Crony Capitalists, Democracy and the Arab Uprisings in North Africa

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I dedicate this dissertation to my daughter, Elyse Noelle Kubinec, whose heroic battle against leukemia inspired me to finish this work that is so intimately connected with her brief but remarkable life.

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Chapter 1

Introduction

Since 1990, the world has witnessed ongoing waves of contention aimed at unseating dictators in postcolonial states, including sub-Saharan Africa, southeast Asia, and most recently the Middle East. These countries share a common set of challenges that set them apart from early democratizing states, including state institutions that lack the level of infrastructural power necessary to discipline elites. This dissertation examines an important barrier to democratization that is a serious problem in many postcolonial countries with weak state institutions: the rise of crony capitalists. As economic liberalization has become the policy consensus in many late-developing countries, businesses have become more powerful, but the legacy of postcolonial state formation means that this class of business is usually closely allied with the dictators who promoted their rise. As a consequence, business is more often an obstacle than an aid to democratization in these countries, and for these reasons it is no surprise that movements for democracy often incorporate marginalized populations from below rather than elite coalitions from above. However, if and when a social uprising is successful at forcing regime change, we do not have clear predictions about how crony capitalists will react and whether they will be able to undermine a democracy that is forced upon them.

I argue that business can indeed undercut regime transitions in favor of democracy when there exists an institutional actor who is able to help businesses mobilize around their collective interest in de-democratization. In some cases, business will be able to attain high levels of internal unity in advocating for interests like regime change that are in the interest of all, but in other cases a lack of business unity will cripple coalitions trying to subvert democratization, enabling emerging regimes to survive. My theory explains recent cases of regime survival and collapse in Egypt and Tunisia, and is more widely applicable to postcolonial states.

This dissertation hinges on the conditions that undergird business collective action as opposed to focusing solely on the factors increasing the propensity of particular firms to participate more or less in politics. It has been well-documented in the literature that businesses in postcolonial states are able to explot political connections to achieve above-market returns, and that these relationships corrupt the rule of law and prevent innovation and efficiency-promoting competition. However, these existing works cannot account for why businesses are more likely to work together at an outcome that involves considerable expense but also provides very diffuse benefits, i.e., regime change. While we can explain business action on behalf of benefits that are exclusive to specific industries, we lack available theory to explain business collective action for truly systemic outcomes that involve wide-scale institutional changes as these benefits are likely to benefit all businesses, not just a certain segment of the business community.

This theory emphasizes two distinct processes through which businesses are able to undermine democratization. First, influential businesspeople have structural advantages in emerging democracies because of their access to resources at a time when political parties are weakly institutionalized, and they also have direct leverage over a sizable pool of voters: their employees. For these reasons, it is possible for businesspeople to penetrate emerging democratic institutions, either to defend their own business interests or to undermine the institutions themselves. However, there must be a second process by which these structural advantages are turned towards regime change if businesspeople are in fact to successfully advocate for a collapse of democracy. Given business' multiple options in an emerging democracy, there must exist an actor who is able to punish businesses who reach their own separate peace with democratic reformers, and by so doing undercut momentum for de-democratization. If such an actor is able to create a critical mass of opposition to democracy by punishing defectors, then business can begin to play a serious role in regime change. When that tipping point in favor of regime change is reached–which depends on the beliefs of businesspeople concerning the strength of the pro-authoritarian coalition–business collective action becomes a self-fulfilling prophecy as all businesses would prefer to support a regime transition once they are convinced that others are also willing to do so.

This theory is supported by both qualitative and quantitative research into recent democratic transitions that took place during the Arab Spring, a series of social movements that led to the expulsion of several long-serving dictators in the Middle East. I focus on two countries, Egypt and Tunisia, that both experienced democratic transition at the same time, but as of today, only Tunisia remains a democracy while Egypt has reverted to military dictatorship. Both of these countries have plenty of examples of powerful businesspeople who are politically active and who have strong preferences in favor of a reversion to dictatorship; however, only in Egypt did such a collapse of democracy occur. I argue that this divergence between the two countries can be traced back to the unity of the business coalition supporting de-democratization, with Egypt exhibiting very high levels of business unity and Tunisia exhibiting very low levels of business unity.

Given that democratization is an outcome influenced by many factors, including the strength of social movements, the actions of elites with control over political and military resources, and the influence of external states with an interest in the outcome of regime disputes, the variable on which I focus on, business unity, cannot explain all variation over time within these countries. Also, for these reasons I do not focus solely on whether a democratic transition occurred or did not occur, but rather on the outcome of democratic and authoritarian durability. Business collective action is much more likely to influence the latter than the former, and as has been previously established, these two outcomes (regime durability and regime transitions) are distinct though there is an obvious relationship between them. Business participation in a movement against democratization can lend stability and massively expand the movement's penetration into diverse social classes, which increases the chances that a reversion to dictatorship will be more successful over the long run. In other words, it is unlikely that businesspeople will ever be the ones to lead a coup attempt or to depose a parliament, but outside of these brief and dramatic episodes of political change, their influence can have positive and negative effects on the ability of regimes to endure and survive external and internal threats. Furthermore, business unity is best understood as operating in tandem with other complementary explanations, such as the relative strength or weakness of pro-democratizing forces.

To summarize the argument as applied to the two cases of interest, Egypt and Tunisia, in Egypt businesspeople assisted the pro-authoritarian movement by creating a groundswell of popular opposition to democracy, which the military capitalized on in staging its coup against the democratically-elected president in 2013. Furthermore, it was the deep linkages between military firms and crucial sectors of Egypt's economy that helped businesspeople cohere around the new coalition and work together to undermine democracy. However, contrary to some accounts, I do not argue that the military orchestrated the entire transition, nor that the military is responsible for the ensuing success of its dictatorship. Once business collective action in Egypt reached a critical mass, the coalition became self-enforcing, and businesses chose to participate because they were convinced that others were also doing so. This support proved critical in building a new dictatorship in Egypt despite the hazardous obstacles of a growing insurgency and economic collapse.

By comparison, in Tunisia a powerful economic elite was able to corrupt political parties and purchase influence on a case-by-case basis. These ad hoc relationships undermined an effort by powerful businesspeople to subvert democratization by building a pro-authoritarian party that allied prior regime officials with crony capitalists and won a plurality of the seats in Tunisia's second elections. Contrary to what many thought at the time, Tunisia's democracy has survived this anti-democratic onslaught, and I argue that this outcome can be explained, especially when compared to Egypt, by focusing on how businesses were relatively dis-unified and chose to compete for power against each other, which fractured the pro-authoritarian coalition. Tunisia's democracy survives in no small part because of the failure of anti-democratic elites to work collectively towards an outcome that is in their self-expressed self-interest.

From this research agenda I put forward the following hypotheses describing how businesspeople affected the outcome of regime durability within the cases studied:

H1 The stronger the elite bias of state economic institutions, the more likely that prominent businesses will hold pro-status quo preferences.

H2 As post-transition labor unrest and bureaucratic corruption increase, businesses will tend to prefer a reversion to dictatorship.

H3 The stronger the economic penalties that a pro-authoritarian political-economic institution can impose on businesspeople, the more likely that a pro-authoritarian coalition will have strong internal cohesion.

H4 The greater the internal cohesion of the pro-authoritarian coalition, the more likely that a new pro-authoritarian equilibrium will emerge around which businesspeople will coordinate.

Hypotheses 1 and 2 relate to firm-specific preferences and firm-specific factors that undergird those preferences. I show through qualitative research, both a review of extensive secondary literature and my own field research, that firms in Egypt and Tunisia were not enthusiastic participants in the democratization process, and that this lack of enthusiasm can be directly traced to these firms' unwillingness to give up privileges and benefits dating back to the era of dictatorship. Furthermore, Hypothesis 2 argues that a critical intermediating variable concerns the autonomy of a firm vis-a-vis the state: when firms are more autonomous, such as having access to external networks and markets, then they are more likely to support the democratization process and oppose pro-authoritarian coalitions. Unfortunately, true firm autonomy is by definition rare as dictators were loathe to allow capitalists to obtain that kind of freedom and independence from the state.

Hypotheses 3 and 4 connects firm political participation to regime change through the mechanism of collective action, in particular through strategic complementarity and the prisoner's dilemma. Initially, pro-authoritarian coalitions must overcome the prisoner's dilemma by forcing people to support their movement. Over time, as businesspeople form a belief that other businesspeople are likely to participate in the coalition, actual support for dictatorship, such as by supporting authoritarian parties in elections and instructing employees how to vote, is likely to increase substantially once strategic complementarities come into play. As businesses pool their resources towards a common end, both the risk of democratic breakdown and the likelihood of authoritarian durability increase.

In the rest of this introduction, I discuss case selection, define the independent and dependent variables and then finish with the dissertation's research design.

1.1 Case Selection

Egypt and Tunisia were chosen as the focus of this dissertation because of the unique timing and process of democratization in these countries. The rapid spread of the Arab Spring meant that both countries lost their dictators within a month of each other, and the first elections under democratization occurred within around the same time as a result. For these reasons, it is possible to rule out a number of time-varying factors related to democratization, such as changes in the external balance of foreign powers competing for regional influence in the Middle East (Boix 2011) and the condition of the world economy. While it would be too far to label this constellation of outcomes as a natural experiment, it does offer a subject of research into democratization with ideal conditions rather than trying to compare countries at distant points in time.

Second, the choice of Egypt and Tunisia also helps rule out some country-level variables that affect democratization. One important issue in Middle East countries involves the rise of Islamist groups competing for control of the state, and for that reason, it can be difficult to separate the effect of political-economic variables on democratization independent of sectarian cleavages. However, both Egypt and Tunisia contain Islamist groups with similar ideologies–the Muslim Brotherhood in Egypt and Nahda in Tunisia–that both faced state repression under dictatorship. In fact, during the first elections after the transition to democracy in these countries, both Islamist groups attained a plurality of seats in the parliament and faced very similar challenges of governance in the midst of sectarian conflict. Of course, this method of controlling for a possible confounding variable is based on Mill's Method of Difference (Przeworski and Teune 1970) and is a rather crude way of addressing the problem. No two Islamist groups can be considered to be perfectly identical, and much has been written on the unique historical origins of Tunisia's Nahda and Egypt's Muslim Brotherhood. Nonetheless, the existence of these similar groups means that we cannot conclude that the mere existence of sectarian cleavages or Islamist parties will explain the survival of regimes.

Finally, both countries share a similar trajectory in terms of long-term state formation. Both Egypt and Tunisia were colonized around the same time, and both embarked on import-substitution industrialization after independence in the 1960s to try and reverse the effects of colonialism. These institutional choices, as I explain in my case studies, still have an important legacy for the interaction of business elites and the state. The postcolonial nature of state institutions in these countries is not a possible confounding variable that I control for but rather an important scope condition for the theory so that it is applicable to other countries with postcolonial states and relatively low levels of infrastructural power (Soifer 2013).

1.2 Regime Durability

The ultimate aim of this dissertation is to make inferences about the causes of regime durability, both authoritarian and democratic. Regime durability has a relatively simple definition: the number of years that a given regime will survive. However, it is still a contested concept in part because it relies on a classification of the democratic nature of state institutions. While leader turnover is easy to measure, measuring regime durability necessitates agreement on what constitutes a democracy and a dictatorship. For the cases studied in this dissertation, Egypt and Tunisia, I argue that both of them transitioned to democracy in the spring of 2011. From 2011 to 2013, elections were considered free and fair by international election observers, party registration was open and in fact a plethora of candidates contested each election. Generally speaking, media became unrestricted and journalism flourished as it had not in nearly sixty years. Think tanks and civil society organizations sprung up and academic research into previously forbidden topics, such as survey research, also grew dramatically.

I define Egypt's democratic experiment as ending with the military coup that overthrew the democratically-elected Islamist president, Mohammed Morsi. Since that time, multiple elections have been held, but prominent political parties, including the Muslim Brotherhood, have been banned from competition and thousands of activists, politicians and journalists have been held in prison. In fact, the new military regime has launched into the most brutal period of repression since the Nasser regime that founded Egypt's first dictatorship. For these reasons, it is relatively easy to mark the end of democracy in the summer of 2013 and the survival of dictatorship to begin from that date. In summary, I consider Egypt's democracy to have survived two years and its dictatorship to have survived four years as of the time of this writing.

I consider Tunisia to have remained a democracy as of this writing. There have been violations of civil freedoms and other worrying signs of unrestrained bureaucracies, in particular the Ministry of Interior, at harassing political opponents of the current regime. However, this harassment has not silenced political debate as journalists continue to report freely on sensitive topics like corruption and the head of state is regularly denounced by the opposition. At worst, Tunisia could be on a trajectory towards becoming a "hybrid democracy" (Levitsky and Way 2010); however, even that designation would be too harsh for the concerns that Tunisians have with the democratic nature of their institutions. The country has had two free and fair elections with a peaceful transfer of power, and there is no reason at this point to think that future elections will not be similarly fairly conducted. For these reasons, I consider Tunisia's democracy to have survived a total of six years since its founding in 2011.

1.3 Business Unity and Institutional Actors

The main independent variable that I consider as a predictor of regime durability is business unity, which I define as the ability of business elites to act collectively towards a common preference. For this dissertation, I look primarily at pro-authoritarian coalitions in Egypt and Tunisia that sought to undermine new democracies in the wake of the Arab Spring. In Egypt the movement I study is known as Tamarod, for the Arabic word to rebel, and in Tunisia my research covers the rise of Nidaa Tounes (the Call to Tunis), a party that rallied old regime elites and businesspeople in a successful electoral bid in Tunisia's second round of elections. I isolate the crucial links in elite cohesion between influential businesspeople who helped manage and form these movements for authoritarian retrenchment.

Much of current research on elite coalitions as independent variables uses the concept of the selectorate (Mesquita et al. 2003), which represents the subset of elites who have some say over who becomes the dictator-in-chief. This definition is quite broad but still helpful at delineating between elites who are in some sense on the inside and those who are on the outside. Both democracies and dictatorships have elites who are in and elites who are out, but the consequences of being on the opposing side in a dictatorship are considerably more hazardous, and could result in serious discrimination or even physical harm if the dictator believes that unaffiliated elites pose a threat. As a result, a sizable portion of the selectorate probably represent persons who have no great love of the regime but who fear being targeted as dissidents. A central concern for all autocratic coalitions is how to induce loyalty in an institutional setting in which the rule of law is notably absent (Haber, Razo, and Maurer 2003), and I argue that these collective action dilemmas are even more pronounced during moments of regime transitions.

For this reason, it is not surprising that anti-democratization coalitions in Egypt and Tunisia varied in the relative level of business unity because whatever institutions existed to manage the dictator's old coalition have fallen apart as a result of the transition. The most straightforward way to build business unity is to punish those firms that defect from the pro-authoritarian coalition, but whatever mechanisms existed have probably buckled under the pressure of mass collective action. By the term defection I do not only mean that there are elites actively forming an opposition. Rather, it is enough for elites to abstain from participating in the movement, the commonly-known prisoner's dilemma in which some elites assume that others will be responsible for overthrowing democracy. By targeting firms that do not participate with sanctions, such as withholding regulatory permits, government supply contracts, or even expropriating the firm itself, an institutional actor can enforce unity by explicitly changing the calculus for each firm in the coalition.

However, this mechanism alone cannot explain business collective action on behalf of regime change because it is unlikely that any institutional actor could punish all firms in a country, especially in the post-colonial context in which states have limited information about business activity. Rather, I argue that the punishment of defection is a prelude to wide-scale collective action because of the concept of the tipping-point model. In other words, once elite participation reaches a threshold, there are also strategic complementarities at play (Schelling 1978; Medina 2007) as elites choose to participate in the anti-authoritarian coalition when they see or assume that others are also participating. The threat of punishment motivates a critical mass of firms to participate, and then collective action grows once the firms' beliefs begin to change about how many other businesses are participating, and so on. These twin mechanisms are what are capable of sustaining the coalition over time and ensuring that it reaches success.

Business unity can be observed through the presence of observable splits or disputes within pro-authoritarian coalitions and also the ability of these coalitions to stay unified around their collective goals. In Egypt, these goals included the overthrow of the Morsi regime, the installation of a new regime and new political parties to support it, and the repression of Islamists and other challengers. For Tunisia, these goals included the subversion of democracy from within by undermining newly-minted democratic institutions and protecting members of the coalition from prosecution by zealous anti-corruption reformers.

