Rebels, Reformers and Empire: Alternative Economic Programs for Egypt and Tunisia

Karen Pfeifer
Smith College, kpfeifer@smith.edu

Accepted Manuscript: *Middle East Report* 274, 2015, Vol 45 (1): 2-8, 48

Rebels, Reformers and Empire: Alternative Economic Programs for Egypt and Tunisia

Karen Pfeifer

AUTHOR ID: Karen Pfeifer is professor emerita of economics at Smith College and vice chair of MERIP's board of directors.

For 20 years leading up to the uprisings of 2010-2011, Egypt and Tunisia suffered the ill effects of neoliberal economic reform, even as the international financial institutions and most economists hailed them as beacons of progress in the Arab world. For the preceding ten years, workers and civil society organizations led a burgeoning protest movement against the liberalizing and privatizing trajectories of the Mubarak and Ben Ali regimes. Then came the uprisings, which brokered the possibility of not only new political beginnings but also alternative economic programs that would put the needs of the struggling middle, working and poorer classes first and at least constrain, if not abolish, the privileges of a deposed ruling class.

In Egypt, labor activists, journalists, NGO researchers and even a few government officials and capitalists eagerly shared their ideas for what should come next.[1] Their visions fell into four broad categories, from left to right: citizen-led social democracy, democratic state-led development, top-down state-led development and return to the status quo ante. The citizen-led proposals were not based on any particular ideology, but were thoughtful and became increasingly detailed even as the arena for frank public discussion shrank. These proposals could form an integrated people's program if there were a democratic elected government in Egypt committed to carrying them out. In Tunisia, democracy is muddling through with leadership inherited from the old regime, with many good ideas for economic change percolating upward, as in Egypt, but no coherent vision for how to construct a progressive alternative. In both cases, the default setting is the restoration of neoliberalism with an inclusive mask.

Progressive Voices[2]

Labor's resistance to privatization and liberalization had been surging over a decade prior to the Egyptian uprising of January 2011, coming in waves that rose to tsunami level just as the more middle-class, but equally militant, political movement came to a head with the occupation of Tahrir Square. But neither the military government that took over after Husni Mubarak's overthrow nor the government of elected President Muhammad Mursi was responsive to the needs of labor or the "occupy" movement, and street and workplace action resurged in 2012 and 2013.

After a lull around the buildup of the Tamarrud movement and the military's ouster of Mursi, labor actions began to mount again. Amid 1,420 protests in the first three months of 2014, involving at least 100,000 workers across many services and industries, Prime Minister Ibrahim Mahlab's government was at loggerheads with the labor movement. After another low ebb during the presidential election, the protest wave crested again when the new government refused to consider labor's demands. There were 94 labor protests in October and 111 in November of 2014. In response, the minister of manpower, Nahid al-'Ashri, backed by the prime minister, accused independent trade unions of being "the largest problem in the labor market, as they…hinder work, leading to the deterioration of the Egyptian economy."

The movement's demands, some specific to particular sectors but many common to all, had been put forth under previous governments, starting with Mubarak, but were never satisfactorily or respectfully dealt with. Egypt's lack of a functioning democracy, especially no freely elected national assembly (the parliament was disbanded by court order in June 2012) and the media clampdown in 2013-2014, meant that workers had no means of influencing public policy except job actions.

First and foremost, workers in independent professional syndicates and labor unions called for a new labor law, something vaguely promised in the constitution of January 2014. This law should recognize the right to organize in unions chosen by the workers themselves (as opposed to the state-dominated monopoly of a single trade union federation) and the right for those unions to bargain collectively. It should also enforce respect for the right to strike and to engage in other forms of peaceful protest in order to pressure employers to bargain. From August 2013, this right was being denied, and arrest and violent treatment of organizers, strikers and protesters became commonplace. The campaign regarding the labor law was stonewalled into 2015, with the investment minister announcing that a new law's consideration must be postponed until a new parliament is convened, while elections had been put off again until an undetermined future date.

