place and how they may lose it or lose future opportunities.[171]

Defining legitimacy as political stability without the need for coercion leads to pessimistic conclusions about Egypt under Mubarak. The secret police and military bureaucratic structures in Egypt can be both generally repressive and sharply coercive. Egyptians have been living under a state of emergency law since Sadat's assassination. The law allows the government to detain people without charges. Security services in Egypt have been accused of torturing detainees by domestic and international human rights organizations. The Egyptian government is moving toward replacing emergency laws with counterterrorism laws that will achieve the same ends.[172] Military trials with dubious links to justice are often used against the civilian opposition. In a 2007 case that garnered international attention, the Egyptian government refused to allow Human Rights observers to attend as requested the military trials for thirty-three leaders of the Muslim Brotherhood.[173]

Beginning in the early 1990s, Egypt experienced a substantial degree of political deliberalization and state coercion that was spurred by the violence of the Islamic Group but extended to other parts of civil society. Repressive amendments to the penal code in 1992 and to legislation governing professional syndicates and trade unions, as well as unprecedented electoral fraud, were some of the indicators of broad repression. As Eberhard Kienle notes, "Though related to the conflict between the regime and armed Islamic groups, the erosion of political participation and liberties also [reflected] other factors, including attempts to contain opposition to economic liberalization."[174] Amendments to the penal code aimed largely to combat Islamist violence also were invoked against the secular Tagammu party.[175] As previously discussed, repressive measures were also taken against opposition-party members who supported sharecroppers against the effects of law 96 of 1992 that reversed Nasser's land reforms. Unpopular economic-reform laws also provoked the regime to seek larger majorities in parliament and led them to take measures to prevent workers most harmed by privatization from participating in union elections.[176]

By the end of 1997, it appeared that the armed Islamic group(s) no longer posed a major threat, yet the general repressive measures of the mid-1990s remained. However, the government emphasized that the threat remained as well, and in 2004 attacks against tourists in the Sinai killed thirty-three. There were new deadly Sinai attacks against tourists and Peacekeepers in April 2006, raising the specter of a new period of sustained terrorist attacks.[177] Teasing out repression and coercion for genuine security reasons as opposed to coercion for other state reasons is difficult to do, especially in the face of a government that can limit public scrutiny in a variety of ways.

Finally, two high-profile cases illustrate how the government utilizes repression to remove the threat of individual opposition leaders. In 2005, the presidential candidate, Ayman Nour, was imprisoned and wrote from behind bars, "Letter from Prison: 'Did I Take Democracy Too Seriously?'" Nour antagonized the Egyptian government by using his assembly seat to push for concrete reforms to make Egyptian elections more competitive. His principled stand led to strong popular

support for the presidential elections of 2005 and the regime jailed him, allegedly for forging signatures of support in his election campaign, a charge he and his supporters have denied.[178] Egypt's best-known advocate for democracy, the sixty-eight-year-old social scientist Saad Eddine Ibrahim, was jailed for three years beginning in 2000. In 2005, he left Egypt for a year of work at the Woodrow Wilson International Center for Scholars. He was warned not to return home.[179] Since 2007, Ibrahim has been in self-imposed exile in Qatar.

The New Authoritarianism in Syria

Syria's timid turn toward democratization took an initial step in the 1970s when Hafez Al-Asad took power in a military coup. Asad implemented another round of political reforms in the early 1990s, a process that was accelerated by his son, Bashar Al-Asad, after he took power in 2000. During the 1990s, privatization characterized by crony capitalism became a part of state policy. A ruling coalition of rent-seeking economic elites and state officials has gradually evolved in Syria, despite the complication of a sectarian divide between state and economic elites. Economic policies have also eroded material gains of workers and peasants achieved under the Ba'th in the 1960s. Political institutions have moved toward what one Syrian dissident has described as the modernization of authoritarianism along Egyptian lines: a dose of controlled pluralism that could still be contained by the high levels of state control and centralization afforded by single-party institutional structures.[180] By the time of the 2005 Ba'th Party congress that focused on the legalization of multiple political parties, it was apparent that the regime hoped to profit from electoral legitimacy.

Political Institutions

This section describes recent institutional changes in Syria and analyzes leadership decision making regarding the initiation of political reforms. Political reforms in Syria include the creation of a façade of multiparty politics cloaking continued single-party rule. Presidential powers were increased. Economic reform policies have alienated workers and peasants, who have responded with protests while their state corporatist union leaders side with the regime. The ruling Ba'th Party has been able to use its organizational resources to contain this disaffection during the country's tepid processes of political reforms. Economic elites, even those from traditional Sunni groups historically hostile to the Alawi minority in control of the state and military apparatus, have become more supportive of the Ba'thist state as Syria implements tentative political and economic reforms that enhance their interests. The evidence suggests that Syrian regime leaders are conscious of the fact that the ruling party and state assets can be deployed as resources to transform authoritarian rule and enrich themselves in the process.