In addition, I need to know the variables that drive business political participation in general. I divide these variables into two categories: micro-incentives that matter to an individual firm or business leader but are not generalizable across firms, and systemic factors that matter equally to all firms within a country. I study micro-incentives because these often play a crucial difference in why some businesses but not others become very influential within parties and coalitions; however, to understand elite unity as a whole it is necessary to identify systemic factors that affect all businesses.

Many of the micro-incentives of business political participation have been previously established in the literature (Krueger 1974; Becker 1983; Acemoğlu and Robinson 2008; Weymouth 2012). These center on the opportunities that a business could obtain through political action, namely, rents and privileges that a state can confer on a particular business such as access to protected markets and lucrative government contracts. The other kind of micro-incentives concern threats to the firm, such as the withdrawal of licenses to practice, barriers to import and export, and in extreme cases outright expropriation. It can be difficult to distinguish between both of these as sometimes a firm that benefits from state largesse can also become dependent on the state and hence vulnerable to a sudden change in rent provision. Part of my research is to help distinguish between these factors to better understand the reasons why political activity varies so strongly across firms.

However, to affect business collective action, macro-incentives must change. Macro-incentives represent incentives that tend to be common across a large number of firms. There are two sources of macro-incentives: institutional actors that can affect a critical mass of firms' payoffs and strategic complementarities in which business participation is a function of others' business participation. For the cases I study, this institutional actor represents the economic infrastructure of the Egyptian military that affects the incentives of a critical number of businesspeople participating in the anti-authoritarian coalition. The military's unique carrots and sticks, which are a result of its decades-long development of firms in a variety of industries, have forced a critical number of Egyptian businesspeople to go along with supporting the military's rise to power. This collection of committed businesses became the seed for the growth of widespread collective action in which business unity on behalf of a new dictatorship is virtually guaranteed in Egypt.

It is this difference that I argue explains the ultimate divergence in outcomes between Egypt and Tunisia because Tunisia's military lacks such economic structures, and there is no other comparable institutional actor capable of playing a similar role. Businesses in Egypt and Tunisia have comparable micro-incentives: firms in both countries seek rents and seek to influence political parties to benefit themselves. But it is Egypt's anti-authoritarian coalition that has remained unified through turmoil and that has made the new military-led regime remarkably durable.

The reason that business unity has such a substantial effect on regime longevity, especially after democratic transitions, is because of significant advantages available to businesses in advancing their political interests if they are unified. Businesspeople are often enormously influential in transitional democracies in the contemporary world because of the confluence of two factors: 1) the spread of neo-liberal institutions across states has empowered domestic conglomerates as managers of economic, and increasingly, political activity (Faccio 2006; Pepinsky 2009; Chwieroth 2010; Arriola 2012; Cammett et al. 2015; Milner and Rudra 2015; Hertel-Fernandez 2017), and 2) the fall of a dictator removes many state officials who previously managed political competition (Albertus and Menaldo 2014), thus providing an opportunity for businesspeople to fill the gap. The line that exists between business and the state–even though it is as much myth as reality in much of the world–means that businesspeople are able to escape the fall of a regime.

Their property may very likely be the target of revolutionaries bent on immediate expropriation, but the heady days of a revolution do not allow much time for a thorough investigation of business managers with questionable ties to the old regime. These actors are usually a secondary target relative to heads of state and important ministers. Businesspeople can re-emerge after democratic transitions by maintaining a low profile and seeking to influence the new system. A brief observation of both Egypt and Tunisia would turn up the names of many businesspeople who have made headlines as heroes and villains during the political turmoil of the past five years.

Finally, businesspeople matter to the viability of elite coalitions in transitional democracies because the inauguration of new parties creates a significant demand for funds. Even parties with popular leaders often lack the infrastructure to raise funds, while businesspeople are able to meet those needs as well as use their corporations as sites for party activities and to spread party propaganda. The recent literature on parties in new democracies often mentions, if not explicitly focuses on, businesspeople who take on a leading role (Arriola 2012; Markus 2015; Randall and Svåsand 2002). However, little is currently known about the effects that these businesspeople may have on the viability of new democracies. For instance, it is well-known that powerful businesspeople in contemporary dictatorships tend to oppose democratization, whether out of a fear of redistribution from masses, from other elites or from the political instability that regime change necessarily brings about (Pepinsky 2009). For that reason, it is no surprise that businesspeople are often found playing a prominent role in "authoritarian successor parties" and other reactionary movements that are distrustful of democratic institutions (Loxton 2015; Slater and Wong 2015).

In summary, business unity is the independent variable of interest in this study because business unity can provide the motive force behind pro-authoritarian coalitions that in turn produce incumbent takeovers and durable coups. Businesspeople rarely try to rule directly even if they have the opportunity; they much prefer to back a favored politician while expecting to receive benefits or favors if their candidate wins. Yet this willingness to stay in the shadows is precisely why they need more analytic attention. It is not easy to determine why a democracy survived potential incumbent takeovers, but looking at the actors who could potentially provide both financial and organizational support for such events is a crucial element in the puzzle.

Methodology

In this dissertation I incorporate both qualitative and quantitative forms of inference. I consider these forms of inference to be complementary and to be mutually informative of my central research question concerning the effect of crony capitalists on the survival of regimes. The aim of the research design is to collect data on the preferences and strategies of firm owners in these countries while accounting for reverse causality and the possible endogeneity of firm preferences to confounding variables. As I discussed earlier, there are several possible confounding variables that are held constant through case selection. Other issues to inference, such as reverse causality, are discussed in the relevant case studies by focusing on the temporal nature of the causal sequence.

Qualitatively, I primarily rely on field research in Egypt and Tunisia. The aim of this stage of research was to interview as many businesspeople, politicians, academics, and others with first-hand knowledge of pro-authoritarian coalitions in both countries. The majority of my field research was spent in Tunisia in large part due to political instability in Egypt. In Tunisia I was able to travel to all three major metropolitan areas and interview business managers at dozens of firms and conglomerates. This substantial amount of data validates my theory's core internal mechanisms and helps check for the presence of confounding variables mentioned earlier, such as the existence of sectarian collections. In addition to interviews, I found valuable information about firm performance in Tunisia and I was able to collect roll-call data on the Tunisian parliament.

This qualitative information is also used to write out a causal process diagram that encapsulated the relevant variables. A causal process diagram shows how the relevant variables of this dissertation, i.e., business unity and democratic and authoritarian survival, are related to each other over time (Waldner 2015). The causal process diagram enables me to make important inferences regarding the exogeneity of causal variables to the outcome and also to find evidence of the fundamental mechanisms at play, i.e., collective-action dilemmas and the obstacles faced by pro-authoritarian coalitions.

Based on these premises, I undertook a quantitative study of businesspeople in Egypt, Tunisia and Algeria to verify whether the conjectures about businesspeople would hold true within a more formal test. I utilized a conjoint survey experiment, targeted at businesspeople through Facebook, to see how business employees and managers would react to hypothetical party appeals. I was able to vary the kinds of benefits that the hypothetical appeals offered, and also the actors from which the benefits would come. This data enabled me to verify that the macro-incentives I identified did indeed have systematic effects in this experimental framework, and that aggregate differences in firm political participation between Egypt and Tunisia could be traced to the powerful presence of the military.

This dissertation is based firmly in multi-methods research with an aim at making credible causal inferences. In general, this research seeks to embed quantitative analysis within a larger qualitative framework as a satisfactory way of handling distinct types of data and evidence (Humphreys and Jacobs 2015). Both types of research are crucial to answering the questions posed in this dissertation.

Plan of Attack

I first explicate a theory about how crony capitalists respond to the fall of regimes, and what are the relevant factors the determine their behavior in chapter 2. Then in Chapter 3, I offer a full overview of the research design in this dissertation and delve into the details of measurement challenges. Next I include case studies on Egypt and Tunisia in chapters 4 and 5. The aim of the case studies is to identify the relevant causal variables and the mechanisms linking those variables that were identified and explicated in the theory section. I use a combination of field interviews, primary materials and quantitative evidence to show the differences in business political behavior between these two countries. Ultimately, I trace the divergence between the two countries to the economic influence of the Egyptian military, which forces business elites to act collectively so that democracy succeeds.

My sixth chapter is a multi-national online survey targeted at businesspeople in Algeria, Egypt and Tunisia. Through this survey I show how the macro-incentives identified in the case studies help explain business behavior in elections, in particular how the military's role enabled a critical mass of firms to prompt systemic collective action in Egypt relative to the other countries studied. In the fifth chapter, I use the evidence from the survey to study micro-incentives that guide business political participation in these countries. While this chapter does not directly focus on the outcome of regime survival, it is broadly informative of how businesses participate in politics in postcolonial states.

Finally, in the seventh chapter I summarize the evidence presented and explicate on the new insights gained by this research. I also examine what avenues would be fruitful for additional inquiry in the political economy of democratic survival.

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Chapter 2

Theory

The aim of this dissertation is to present a coherent causal explanation of the effect of crony capitalists on the health of emerging democracies. This chapter provides a concise exposition of the causal logic, beginning with the institutional origins of crony capitalism in developing countries and continuing to the collective action dilemmas that often prevent businesspeople from obstructing democracy. While in the next section I discuss issues of measurement and research design, in this chapter I am aiming to describe the causal relationships themselves and to derive observable implications.

In terms of theoretical innovation, this dissertation's contribution is in the area of mid-range theory. I build on prior work in the political economy of firms and democratization, and I do not attempt to build a new theoretical foundation for these topics. Instead, given existing work showing the strong effect of income inequality and other redistributive concerns on the survival of democracy, I develop a theoretical approach that can help us understand the role and limitations of a crucial actor in regime change: businesspeople with close connections to dictators. This analysis is strongly driven by the long-run factors that undergird state capacity in developing countries and that have been shown to have a profound effect on economic development, democratization, conflict, and even ethnic identification: the rise of a class of politically-connected businesspeople who are able to take advantage of extractive state institutions to exclude market entrants. The essential aim of this mid-range theory is to describe the pathways through which business elites affect the outcome of authoritarian coalition formation and ultimately regime survival.

2.1 Conceptualizing the Outcome: Regime Durability

The ultimate outcome I want to study in this dissertation is regime durability, in particular the durability of dictatorships and their authoritarian successors in the Arab Spring. The best way to conceptualize this outcome is to use the transition matrix of Limongi and Przeworski (1997) shown in Table 2.1. This matrix illustrates how countries can switch between regimes over time. At time t_0, or the current state, a country can either be authoritarian or democratic. At time t_1, or the next period, a country can either remain in its current regime state or transition to the opposite regime, i.e., democracy or authoritarianism.

I am specifically focused on explaining the diagonal entries in this matrix which show the probability that a regime will remain in its current form: P_{DD} and P_{AA}. I do not emphasize the transition probabilities because businesspeople usually do not play a prominent role in transitions per se. In both of the countries considered in this dissertation, transitions involved either the masses (to democracy) or the military (to dictatorship) as primary actors. For that reason, it is not surprising that much of the extant scholarship on the Arab Spring has emphasized these two actors and their decision-making calculus.

	Democracy t_0	Authoritarianism t_0
Democracy t_1	P_{DD}	P_{DA}
Authoritarianism t_1	P_{AD}	P_{AA}

Table 2.1: Regime Transition Matrix from Limongi and Przeworski (1997)

By contrast, businesspeople matter more to regime stability because their primary strength in politics is organizational. Businesspeople have ample funds and also a supply of potential voters–their employees. If businesspeople want to undermine a regime, they can form movements that push at the institutional integrity of the current regime. In both Egypt and Tunisia, businesspeople were involved in funding pro-authoritarian coalitions that had precisely this aim. Furthermore, if businesspeople want to support a regime, their organizational capacity can help stabilize it by creating new parties to run in elections and also pressuring their employees to demonstrate their loyalty to the new regime through elections.

Even though I am not directly focused on transition probabilities, it is still true that these business actions will affect democratic transitions indirectly. When the military staged their coup in Egypt, they certainly took into account the expected duration of Egypt's democracy and the expected duration of the authoritarian regime they would need to build. By affecting both of these probabilities, businesspeople also had an indirect effect on the probability of democratic transition.

2.2 Long-Run Selection Processes in Low Capacity States

To establish that businesspeople were a threat to democracy in Egypt and Tunisia, I first need to discuss how and why businesses in these countries tended to form pro-dictatorship preferences after the transition to democracy. The first step in the argument involves specifying the processes through which a class of crony capitalists is created. While close links between businesses and states in developing countries will not strike any informed observers as anything unusual, it is still worthwhile to discuss the historical and institutional foundations of this phenomenon. The democratization scholarship, influenced by cases in Europe and to some extent in Latin America, has a special place for the bourgeoisie as natural advocates of at least limited democratization (Moore 1966; Ansell and Samuels 2014; Alexander 2002; Frieden 1991; North and Weingast

1989). For that reason, I have to explicate the reasons why I expect crony capitalists to be an obstacle, not an aid, to democratization. In brief, the political connections that maintain these firms' access to capital and markets provide monopoly rents that would be competed away in any transition to an open access order (North, Wallis, and Weingast 2009).

Ultimately, what leads to the rise of politically-connected firms that rely on "above-market" resources to survive are state institutions with low levels of infrastructural power. While there is variation among postcolonial states as in any macro-analytic category, in general late-developing states have lower levels of infrastructural power relative to the advanced industrial countries (Migdal 1988). The reasons for this lack of infrastructural power appear to be the drivers behind limited economic growth in many late-developing countries because states lack the ability to implement policies that endanger the interests of powerful elites (North, Wallis, and Weingast 2009). As a result, the coalitions that make up authoritarian regimes tend to permeate easily across institutional boundaries, including the distinction between the state and business (Haber, Razo, and Maurer 2003). For this reason, it is not easy to apply theories about regime stability that depend on states with considerable infrastructural power and the ability to organize society around the state's demands (Acemoğlu and Robinson 2006). To understand the outcome of regime durability in postcolonial states, a careful attention is required to the foundations of state institutions and in particular their historical origins.

The same historical origins of postcolonial states drive the selection effects that yield large numbers of politically-connected firms. After a wave of independence swept across former colonies of Western powers, it quickly became evident that these states would not be following the development trajectory that had been set out for them by the reigning economic ideologies of the time. For example, Waldner (1999)'s study of postcolonial developmental regimes contrasted countries that adopted export-led growth (ELG) in East Asia and Middle Eastern countries that maintained their early import-substitution industrialization (ISI) policies. Waldner provided a coherent reason for the divergence in political economy across countries by focusing on elite conflict as a critical variable structuring the choices available to postcolonial leaders in their pursuit of economic development. Where elite conflict destabilized polities, ISI remained the only choice available, while countries with relatively unified elites were able to move from ISI into the higher-growth ELG framework as their industries developed. With this argument, Waldner demonstrates why modernization theory did not live up to its earlier promises: the choice of institutions is not equally distributed across countries but rather constrained by the nature of political coalitions. Facing internal elite conflict inhibited state infrastructural power even as these states took on the daunting task of industrial development.

This form of state industrial development produced large swathes of firms dependent on the regime for production, while the number of exporting firms, apart from raw materials, is quite low. The actual level of market protection will vary from sector to sector and from firm to firm, but generally we can think of these firms relying on their internal connections to the regime to maintain support for property rights (PR). This is not to say that all business activity is directed by the state, but that businesses by and large are not subjected to the competitive pressures that they would within a less generous regime. The observable implication of this political economy is that firms in the Middle East are well-protected from competition, and as a result they rarely fail. A 2014 World Bank report examining firm census data from around the Middle East found that by and large firm turnover rate is quite low, and when firms fail, it is because of "resource reallocations between sectors" instead of within sectors (p. 15). What these failure rates signify is that few firms fail because of competition from other firms within their sectors, i.e., as a result of "creative destruction" (p. 15). Rather, most job growth in the region is due to a small number of very large firms which appear to be quite stable over time (p. 22). This stability benefits the regime as well by enabling capital accumulation while obstructing the formation of a counter-authoritarian coalition. However, the chance of a truly democratic coalition of firms emerging is quite small, but it is more plausible that a rival could emerge within the dictator's coterie, i.e., the threat of incumbent takeover.