Second, workers demanded improvements in their economic wellbeing. Everyone from textile workers to postal carriers to doctors wished to see a legally binding and universally enforced minimum monthly salary. They insisted that it truly be a base salary, designed to cover the actual cost of living and keep up with price inflation. As of January 2014, Mahlab's government had simply implemented the preceding government's proposal, a minimum gross income of 1,200 pounds (about $200), including not only wages but also variable components like incentives, all before deductions for tax, insurance and pension. This minimum gross income was granted only to those employed directly by the government—less than 18 percent of the labor force—and not to employees of public-sector enterprises that are managed separately or to the private sector. In addition, workers sought universal coverage for health and other forms of social insurance and for retirement pensions not tied to permanent employment in a single enterprise.

Third, workers demanded investment from public and private employers and an active role for themselves in modernizing their industries and services, raising production and improving efficiency, and they argued for the reinstatement of thousands of laid-off employees. Public transport workers pointed out that in a country where the streets are choked with private vehicles, 2,000 allegedly obsolete buses, out of a total of 4,700, were taken out of service in 2005 but only 600 were replaced by 2013. The spinning and weaving factories in Mahalla al-Kubra were operating at 40 percent of capacity, with one sixth the number of workers employed there a decade ago, working with aging equipment and shortages of raw materials under what workers view as corrupt and ineffective management. Public-sector doctors argued for government spending on health care to be raised from 4.5 percent of the annual budget to the international standard of 15 percent for middle-income countries. Workers wanted to see companies such as Tanta Flax and Oil that had been privatized illegitimately be revitalized as public-sector enterprises, as stipulated by court order, with their own participation on managing boards. In March 2014, Tanta Flax workers reentered the factory and tried to restart production on their own. One important motive was to restore the purchase of raw flax produced by farmers who depended on the income. The authorities cut off electricity to the plant and sent in police to expel the uppity trespassers.

Meanwhile, economists working at NGOs, at independent unions and as journalists were proposing a plethora of good ideas for how to rebuild the economy with active citizen participation. These economists were supportive of not only civil and human rights, as defined by the UN Development Program, but also labor rights, including the right to work and to belong to freely chosen labor unions, as defined in international conventions, most of which Egypt had signed onto under Mubarak.

One overarching proposal, coming out of exacting analyses by NGOs such as the Egyptian Initiative for Personal Rights (EIPR), is for total transparency in both current and developmental budgeting. The goal is to have all components of budget construction available free of charge online, and composed in such a way that they can be understood by the public. In a democratic polity, there would be parliamentary committees overseeing and discussing the budget for their constituents' benefit as well as unfettered media coverage of the debates. This process requires a free press and a freely elected parliament in which all parts of society are represented. Once a budget is approved, complete transparency would enable groups to monitor and evaluate its execution and results. Although the IFIs claim to promote transparency and accountability in governance and claim to consult with civil society, they still negotiate with governments behind closed doors. In 2012, an NGO, the Egyptian Center for Economic and Social Rights, had to sue the Mursi government to publish the proposed budget for the following fiscal year, which it had worked out in secret with International Monetary Fund consultants, at a time when popular resentment of both the IFIs and the government were rising.

Complementary proposals addressed how to finance the national budget to provide the most socially beneficial outcomes. Most argued that it was not necessary to borrow abroad, because the required revenue was available domestically—through progressive taxation and subsidy reform. A genuinely progressive income tax, with the exemption level raised to 18,000 pounds (about $3,000) per year, plus taxes on capital gains, real estate, mergers and acquisitions, and financial transactions could have provided enough revenue in 2011-2012, for example, to surpass the much-discussed (but not yet realized) IMF loan of $4.8 billion. Other suggested revenue sources included collection of tax arrears from wealthy capitalists, estimated at 63 billion pounds, and pursuit of tax evaders, which could recover an estimated 126 billion pounds.

In parallel, arguments were made for reducing or eliminating subsidies to privileged businesses, including luxury tourist resorts and real estate developers, domestic and foreign firms in the cement, fertilizer, iron and steel, ceramics and aluminum industries that sell their output to the domestic market for prices higher than in international markets, and exporters that received subsidies for illegitimate reasons, this last item valued at 3 billion pounds in 2011-2012. The conversion of bakeries and brick kilns, transport vehicles and microbuses to natural gas engines would have yielded savings of 75 billion pounds out of the 110.5 billion actually spent subsidizing petroleum products and electricity in 2011-2012. In addition, Egypt could claim a one-time compensatory payment of foregone taxes on depleted oil and gas reserves that had been extracted and sold by international companies to the world market at significantly higher than the $17 per barrel contract price that Egypt had been receiving. Renegotiation of export prices of natural gas to Turkey, Spain, Jordan and elsewhere to match international market prices would bring in an additional 15 billion pounds each year. These sweetheart deals were made by Mubarak's government to enrich cronies or entice foreign capital.