In 1990, a new opening in Syria's political system was implemented by Hafez Al-Asad. The new parliament of that year reserved about one-third of its seats for independents, a far greater number than at any time during Ba'thist rule. Thousands of political prisoners were set free. The independents largely represented rising social forces of businessmen, the educated middle class, and traditional religious and economic elites. While the next section will discuss details about the nature of economic reforms in Syria and why the Syrian leadership pursued them, it is worthwhile to note here that analysts of the Syrian political scene contended that this creation of political space for social forces outside the Ba'th's original social base served as a substitute for the loss of allegiance on the part of losers of economic adjustment.[181] As Volker Perthes noted at the time, "Syria's 1990 elections, while hardly democratization, might indicate gradual remodeling of the political structure and the socio-political base that Asad relies on."[182] The incorporation of new elements in parliament and the rising profile of economic and traditional elites also served as a warning to popular constituencies that the regime had options: "The incorporation into parliament of both private sector businessmen . . . and traditional leaders might thus be a warning to some of the traditional components—the party, the unions, and the bureaucracy—that the regime is ready to dispense with the critics in its own ranks."[183]

In addition to movement toward molding a new ruling coalition, some argued that the regime also took political-reform steps favorable to economic and traditional elites because the state needed these social forces to generate foreign exchange for the regime and employment for an economy in transition and thus had to incorporate them politically as well.[184] Finally, international factors influenced leadership decisions. Pressure for political reforms emerged from the collapse of the Soviet

Union and the Eastern bloc and the tentative democratic transitions in that region. With its orientation toward the East and the Soviet Union both economically and politically, some demonstration effect was unavoidable.[185]

In 2000, Hafez Al-Asad died of natural causes. He had been grooming his son Basil as his successor but the latter had been killed in an automobile crash in 1994. After that, a second son, Bashar Al-Asad, an ophthalmologist living in England, was brought home and prepared for the job that he took over in 2000. Many internally and internationally hoped that Bashar Al-Asad would bring a more liberal and democratic vision to Syrian rule.

There was a Damascus Spring in Syria spurred by Bashar Al-Asad's assumption of presidential power in 2000. Initially, the president demonstrated his relative political openness by not shutting down new, more assertive political activists and groups calling for political reforms. Forums of debate, demands for greater freedom of speech and association, and a broad civil society movement emerged and spread across Syria in 2000 and 2001. In April 2001, the first large, multifaceted, and diverse opposition political movement under Ba'thist rule ever was created, called the Committees for Reviving Civil Society. These new associations that appeared in every Syrian city discussed all aspects of social, economic, and political life.[186]

Civil society associations, intellectuals, and political opposition movements during the Damascus Spring called for canceling the state of emergency in Syria, in place since 1963. They also demanded the restoration of political freedoms, freedom of the press, a new electoral law leading to a multiparty political system, the independence of the judiciary, economic justice, the end of the Ba'th as leading party of the country, gender equality, and the resolution of citizenship concerns held by part of Syria's Kurdish population.[187] The Damascus Spring movement also aimed to turn the page on the conflict between Islamists and the state that had led to the 1982 Hama bloodbath. The groups called for the cancelation of law 49 of 1980 that made membership in the Muslim Brotherhood a capital offense punishable by death.[188]

The civil society movement attempted to include the entire Syrian political spectrum in its discussions. Ba'thists were invited to answer their critics. However, when many of them started to voice that they shared many of the groups concerns and goals, the authorities cracked down by sending prominent activists to trial in state security courts. Asad himself publicly warned the movement not to put society at risk of instability. At the time, the regime claimed that a threat of civil strife and bloodshed from radical Islamists along the lines of the Algerian Civil War were the causes of the clampdown of political space, even though religious ideas and Islamist groups were not dominant in the movement.[189]

After the government crackdown, the Damascus Spring was scaled down but lurked below the surface. The 2005 discussion of political reforms at the Ba'th Party congress in June 2005 is considered by some to have been partly the result of the activities of the movement, along with the shock of the assassination of former Lebanese Prime Minister Rafiq Hariri reportedly by well-connected Syrian operatives.[190] The assassination led to international pressure and the abrupt withdrawal of Syrian troops from Lebanon, where they had been an occupying force since the Lebanese Civil War (1975–1990). That shock prompted more calls for political reforms. If single-party rule based partly on Arab nationalism could not prevent this humiliation, why not consider pluralism?