This combination of state-led industrial development with divided elite coalitions produced agreements that to this day structure production and redistribution within these regimes, including Egypt and Tunisia. Postcolonial elites built coalitions around bargains with urban and rural lower classes that resulted in lower growth but higher political stability. In Waldner's main cases of Turkey and Syria, elite conflict developed between elites who preferred industrialization and older elites whose primary interest lay in landed agriculture (a remnant of the colonial policies of de-industrialization). Eventually, colonial-era elites lost power when their competitors were able to incorporate lower classes, especially rural areas, through the creation of a variety of state-run cooperatives that subsidized prices. These bargains led to mass support for new dictatorships that proved durable over time. While the 1990s brought in a host of changes to economic policies stimulated by the World Bank and the IMF, as described by Arriola (2012), by and large the core elements of political economy have remained unchanged, particularly so in the Middle East (Dillman 2002). As long as the central pillar of rural and urban incorporation endured, these regimes were relatively immune to internal challengers.

Indeed, even one of the most recent analyses of Middle East political economy by Hertog (2016) uses this historical argument as a foundational concept to understand distributional conflicts since the recent Arab Uprisings. In addition to rural and urban incorporation, Middle East states are characterized by personalistic, patronage-based relationships between powerful businesses and the state (Waldner 1999, 39). Over time, these kinds of relationships have come to be described by scholars as "crony capitalism" because of the way in which political and economic power have become intertwined in Middle Eastern regimes (Cammett et al. 2015). These personalist linkages between dictators and capitalists are often cited as the reason why authoritarian rulers have been able to resist the weakening influences of structural reforms as occurred in Africa (Bellin 2002; Heydemann 2007). The particular manner in which regimes encourage consent from businesspeople varies across states, from relatively open competition through elections (Blaydes 2011) to forced contributions to the dictator's party (Cammett 2007). While these linkages have been politically efficient–up until very recently, regimes in the Middle East were particularly long-lived–they have resulted in the region also suffering in most comparative indices of openness to economic development.

2.2.1 What Crony Capitalists Are

I next explore the meaning of the terms crony capitalism and politically-connected firms to see how and why these terms came to be used to describe firm relationships in many postcolonial countries. To that end, I survey the fields of state-business relations and the closely-related literature of politically-connected firms to show how much we know, and still do not know, about these relationships and their influence of regimes. I then discuss the different kinds of political action that are associated with politically-connected firms, and how we can conceive of them as being either individual or collective action.

While the study of politically-connected firms as a subset of political economy is a relatively new phenomenon, the field of state-business relations long precedes the more recent focus, and for that reason I first look to this literature. By and large this research has focused on economic development, not regime durability, and how to and what extent businesses are able to affect economic policy such as trade liberalization (Gallagher 2002; Cammett 2007). The field of state-business relations has produced accurate and representative analyses of firm political action in late-developing countries, which is the subset of countries that have been most likely to experience democratization (or de-democratization). Haggard, Maxfield, and Schneider (1997) provide a helpful analysis of state-business relations by classifying existing studies in a three-fold typology: a macro and microeconomic focus on the position of the firm within its sector and the national economy, a historical institutionalist account of the origin and existence of business associations and business collective action, and a sociological focus on the networks linking state elites to influential businesses.

While this rich research tradition provides a strong foundation for work on firms and regimes in developing countries, the unit of analysis in these studies is not always or necessarily the firm. In my research, however, I am interested in explaining firm behavior, not only the role of business associations. Furthermore, my focus in this dissertation is on regime change, while state-business relations has emphasized policy-level outcomes. Despite these differences, I am still able to borrow the techniques and research focus in this field of scholarship by examining institutions as responsive to networks of firms all co-operating around common goals.

To advance the field, I apply the relevant areas of state-business relations to the study of regimes and the decision calculus of individual "politically-connected firms." I am not the first to marry contextual work in political institutions with a focus on firms as units of analysis. Three works that break ground in this area include Arriola (2012), Haber, Razo, and Maurer (2003) and Markus (2015). Haber, Razo, and Maurer analyzed the institutionalization of "vertical political integration" in early 20th century Mexico, a process by which the Mexican dictator Diaz managed a relatively high level of economic prosperity without upholding property rights for the majority of Mexican citizens. Haber, Razo, and Maurer's work reveals the mechanisms through which dictators can still manage functional and even growing economies by selectively incorporating elite businesspeople into their coalition and ensuring that their property rights are secure even if enforcement of non-elite property rights is insecure. In a similar vein, Arriola focuses on the ramifications of structural adjustment programs for dictator-business coalitions in Africa. He shows that when the ability of regimes to selectively enforce property rights–in particular access to credit via the banking system–was crippled by the need to undertake IMF-backed structural reforms, a new class of entrepreneurs emerged in sub-Saharan countries with the ability to challenge dictators. As a result, some African countries, particularly Kenya, moved towards democratization after decades of dictatorship.

Markus extends the field of state-business relations by detailing more concretely the relationship between firms and the individual institutions of a state. He shows based on research in Ukraine how businesses are often threatened by local-level municipal bureaucrats as opposed to the common understanding of sovereign expropriation from the dictator him or herself. As a consequence, he reveals how principal-agent problems make it difficult for businesses in countries with weak institutions to know from whom they should be protected, and as a consequence businesses need both elite-level and local-level connections in order to survive and thrive in these environments.

Markus's work is also important because he is the first to explicitly link state-business relations with the work in economics on politically-connected firms. Faccio (2006) and Fisman (2001) helped launch this line of scholarship in economics by providing some of the first quantitative evidence of the value of political connections to firms. Subsequent studies have documented how firm political connections help them obtain credit, export goods and services, and resist expropriation (Rijkers, Freund, and Nucifora 2014; Rijkers, Baghdadi, and Raballand 2015; Diwan, Keefer, and Schiffbauer 2015; Firth et al. 2009; Malesky and Taussig 2009). While the primary actors are similar to the state-business literature, the studies of politically-connected firms focus on the economic benefits to political connections and are designed to capture more precisely the advantages that a politically-connected firm has compared to one with fewer connections or what are often called "above-market returns." One significant difference is that while state-business relations tends to focus on institutions as endogenous to coalitions of business actors working to influence the state, the politically-connected firm literature sees institutions as providing relatively fixed endowments to certain firms more than others.

Like Markus, I seek to combine both of these literatures to gain a full picture of the political actions of firms and also the influence that firms may have over institutions and even regimes. To that end, I conceptualize the firms in this study as belonging to the subset of politically-connected firms that tend to be larger in size. While very small firms, such as well-connected consultancies, can also be politically influential, generally speaking politically-connected firms have at least a few hundred employees. By political connection, I mean relationships where firms offer benefits to political elites and bureaucrats, whether that be in the form of election financing, votes, or bribes, in exchange for access to protected domestic markets, rapid approval of government licenses and potential punitive actions taken against rivals.

We can understand the motivation to obtain these political connections for each by firm by using standard postulates about what would motivate firms in a setting in which property rights enforcement is uneven and firms have potential access to above-market returns to production (i.e., rents). We would expect firms in this setting to be willing to spend revenue to capture any kind of rent up to the point at which the marginal utility of the rent is equal to marginal revenue (Krueger 1974). In addition, without concrete guarantees of its ability to keep its marginal revenue, a firm must take into account expropriation risk given that property rights enforcement is uneven in many late-developing countries (Jensen 2008). To that end, a firm may have to pay part of its revenue to ensure that property rights are enforced; these kinds of payments are usually made to government officials informally and are then labeled bribes and/or extortion (Olken and Pande 2012). Whether or not these payments are more usually directed at the ruler (the sovereign) or at bureacratic agents acting independently is currently an issue of active research in the literature (Markus 2015).

Essentially, a politically-connected firm has both negative and positive political opportunities. If property rights enforcement is less than guaranteed, it will focus on protecting property rights at all cost. But if it is able to guarantee some minimal level of PR enforcement, than it is also likely to attempt to obtain its share of rents from the regime. We can conceptualize a firm's ability to withstand PR violations as a function of its internal connections to the regime and its external connections to foreign firms and actors that may help it to resist PR encroachment (Markus 2015; Osgood et al. 2017).

Internal connections are often what is used in the literature to define politically-connected firms (Faccio 2006); these firms have either formal or informal relationships with regime officials that enable it to secure the compliance of members of the bureaucracy in its investment and production decisions. Firms with external connections, on the other hand, are firms that have various ways to either punish the regime or the local bureaucracy either by disinvesting or through activating alliances with multinational companies. Generally, these firms have a high level of exports and are internationally competitive, granting them more options for "exit" over "voice" (Markus 2015). Firms that lack either kind of connections are likely to remain small or at most medium-sized businesses that use side payments to grease the wheels of the bureaucracy, but are unlikely to grow to a size large enough to threaten more established firms. These firms are only likely to become politically active during moments of mass-based collective action.

Given this definition of the politically-connected firm, it is important to understand what in fact occurs in the relationships between firms and states. While quotidian interaction between firms and the government may take place at a low level through employees, it is usually managers who take the lead in government relations and who are the main focus of this study. It is also possible to think of the firm as having an owner, and in general in the Middle East this assumption is more or less accurate given the familial nature of many companies and the limited role of public shareholding. I am most interested in understanding the preferences and perspectives of those who are classified as managers or owners: the distinction for my purposes is of limited value as what matters is who makes decisions regarding how to use the firm's assets for political activity. This could be a joint decision of top management; it could be handled by a coterie of family members who are outside of the formal corporate hierarchy; or control could be centralized in a chairman or CEO who serves as both owner and manager. I collapse these different categories down to attempt, as much as possible, to talk about firm-level individual and collective political action.

A focus on the true decision-makers is important because firms in the Middle East do not always follow the templates standardized in Western economies. Much has been written on the diversities in firm structure between advanced industrial countries and late-developing countries. One particularly pronounced feature of firms in postcolonial economies is the growth of complex conglomerates, which increase profitability and structure risk through horizontal expansion instead of vertical expansion, as is more common in the advanced industrial economies (Almeida and Wolfenzon 2005). In Tunisia, for example, one of the largest conglomerates, Poulina, has a few dozen subsidiaries across a range of sectors. By so doing, the company has managed to reach a total revenue of nearly $1 billion without large export revenues, a significant feat in a country with a combined GDP of only $45 billion. These tentacled firms tend to mitigate collective action along sectoral lines because they have interests across a wide number of markets. As a result, classic analyses of business collective action focused on sectors will probably not yield the same kind of collective action in these kinds of markets (Frieden 1991). Firms that specialize in a certain sector or product tend to be medium or small-sized firms, while firms that grow to a larger size tend to diversify across sectors instead of dominating a single market segment.

To summarize, I emphasize in this dissertation crony capitalists, also called politically-connected firms, which tend to be larger and horizontally-structured conglomerates in the late-developing countries under analysis. These firms differ from the classical conception of the firm because their ownership and management blurs the distinction between public and private, which is ultimately a symptom of weak state institutions. As Haber, Razo, and Maurer describe, firms are able to employ political connections to ensure their access to property rights and manage relationships with otherwise mercurial extractive state institutions. Because institutions in my theory are endogenous, I do not restrict my attention to the benefits that these firms receive, but rather take those as given, and look at how this class of business people might affect political institutions during times of turbulence.

Firm Political Preferences over Regimes

Having defined clearly what crony capitalists are, I now move to consider where they came from. As mentioned previously, crony capitalists are inseparable from the extractive institutions through which they can attain above-market rents. In this section, I argue that this relationship is a result of long-run selection effects in which entrepreneurs are prevented from competing away monopoly rents. As a result, the only firms that survive are those that have strong political connections and are consequently conservative in their attitude towards economic reform and political liberalization. In fact, it seems unlikely that these kinds of firms would ever support democratization absent the kind of wrenching changes from external actors described in Arriola (2012).

At the most basic level, I am making an argument about whether crony capitalists are more likely to prefer democracy to dictatorship or dictatorship to democracy. I also assume that these preferences are instrumental: there is no reason to think that business is and must be always opposed to democratization (Alexander 2002). In fact, the opposite has been proposed for cases of democratization in early modern Europe (Moore 1966; North and Weingast 1989) and Latin America (Ansell and Samuels 2014). Business preferences will depend on business' perceptions of democratization and the risks or rewards that this kind of system change will bring to the firm. I expect that these preferences will be shaped by powerful historical selection effects and by the nature of democratic transitions.

Understanding why firms matter to regime outcomes requires a brief review of extant theorizing about the determinants of regime durability. Firms can be both a threat to a regime and an opportunity. In terms of threat, firms' control over capital can provide crucial funding for new political movements that can successfully challenge the state (Arriola 2012; Cammett et al. 2015). But regimes can also benefit from business support because obtaining widespread consent from the business community can ensure a stable level of economic growth and increasing dependency of firms on the state for largesse. I argue that in general regime interaction with firms is aimed at obtaining regime stability through economic growth, rather than avoiding opposition challengers. This tendency is not because firms are incapable of funding opposition movements, but rather that many firms avoid political action when it would lead to instability that could threaten their operating environment. Consequently, under dictatorship, I expect that large businesses will be on friendly terms with regimes, and these revealed preferences are generally authentic as even business leaders who do not have close connections to the regime would still prefer the status quo over the disruption of democratic change.

However, the opportunities available to rulers in forming strong relationships with businesses cannot fully explain why we observe regimes making concessions to businesses, such as opportunities to collect rents, etc. After all, a ruler can simply expropriate assets at her leisure (Levi 1989). The best answer appears to be related to state capacity: the majority of late-developing states are largely vulnerable to society and lack the ability to force powerful social actors to adjust to state policies (Migdal 1988). As a result, the rise of powerful firms that ally with the regime are an example of out-sourcing of economic control to a heterogeneous mix of non-state elites. Haber, Razo, and Maurer (2003) calls these kinds of situations "vertical political integration", as dictators and firms move closer together in a form of symbiotic relationship. In addition, recent scholarship has uncovered the mechanisms through which VPI also enables dictators to maintain high levels of support in elections, restricting the ability of the opposition to contest elections.

While for some time elections under dictatorships were considered to be meaningless events, it is now known that both businesses and states can gain from participation. Businesses can cement their relationship with the regime and ensure the continued provision of favors such as regulatory licenses and state contracts (Blaydes 2011). Running as a legislator can be a guarantee that the state will protect the firm's property rights, thus encouraging investment (Wright 2008). By ensuring broad participation in the elections and by yielding an acceptable level of growth, VPIs promote authoritarian longevity.

As long as each firm receives enough from their own market arrangement to compensate for any loss in terms of political rights, then these firms are likely to continue supporting the dictatorship and are unlikely to mobilize against it (Alexander 2002). Generally speaking, small firms are excluded from these kinds of bargains, because the firm in question must be large enough to lobby for state privileges while also supporting the dictatorship through side payments as proofs of loyalty (i.e., funding elections). Amassing proofs of firm loyalty raises the profile of the dictator relative to any competitor, and at least in theory, discourages challengers. For this reason, the most common form of business political involvement in dictatorships tends to be the funding of periodical elections (Blaydes 2011; Bellin 2002; Boubekeur 2013). Forced to choose between a side payment to support the dictator's party and candidates or the option of declaring oneself an opponent of the regime, businesses in the Middle East by and large support such bargains (Hertog 2013). For all these reasons, there has never been in the region a business-led movement for democratization, such as occurred in parts of Europe and Latin America in the 19th and 20th centuries (10-13).

We can establish, then, that most firms in postcolonial countries with low infrastructural power will have anti-democratic preferences given the substantial concessions they receive in exchange for supporting dictatorship. These preferences are further buttressed by the need for firms to sustain their access to market privileges, i.e., to keep their internal connections to the regime up-to-date. For that reason, we usually observe high levels of firm collective action in political behaviors that manifest direct support for the dictator's regime, with the few exceptions comprising large exporters who have relative autonomy from the regime. This theory matches what is already known in the literature about firms in the Middle East: constituency clientelism has led to a strong support for dictatorships among business elites (Hertog 2013; Luciani 2013; Waldner 1999). As a consequence, observed collective action of firms under dictatorships is over-determined because not only do the majority of firms stand to gain from the arrangement, but these firms are also naturally prone to support the regime given the potential revenue loss of regime change. That is, both internal firm preferences and external structures encouraging firm collective action together jointly produce high levels of firm political support for the dictator.