Other NGO proposals for Egypt arose out of critiques of World Bank and other IFI-led projects, regarding the negative impact on the "built environment" and the environmental and social damage inflicted on communities without adequate compensation.[3] They also came in reaction to government plans for "urban development" that privileged a few large would-be buyers over the current inhabitants, even if the latter have clear-cut legal title. The alternative proposals are for environmentally sound affordable housing and public infrastructure that allow communities to stay intact with better public services. An EIPR review of World Bank projects in Egypt as of 2014 finds that the familiar neoliberal approach still prevails, with growth led by the private sector in providing public services and creating new enterprises, and with unemployment, poverty and the spread of the informal sector treated as a unfortunate negative externalities to be dealt with in separate programs. EIPR argues instead for a rights-based approach that puts the latter set of problems squarely in the center of economic policymaking.[4]

As outside creditors imposed conditions for further austerity, popular resistance arose not only against cutbacks but against the implied loss of economic integrity and the concomitant and apparently permanent indebtedness. Activists in Egypt and Tunisia argued for the cancellation of the "odious" portion of the debt incurred by the Mubarak and Ben Ali governments for the purchase of unneeded military or "security" equipment or for the personal enrichment of the regime and its cronies. The demand was reiterated loudly when the World Social Forum convened in Tunisia in March 2013. Cancellation of "odious" debt would reduce the interest costs that eat up a significant part of the annual budget in each country and contribute to fiscal and current account deficits.

An alternative to outright debt forgiveness is to turn the debt into aid for development projects. For example, a left-wing member of the Tunisian parliament led a delegation to the European Union to argue for a Marshall Plan-type program with a focus on domestic development, including agriculture. Proposals to target agriculture in Tunisia, and especially farmers' rights, food security and rural community needs, have come from critics of World Bank programs there, where development loans were wasted, as well as from Tunisian labor and NGOs.[5]

Other proposals tailored to Tunisia tackle the unruly problems of unemployment and dramatically uneven regional development. One economist proposed an "employer of last resort" program to be phased in over a six-year period, building on the country's pre-existing "solidarity network" of small-scale bank lending and the national Solidarity and Employment Funds (all founded in the 1990s). With plenty of needs to be met, especially in rural areas, in fields as diverse as alternative energy, low-cost housing, education and health care, over 400,000 people could be employed by the end of six years, with a wage bill at that point of 2.74 percent of GDP, or less than 10 percent of the national budget. The multiplier effects and demonstration effects would thus contribute more to economic growth than the program would cost.[6]

A more comprehensive proposal for Tunisia is a version of the social market economy. The proposal posits an analogy between Sweden in the 1930s and Tunisia today, when unemployment, poverty and regional disparities were high and public services were poorly developed, among other similarities in the international and natural environments. During that period, Sweden managed to develop an admirable model with high national standards and an enforceable and society-wide social contract, accompanied by decentralization of administrative and fiscal responsibility to spread the benefits of growth in an inclusive and equitable manner.[7] (Muhanzua and Castel 2014).

The labor movement is as active in Tunisia as in Egypt, and there have been many strikes since the uprising that protested economic conditions and public policy. Organized labor has a less confrontational relationship with the post-uprising government than in Egypt, however. Independent trade unions are legal in Tunisia and newer ones, some affiliated with the Islamist party Ennahda, quarrel with the largest and most influential federation, the UGTT. The UGTT played a critical role when it joined the uprising in January 2011. It then worked with the main employers' organization, UTICA, and a group of opposition parties, to conduct protracted, but ultimately successful, negotiations to get the elected, but unpopular, Ennahda-led coalition government to step down in favor of a more socially neutral transition government that could oversee the writing of a new constitution and election law.