President Bashar Al-Asad promised that political reforms would be accelerated in the 2005 Ba'th Party congress in his speech on the withdrawal of troops from Lebanon.[191] Regional demonstration effects also added pressure for political reform, as there was movement toward democracy in Lebanon, and the Jordanian example of competitive parliamentary elections involving numerous political parties was next door.[192] Egypt opened up somewhat temporarily as well. The fall of Iraq at the hands of the United States and allied forces exerted pressure on the Syrian single-party regime to move toward increasing pluralism in the formal political system. Some argue that serious consideration of a multiparty political system emerged in Syria in 2005 because the government and Ba'thists believed, with reason, that the Ba'th Party was strong enough in terms of public support and social control mechanisms that it could gain some democratic legitimacy without risking much.[193] Political dissident Yassin Hajj Saleh, who was imprisoned for sixteen years and freed in 1996, asserted that discussion of multiparty politics in Syria is part of a project to emulate Egypt's controlled political pluralism: "We have an archaic authoritarian regime, which is now a burden on itself. They want to streamline it and make it more attractive. The old model has ended, it is outdated, its age has passed and they want to renew it." He called the regime's tentative political reform steps "the modernization of authoritarianism."[194]

Prior to rumblings in 2005 about the implementation of multiparty politics, Bashar Al-Asad and others around him appeared to favor implementing economic and social reforms while delaying political ones. His appointment of Issam Al-Zaim as minister of industry indicated support for a Chinese model of economic and political development. In a published interview, Al-Zaim has spoken favorably about the People's Republic of China: "[While no country can be exactly copied] China has a comparable political system, and they have twenty years of experience [of economic reform]. There is great change in China's southern and eastern regions, in the new economic zones, where the increases in the standard of living are remarkable. China has a national identity and solidarity that is many thousands of years old. It has a tradition of collective discipline and loyalty that is very important in its stability."[195] It is worth noting here, however, that the rent-seeking nature of Syria's economic reform process, to be described in the next section, does not augur well for economic efficiency and Chinese-style high economic growth rates.

In the end, the Chinese model of economic and social reforms under a single-party state held sway over Al-Asad's proclaimed intentions to accelerate political reforms and implement a multiparty political system. The 2005 Ba'th Party conference was a disappointment for reformers. Article 8 of the constitution that established the Ba'th Party's role as leader of state and society was not canceled. Ethnic and religious parties remained banned. The state of emergency and exceptional courts remained in force. The new political party law made it almost impossible for opposition forces to form a political party.[196] Only one new party, actually the revival of one that had been a rival of the Ba'th in Syria's earlier multiparty era, the Historic or Greater Syria Syrian Social National Party (SSNP), was allowed to compete in the elections outside the group of "socialist" Progressive National Front Parties led by the Ba'th. In the 2007 parliamentary elections, the SSNP won only two seats; the Independents lost two (see Tables 4.4 and 4.5).

There was a backlash against the failed promises of political reforms after the 2005 conference. The Damascus Declaration, held courageously inside Syria four months after the conference, called for radical change in the country, and for the rejection of all forms of cosmetic or partial reforms. Most opposition groups signed the declaration, including the Muslim Brotherhood.[197] The regime itself seemed somewhat embarrassed by the tepid reforms that were only partially realized after all the signals of evolution toward at least the controlled pluralism of Egypt. In an interview just after the 2005 conference, Ba'th Party member and reformer, Ayman Nour asserted that ultimately Syria would eliminate the one-party system: "Yes, they cannot keep on like this, especially after the fall of Iraq. Now everyone is saying that the one party dictatorships only exist in North Korea, Cuba, [China], and Syria."[198]

As in Egypt's case, Syria's state party, the Ba'th, has absorbed many businessmen and landlords. The Chambers of Commerce and Business has gained increasing access to decision makers and growing influence in intrabureaucratic politics.[199] The increasing marriage of power and money in Syria is also exemplified by the funding for Bashar Al-Asad's 2007 presidential referendum ceremonies that was provided virtually exclusively by private business.[200] In the 2007 parliamentary elections, independents lost a few seats to the Ba'th-led coalition (see Tables 4.4 and 4.5). No autonomous business party emerged, and the opposition SSNN, as noted, earned only two parliamentary seats. Unsurprisingly, given how economic liberalization policies have favored rent-seeking businessmen and landlords, there has not been any dynamic to create an autonomous business party during Syria's tepid political reform experiments.