To review, state institutions tend to be weak in the postcolonial world because of bargains struck between competing elites in the heady days after decolonization. Without a unified coalition in favor of develoment, postcolonial states have largely struggled to displace existing elite networks and implement inclusive institutions capable of achieving higher levels of economic growth (North, Wallis, and Weingast 2009; Acemoglu, Johnson, and Robinson 2004; Waldner 1999; Evans 1995). Because these relationships between political and economic elites relate to the ability of these regimes to maintain stability and prevent challengers to the dictator's rule, businesspeople who were willing to support the regime were also those who stood a better chance of navigating corrupt bureaucracies and obtaining licenses to operate formal companies. Consequently, big business tends to be closely associated with the state in the Middle East (Bellin 2002; Dillman 2002). Dictators need to maintain cozy relationships with capitalists because state institutions are unable to implement the kind of change necessary to drive true industrial development and lasting economic growth that could raise incomes and improve livelihood prospects across the region.

Because this kind of selection process has been ongoing for the past six decades, today in these countries it is rare to find firms with a whole-hearted commitment to democratization. Democratization entails at the minimum a disruption of these political-economic bargains. Political competition can also lead to economic competition as actors that were previously marginalized are better able to obtain the same licenses and permissions to compete with established business actors. Even worse, democracy may yield the kind of populist or redistributionist coalition that could seriously undermine business leaders' control over trade and labor. Without these props, many Middle Eastern firms are vulnerable to external competition because they have never had to compete in open markets thanks to state weakness and the legacy of ISI.

2.3 Firms and Preferences Post-Democracy

Given these rather dismal long-term processes, it is unsurprising that elite-led, and especially business-led, democratization in the Middle East is practically unheard of. As a consequence, the theory I develop here applies most specifically to democratic transitions that happen primarily from below rather than from above (Przeworski 2009). Elites in the Middle East are unlikely for the foreseeable to future to either be compelled by international actors (Levitsky and Way 2010) or rival elite factions (O'Donnell and Schmitter 1986), and they have ample resources for repression to contain all but the most overwhelming public unrest (Bellin 2004). For these reasons, my theory treats the surprising nature of the Arab Uprisings as fundamentally exogenous to the coalitions in question. Protests of that scale are so difficult to predict and of such low probability (Kuran 1995) that even rational actors with an interest in planning for contingencies would be unprepared for this situation.

As a result, we can think of a democratic transition in this situation as providing a true shock to political and business elites within the country. A period of disorganization and chaos will inevitably follow as democratic reformers will break every previous political taboo and dismantle institutions of repression with comparative ease. During this time of vulnerability, crony capitalists will undoubtedly try to reconcile with their new political overlords, and they may even think that they can re-integrate themselves into the democratic order. However, any return to normalcy will be threatened by both long-term and short-term threats to their interests.

In the long term, businesses may see their political privileges described in the previous section erode as new political entrants either redistribute these rents to their own followers (Albertus and Menaldo 2014) or allow the rents to be competed away by opening markets to innovation and entrepreneurship. These two outcomes are equally disastrous for crony capitalists, and they have an interest in preventing further democratic consolidation lest their generally un-competitive firms face serious new competition, or in rare cases, outright expropriation (Markus 2015). However, these threats are still some years away, and cannot fully explain the reasons why firms might act quickly to protect themselves.

In addition to the long-term threats, businesses face immediate concerns of expropriation of their property due to the zeal of anti-corruption initiatives and a restless labor regime. Given that one of the central grievances in the protests concerned the corruption of state institutions by business elites (Cammett and Diwan 2013), it is unsurprising that in the aftermath of the Arab Spring prominent businesspeople were targeted by reformers, although the level of and depth of these investigations varied across countries. However, even in the countries like Tunisia where reformers had the freest hand, the total amount of expropriation was more symbolic than indicative of a true revolution from below. These symbolic actions certainly made businesspeople uneasy, but it was labor unrest that affected virtually all businesses after the Arab Spring.

Labor unrest occurred because labor had been previously incorporated and subordinated by the state (Collier and Collier 1991; Langohr 2014; Beinin 2016; Bellin 2002). As a consequence, once political control was removed, both countries witnessed a marked increase in strikes, and Egypt also witnessed the blossoming of new unofficial trade unions (Faiola 2011). Previously, labor had been kept acquiescent during the period of neoliberal reforms, forced to content itself with wages for the ever-diminishing proportion of workers with formal employment. In the aftermath of the revolution, the Middle East witnessed an upsurge of labor activism not seen since the 1960s.

As if the threat of expropriation and labor unrest were not enough, businesses had to adjust to much higher "payments" for services to bureaucrats than they were previously accustomed to under dictatorship. For large firms, these relationships with bureaucrats were characterized by a relatively high level of stability under dictatorship because the firms' political connections acted as a form of vertical political integration (Haber, Razo, and Maurer 2003) so that the firms could expect below-equilibrium price for government privileges. However, the advent of democracy disrupts these principal-agent relationships, yielding a higher overall rate of corruption as lower-level bureaucrats are unconstrained in their dealings with firm (Markus 2015). This lack of executive constraint is exacerbated by the instability of the party system and the focus of the legislature on foundational issues of government, such as writing a new constitution, rather than tracking petty corruption within bureaucracies. This rise in the cost of government services that were provided relatively cheaply to politically-connected firms prior to the revolution is yet another factor pushing firms to oppose democratization.

Thus, for many businesses in the early years of the Arab Spring, both the short-term and long-term outlooks were dismal. It is thus unsurprising that there would be considerable interest, as is described in the next section, in forming some kind of organization that would undermine democracy. While the organizers may not have expressed themselves in exactly those words–they may have preferred to use the language of stability and order–the resulting actions of these coalitions in both countries revealed their true character over time.

2.4 Firms and Collective Action Post-Democracy: The Formative Stage

I break the life-cycle of the pro-authoritarian movements in Egypt and Tunisia into two distinct phases that each have their own internal logic. In the formative stage, there is widespread interest in starting a new coalition to support elite interests, but actual rates of participation may vary. At the latter stage, it becomes apparent whether the movement will succeed, and it will either falter as it loses momentum when elites decide it is ineffective, or it can reach hegemonic proportions if elites believe the movement has a chance of becoming a new regime. In this section, I focus on the formative stage of early pro-authoritarian movement formation, which occurs in the few years immediately following democratization.

A focus on the formation of coalitions as opposed to the actions of individual businesspeople is important because it explains why businesspeople are far from the only source of opposition to democracy in Egypt and Tunisia. In both countries, coalitions against democracy included elites from the old regime, such as intelligence and party apparatchiks, who lost power and influence as a result of the fall of the dictator. Greater business political participation in these coalitions will significantly increase the probability of the success of the coalition because of the ways in which businesspeople can use their resources for political purposes (as explicated in the previous section), but these coalitions have other important actors whose interests should not be discounted.

The term coalitions can be difficult to define precisely, but the best way to think of a coalition in favor of regime change is to use the concept of the selectorate (Mesquita et al. 2003), or the people whose consent is necessary to make decisions about the operations of a regime. The complication of a pro-authoritarian coalition is that these elites are no longer in the position of making policy decisions, so it can also be thought of as a form of shadow government. The power and influence of individual members is not formally defined, but rather a latent concept that is understood by members but may also be contested by them. In addition, because the goal of regime change is counter-revolutionary, this movement is likely to disguise its true aims until it has reached a point at which it believes that it has the strength to implement its desired outcome. This evolution can be clearly seen in Egypt, where the pro-authoritarian movement grew from protests about authoritarianism under the Muslim Brotherhood to a military coup, ironically, that overthrew democracy.

Pro-authoritarian coalitions are often associated with a formal political party, or what has come to be called in the literature an authoritarian successor party (Grzymala-Busse 2015; Slater and Wong 2015; Loxton 2015). These parties emerge from the ruins of the dictator's one-party state and attempt to re-fashion themselves into democratic competitors. While there exists substantial debate over whether these parties are likely to hinder or help democratization, it is clear that the first-best option of these parties is to subvert democracy. As such, we can expect pro-authoritarian coalitions to produce an authoritarian successor party at some point, and indeed these parties emerged in both Egypt and Tunisia. In Tunisia, Nidaa Tounes represented the re-emergence of apparatchiks associated with the former hegemonic party RCD, while in Egypt members of Mubarak's old NDP competed under a variety of smaller party labels, while some ran as independents. These parties are important as they represent the formal substantiation of the pro-authoritarian coalition; however, they can also be somewhat deceptive as they can represent the tip of the iceberg. This latter phenomenon was more evident in Egypt where the pro-authoritarian coalition also worked through a loose association of protest movements instead of solely through formal parties and electoral competition.

Beyond identifying these coalitions, I want to be able to measure the strength of these coalitions over time. Focusing on business support for these coalitions is an excellent indicator for coalition strength because businesspeople usually have outside options in an emerging democracy, as I will discuss. Former party apparatchiks, on the other hand, face serious obstacles to joining other parties and are much more limited in their political options. Once the old dictator's party is stripped of its power, party officials who would formerly have had access to state resources to help their candidates lose an important source of influence, and as a consequence they become much more dependent on others for funds and organizational capacity (Gingerich 2013). Intelligence services, which faced substantial criticism after the popular uprisings, are also more limited in their ability to act on behalf of a pro-authoritarian coalition, although as the coalition grows in strength they may be able to act more openly, as seems to have occurred in both Egypt and Tunisia.

What I look for in both Egypt and Tunisia is whether businesspeople choose to support solely the pro-authoritarian movement, or whether they tend to divide their support across the political space. The latter type of activity is more reflective of businesspeople trying to manage political relationships with an aim to helping their firm instead of trying to change the course of regimes. However, if business support is targeted solely on the pro-authoritarian coalition, that is a sign of the internal strength of the coalition and also an indicator that it will be successful in its aims.

Because the strength of these pro-authoritarian coalitions is closely related to the levels of participation by firms, the primary question becomes under what conditions will firms be able to sustain collective action on behalf of a coalition. In general, this kind of collective behavior cannot be assumed even if preferences are uniform against democracy. Furthermore, post-democratization it may even be more difficult for crony capitalists to work together towards a goal that is in their collective interest compared to crony capitalists within a dictatorship.

While a dictator is ruling, she may be able to punish firms that do not participate in sanctioned forms of political participation, especially via the dictator's party and through elections. For example, in Tunisia Ben Ali was known to require firms to contribute to a special development fund called the "22" that only he controlled and which was supposedly designed to redistribute income to the poor (Hibou 2011). As mentioned earlier, it is normal to see firms contribute to a dictator's party running for election even though it is assumed that the dictator's party will win (Boubekeur 2013). The payment serves as a mechanism to bring all firms into collusion to support the regime, strengthening its social supports. Such kinds of political activity could happen for diverse reasons, either because of a firm's internal connections to the regime (i.e., individual interest), because of a threat of punishment or because the firm believes that most other firms are also participating. In any case, it is relatively easy under a stable dictatorship to obtain strong and consistent support from crony capitalists because the dictator has access to institutions that can constrain crony capitalists and also serve as useful coordination points.

But under democracy, it is a far more open question whether firms can collectively mobilize even if they share preferences in common. The post-transition period features the disruption of any kind of institutions under dictatorship that may have structured political competition, depriving businesspeople of both the incentives to work together and also the locus around which to coordinate. Without both of these factors at play, business' ability to overcome the collective action dilemma is uncertain even if businesses support a reversion to dictatorship as their first preference.

To define the collective action problem facing businesses in the early stages of coalition formation, I use the terms “cooperate” and “defect”, which are derived from the canonical Prisoner’s Dilemma. A business that is solely supporting the pro-authoritarian coalition is a business that is cooperating with the movement. If a business is dividing its support, or simply offering only verbal or moral support, then that business is considered to be “defecting” from the pro-authoritarian coalition even if it is not openly supporting a democratic party. In other words, anti-democratic coalitions fail when bad people do nothing.

In other words, we need to further understand the role of collective action in motivating a wide subset of firms in working together towards the collective outcome of regime change that will benefit most firms in the country. Firm collective action in the early stages of the formation of the pro-authoritarian coalition is an outcome that depends more heavily on the nature of political-economic structures and the costs and benefits to firms of joining coalitions than it does on the intensity of firm preference opposing democracy. Previous research has established that collective action depends on an ability to offer selective incentives or punish free-riders (Olson 2009 [1965]; Lichbach 1998). This theory implies that political movements which could benefit all firms are unlikely to attract wide-spread participation because firms would prefer to free-ride on each other’s political actions. In a regime change context in which the question is whether firms will collaborate to bring back dictatorship after democratization, it is clearly very difficult to mobilize other firms given the substantial costs and diffuse benefits. Thus firms will prefer, ceteris paribus, to shake their fists at the democratic reformer while calmly forming new relationships with the incoming regime.

As a consequence, while both Egypt and Tunisia observe the formation of pro-authoritarian coalitions during this time period, the actual composition of these coalitions varies. In Tunisia, firms are free to pursue outside options even as they participate in the pro-authoritarian movement.

This will dilute the ability of this coalition to overcome its collective action problem and realize the emergence of a pro-authoritarian coalition, as I describe in the next section. By comparison, a far greater number of Egyptian firms at this early stage of coalition formation are willing to cooperate, or to solely invest in the pro-authoritarian coalition as opposed to other groups.

The crucial independent variable that pushes Egyptian firms to work collectively on behalf of the pro-authoritarian movement is a political-economic institution that is capable of punishing firms that provide funding to rivals or do not give any assistance at all to the movement. This political-economic institution must have levers of influence that can be used against a wide swath of firms even during the chaotic period of a democratic transition. For that reason, it is unlikely that this kind of threat to firms could emerge from elected officials, whose time is consumed with debates about building a new democracy and writing a constitution. In this dissertation, I define this political-economic institution as the Egyptian military-clientelist complex. In other contexts, it is possible for a different kind of institution to have this level of control. For example, in Arriola (2012)'s study of firms and parties in sub-Saharan Africa, state control over credit markets is cited as a factor that is able to propel firms to support pro-authoritarian coalitions. The Arab states in this study, however, have been through a considerable level of financial liberalization (Henry 1996), and for that reason there must be a different actor capable of punishing firms that would defect from the pro-authoritarian coalition.

The role that the military-clientelist complex plays is to resolve the dilemmas that firms have in cooperating in a situation in which firms can undercut each other by striking side deals with democratic reformers. As I established earlier in a discussion of state development, the state may project itself more directly or less directly into society: i.e., assume a more assertive role through vertical political integration (VPI). A very common instance of this is military-run dictatorships in which the military expands into a variety of business ventures (Pepinsky 2009; Marshall and Stacher 2012; Mani 2011). Unlike state-owned enterprises, which can be used by the dictator to reward allies with employment or contracts, direct ownership of firms by the military involves the regime in economic production first-hand. As a result, economic relations between firms and this complex enmesh these firms in a system of economic exchange that is controlled by the military itself and could result in penalties for firms that oppose the military on political grounds.

After a regime transition, much of the dictator's coterie also falls, and as previously mentioned, firms must forge a new path in a changing political and economic environment. However, in a military-dominated economy such as in Algeria and Egypt, firms must still make peace with the large number of military-controlled firms that are in many ways allies of the prior dictator. As a result, the pro-dictatorship coalition in a transitional democracy has a natural advantage in mobilizing business support because they can use credible threats of loss of firm privileges with military-dominated industries as a bargaining chip. This difference in economic structure encourages collective action by greatly increasing the penalty to defection.

This difference in internal structure may not be immediately visible, however. That is in large part because powerful businesspeople in both countries were willing to subsidize the early formation of these coalitions, which made them appear superficially similar at the early stages. In addition, it is generally difficult to observe firms making side payments to democratic reformers even as they support the pro-authoritarian coalition. Yet these differences will ultimately help decide the fate of these coalitions and their relative ability to undermine democracy from within.