The new constitution was approved in January 2014, and presidential and parliamentary elections were held later that year, providing a peaceful "transition" to a new government but no new policies. While its political role is important, the UGTT is active in promoting its members' interests and able to bargain with the government directly over the society-wide minimum wage, which was raised in 2013. According to representatives of the Tunisian Association of Economists and the economic adviser to the UGTT, however, Tunisia still lacks the vision and political will for an overarching program that can incorporate social negotiations into rebuilding the economy, leaving organized labor and the unorganized bulk of the working class and informal sector in unresolved tension with employers and the government.

In Egypt, social conflict was more overt than in Tunisia and remained intractable in early 2015. Unlike Ennahda in Tunisia, the Islamist government elected in 2012 did not form a governing coalition and was less subtle in asserting sole command over all aspects of society and economy. As unpopular as in Tunisia, that elected government was forced from power by the Egyptian military, which proceeded to appoint a government that was equally uncompromising and increasingly brutal. Subsequently, civil society organizations, progressive economists and organized labor were repressed and their proposals and demands for reform went unheard. Whereas political stability and reduced uncertainty were secured through peaceful compromise in Tunisia, they were imposed by a restoration of authoritarian rule in Egypt, but in both cases without a program for inclusive and sustainable development.

Democratic State-Led Development

UN agencies have mounted critiques of neoliberalism as "growth without development" since the early 1990s. Their view is that liberalization, privatization and austerity entail widespread human costs without the promised trickle-down benefits. These agencies, working separately or in tandem, have produced finely honed proposals for alternatives, close to the "social market" model made famous by the Scandinavian countries, overlapping but not coterminous with the bottom-up proposals of the labor movement, NGOs and economists described above.

These programs stress the need to balance private and public-sector economic activity.[8] They would keep some neoliberal reforms, for example, staying open to foreign trade and productive foreign direct investment. What they add is careful regulation and fair negotiation to ensure benefits to the developing country, such as technology transfer, backward and forward linkages into the domestic economy, contracted limits on the retraction of invested capital, and labor and environmental protections. They argue that integration into the world economy would be more equitable and provide more bargaining power if it were based on cooperation among equal Middle Eastern and North African partners, not, as it is now, between wealthy patron states from the Gulf and supplicants from the diversified but poorer neighbors, like Egypt, Jordan, Morocco and Tunisia.

In restoring a balance between the public and private sectors, after two decades of a shrinking, increasingly irresponsible state and growing crony capitalist domination of economic policy, the UN agencies recommend industrial policy to diversify economies and develop new comparative advantages, to revive agriculture and to shift to green energy. The state is to resume the provision of investment in infrastructure, including agriculture, and in education and health care, but not to invest in direct production of non-public goods and services. The latter can be provided by a competitive private sector (free of crony capitalists), under a clear, fair and simplified regulatory system that encourages business formation in productive sectors that generate employment and that is willing to invest in neglected regions of the country. Such measures would help regional economies break out of the rentier-society trap that virtually all have found themselves in.

A fundamental requirement is that the public sector be accountable and responsive to the citizenry, with full transparency in budgeting and allocation of resources. A matching requirement is that private business play by a new set of rules, in which they pay their fair share of taxes and ensure decent working conditions. Another match is made between the citizenry and private business paying into a fairly enforced system of progressive taxation on income, property and capital gains, as opposed to regressive sales and value-added taxes, while social security (such as pensions and unemployment compensation) and wage protection is extended to draw in workers and entrepreneurs from the informal sector and to restructure the safety net for the poor and unemployed. Furthermore, each country needs to ensure a society-wide minimum wage that is a "living wage," and to have labor laws that respect the rights of workers to organize independent unions, to assemble freely and to strike.

This new set of rules would have to be negotiated through dialogue among social groups to settle their differences, including representatives of labor and civil society. A critical difference between the IFIs and the UN programs is that the former see unemployment as mainly a supply-side problem, that is, the fault lies with workers who are unqualified for the jobs that exist in the private sector, whereas the latter see it mainly as a demand-side problem, a consequence of two decades of "investment" choices that favored energy-intensive industries or industries that created low-quality jobs in export production, real estate and trade. While the IFIs are promoting the "entrepreneurship" avenue of small and midsize enterprise as the vehicle for job creation, the UN position is that such development is good, but that society cannot depend solely on the pursuit of profit by firms, no matter how small, to solve its problems. Thus government's job in overseeing these reforms is to ensure that investment is "pro-poor," by deliberately focusing on rural, underserved regions with high unemployment and high poverty rates and by using "active labor market programs" to stimulate labor-intensive activities.