No labor or peasant party has emerged, either, to contest the economic and political direction of the Ba'th. Some of this is due to state repression of opposition. In addition, the gains made by labor and peasants under the Ba'th have not been completely erased, and food subsidies, while reduced, still exist.[201] The regime claims that it is creating a "social market economy." According to regime figures, this includes redefining socialism to mean social justice and equality under the law and the right to have a job (a rhetorical right, since it has not been implemented in practice).[202] Still, there are signs of the discontentment felt by workers and peasants during their country's drift away from its populist past, even if these signs do not show up in Syria's highly controlled multiparty elections. They do show up in the divisions between leadership and base within the national trade union federation.

Workers have strenuously protested the Syrian state's new labor

law of 2006. The law gives business owners much greater powers for dismissal without reason than they previously had, weakens workers rights to strike, and favors business demands on a minimum wage. The new law was opposed by workers and peasants within parliament and outside of it, to no avail.[203] The implementation of the policy signaled a decisive shift of the Ba'th toward the business community on labor matters.[204]

Similar to Egypt's case, the leadership of state corporatist organizations have sided with the state, represented by the ministry of labor, on labor matters. During protests over the new labor law, the head of the General Federation of Trade Unions, Muhammad Sha'ban 'Azuz, had to defend the federation against accusations of links to the government that trump workers' demands and interests. The defense was weak in that he affirmed, contrary to the rank-and-file protests, that the federation supports the state's plan to promote investment, which includes the new labor law that is the main source of recent worker protests.[205]

Overall, workers in Syria have been less willing to confront the authoritarian state, its party, and its party's affiliated corporatist organizations than has been the case in Egypt. Yet there was one notable demonstration by one hundred workers in the Syrian Company of Building and Construction in the city of Harsta. Organized around local demands, demonstrators planned to expand their local grievances to a broader protest against Syrian economic and political conditions. The protestors were headed to Damascus before they were stopped by the police.[206]

In terms of peasant reactions to reform, land privatization polices in Syria have recreated land concentration and revived many landlords. Agricultural policy in Syria during economic liberalization was transformed to encourage large-scale investment and large farms. Some peasants lost land. State policies also failed to support small peasants, beneficiaries of previous land reforms, which left them restricted in terms of production and marketing choices for the new market arrangements and new export-led growth strategy.[207]

The Peasant Union was not consulted during the privatization process, even in cases in which property rights over public lands to be privatized were contested by smallholders who had lived on and tilled the land for generations according to some aggrieved parties.[208] In addition, in 2006, despite peasant protests, the government established

Table 4.4. Syrian Legislative Elections, People's Assembly

PARTY	1971	1973	1977	1981	1986	1990	1994	1998	2003	2007
Ba'th Arab Socialist Party	87 (50.3%)	122 (65.6%)	125 (64.1%)	127 (65.1%)	130 (66.7%)	134 (53.6%)	135 (54%)	135 (54%)	135	134
Arab Socialist Union	11 (6.4%)	6 (3.2%)	10 (5.1%)	9 (4.6%)	9 (4.6%)	8 (3.2%)	7 (2.8%)	7 (2.8%)		8
Communist Party	8 (4.6%)	8 (4.3%)	8 (4.1%)	—	8 (4.1%)	8 (3.2%)	8 (3.2%)	8 (3.2%)		5
Arab Socialist Movement	4 (2.3%)	3 (1.6%)	3 (1.5%)	5 (2.6%)	5 (2.6%)	5 (2%)	4 (1.6%)	4 (1.6)	32	2
Socialist Unionists' Party	4 (2.3%)	1 (0.5%)	3 (1.5%)	8 (4.1%)	8 (4.1%)	7 (2.8%)	7 (2.8%)	7 (2.8%)		6
Unionist Democratic Party						4 (1.6%)	4 (1.6%)	4 (1.6%)		
Arab Democratic Union Party						—	2 (0.8%)	2 (0.8%)		
Democratic Social Unionist Party										4
Communist Party (Yusuf Faisal Faction)										3
National Vow Movement										3
Social Democratic Unionists										—
Arabic Democratic Unionist Party										1
Syrian Social Nationalist Party										2
Independents	59 (34.1%)	46 (24.8%)	46 (23.7%)	46 (23.6%)	35 (18%)	84 (33.6%)	83 (33.2%)	83 (33.2%)	83	81

Source: 1973–2000 Results from *Elections in Africa: A Data Handbook,* ed. Dieter Nohlen. The 2003 and 2007 results are from Wikipedia, accessed September 1, 2007. All of these parties except the Syrian Social Nationalist Party are part of the B'ath Party-led National Progressive Front.