2.5 Firms and Collective Action Post-Democracy: Final Stages

The later period of the emergence of pro-authoritarian coalitions involves the emergence of a new pro-authoritarian equilibrium around which all actors coordinate. If such an equilibrium emerges, then the probability of democracy's survival will decrease and the probability of the survival of a future authoritarian regime will increase. The probability of a democratic transition also increases, although it does so indirectly. Coup plotters, in this case the Egyptian military, undoubtedly took into account their a priori assessment of the health and stability of Egyptian democracy. To the extent that the actions of the pro-authoritarian coalition were destabilizing democracy, it indirectly influenced the probability of the coup. In addition, the military also certainly took into account their estimate of the probability that a future military-led regime would survive.

A pro-authoritarian equilibrium can only emerge if business elites begin to coordinate around the pro-authoritarian coalition. In other words, the underlying game has to transition from a prisoner's dilemma to a coordination game in which strategic complementarities can dramatically increase involvement in the coalition. I am indebted to Medina (2007) for this point about collective action dilemmas. One can use both of these games to explain collective action, but the prisoner's dilemma applies to a more narrow context in which firms do not consider the probability of a movement's success. I apply the prisoner's dilemma as a result to the early formative stages of the coalition because it is during this period that it is difficult for coalition formateurs to provide a reasonable estimate of the probability of coalition success. For that reason, it is reasonable to assume that firms are making decisions in the dark, so to speak, as the prisoner's dilemma model stipulates.

However, as the years go by, the larger universe of firms who did not join in the beginning will make their own assessment of the probability that this movement is ultimately successful in unseating democracy. Building on the collective action literature, I argue that there is some critical threshold beyond which firms update their assessment of the likelihood that the coalition succeeds. If the movement can pass this unobservable threshold, firm beliefs can update very quickly, creating a cascade effect.

This form of strategic complementarity is based on the large literature of coordination games and the way that these games prompt spontaneous and rapid formation of widespread collective action (Schelling 1978; Kuran 1989; Lohmann 1993; Medina 2007; Gehlbach and Keefer 2011).

If many firms participate in a movement for regime change (or regime durability), then the movement is more likely to succeed, and consequently more firms will join the movement. This theory implies that collective action is not fully linear: it does not depend solely on the level of benefits a firm could receive under democracy versus dictatorship. Rather, there is some threshold of firm participation above which firms consider it wise to also participate. These thresholds affect the observation of collective action. Generally speaking, there will either be a strong network of firms collaborating around political goals, or there will be only weak firm collective action. The intermediating cases do not occur because of the nonlinear nature of firm expectations.

Both the prisoner's dilemma and the coordination game are required to understand the emergence and ultimate outcome of pro-authoritarian coalitions. Firms are able to defect after a regime change by arranging a separate peace with the incoming administration; despite protestations to the contrary, incoming democrats are often willing to arrange for powerful business interests to keep their property given their political support. Conversely, it is rare to observe consistent firm collective action opposing a reigning dictatorship precisely because there are many ways in which to obtain necessary PR protection from the existing regime. Only in the case of widescale expropriation could it be expected that all firms would unite independent of any other political entity for the sake of self-preservation. Absent such rare moments of economic trauma, we only expect to see wide-scale political mobilization of firms when 1) there is an actor capable of punishing defection and 2) the number of firms with individual rational participation in the coalition exceeds a critical threshold. Otherwise, firms will make a separate peace with potential rulers.

If the pro-authoritarian coalition can continue to grow and passes this critical threshold, a new pro-authoritarian equilibrium will emerge that brings firms together across industries and sectors. The firms who commit early and help overcome the prisoner's dilemma–i.e., those who have the most to lose from angering the military–help signal to other firms that the movement has a lot of strength and is surging forward. Over time, that initial support causes a change in the beliefs of other firms, who start to bandwagon in support of the military-led coalition. As a consequence, it is not necessary for the military to be able to sanction all firms in the coalition, nor would it be possible for the military to do so. Rather, business has an independent effect on the durability of the new authoritarian coalition as businesses work together and greatly expand the presence of the authoritarian movement by providing funds and instructing employees to vote for the coalition. Once the unobserved threshold for participation is passed, business beliefs about the strength of the pro-authoritarian coalition update and a coordination game begins (i.e., bandwagoning).

By comparison, in a country that does not have a military-dominated economy or a similar unitary institutional actor, such as Tunisia, we would expect firm collective action in any sense to be much lower. We can still predict that certain firms will engage in politics in order to obtain rents from government actors, but we do not expect to see sustained coalitions in support of regime change even if most firms have pro-dictatorship preferences. As a consequence, firm disorganization makes it harder for elites from the prior regime to build a party capable of contesting elections and overthrowing democracy from within. Thus the pro-authoritarian coalition is weakened because collective action opposing the regime is inhibited by disunity. A pro-authoritarian equilibrium never emerges from the initial coalition, and over time the coalition will weaken and disintegrate.

Eventually we will be able to observe this coalitional weakness through the presence of competing factions and splits. Because these movements are relatively flat, there are always potential rivals who would prefer to obtain greater prestige and authority. As the internal unity of a coalition decreases, splits are likely to increase as rivals seize the opportunity to claim more followers for themselves. Businesspeople are likely to be involved in these splits as the rivals may offer them a more compelling deal in exchange for support.

By comparison, a coalition that over the long run has no splits or competing factions and that monopolizes support among actors with anti-democratic preferences will eventually produce a new pro-authoritarian equilibrium, while a coalition that suffers splits and competing factions and that receives only partial support from anti-democratic actors will eventually fold in on itself. If a coalition can reach this later stage, it will help to both undermine the probability of democracy's survival (P_{DD}) and increase the probability of survival of a future authoritarian regime (P_{AA}).

2.6 Causal Graphs

To review the argument, a regime change in favor of democracy augurs a shift in the elites who make up the ruling coalition, with popular elections introducing a crucial element of uncertainty that few firms in the Middle East have ever had to address. These change in regimes will result in a modification of firm privileges and the protection of firm property rights, with firms closely connected to the previous dictator potentially suffering from expropriation as well. Nonetheless, these threats do not necessarily mandate that all firms ally to support a reversion to dictatorship. As previously mentioned, collective action undergirding support for dictatorships was based on a particular kind of bargaining relationship with the dictator, and absent that relationship, firm behavior is indeterminate. Furthermore, the bias of firms towards the status quo entails that they are also unlikely to lead a movement for reversion to dictatorship, even if their basic preferences over regimes have remain unchanged. Crucially, firm behavior is no longer over-determined, and we expect to see variation in collective action that corresponds to the ability of anti-democratic coalitions to punish defection.

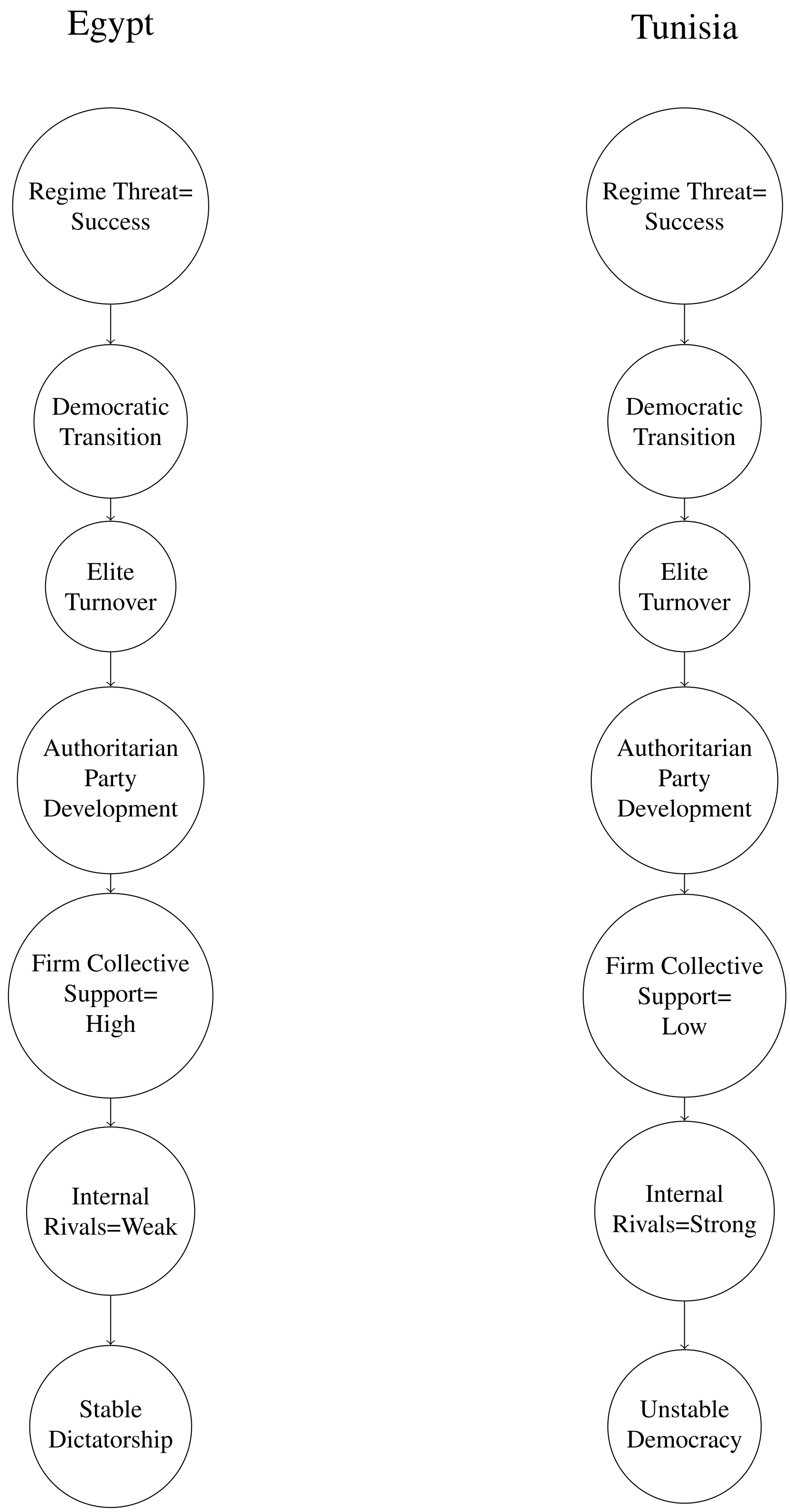
This theory is summarized by the causal diagram in Figure 2.1 showing the temporal relationships for these variables in the two countries of interest in this study, Egypt and Tunisia. As can be seen, in both of these countries similar kinds of political-economic changes produced parallel paths up until authoritarian party development. At that point, the countries diverged as Egypt's authoritarian movement received far greater support than Tunisia's. The two outcomes are not perfect opposites of each other, however. The lack of business engagement on behalf of dictatorship allows Tunisia's democracy to survive, but it does not guarantee its survival. There are still threats to the survival of democracy in the country if a suitable coalition does not form to provide the regime with a solid social backing. Furthermore, the lack of elite support will continue to limit state infrastructural power and economic development in the country, which could prompt further social unrest that could destabilize the democracy. However, in terms of elite threats, the country is relatively safe compared to its neighbor, Egypt.

For either of these causal graphs to be considered valid, each node must be both necessary and sufficient for the following node (Waldner 2014). This criterion is a strong precondition for causal inference by stipulating that the outcomes in each country could only have been produced by the particular causal ordering of variables. For this reason, some of the variables are not as empirically interesting, such as the fact that the regime transition caused elite turnover. However, the full causal graph is specified here because it is necessary to substantiate each node in the process in order to be confident that the hypothesized relationships are in fact occurring. While I only test this graph directly in the case studies, this representation of the theory is foundational to the dissertation as a whole.

The main variables of crony capitalists and the military-clientelist complex primarily affect the outcome near the end of the causal graph once authoritarian party development has been accomplished. After that node, the success or failure of these movements depends on the breadth and consistency of business support for these coalitions. If internal rivals are strong, then the coalition will fracture, whereas if internal rivals are weak, then the coalition will survive. The lack of internal rivals is a function of firm collective support, which is in turn a function of the level of military-clientelist complex operating on firms. The causal graph is a more full realization of the argument made in this chapter because it discusses the full development of these coalitions and their subsequent failure. While I will tend to focus on the specific variables that cause divergence (crony capitalists and the military-clientelist complex), it is important nonetheless to have this complete sequence of the argument as it applies to the two cases under study, Egypt and Tunisia.

In the following two case studies I test this theory by constructing event-maps that relate each variable in the causal sequence to observable indicators in these countries. I also look at mechanisms that link the variables to each other, such as the collective action mechanism described earlier. In the quantitative chapters that follow I test for these mechanisms directly by examining how individual firms respond to prompts for political support that mention different kinds of institutional actors. However, the quantitative study is limited by its point-in-time nature, but in combination with the qualitative research, it is possible to substantiate the theory in both these countries, and by extension, to postcolonial countries more broadly.

Figure 2.1: Causal Graph for Business Influence on Regime Stability



2.7 Hypotheses

Based on the causal graph above and the discussion of long-term selection processes, I propose the following hypotheses:

H1 The stronger the elite bias of state economic institutions, the more likely that prominent businesses will hold pro-status quo preferences.

H2 As post-transition labor unrest and bureaucratic corruption increase, businesses will tend to prefer a reversion to dictatorship.

H3 The stronger the economic penalties that a pro-authoritarian political-economic institution can impose on businesspeople, the more likely that a pro-authoritarian coalition will have strong internal cohesion.

H4 The greater the internal cohesion of the pro-authoritarian coalition, the more likely that a new pro-authoritarian equilibrium will emerge around which businesspeople will coordinate.

H1 and H2 in the table above show why business preferences against democracy in many post-colonial states tend to be over-determined. First, H1 exposes a long-term historical process of firm selection. The only firms that reach a reasonable size in countries that underwent import-substitution industrialization (ISI) in the Middle East (Waterbury 1999; Waldner 1999) tend to be those firms with interwoven relationships with state elites, or what has come to be called "crony capitalism" (Cammett et al. 2015). Thus while it is in general true that firms may be active agents in the democratization process, in practice firms that would have strongly pro-democratic preferences are removed from the population of firms by biases in the nature of economic regulation. The firms that survive are those with strong investments in the status quo and little reason to view regime change as a net positive.

Second, H2 argues that after democratization, businesspeople often face several types of threats that make the new democracy a threat to the firm. First, corruption after a transition is likely to increase because the change in principal-agent relationships within the bureaucracy leads to an increase in “agent predation”, or the ability of lower-level bureaucrats to hold up firms for informal payments (Markus 2015). Second, there is likely to also be sovereign predation, or high-level expropriation of firms, because democratic reformers will target businesspeople closely connected to the old regime for expropriation and corruption investigations. In fact, the firm selection process of H1 almost guarantees that these investigations will occur because firms by necessity must have had crony relationships with the ancien regime in order to achieve a considerable size. While prosecutions of corruption allegations are likely to be limited in scope to well-known business figures, the overall effect of these actions is to convince a broad swath of businesspeople that democracy is hostile to business, even if they might personally benefit from the downfall of a handful of former insiders.

Third, businesspeople also face resurgent labor activism. Labor repression is common under dictatorships as labor is incorporated into the regime (Collier and Collier 1991). The sudden removal of any constraints on labor activity combined with renewed civil liberties can result in massive increases in strikes and other activities that dramatically increase labor costs, making it difficult for businesses to manage their supply chain and meet production requirements. Businesses can very quickly have to adjust to a new labor market and may struggle to meet demands from energized labor unions.

This strong aversion to democracy in many postcolonial states in which both H1 and H2 occur does not, however, in and of itself prove that businesspeople will threaten democracy. Elite politics at all times suffer from the well-known collective action problem (Olson 2009 [1965]) in which those who bear the costs of a movement are not always those who stand to receive all the benefits (Mesquita et al. 2003). Coalitions that have as their aim to undermine democracy are no different. Even in small economies, there are hundreds of firms that benefited from various aspects of the old regime by using their access to state institutions to sideline and exclude rivals. However, simply because these firms share preferences in common does not mean that they will all work together, especially when this type of political behavior involves significant expenditures of time and resources. Undermining democracy requires a high level of commitment and willingness to pay both start-up costs and long-term maintenance costs of mobilizing elites and the masses.