Corporatist Industrial Policy

Careful research on how Tunisia became a "neoliberal" star revealed that its successes relied on a foundation of state-led development in industry and investment in human development, layered over not with a big jump to liberalization and privatization, but with gradual reform and limited integration with the international economy controlled rather tightly from the top.[9] This success then undermined itself with the turn toward cronyism and the neglect of productive domestic investment needed to generate decent employment, deficits that became increasingly obvious during the boom and bust years of the 2000s leading up to the uprising.

Without wishing to constrain the development of capitalism, some Egyptian economists have considered that the neoliberal era went too far in curbing the responsibility of the public sector and put too much faith in a private sector that provided insufficient productive investment to generate employment and slid too easily toward cronyism. The former acting director of the Economic Research Forum, Samir Radwan, for example, concluded a review of Egypt's

Competitiveness Report in 2006 with recommendations for a comprehensive industrial strategy to be implemented by the National Competitiveness Council, which would "bring together Egypt's private and public sector, along with civil society leaders to form a common vision and unify action…. It would set priorities, provide advice to the government and monitor progress, making recommendations based on the latest data, the best expertise and the insights among Egyptian experts from many parts of society." While this idea sounds more promising that pure neoliberalism and overlaps in significant ways with the UN visions, it puts the onus of policymaking on top-down leadership, not necessarily democratically chosen, and is not sensitive to the needs of labor or voices from the bottom.

Another exemplar of this point of view is Ahmad Galal, who began in the 1990s to consider whether Egypt might benefit from an East Asian-style industrial policy, perhaps like that of South Korea. (These days the comparison is more likely to be made to Malaysia.) Galal was a member of the group of economists and business leaders that formed a think tank in the 2000s, the Egyptian Center for Economic Studies (ECES), which sought to redress some of the excesses of neoliberal reform in order to restore domestic investment, productivity growth and employment. Galal served as executive director of the Economic Research Forum from 2007 to 2013, when he joined the Mahlab government as finance minister for about 18 months

During his time in public office, Galal pursued a practical Keynesian strategy of using public investment in infrastructure to jump-start the economy and generate employment, with mixed results. He was opposed to the fiscal restraints that the IFIs were pushing Egypt to adopt, but tried to deal with the pressure to reduce universal subsidies for food and energy by appointing a deputy to figure out how to make the program for conditional cash transfers more effective and efficient, that is, to target subsidies to the poor who need them and who will, in exchange, send their children to school and use preventive health services. Galal left government after the cabinet shakeup under President al-Sisi in February 2014, and was replaced by a veteran of the Mubarak regime who was engaged in negotiating directly with the IMF at that time

Putting the best face on the Sisi regime's economic program as of March 2015, one could argue that it is a form of state-led development. Its elements include several grand development projects, including a second Suez Canal, a new capital city built from scratch to the east of Cairo, desert land reclamation for corporate agriculture, and 100,000 housing units, at least some to be "affordable," to be built by the UAE-government backed firm Arabtec Construction on land "donated" by the army. The dominant element in these and other plans is the pursuit of foreign direct investment, as illustrated by the much-hyped investment conference at Sharm al-Sheikh over the weekend of March 13-15, 2015.[10] The participants included high-level representatives from 20 countries, at least 200 firms, and the World Bank and IMF, the last represented by Christine Lagarde herself. The biggest and firmest deals that came out of the conference were with foreign energy corporations. With the explicit, even glowing, approval of the IFIs and Western powers, there are many more promises for deals to come. The prominence of Gulf-based private capital in these arrangements, and Egypt's continued dependence on financial aid and loans from the governments of Saudi Arabia, Kuwait and the United Arab Emirates are accepted as necessary and beneficial props.