Table 4.5. Syrian Presidential Elections

1971	TOTAL NUMBER	%
Registered Voters	2,031,306	-
Votes Cast	1,935,803	95.8
Invalid Votes	714	0.0
Valid Votes	1,935	100
Hafez Al-Asad	1,919,609	99.2
No-Votes	15, 480	0.8

1978	TOTAL NUMBER	%
Registered Voters	4,115,149	-
Votes Cast	3,991,695	97
Invalid Votes	11,168	0.3
Valid Votes	3,980,527	99.7
Hafez Al-Asad	3,975,729	99.9
No-Votes	4,798	0.1

1985	TOTAL NUMBER	%
Registered Voters	6,560,862	-
Votes Cast	6,222,262	99.4
Invalid Votes	1,456	0.3
Valid Votes	6,200,804	99.7
Hafez Al-Asad	6,200,428	99.9
No-Votes	376	0.1

1991	TOTAL NUMBER	%
Registered Voters	6,786,193	-
Votes Cast	6,727,992	99.1
Invalid Votes	753	0.0
Valid Votes	6,727,239	100.00
Hafez Al-Asad	6,727,843	100.00
No-Votes	396	0.0

1999	TOTAL NUMBER	%
Registered Voters	9,101,000	-
Votes Cast	8,961,147	98.5
Invalid Votes	917	0.0
Valid Votes	8,960,230	100.00
Hafez Al-Asad	8,960,011	100.00
No-Votes	219	0.0

2000	TOTAL NUMBER	%
Registered Voters	9,446,054	-
Votes Cast	8,931,623	94.6
Invalid Votes	219,313	2.5
Valid Votes	8,712,310	97.5
Bashar Al-Asad	8,689,310	99.7
No-Votes	22,439	0.3

2007	TOTAL NUMBER	%
Registered Voters	11,967,611	-
Votes Cast	11,472,157	95.9
Invalid Votes	253,059	2.21
Valid Votes	11,269,098	100.00
Bashar Al-Asad	11,199,445	97.62
No-Votes	19,653	0.17

a committee to compensate landowners whose lands had been confiscated in the 1958 land reforms.[209] In a similar reflection of a loss of material and political resources, a new local elections law in 2005 abolished quotas for workers and peasants in Syria.

In sum, Syrian changes in political institutions broadly speaking resemble those in Egypt. A controlled experiment in party pluralism has been implemented. The state party has been able to absorb rent-seeking urban and rural economic elites. The ruling party and affiliated corporatist organizations still control increasingly alienated workers and peasants who are weakened and scrambling to lessen the impact of being the losers of an economic reform process.

Finally, Syria's political reforms in 2005, while falling short on delivering on promises of party pluralism, managed to increase Bashar Al-Asad's executive power. He revamped the Ba'th's regional command, ousting foes, limiting numbers, and installing allies. He also established that, in part, the multiparty experiments in Syria are designed to separate the Ba'th from the government so that he and his inner circle can implement policies without interference from the Ba'th in the details of policymaking.[210]

Ruling Coalition and Policies

The political opening in Syria in the early 1990s was accompanied by economic reforms that eroded post-revolutionary gains of workers and peasants. The policies, including some privatization, helped to generate crony capitalism and began the process of molding a new ruling coalition of landlords, capitalists, and high-level state officials in Syria, including the military.

At the end of the 1980s, Syria changed its economic policies substantially in the direction of a market economy. Far-reaching reforms strengthened the private sector, liberalized foreign trade, adjusted the country's currency, and reduced subsidies. In 1991, Investment Law 10 opened up all areas of the Syrian economy in order to attract investment from Syrians living outside the country, Arab capital primarily in the Gulf, and other foreign investors. These investors were given special privileges as well.[211] During this period, Syria's import-substituting industrialization development strategy was ended in favor of a development strategy based on export-oriented growth.[212] The government also undertook specific measures to enhance the private

sector's ability to generate foreign exchange for itself and the state.[213] The switch toward a private enterprise-driven capitalist market economy was partly linked to the economic crisis of the decade and the fall of the Soviet Union, which removed a powerful patron and ideological justification for Syrian socialism. Some economic reforms, especially privatization, seem to be tied to reshaping a ruling coalition and self-enrichment by policymakers. Even with the changes toward a market economy. Syria has had trouble attracting foreign investors and Syrian ex-patriots, which has hamstrung the strategy to create needed jobs.