In addition to this standard collective action problem, emerging democracies create an additional constraint on collective action in favor of regime change. The proliferation of new parties after democracy, and the resulting chaos and instability, offer businesspeople the potential to buy access to policymakers at relatively cheap rates. While this is a sub-optimal outcome for firms as a whole because democratization could open the door to new market entrants, it is individually rational for businesspeople to consider supporting parties by providing resources to budding political entrepreneurs. Instead of working to maximize benefits to business as a class, businesspeople appear more than willing to renege on class interests in favor of obtaining pecuniary benefits in the short term by exploiting elections. Relative to parties, businesspeople have a potential well-organized source of voters (their employees) and also the funds to spend on election ads and another necessary administrative costs, so parties are often very receptive to their support even if it means protecting these businesses' access to rents.

While representation of marginalized groups through the process of democratic consolidation will in the long term undermine the power of business elites, in the short term business leaders would often prefer to participate in democracy and increase their influence and prestige vis-a-vis other businesspeople. The end result is that coalitions to push back at democracy will not receive the kind of overwhelming support that one might imagine given the strong anti-democratic preferences among business elites. H3 proposes that only under a certain type of political-economic organization will business collective action reach a stage at which it becomes a self-enforcing phenomenon, and hence a threat to democracy.

It is theoretically possible for a variety of institutions to play the role of the enforcer in H3 by punishing firms that fail to support the pro-authoritarian coalition. But the political-economic institution that I analyze in this dissertation is what I call the military-clientelist complex, or a widespread penetration of crucial sectors of the economy by military-run and military-linked firms. These linkages represent an important deterrent that can prevent businesspeople from reaching their own separate peace with the democratic regime. When the military-clientelist complex reaches a size at which it can directly punish a large number of firms in the country, it creates a natural constituency for an anti-democratic coalition. For the set of firms for which business relationships with the military are paramount, the threat of losses from opposing the military (or compromising with democrats) overcomes the collective action problem and makes it individually rational to support a reversion to authoritarianism by committing the firm's resources to that end. This results in coalitions that have much stronger internal cohesion and are more likely to endure over the long run.

If such internal cohesion exists, it is more likely that the coalition will affect the beliefs of all firms in a country as H4 suggests. The emergence of a pro-authoritarian equilibrium means that elites in the country believe that the coalition will be successful in overthrowing democracy, and as a consequence they begin to bandwagon in supporting the coalition to avoid being left out. Through a process of reinforcing expectations, this equilibrium can dramatically expand the support for the coalition beyond the initial supporters for whom participation is rational due to selective incentives.

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Chapter 3

Research Design

The purpose of this chapter is to provide a precise and detailed measurement and causal inference strategy in support of the argument advanced in the previous chapter. This dissertation incorporates two primary methods for causal inference: 1) qualitative inference using process-tracing and 2) quantitative inference using the potential outcomes framework. From the broadest level, this study uses both within-case and between-case variation through a study of firms and firm owners in Egypt and Tunisia. The within-case variation helps me to substantiate the temporal nature of the argument as presented in the causal graphs in the previous chapter. The between-case variation is important for determining the effect of causal variables that only vary between countries; the primary variable of interest that only varies between countries is the military-clientelist complex.

In this chapter, I first describe the methods of causal inference employed and what are the relevant challenges in employing them. I then discuss the dependent and independent variables in this study based on the theory laid out in the previous section, and provide concise measurement strategies for these independent variables. I also look at possible omitted variables in my analysis of firm behavior, and how I can mitigate these threats to inference.

3.1 Measurement

3.1.1 Dependent Variables

There are two dependent variables that I focus on that are situated in a temporal sequences. As the causal diagram in the previous chapter reveals, I am looking at how businesspeople influence pro-authoritarian coalitions, and how these coalitions in turn have an effect on regime durability (both authoritarian and democratic). As discussed in the previous chapter, regime durability can be concretely expressed as the probability of a democracy surviving an additional year, P_{DD}, and the probability of an authoritarian country surviving an additional year, P_{AA}. I consider here the data that I would need to measure these concepts with complete certainty.

Durability can be measured in a couple of contrasting manners; one approach is to think about durability as the expected lifetime of a given regime, and to measure the factors that will cause a regime to last longer than other regimes. In the former framework, all regimes have an end date, and it is only a matter of knowing what variables will either prolong or hasten the end. A different approach is to think of durability in terms of consolidation. Once regimes pass through a threshold of durability, they will remain in a consolidated state. The former approach thinks of durability as a relatively constant interaction of variables, whereas the second conceptualizes durability as comprising a series of states. Regimes pass from unconsolidated states to consolidated states, and the primary question is what causes a regime to move from one state to another.

The expected lifetime approach has also been operationalized through the use of a survival model, which measures the mean amount of time until an event, in this case regime collapse. The Cox proportional hazards model is a particularly influential choice because of its ability to model the chance of regime collapse non-parametrically. For example, Ulfelder (2007) writes that this "strategy concentrates the analysis on the risk of democratic transition, conditioned on exposure to that risk" (p. 1001). In other words, each regime-year is associated with a risk of transition to democracy, or the failure of autocracy. Modeling in this framework requires an understanding of all the covariates which could cause an authoritarian regime to break down. The inverse of these covariates are the factors that would cause an authoritarian regime to endure.

The regime consolidation approach differs by focusing on the point at which a regime moves from an unconsolidated state to a consolidated state: the point of no return. There are excellent qualitative studies based on this framework, such as Alexander (2002)'s analysis of the eventual consolidation of democracy in 20th century Spain. Alexander focuses on the moment at which rightist actors agree to accept democracy and prefer democracy to other outcomes, which is the point of no return for Spanish democracy. Svolik (2015) represents the best quantitative analysis of this question so far by using a hidden Markov estimation to directly model the probability at which democracies reach the point of no return. He finds that on average democracies appear to reach the stage of consolidation at around 18 years, although of course this probability differs across states and depends on numerous covariates. In particular, he shows that democracies are more likely to consolidate against coups than against incumbent takeovers, which may remain a threat for much longer.

Both of these frameworks support the estimation of P_{DD} and P_{AA}. An approach that focuses on consolidation would see P_{DD} or P_{AA} approaching unity after the consolidating threshold is reached, or what is also called an absorbing state. In such a state, while regime collapse is still technically possible, it is quite unlikely to occur. In the expected lifetime approach, P_{DD} and P_{AA} can be calculated in terms of their expected values for particular regimes, which gives an indication of how long on average a regime should last over the possible realizations of other exogenous factors that also affect regime durability.

In this dissertation, I adopt the expected lifetime method of analyzing democratic and authoritarian breakdown because I do not see regimes in this study as lasting to perpetuity, although I acknowledge that the difference is relatively subtle. Presumably a regime that lasts a very long time is essentially consolidated, and any regime with a non-trivial probability of breakdown is unconsolidated. Empirically, however, I am unsure as to whether any of the regimes in this study have reached a consolidated state, and so I prefer to think about the variables in this study affecting the average expected duration of regimes.

The ideal method to measure regime expected lifetime in terms of P_{DD} or P_{AA} would be to observe Egypt and Tunisia in counterfactual states in which I can observe both countries remaining democratic and both countries becoming authoritarian in the period after 2011. In other words, to provide an accurate estimate of the risk of breakdown, I would need to know P_{DD} and $1 - P_{DD}$ for Tunisia and P_{AA} and $1 - P_{AA}$ for Egypt. However, I can only obtain an estimate for one of these probabilities because I cannot observe the counterfactual paths in which Tunisia's democracy collapses and Egypt's democracy survives (and the ensuing authoritarian regime collapses). As a result, I am limited in that I can only observe the actual realized regime trajectory in which Tunisia remains a democracy and Egypt collapses back into dictatorship. If I could observe enough counterfactuals, I could come up with actual estimates of regime durability and these probabilities. Without the ability to estimate these counterfactuals, I need to look at the observable factors that strongly correlate with regime durability (P_{DD} and P_{AA}), i.e., making the assumption that these factors would also affect $1 - P_{DD}$ and $1 - P_{AA}$ in similar ways.

The two primary indicators I use as proxies for P_{DD} and P_{AA} are elite cohesion and the presence of popular unrest. The best way to measure elite cohesion as a part of regime durability would be to survey a representative sample of elites (from the selectorate) at regular intervals during the course of the transition process, and ask questions about elites' beliefs concerning the longevity of their regime. It would also be necessary to ask elites whether they have any plans for unseating regimes, and also their assessment of the probability that these plans would succeed. Presumably if I am able to obtain the true opinions of a representative sample of elites, then I can know with reasonable confidence whether regimes will last as elites are the single greatest threat to their own regimes. This approach is similar to predicting the outcome of elections based on voter polls: if these elites are truly the selectorate, then their actions are ultimately determinative of regime durability.

Second, I can also look at the presence of popular protest against regimes as an indicator for regime durability. The loss of control of the masses is a critical sign of regime weakness whether under democracy or dictatorship. The exact meaning of protest under both regimes differs, but if protests are aimed at ending the current regime, and these protests obtain a significant level of popular support such that they can disrupt daily life, then it is reasonable to conclude the regime durability is falling.

Given that I cannot observe regimes in counterfactual states, I look to these two indicators for regime durability–elite opinion and popular mobilization–as variables that provide evidence of regime durability. The usage of these variables can lead to a certain amount of measurement error because regime durability could be a result of other unmeasurable factors. I am also relying on people's perceptions of regime durability as a stand-in for actually estimating regime durability, which is only properly defined over the sample of possible regime outcomes for Egypt and Tunisia. Consequently, these are second-best indicators that I can employ to study this topic.

The second dependent variable, pro-authoritarian coalitions, represents to a certain extent a subset of the selectorate (or a potential future selectorate in the case of an elite that is trying to undermine democracy). This variable can affect both of the proxies for regime durability, popular protest and elite cohesion, by either providing the logistic and financial resources to fund popular protests or by convincing elites that the regime has wide support. In the latter case, the internal mechanism is the emergence of a pro-authoritarian coordination equilibrium, as I expressed in the previous chapter.

In order to classify a coalition as pro-authoritarian, I need to be able to measure the preferences of elites within these coalitions. I need to establish two basic premises: 1) that these elites prefer dictatorship over democracy and that 2) they would support a future dictatorship. Measuring these preferences can also be done by surveying elites within these coalitions to obtain their expressed preferences. Because there will undoubtedly be an issue with social desirability bias, I also look at concrete actions that coalition members take against democracy, such as expressing public skepticism of democratic institutions, trying to degrade core democratic institutions such as civil liberties and election commissions, and the promotion of anti-democratic protests or rallies.

Once I have established that a coalition is indeed pro-authoritarian, I am particularly interested in measuring the internal cohesion of these coalitions as cohesion is what will make these coalitions effective at changing regime probabilities. Again, the best way in which to measure cohesion would be to observe pro-authoritarian coalitions in counterfactual states: one state in which cohesion is high and one state in which cohesion is low, and then to observe the effect of these same coalitions with varying levels of internal cohesion on regime durability. I cannot observe these counterfactuals, and hence I am limited to comparing pro-authoritarian coalitions in terms of their realized cohesion. As an alternative strategy, I can survey business elites both in and outside the coalition to understand their opinions on the survival and internal consistency of these coalitions with the assumption that elites have inside knowledge about how effective these coalitions truly are. Furthermore, I can look for physical signs of coalition fracturing, such as disputes between coalition leaders and the fracturing of the coalition into multiple groups. These proxies are sufficient, but not necessary, for a coalition to have low internal cohesion.

I can obtain these measurements on pro-authoritarian coalitions in Egypt and Tunisia by examining very closely the actions and positions of elite actors in both countries in the years following the collapse of authoritarian government in both countries. These coalitions can be difficult to measure precisely because these elites are often engaging in actions that amount to anti-regime behavior and are consequently hidden from view. What I look for in particular are meetings and pacts struck by business elites with other former state actors, especially people in intelligence and the old dictator's party. These movements are capable of spawning multiple political parties or other formal organizations, but at root they involve informal agreements between elites to further their own interests.

It is also important to acknowledge that pro-authoritarian coalitions can threaten democracy by supporting either an incumbent takeover or a coup, and these two pathways for democratic breakdown are not a priori equally likely. Tunisia has a much less influential military, and for that reason it would be inaccurate to compare both countries' democratic durability solely in terms of the probability of a coup. Coups are less likely in Tunisia because of the historical marginalization of the military (Grewal 2016), and thus the influence of business participation in the pro-authoritarian coalition was unlikely to make a different in this ex ante probability (or if the probability increased, it still remained quite low). However, the pro-authoritarian coalition in Tunisia had a much easier route to an incumbent takeover, and as I will argue in the case study, this route appeared open to the pro-authoritarian coalition. Even if businesspeople are not the plotters of the final move to end democracy, their support can still make a big difference in the ability of pro-authoritarian coalitions to reach the point where they can replace democratic institutions. For this reason, I examine the effect of firm regimes on pro-authoritarian coalitions, and these coalitions on regime durability marginal of the particular way in which this breakdown could have occurred.

Incumbent takeovers and military coups, while they will both result in a collapse of democracy, require different measurement strategies. Military coups often capture headlines because there is a concrete moment at which a military leader seizes power and announces the overthrow of democracy, as occurred in Egypt in July of 2013. An incumbent takeover, however, can happen over the course of years as powerful executives centralize power until they are able to rewrite constitutions and evade term limits. As Svolik (2015) showed, democracies will remain at risk from these threats for a significantly longer period of time than military coups, which could be because of the longer-term nature of these processes. For my purposes, I measure an incumbent takeover as the suspension of core rules of electoral democracy, including term limits on the executive, independent registration of parties, and regular elections.

The ways that coup plotters rely on pro-authoritarian coalitions versus strongman presidents differs in type though not in substance. A coup plotter wants to know that the ensuing regime will have both popular and elite support; in other words, it takes a village to make a dictatorship. The creation of a large and well-financed coalition can also deter challengers and rivals who might exploit the moment of a coup to put their own name in the ring. Businesspeople are valuable allies for all these reasons because they 1) have funds which they can use to finance coalition activities, 2) control a ready source of protesters and voters (their employees), and 3) constitute an available pool of election candidates who are not themselves directly affiliated with the regime.

Similarly, would-be strongmen need a powerful electoral machine to put themselves in the position in which they can confidently undermine democratic norms and practices. Business' ability to amplify the message of political parties and exploit weak party systems can be a crucial form of support for would-be authoritarian parties. In elections in which voters have difficulty recognizing party brands and placing parties on a policy spectrum (Masoud 2014), the professionalism, media attention and organizational know-how that businesses can bring to a political campaign can make all the difference in elections, especially the round of elections that occur after the initial euphoric post-transition elections (Kostelka 2017). Inevitably, democratic reformers fail to live up to unrealistic promises to overhaul state institutions in a short period of time, which creates an opportunity for pro-authoritarian coalitions to seize the momentum, but only if these coalitions are relatively cohesive and well-funded.

In addition, businesspeople can assist in a potential incumbent takeover by helping ensure unity within an authoritarian successor party. Instead of using their financial resources to make allies with opposing ideological sides, businesspeople who are committed to the pro-authoritarian coalition can provide side payments that help keep rival factions at peace. A well-oiled redistributive machine can grease the proverbial squeaky wheel and keep a lid on the ambitions of rising stars in the pro-authoritarian coalition (Gandhi and Lust-Okar 2009).

To summarize, I measure two primary dependent variables, regime durability and pro-authoritarian coalitions, in this dissertation. The former can be defined more precisely as the expected duration of a regime, and can be measured in terms of elite cohesion in support of the regime and the presence of popular protests against a regime. The second represents a subset of the selectorate who want to either change a regime from democracy to authoritarianism or to support authoritarianism. I measure internal cohesion of this coalition by surveying elites to obtain their perceptions about the strength of this coalition. I also look at two primary pathways for how the coalition can bring down democracy: coups and incumbent takeovers.

3.1.2 Independent Variables

There are two primary independent variables that I consider in this study: crony capitalists and the military-clientelist complex. Both of these variables have received a full conceptualization in the previous chapter, so in this section I restrict myself to solely addressing measurement issues in studying these phenomena.