Some of the less glowing aspects of this "program" have been the subject of a number of studies by NGOs and controversy in the Egyptian press, despite the regime's efforts to control the media.[11] For example, British Gas is to resume investment in exploration and extraction of natural gas from the Western Desert and Mediterranean offshore fields. While Egypt has undergone an energy crisis for several years with shortages of natural gas, British Gas intends to liquefy much of its output and resume exports on ships leaving from its offshore terminal near Alexandria. At the same time, Egypt will import gas from Israel, through the very same pipeline it used to export gas to Israel in a contentious arrangement in the 2000s. Due to the same natural gas shortage, and over the vociferous objections of the health, tourism and environment ministers as well as environmental activists and the doctors' syndicate, the government agreed in the spring of 2014 to allow energy-intensive industries like the producers of cement (mostly owned by foreign capital) to import and burn coal as their major fuel stock. The latter is just one example of the exoneration and welcome-home of the Mubarak cronies known as the whales of the Nile. Additional blessings for both domestic and foreign capital come from the generous incentives in a new investment law and reductions in tax rates on profits that were announced just before the conference. Another gift was the declaration of a law in mid-2014 prohibiting third-party legal challenges to deals negotiated by the government with private investors or contractors.

A March 22 ECES statement on the investment conference suggested that it could optimize the beneficial effects if eight criteria were met. Four of these are strictly economic and conform to IFI recommendations. They are continued fiscal consolidation, promoting small-firm participation in the mega-projects and nurturing an Egyptian middle class, streamlining government regulation of business and combating corruption, and reforming financial market regulation to promote savings and private investment. Four other stipulations address issues of social justice in a modest way. They include using public infrastructure investment and incentives in the new investment law to spread private investment to the impoverished and neglected hinterlands, vocational training for labor to hone skills needed by private employers, availing youth of opportunities for social mobility with improved education and health services, and "reforming the labor market laws to boost the creation of decent jobs and enhancing social dialogue to improve working conditions and productivity."

The Empire Strikes Back

Leading representatives of the World Bank, IMF and other IFIs, the G-8 "developed" economies, the wealthy Gulf nations and other "donor" development agencies held a war council at Deauville, France, in May 2011, in response to their blindsiding by the Arab uprisings. It is apparent from a reading of the Interim Strategy Notes of the World Bank Group from May 2012 that the Deauville partners were desperate to get ahead of the "transition curve" in what they labeled the "Arab countries in transition," and that they were frightened by the hostility and mistrust of Tunisian and Egyptian respondents, especially representatives of labor and civil society.

Over the next two years, the World Bank and IMF proceeded to generate reams of research papers "explaining" why the uprisings happened. They were shocked—shocked—to discover that corruption, nepotism and cronyism had come to prevail in countries that they had praised to the skies as recently as 2010 for their neoliberal reform efforts, and bemoaned the endemic problems of poverty, unemployment and burgeoning informal sectors that these culturally petrified Arab regimes had neglected to address. This "research" output appears to be a massive campaign to outflank critics of neoliberalism and the earnest protesters themselves by taking command of the production of knowledge about the "causes" of the uprising and thereby winning legitimacy to take command of the programmatic solutions.

The Deauville allies' overarching aim is to salvage the fruits of neoliberalism and to use their financial resources to garner the cooperation of the post-uprising governments of Tunisia and Egypt (Islamist, non-Islamist, elected, non-elected, no matter) and to restore the dominance of capital, whether domestic or foreign. Fiscal austerity and reducing budget deficits—that is, shrinking the role and scope of the state—are still at the top of the agenda, followed closely by liberalization—the streamlining of bureaucratic procedures and regulations to encourage investment—and privatization, now taking the form of governments contracting out projects to private companies and creating public-private partnerships to provide public services. Small and midsize firms are to be provided with credit access and technical advice, as they are the agents that will restore growth, create jobs and mature into the whales of the future. In parallel, education is to be reformed to train workers with skills to match private employers' needs, while labor markets are to be made more "flexible" to increase employment. That is, once workers in public-sector jobs face lowered wages and lose their job security and pensions, they and other workers will be forced to compete for jobs in the presumably expanding private sector. Reducing the budget deficit and rationalizing government spending requires the eventual elimination of general subsidies for energy and food, and the substitution of welfare programs targeted only to the truly needy, who are to be issued smartcards for food and fuel at below-market prices, along with job training and conditional cash transfers.