Syria has followed indirect strategies of privatization. One is based on self-liquidation and the substitution of the private economic sector for the workplaces and goods produced by the public sector. Investment Law 10 of 1991, which opened all economic sectors to private investment, was partly intended to gradually liquidate the public sector through competition from the private sector.[214] Under the term *cooperation,* the government has invited private-sector investment and management in a number of public enterprises, especially textiles, that has resulted in de facto privatization and loss of jobs.[215] Syria's privatization by stealth is characterized by an official government strategy of joint–private public ventures that favor leading businessmen and former landlords. The strategy culminates in de facto privatization and avoids direct opposition from trade unions, as noted by Raymond Hinnebusch:

> Joint private–public ventures are a substitute for open privatization. In these the state's contribution is likely to be land or factories while the private sector contributes capital and entrepreneurship. The state retains some control and gets a share of the economic rewards, but the firms are run by businessmen for profit. According to a leading private businessman, this approach, avoiding the opposition of the trade unions, is Syria's special road to privatization. Indeed the provision by the state of large tracts of state-owned land to agricultural companies may amount to a de facto privatization of this land. Joint ventures are an intermediary stage which encourages the alliances between state bourgeoisie on which further liberalization depends.[216]

The mixed private–state sector privatization strategy in Syria was introduced at the end of their first economic opening in 1977. Private entrepreneurs were sought to be partners with the state in tourism. These large joint stock companies were private in name only. They were also established by laws that legally protected them against competition, and therefore resulted in monopolies in parts of the tourism industry.[217] In the 1980s the mixed-sector formula was extended to transport and agriculture. Beneficiaries of the mixed agricultural joint stock companies were businessmen or crony capitalists whose economic success depended heavily on their relationship with members of the regime elite.[218] Limitations of the size of agricultural land, which had been implemented in the 1960s, were removed, resulting in the concentration of vast landholdings into few hands and the rebound of richer agriculturalists from prior eras.[219] The aim was to mobilize private capital for export activities that would earn needed foreign exchange.[220] The mixed sector as a whole also provides a legal and institutional way to transform the state bourgeoisie into a private-sector bourgeoisie. In addition, it indirectly enables the state to back away from previous commitments to labor and trade unions.[221]

Overall, economic policies characterized by joint ventures and other forms of indirect privatization are well on their way to fusing segments of the Syrian bourgeoisie, landlords, and the state bourgeoisie into a new ruling coalition while overcoming the Sunni–Alawite divide which has slowed that process. The state is doing this by selective licensing, or choosing winners, in a manner that fosters a rent-seeking urban and rural economic elite that benefits from state policy, though without gaining the ability to determine economic policies.[222]

This evolving Syrian bourgeoisie warrants further description. According to Volker Perthes, there are four segments of the Syrian bourgeoisie.[223] The old bourgeoisie, "enemies of the revolution," whose resources were largely nationalized in the 1960s, sprang from the land-owning bureaucratic class of the late Ottoman period that transformed themselves into merchants and early industrialists under the French. They were also, as noted, largely Sunni Muslims, religious, and conservative, and generally have been the most recalcitrant toward state economic liberalization policies authored by the Alawi-dominated state–military apparatus. New industrialists emerged in the 1970s economic opening. They were not from notable families but achieved success in the changing, more liberal economic environment. Top government and party officials, the top rank of the military, police, and security services, and the top managers of the public sector form the state bourgeoisie. Through personal ties and the benefits of their positions they have acquired significant political and economic power and personal wealth. A small new commercial class has flourished by utilizing connections with influential bureaucratic or political figures, with whom they share cuts from their economic activities, both legal and illegal. In varying degrees all four segments of the Syrian bourgeoisie have benefited from the states' indirect privatization policies.