In terms of crony capitalists, I am primarily interested in measuring their preferences over regimes and the actions they take to either support or oppose democracy following democratic transitions in Egypt and Tunisia. The preferences of these actors are important to ascertain because they represent the culmination of a long-run selection process that is a core part of my theory. Actions are then properly revealed preferences, but I do attempt to measure both separately.

Measuring business preferences is a more difficult problem than conceptualizing them. An outcome like regime change is not one that elites will tend to own up to when asked in a public forum, resulting in falsified preferences that adhere more to social norms than political-economic realities (Kuran and Sunstein 1999). One approach to ascertain preferences is to use firm behavior as an observable indicator for firm preferences, and I do consider that option in the next section. But it is important to identify those actions which are going to reveal preferences and also to try to collect direct expressions of preference from firms themselves.

There are two main ways that I ascertain business preferences. The first is by observing business support for different parties and factions under emerging democracies. A business that is committed to democratization should be supporting reformist elements during the transition, i.e., ideological parties with an expressed conviction in favor of institutionalizing democracy. These kinds of actions can be observed either through secondary source reporting of business involvement during political campaigns and other events, or through talking directly to businesses themselves and asking about their political participation.

Talking to businesspeople one-on-one is also a method to elicit preferences by asking direct questions about their perspectives on democracy and the democratic transition. While this method can fail because of the falsified preferences problem expressed earlier, in confidential settings in which respondent anonymity is assured, it is possible that business elites will open up to their true perceptions about the regime and their thoughts. These expressed sentiments need to be interpreted closely in line with the observable business actions expressed previously to see if there are critical disjunctures. For example, if a businessperson expresses strong support of democratization but also participates in a pro-authoritarian coalition as a candidate, then it can be assumed that they were expressing falsified preferences in an interview. Nonetheless, interviews can shed additional light on business preferences, and in this dissertation I employ both strategies–field interviews and indirect observation–to come up with general statements about business preferences in Egypt and Tunisia.

Finally, I also employ surveys of firm employees and managers to measure business preferences. Surveys permit the analysis of a wide range of firms, and overcome the selection bias issues of using a convenience sample. At the same time, I rely more on interviews and other indications of firm preferences because it is difficult to fully capture firm preferences via a survey, in part because a survey can only target one person in a firm, who may have incomplete knowledge, and also because the limited nature of survey data collection can make it difficult to identify concrete preferences. In-person interviews are superior because in an interview I can ask open-ended questions about a firm's political involvement, and also track this involvement over time with much more detail and nuance than a survey can.

Given that this study centers on emerging democracies, the firm action of greatest interest is election funding or other direct donations to political parties. In an emerging democracy, these actions can have serious consequences for the political system because many parties lack the organizational capability to fundraise from a base of supporters. In addition, the party system is highly fractionalized, which makes it difficult for a party to build any kind of brand recognition (Heersink 2018). Firms can help boost a party's fortunes by enabling it to establish a critical level of presence across the country. Firms can also support parties by distributing party materials to their employees, ordering their employees to vote for a party, and taking advantage of their company resources such as buildings to host party rallies.

The second form of firm political action that is quite interesting is firm support to movements that involve contestation outside of elections. This type of firm political activity occurred at a much higher level in Egypt than in Tunisia as firms were instrumental in mobilizing turnout for a protest movement against the democratic government. However, it also occurred to some extent in Tunisia, as the pro-authoritarian coalition did pre-exist the form it took as a political party. The use of non-traditional forms of contestation by a pro-authoritarian coalition is very worrying because it can help de-stabilize democratic institutions by pushing conflict into the public square instead of through institutionalized channels.

Understanding these two types of actions–firm support to parties in elections and firm support to pro-authoritarian social movements–also requires an understanding of what kind of preferences undergird these actions. As expressed in the previous section, it is quite often the case that firms in these countries hold anti-democratic preferences for historical and contemporary reasons. However, it may not be these preferences that are driving their actions. Rather, firms may also be aiming to derive what benefit they can from political relationships for the purpose of parochial aims, such as obtaining favors from the government. This type of political action, while it is common in both countries, arguably does not matter as much for regime change because the aim is to obtain benefits for the firm rather than help mobilize a coalition in support of regime change. For these reasons, the type of firm support I want to observe is firm support that is restricted to a certain party with a specific platform, such as a pro-democratic party or a neoliberal party. Firm support of diverse actors is probably a sign of the firm's desire for a quid pro quo rather than a sign of the firm's counter-revolutionary preferences.

Because both of the countries in this study can be classified as crony capitalist regimes, firms competing for rents occurs frequently and occurred during and after democratic transitions in both countries. It would be a mistake, then, to infer from instances of corruption that firms were having a negative effect on democratization. What is necessary is to find firm political support that has a political aim beyond just securing immediate benefits for the firm.

For this reason, I further define the type of firm political action under analysis as involving support for pro-authoritarian coalitions as opposed to other groups. If a firm supports the pro-authoritarian coalition, but also supports democratic rivals, then the net effect on the political system is likely to be neutral. For firm actions to be an expression of underlying firm preferences over regimes, firm political support must have a distinctly partisan character during the democratic transition. Showing that firms with crony connections exist, and even showing that these firms are able to obtain perks from these connections, is not enough.

Measuring the military-clientelist complex is no easy task, especially when the objective is cross-national comparison. The ideal measurement strategy would be to collect revenue and expenditure data for all military-owned enterprises and all enterprises with unofficial but nonetheless quite real links to the Ministry of Defense, such as firms headed by ex-generals. I could then compare this data with the full firm census to understand exactly the relative size and sectoral make-up of this military clientelist complex.

Unfortunately, it is effectively impossible to collect this kind of data because the militaries in the Middle East as a rule release only the most rudimentary information about their activities. Furthermore, freedom of information legislation (where it exists) never applies to military programs. It is possible to collect some qualitative data on the military-clientelist complex in Egypt, both from knowledgeable sources and also from secondary materials. Egyptian journalists have heroically covered the growing power of the complex, and have been able to curate the reports issued by the military when it expands into a new sector of economic activity. However, these reports do not cover the many military-linked firms, such as companies that are officially private but are headed by ex-military generals. Furthermore, even if the military reports the formal organization of its economic enterprises, it does not generally report detailed information about revenue and employment, which makes it very hard to measure any kind of macro-economic impact.

For this reason, a major objective in this dissertation is to survey businesspeople directly about their relationship to the military clientelist complex. By using firm reports about their linkages to the complex, it becomes possible to measure the extent of military economic penetration even if it is impossible to collect detailed data on military enterprises themselves. Furthermore, by surveying businesspeople in both Egypt and Tunisia, I am able to offer some of the first cross-national comparable indicators of the military-clientelist complex that can also be used to understand the economic determinants of firm political action.

3.2 Data

The first type of data that I collect involves interviews firm managers in both Egypt and Tunisia (although the majority of interviews were done in Tunisia). I performed 39 firm interviews over the course of eight months in both countries. I supplemented these interviews with meetings with policy makers, parliamentarians, journalists and NGO workers, all of whom gave me valuable perspective on political coalitions and business political involvement. Meeting with both actors, both businesspeople directly and informed observers, allowed me to compare and evaluate competing perspectives. If I had spoken solely with businesspeople, I would have been at the mercy of whatever information they chose to provide about their activities, which is highly likely a distorted version of events. However, speaking with researchers and investigators who were familiar with elite-level politics and corruption issues provided important context and helped me to triangulate stories across different political divisions in the country.

My field interviews followed a semi-structured format in which I used a questionnaire while also allowing respondents to move off-script and engage in follow-on conversations. I do use the results of the questionnaire in the case studies, but I generally found it even more helpful for setting the tone of the interview and encouraging the respondent to see the interview as an exercise in scientific research rather than gotcha journalism. Due to Internal Review Board restrictions, I cannot provide identifying information about my sources in the text, and for that reason I refer only to interviews and the date in which I held the interview. These restrictions were designed to elicit open responses from businesspeople, and in general I was able to do so. Some businesspeople were very candid about their political activities, going so far as to describe the individual parties that they personally gave money to the in the previous elections.

These structured interviews with firm managers and outside observers were also invaluable for learning about the structure and make-up of the pro-authoritarian coalitions. Politically-informed observers in these countries may learn of these movements and their internal politics through their own sources, and can pass along information that represents their best knowledge about the state of affairs in these countries. This type of data collection is difficult because it may be hard to find sources who are willing to speak to international researchers. Furthermore, there are always selection bias issues in that the people who are willing to talk about the internal politics of these movements are not a random sample of all members of these coalitions. For these reasons, it is important to triangulate information across published sources and interviewees both within and outside the coalition.

However, even though these interviews are very informative, I am nonetheless limited by sample selection bias. I cannot interview all firms, and for that reason I am limited to a convenience sample. This sample is still very informative because I can learn about a range of firm activities and how firms react to parties, but making a between-country inference requires data that is more easily comparable across countries. Obtaining firm survey data, is a crucial part of making inferences about firm collective action by providing evidence of firm collective action across countries. While this data can be collected at a particular point in time, and for that reason is not as suitable for looking at change over time, it provides important evidence for the relative levels of firm collective action that can confirm and validate the data collected via semi-structured interviews.

To that end, I present in this dissertation a novel survey of 2,496 firm employees from Egypt, Algeria and Tunisia. This survey is collected by targeting employees using Facebook advertisements. The survey is also weighted towards larger firms by offering differential incentives to participate, with managers and employees of larger firms receiving more incentive. While the data I obtain from any one respondent is far less than a semi-structured interview, the breadth of this sample also enables me to make between-country statements about the activities of crony capitalists. Furthermore, by asking firm respondents about their relationships with military-owned enterprises, I am able to provide some of the first quantitative estimates of the size and scale of this network.

Finally, I also collected quantitative data on firms and legislators during my field research. I obtained records of gross revenues for all big Tunisian firms and conglomerates going back to 2010 from a local magazine. This quantitative data was very helpful for ascertaining how companies were performing in the aftermath of transition. Because this data broke out revenues of each sub-unit of the conglomerates, I was also able to understand the firm structure and incentives facing the crony capitalists who controlled these very large enterprises.

Second, I also collected the full roll-call vote records of the Tunisian parliament through the Tunisian NGO Al-Bawsaleh from both the 2011 and 2014 parliaments. The data from the second parliament was particularly useful for understanding how the pro-authoritarian party Nidaa Tounes was interfacing with other parties in the legislature after its victory in the 2015 elections. As a result, I was able to understand in much more detail how and why this party began to fracture into different groups in the aftermath of its electoral victory.

3.3 Inferential Strategy

The first method that I employ in this study is within-case process tracing. The idea behind this research methodology is to trace a causal process from its beginning to end by obtaining relevant data on each step in the process. While it originated as more of a metaphor than a methodology per se, recently this form of analysis has received increasing scrutiny and substantive development. There is now a lively debate as to what constitutes methodologically accurate process tracing and how to evaluate competing arguments using process tracing (Bennett and Checkel 2014). I do not wade into these debates other than to acknowledge that my primary aim in using process tracing is to make causal inferences as opposed to descriptive or exploratory analysis. To that end I adopt the method of Waldner (2014, 2015) that emphasizes a deductive form of process-tracing in which the causal chain is known a priori and the question is whether or not the causal chain can be substantiated with in-case evidence.

To do so, in each case study I construct an event map, which represents the concrete realization of each variable in the causal graphs presented in the previous chapter. Because each node in this graph must be both necessary and sufficient for each following node, this graph represents what must have happened to explain the outcomes in each case. At the same time, inference can still be interpreted probabilistically, especially within a Bayesian framework (Bennett 2014). That is, inference in this framework is deterministic in the sense that I believe that the variables are related to each other in this sequence and in no other sequence, but at the same time I acknowledge that the variables are fundamentally random variables and could have taken on other values. Furthermore, there are always exogenous factors which could affect the outcome so that the outcome is not solely determined by the causal graph–i.e., random noise.

The advantage of this deductive method is that it enables me to investigate the two cases in this study in significant detail–Egypt and Tunisia–while still maintaining a firm grasp on causal inference at the unit level. Constructing causal graphs in this manner enables these arguments to travel to other countries. It also ensures that there are no missing steps in the causal graph, which can be thought of as a way to avoid making hidden assumptions and addressing omitted variables. While obtaining a correct causal graph can be difficult, and I can not know with certainty that the causal graphs presented in this dissertation are fully accurate, the exercise helps to organize and make the material in the case studies relevant to the variables and outcomes that I am studying. The hope is also that this structure will permit future testing and application of these theories to additional time periods, regions and countries.

I rely on process-tracing to substantiate that the argument I am making did in fact occur within both of the countries in this study. At the same time, I am limited in the data that I can collect to support the causal graph, as I explain later in this chapter. In addition, none of this evidence is experimental in nature. There are still unobservable factors that I can only partially account for in process tracing by ensuring that the causal graph is complete. I cannot observe an Egypt or Tunisia with different outcomes, nor can I observe these countries with varying levels of crony capitalists or military-clientelist complexes. Finally, I am also inhibited by the difficult nature of collecting information on elites who often do not want to disclose any information about their political activities, and in countries with weak state institutions are rarely forced to do so.

To that end, I also implement a survey experiment targeted at businesspeople in three countries: Algeria, Egypt and Tunisia. Algeria is included in the study as a helpful baseline for analysis as Algeria did not experience any regime transitions during this period. This survey permits me to randomize informational treatments to business employees across firm sectors and firm sizes. By doing so, I can approximate the political environment in which these firms exist, and see whether employees' responses to informational treatments corresponds with my theory. The advantage of this method is that I am able to collect data on a much wider swath of businesses than I can using qualitative data collection. Furthermore, I can offer true anonymity in the survey, which I cannot by interviewing people in person.

Finally, the experimental treatment permits me to avoid some of the selection bias issues that plague any kind of observational study. As I describe in the previous chapter, the current population of firms has been strongly influenced by state institutions and policies that select for crony capitalists. As a result, it is difficult to say whether the behavior of crony capitalists is due to their own preferences or to other factors. Using an embedded experiment enables me to see whether I can still see hypothesized effects of treatments across possible factors that may influence firm selection, such as size and firm sector.

The disadvantage of the survey experiment is that it is limited to a particular time point (summer of 2017), and the treatments are restricted to providing information to respondents about political situations. For this reason, I cannot test the full range of variables and sequences using this method. Instead, I derive hypotheses based on the causal graphs and event maps concerning how respondents in the survey should react to the information they receive based on their political-economic relationship to regimes in these countries.

This second empirical strategy provides a form of validation that is orthogonal to the process-tracing study. Even though the survey has its limitations, being able to test the argument in an entirely different domain using a very different sample of data provides strong evidence that the causal graph and the event map are substantiated. On its own, it is difficult to derive any theories concerning businesspeople and regimes given that the survey happens at a single point in time. Furthermore, on their own, the case studies are limited by the data I am able to collect. However, when combined together, these two forms of inference complement each other and provide evidence that the full sequence of how crony capitalists interact with the downfall of regimes is in fact empirically verified within an acceptable degree of confidence.

3.4 Threats to Validity

Before I proceed with empirical analysis, I first address the possible threats to causal inferences that I want to make between businesspeople, pro-authoritarian coalitions and regime durability. I divide these possible threats to inference to internal and external validity concerns. In both cases, I am concerned about potential omitted variables that could explain the relationships I observe. Because my use of randomization inference is limited to the online survey, it is also true that I have issues of sample selection bias in this study. I may end up believing, for example, that businessmen were influential in Egypt because the Egyptian reversion to dictatorship was successful, but this proposed inference could be a form of confirmation bias in that I only observe the outcome in which democracy fails. What I would need to know to make perfectly valid inferences is what Egypt's regime outcomes would look like if a military-clientelist complex did not exist, and in the case of Tunisia, if such a complex did exist. Absent the ability to estimate these counterfactuals, either through time travel or randomization of treatment to the units under study, I must carefully consider what kind of omitted variables could obfuscate the proposed causal inferences.

An omitted variable in this case would be a factor that influences both the behavior of businesspeople and the outcome of regime change. There are many consequential factors that could affect regime outcomes, but what is necessary to establish is whether the factor in question can explain both the independent and dependent variables. For that reason, I will not enumerate all possible causes of regime durability, but rather focus on those which could plausibly explain away the relationship between business collective action and regimes.