The tone of the brightly illustrated IFI reports for public consumption is sympathetic and kind, while the tone of the black, white and appropriately gray internal documents (which can be found online with some assiduous searching) is arrogant and condescending, but the essential message is the same. The Deauville pact members are going to conquer the "important structural challenges" and "long-running structural deficiencies" in "Arab countries in transition" and guide the new governments on the path to "modern" economies, following Western models of higher education and relying on Western technology.[12] The arsenal of weapons includes technical advice, for example on how to set up a VAT system and how to target subsidies to the deserving, along with outright bribes from the Gulf states and loans from everyone else. The loans go to diverse local projects that the lenders, often the International Finance Corporation, administer and monitor to assure that the desired results are forthcoming. The recurring hand wringing about debt notwithstanding, these procedures will keep Egypt and Tunisia perpetually in hock, as has been the case since the 1980s. The poor will always be with us, but we will give them both fish to eat and poles to fish with, while the rights of labor go ever unattended and the regimes of 2015 make satisfactory, ifhalting, "transitions" to democracy and free enterprise.

---

[1] The ideas were shared at meetings with the author in Egypt in June 2012, June 2013, and May 2014, and in Tunisia in March 2015. A list of these meetings is available upon request.

[2] The current events described below were reported by the following online news media from January 2011 to March 2015: www.english.ahram.org.eg, www.dailynewsegypt.com, wwwegyptindependent.com, www.madamasr.com, http://tahriricn.wordpress.com, www.tunisialive.net, and www.thetunistimes.com

[3] Bank Information Center 2013. "Impact of World Bank Policy and Programs on the Built Environment in Egypt." Washington DC: Bank Information Center (lead investigator Yahya Shawkat, Egyptian Initiative for Personal Rights, Economic and Social Justice Unit, Cairo)

[4] Reem Abdel Haliem, "Revisiting the Growth-Poverty Nexus in Egypt with Reference to the World Bank Country Partnership Strategies" (Cairo: Egyptian Initiative for Personal Rights, 2014).

[5] Gana, Alia 2012. "The Rural and Agricultural Roots of the Tunisian Revolution: When Food Security Matters," *International Journal of Sociology of Agriculture and Food* 19 (2): 201-213.

[6] Kaboub, Fadhel 2006. *A Roadmap to Full Employment and Price Stability for Developing Countries: The Case of Tunisia*. University of Missouri, Kansas City: Ph.D. Dissertation

[7] Muhanzua, Nice & Vincent Castel 2014. "Guided by the North Stars: No. 1 – The Swedish Model of Regional Development as a Source of Inspiration for Tunisia." African Development Bank Economic Brief

[8] Examples of this work are: International Labor Organization 2012, *Rethinking Economic Growth: Towards Productive and Inclusive Arab Societies*, Geneva: International Labor Organization; United Nations Development Program (UNDP) 2011, *Arab Development Challenges Report 2011: Towards the Developmental State in the Arab Region*, Cairo: Regional Center for Arab States; and Economic and Social Commission for Western Asia (ESCWA) 2014, *Arab Middle Class: Measurement and Role in Driving Change*, Beirut: United Nations.

[9] Cammett, Melani 2007. "Business-Government Relations and Industrial Change: The Politics of Upgrading in Morocco and Tunisia," *World Development* 35 (11): 1889-1903; Harrigan, Jane R. & Hamed El-Said 2010. "The Economic Impact of IMF and World Bank Programs in the Middle East and North Africa: A Case Study of Jordan, Egypt, Morocco and Tunisia, 1983 – 2004," *Review of Middle East Economics and Finance* 6 (2): 1-25

[10] A similar but smaller scale investment conference had been held at Gammarth, Tunisia, on March 5, organized by the American Chamber of Commerce in Tunisia, the US State Department, and the Aspen Institute.

[11] Sherif, Norhan, Heba Khalil and Harem Zayed 2015, *Above the State: Multinational Corporations in Egypt*, Cairo: Egyptian Center for Economic and Social Rights (ECESR)

[12] Chauffour, Jean-Pierre 2013. *From Political to Economic Awakening in the Arab World: the Path of Economic Integration,* Washington DC: World Bank: MENA Development Report: A Trade and Foreign Direct Investment Report for the Deauville Partnership