By 2002, there were thirty-three mixed public sector–private sector companies in Syria in agriculture, industry, transport, and tourism.[224] Without hard data (like other MENA countries Syria either does not gather or share data on privatization), it is difficult to estimate the number of enterprises that have been privatized in this manner or to quantify crony capitalism in Syria in general.[225] In other terms, however, one can track crony capitalists linked to the regime.[226] The most important crony capitalists in Syria are the Makhlouf family, the Al-Asad family, and the Shallish family.[227] Dhu al-Himma Shallish, a cousin of Bashar Al-Asad, moved from the security apparatus to the business world exclusively. He owns a construction company, S.I.S International Corporation, that does work on roads, dams, and other infrastructure. He and his extended family have an estimated wealth of 23 billion dollars.[228]

Syria scholar Joshua Landis argues that the "sons of power" benefit most from privatization in Syria; leading businessmen from all backgrounds benefit as well, as the government widens its social alliances.[229] He gives as an example, the Al-Shams (Damascus) Holding company in which thirty powerful Syrian businessmen came together to invest in major projects in Syria, including some in the mixed sector. The businessmen raised hundreds of millions of dollars in capital. When they presented their proposal, a major player in the regime, Rami Makhlouf, first cousin of president Bashar Al-Asad, matched their price and insisted that he be included with a majority share of 51 percent. This left the group of businessmen with a hard choice. If they accepted, their company would receive preferential treatment from the government, but the endeavor risked descending into a mafia-style arrangement in which Makhlouf simply demanded revenue on a regular basis, unrelated to the profitability of the enterprise. In the end, feeling pinched, they accepted the arrangement.[230]

Mohamed Makhlouf, Bashar Assad's maternal uncle, has established himself in banking. Private banks are a new phenomena in Ba'thist Syria, and Makhlouf is the primary shareholder in all Syrian private banks, which numbered ten by the end of 2006. His wealth alone is estimated at 6 billion dollars. His company also manages all services in the Syrian oil sector.[231] Rami Makhlouf, mentioned earlier for his role in an enterprise undertaken by a number of Syrian businessmen, is Mohamed Makhlouf's son and owns Syriatel, a cell phone company that has a near monopoly in the industry. When a member of parliament criticized the mobile phone deal, he was imprisoned for five years under the trumped-up charge of tax evasian.[232] He also is a dominant force in the mixed tourism sector and is nearing a monopoly in air travel from Syria to other countries in the Middle East.[233] He is also close to gaining control of the textile industry in Damascus and throughout Syria.[234] As he is powerful as a middleman as well, observers argue that no foreign company can do business in Syria without his consent.[235]

Through other companies and consumption habits, Rami Makhlouf demonstrates how the marriage between power and wealth leads to a different world from the one in which ordinary Syrians live. He owns duty free outlet shops throughout Syria where only those with dollars can shop. There are mansions, villas, and expensive foreign cars in isolated enclaves near the new malls for the rich.[236]

Jamil Al-Asad and his descendants have attained assets said to amount to 17 billion dollars. Meher Asad has formed an alliance with Mohammed Hamsho. The Hamsho businesses are in trade, tourism, media, and import–export companies. He competes with Rami Makhlouf as the most dominant businessman in Syria.[237]

Overall, Syria's strategy of privatization through joint public private companies is an efficient mechanism for funneling rents to different parts of the Syrian bourgeoisie, and in a manner that is helping to overcome the Sunni–Alawite conflicts between Syrian elites. The assets are jointly owned and management in these companies has been turned over to private hands without state regulation and oversight, resulting in windfall gains.[238] Perhaps more crucially in a communally divided society dominated by a minority sect, "business partnerships have developed between the [Sunni] private sector and the children of the [Alawi] political elite, who increasingly felt themselves, as their fathers never had, to be part of the bourgeoisie and who were confident that economic liberalization would work for them.[239]

After stalling after the initial burst that followed the implementation of law 10 of 1991, privatization has picked up somewhat under Bashar Al-Asad. Privatization was slowed and even retrenched at the end of the 1990s and early 2000s but seemed to be picking up steam again in 2004.[240] The government declared its intention of offering some public industries for sale: the Hamah Iron company, the Shoes Factory, Tanning Factory, the Syrian Company for Batteries and Natural Gas in Aleppo, and the Al-Ghab Sugar Factory. The lack of transparency in prior sales will likely apply in these as well.[241] The Minister of Industry, Mohammad Safi Abu-Dan, announced that the support and development of the private sector in all economic activities was one of the most important goals of the 2005 five-year-plan.[242]

Despite the bias toward a rent-seeking bourgeoisie and landlords in Syria's privatization policies (why, for example, weren't the mixed enterprises privatized through shares for workers and peasants or shares to the general public?) there are some more nuanced aspects of the government strategy. The government insists that they are implementing a social-market economy that takes social justice for workers and peasants into account. In its rhetoric, the regime continues to validate the public sector, along with private and mixed sectors. At times the government turns to Syrian economists who are skeptical of elements of the Washington Consensus. An influential advisor on economic policy to Bashar Al-Asad, Nabil Sukkar, has argued that the public sector should be maintained until the private sector can replace it in terms of employment. He also has sensibly insisted that privatization should not occur before a regulatory framework to prevent rent seeking has been established and has been critical of a privatization process in Syria that has failed to do that.[243] On the other hand, he has more recently abandoned support for the public sector, asserting that it is already dying and that there is no sense wasting more resources to rescue it.[244] Previously, in his resistance to privatization Sukkar argued that loss-making public enterprises would only be bought to strip their outsets, and true to present realities he has also argued that privatizing profit-making state enterprises would mean a golden opportunity for corruption, rent seeking, and the mafia-style operations that accompany them in almost every instance.[245]

The indirect strategy of privatization undertaken in Syria belies the rhetoric of continued Syrian populism. It is designed partly to avoid labor confrontation. The agricultural sector is 90 percent private. The concentration of vast landholdings into few hands has returned.[246] The mixed private–public sector stands out most for its capacity to transform the state bourgeoisie's wealth into private wealth for the fully capitalist economy to come.

Legitimacy

Like our other cases, Syria has attempted, albeit more haltingly, to substitute electoral legitimacy for the eudaemonic legitimacy of the past. Jobs have been lost and subsidies cut, putting a severe strain on the previous social contract. Stealth privatization favoring a rent-seeking urban and rural elite erodes hopes for legitimacy from successful economic reforms. The loss of revolutionary populist legitimacy due to drawbacks from the social contract, coupled with a fundamental change in the ideological underpinnings of the regime in the direction of private-sector driven capitalism, has produced the oddly phrased and weak, in terms of the generation of legitimacy, "social-market economy" in Syria.

Nationalist legitimacy has taken twists and turns in recent years. The regime has at times opened itself to and sought cooperation with Western powers, but the assassination of the former Lebanese Prime Minister, Rafiq Hariri, and stands taken by Syria during the U.S. occupation of Iraq, have pushed them back toward pariah status in the West. Ironically, however, Syria's withdrawal from Lebanon, and the Lebanese reaction to it, revived Syrian nationalist sentiment to the benefit of the regime.[247]

Syria's stop at the brink of implementing a fully liberating political party law—while still taking a step toward controlled political pluralism —reflects what the regime thinks of its own legitimacy. The repression that followed the Damascus Spring bespeaks the same. Contrary to indications of a broad-based opposition movement led by secular groups, the regime couched this closing down of political space largely in terms of the threat of radical Islam with allusions to the pitched battle between the regime and the Muslim Brotherhood in the late 1970s and early 1980s, culminating in the battle at Hama in 1982. That battle between a largely rural, minority, and populist regime against the Muslim Brotherhood with a social base in the Sunni bourgeoisie and traditional Sunni religious leaders is a much greyer affair at this point, as these traditional elite groups have largely become regime allies who help their ability to govern rather than threaten it. In terms of the continuum between Neo-Islamic Totalitarianism and Liberal Islam, the Muslim Brotherhood in Syria publicly supports democracy and liberal rights, and seeks participation in competitive multiparty elections for government office. However, doubts about that commitment and the organization's association with acts of political violence and intimidation raise enough concerns to place them in the middle of the continuum.

The New Authoritarianism in Algeria

The transition from the old authoritarianism to the new in Algeria has been bloody and tumultuous.[248] During this transition, a civil war in the country between the regime and Islamists erupted and claimed more than 100,000 lives, most of them civilian. The initial transition away from authoritarian rule in Algeria had seemed headed for a rapid switch to a capitalist economy and substantive rather than façade democracy, before the tragic turn to violence. One prominent Algeria analyst argued that President Chadli Benjedid undertook the most decisive steps toward real democracy ever in the Arab world in order to fully implement what he termed "radical economic reforms."[249] After the horrific failure of simultaneous economic and political reforms, Algeria's political economy has settled into the familiar pattern of a landlord and crony capitalist spoils system cloaked in a multiparty façade, with a president seeking greater power, strife between base and union leadership, and attempts to forge electoral legitimacy. After losing power and support to an alternative regime party, the FLN has reemerged as a ruling party.

Serious problems in the old authoritarianism in Algeria began when a major drop in oil prices in 1986 triggered balance of payments, budget deficits, and spiraling inflation. In response, President Benjedid implemented austerity policies along the lines of Washington Consensus neo-liberal economic reforms without the benefit of World Bank and IMF backing and financial support to ease the pain of economic adjustment. The economic crisis, alienation from the regime, and perceptions of corruption sparked numerous demonstrations, strikes, and the most extensive and destructive riots in the country since independence,