Some of the confounding variables can be controlled for through Mill's Method of Difference (Mill 1843). Because the structure of this study focuses on the parallel paths of Egypt and Tunisia, there are several factors that they share in common over the time period of this study. As such, they can be eliminated as confounding variables in theory. In practice, I still need to make a justification that the factors are in fact identical, or near enough, between the two countries to rule them both out. Considering that the variables in question are social constructions of considerable complexity, I do not rest my causal case for addressing omitted variables on Mill's methods alone.

Internal Validity

The primary threats to internal validity in this study comprise alternate explanations of the events of the Arab Spring. The ones that I consider most important for addressing in this study include the Islamist-secularist axis, economic recession, relative levels of economic development, the rentier thesis, and the role of military marginalization. Each of these alternate explanations can provide a rationale for the observed behavior of businesspeople and the regime outcomes in the cases under study.

First, several arguments have been advanced that Tunisia's democracy survived because of a "culture of consensus" that Egypt lacked. For example, Murphy (2013) credits a "national political consensus" among elites that "is more inclusive, particularly of previously suppressed traditional and religiously derived identities, at least those which ascribe to a shared procedural commitment to democratic government" (p. 244). Others point to a unique Islamist ideology of Nahda as driving Tunisia's acceptance of the democratic path: "Ennahda plays a central role in the process of democratization having committed its considerable resources to the construction of a new plural democratic political system that would respect civil liberties and human rights" (Cavatorta and Merone 2013, 859). Similarly, Stepan (2012) argues that Tunisia's embrace of the "twin tolerations" of the state of religious citizens, and religious citizens of the state, secured a peaceful democratic transition in Tunisia while Egypt's Islamists adopted a hard-line stance that undermined democratization. After a political crisis in 2013 and 2014 thanks to Egypt's military coup and a rise of Islamist terrorism in Tunisia, Marks (2015) argues that Nahda's willingness to agree to a power-sharing deal with other Tunisian elites is a reflects its ideology of "recasting Islamism in process-dependent and defensive terms" that "created an incentive structure more favorable to democratic transition" (p. 11-12). In other words, due to its moderate blend of Islam, Nahda sacrificed itself on the altar of democratic compromise in order to avoid a possible coup and reversion to authoritarianism.

For this argument to be a compelling omitted variable for my argument, Islamist and secularist ideology would need to be affecting the actions of businesspeople such that it would be pushing businesspeople to either support democracy or to support authoritarianism. This argument has more plausibility in Egypt, which has a longer and more deadly history of sectarian conflict. However, the question is not whether Islamist-secularist polarization provided a political opportunity that the pro-authoritarian coalition seized, but rather whether this ideological divide was directly motivating businesspeople instead the political-economic variables discussed previously. I can best test for this argument through process-tracing the rise of pro-authoritarian coalitions to see whether and to what extent businesspeople appear to be driven by ideological concerns versus strategic risks and rewards. If business collective action is driven by ideology, then it should be relatively constant during the period in the Arab Spring when the Islamist-secularist divide is strongest, or roughly from 2012 on to the present.

As I demonstrate in the case studies, business actions are much more highly variable than the sectarian thesis would suggest. In this case, I can also rely on Mill's Method of Difference because both Egypt and Tunisia experienced a wave of Islamist-secularist conflict at the same time, although democracy endured in only one of these countries. The method of difference alone cannot remove this theory from consideration, but it does put a strong prior against it as an explanation of all the available facts.

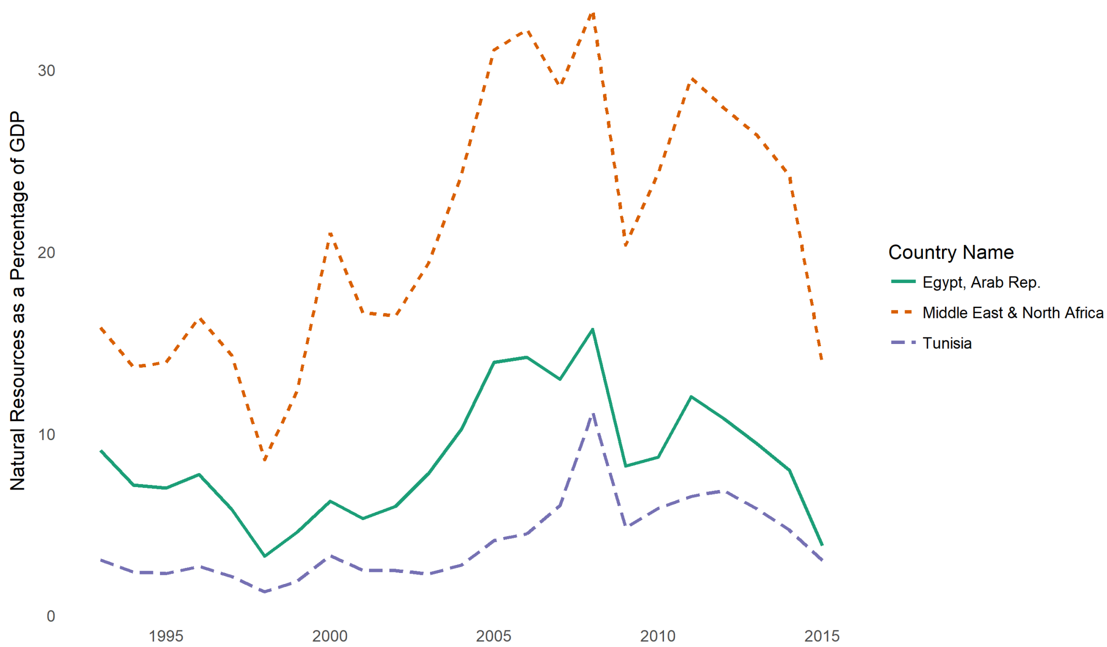
Second, both economic deprivation and economic abundance can be advanced as possible reasons for pro-authoritarian coalition performance and business actions. Economic abundance refers to modernization theory, or the postulation that rising income should be associated with democratization (Lipset 1959), especially if economic development causes collective changes in values towards democracy (Inglehart and Welzel 2005; Campante and Chor 2012). In this theory, Tunisia's success in democratization is a result of its higher level of economic development. Economic deprivation, on the other hand, refers to the recession brought on by political instability and protest after the Arab Spring that led to negative economic growth and a dampened enthusiasm for further democratization (Gasiorowski 1995; Strasser 2015; Iqbal 2012).

These theories are important insofar as they can explain business preferences, actions and democratic outcomes. Given that the variables I emphasize in this dissertation are fundamentally economic nature, considering this macro trends is important. However, I do not examine these theories in depth as competing arguments in large part because Egypt and Tunisia are similar enough in terms of economic growth and development that inter-country differences do not appear to have been very consequential. It is common knowledge that Tunisia has a higher level of development than Egypt, but both are classified as middle income countries, and differences in development outcomes are relatively minor in international terms. Furthermore, both Egypt and Tunisia have suffered economic turmoil as a result of political instability and terrorism, and it is very difficult to judge which economic recession was more severe. On these variables, Egypt and Tunisia are a-priori reasonably balanced such that I can move forward in analysis without having to investigate these theories in greater detail. Economic problems certainly affect the political context, but it is difficult to use them to explain a divergence in outcomes between Egypt and Tunisia.

One of the dominant theories of democracy and dictatorship in the Arab world is the rentier thesis, which posits that high levels of oil wealth inhibit democratization by increasing the state's ability to repress, reducing demands for reform by stoking patronage, and producing development without concomitant social changes (Ross 2001; Andersen and Ross 2014; Beblawi and Luciani 1987). This argument cannot be dismissed out of hand because Egypt does have a higher level of natural resources, in particular natural gas, than does Tunisia. However, in many ways this argument is a poor fit for either of these cases because oil as a fraction of the national economy is small even if the total value of Egypt's natural gas exports is larger than Tunisia's. Figure 3.1 shows this relationship between Egypt, Tunisia and the rest of the Middle East: while both countries have non-negligible levels of resource rents, they have substantially less income from rent compared to the true rentier states in the Persian Gulf. Resource rents may explain why the Persian Gulf was better able to withstand the pressures of the Arab Spring (Brownlee, Masoud, and Reynolds 2015), but it largely cannot explain the preferences of businesspeople in these countries as the natural resource sector is far from dominant.

The role of the military is a potential competitive explanation that could account for the preferences and actions of businesspeople. If the military is assigned the role as the primary causal actor in the Arab Spring, as Brownlee, Masoud, and Reynolds (2015) do, then business preferences and actions must be endogenous to the military. I consider this argument to be very important because I incorporate the military as a central actor in my own explanation of democratization in these coun-

Figure 3.1: Natural Resources as a Percentage of GDP (World Bank Development Indicators)



tries. However, I do not consider the military as an omitted variable in my explanation because I argue that business preferences are shaped by fundamental economic concerns more than they are by the whims of military leaders. It is not the military per se that influences businesspeople, but rather the military-clientelist complex, a network of firms and military enterprises that grew up in Egypt over decades.

Some might consider this distinction very fine. However, the opposite perspective borders on a tautology. If we assume that only the military's preferences matter because the military is the most powerful actor, then we cannot explain what the origins of the military's power are. I argue that understanding the military's influence on Egypt is not only a matter of understanding the internal politics of military budgetary dynamics, as important as those are for delineating the actions of the military (Grewal 2016), but that it also extends through the cooperation of businesspeople with the military-led coalition. Plenty of military coups fail, after all, and military-led governments can also collapse (Geddes 1999; Geddes, Wright, and Frantz 2014). It is not enough to assume that "power flows from the barrel of the gun" because the military cannot rule effectively without some kind of quasi-voluntary compliance (Levi 1989). It is this social and economic dimension of the Egyptian military coup that I emphasize in this study, and while it cannot replace analysis of the Egyptian military as an independent institutional actor, I would also argue that institutional arguments alone cannot explain both reversion to autocracy and the subsequent success of dictatorship in Egypt. While repression is a crucial tool of dictatorship longevity (Bellin 2004), social compliance with dictatorship has an important effect on the durability of regimes (Gandhi and Lust-Okar 2009; Wright 2008; Wedeen 1999).

I will consider the role of the military very closely in my case studies as I trace out the role of businesspeople in playing an independent role in the undermining of democracy and building of a new dictatorship. Furthermore, the survey experiment will show how the linkages between the military and firms cannot explain all of firm collective action in Egypt, but rather that business beliefs are a crucial channel through which support for authoritarianism is communicated. The consideration of these economic arguments about the effect of the military-clientelist complex provides a stronger explanation of Egypt's dictatorship and Tunisia's democracy that does not focus solely on the decision of the military to stage a coup in 2013. While my analysis does not replace a consideration of the military's decision calculus, it does extend previous work by providing a more holistic and satisfying accoun to of democratization in Egypt and Tunisia.

External Validity

Threats to external validity concern those factors that may be common to the North African countries in this study such that if those factors are removed, the observed relationship will disappear. While on the one hand, a limitation of external validity is explicitly acknowledged in this paper– the role of crony capitalism in postcolonial states–it is still necessary to address external validity because there are other variables that have high values in postcolonial states and could explain the outcome. Of particular importance is the role of external actors, who have been blamed at times for the failure of the Arab Spring. External actors of importance in the region include the United States and France, but also regional powers such as Saudi Arabia and the other Gulf states. These different countries were all jockeying for power in post-transition Tunisia and Egypt, and their contribution to the outcome must be assessed to determine if it can explain the observed relationship between businesses and regimes.

Western powers, and in particular the United States, have been accused of fostering a hostile environment to democratization in the Middle East by funding dictators and opposing any experiments with popular rule (Jamal 2012; Brownlee 2012). The stance of the United States towards the Arab Spring was initially no exception, involving mainly ambiguous statements while waiting to see whether popular movements were able to unseat dictators. The lone exception to this policy was the foreign-imposed regime change of Libya, in which a U.S.-backed coalition destroyed Libya's military and paved the way for a victory by insurgents (Brownlee 2012). However, besides Libya, the U.S. has not played an out-size role in Egypt and Tunisia, and has passively accepted the dramatic changes in events. The United States was willing to work with the Muslim Brotherhood, but it also registered only muted protest at the military coup (Roberts 2013). Thus it is difficult to say that U.S. support or lack thereof has been critical for domestic events in these countries. Although the United States has certainly sought to shape events to its own interests, it has also avoided antagonizing any sides or otherwise intervening to exclude actors from politics.

France has a more significant role than the United States in Tunisia, but here as well France's legacy is mixed when it comes to democratization. French policy reaction to the Arab Spring was decidely reactive, supporting Ben Ali's regime until the protests had finally removed the dictator. Even then, French policy was very slow to adjust, and only came to adopt a discourse of democratization when it became very evident that Tunisia was not going to revert back to democratization. For these reasons, although France is often blamed for political problems in Tunisia, it is difficult to see France as a main actor in the country's triumphs and failures (Krüger and Stahl 2016).

Finally, there are regional issues to address. Other Arab countries have arguably intervened in the domestic politics of Egypt and Tunisia to a far greater extent than Western powers, even though the latter often receive more than their share of the blame. Although it is hard to derive any official numbers, it is clear that Gulf countries in particular have backed their favorite horses during the democratic transition, with Qatar supporting the Egyptian Muslim Brotherhood while Saudi Arabia and the UAE sided with their secular opponents (Colombo et al. 2012). For these reasons, I include a careful consideration of foreign influence in the case studies to understand more clearly how these regional powers have been influencing the transition. But I do not attribue primary causal significance to regime outcomes to foreign actors, in no small part because foreign actors had their own often competing interests that ata times had little to do with domestic Tunisian and Egyptian realities, which makes it difficult to use these external forces to account for the process of democratization in these countries.

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Chapter 4

Business Preferences and Historical Political Economy in Egypt and Tunisia

4.1 Process-Tracing Method

In the next two chapters, I implement a process-tracing exercise that is aimed at making credible causal inferences about the effect of business involvement in pro-authoritarian coalitions on the outcome of regime durability in Egypt and Tunisia after the tumultuous period of the Arab Spring. Process-tracing is an emerging method in political science that provides an alternative to statistical inference for data that is essentially qualitative in nature (Bennett and Checkel 2014). As with all empirical methods, the aim of process-tracing can be either to measure a phenomenon or to make causal inferences about a phenomenon, and this study is an effort at the latter. While there is no consensus as of yet concerning how to judge the credibility of process-tracing in terms of causal inference, I adopt in this study the straightforward method of Waldner (2015) that proposes that a process-tracing study is causal when it can produce a causal graph in which each node is both necessary and sufficient for each subsequent node.

While this definition can seem abstract, it is a statement that formalizes the underlying intuition behind performing a case study. With statistical data it is possible to test for relationships between variables by examining the conditional distributions of data generated by these variables. However, in process-tracing the endeavor is to establish relationships between particular variables located in both space and time, which is a distinct and sometimes neglected aspect of causal inference: making inferences about particular cases instead of aggregate relationships (Woodward 2003). That is, instead of asking in these case studies whether businesspeople on average across time and space tend to have an adverse effect on democratization, I will instead ask whether Egyptian and Tunisian businesspeople were of causal significance for the outcome of democratization in both their countries after the revolutions of 2011.

The advantage of structuring a process-tracing exercise around causal graphs (Waldner 2015) is that it helps unify the particularistic nature of single-event causation with the counterfactual theory of inference. By delineating the variables that generated an outcome, and the mechanisms through which those variables are related, we can stipulate the counterfactuals around which we can make causal inferences by supposing what would have happened if the variables had taken on different values. However, because these counterfactuals are fundamentally unobservable, given that we only have one Egypt and one Tunisia during the period of observation, we must instead base the credibility of causal inference on the validity of the mechanisms and the completeness of the causal graph.

In other words, if a confounding variable exists that determines both the independent and dependent variables, then the causal graph is by definition incomplete (a variable is missing from the graph) and/or the proposed mechanisms are not actually at work. Given that it is impossible to use a large-N method of handling confounding variables, such as marginalizing over control variables or direct randomization of the treatment, the presence of mechanisms is a crucial criterion for ensuring that the causal graph is valid. Some confounders can be eliminated through Mill's

Method of Difference, but any time-varying confounding variables–i.e., any variables which may have a varying effect on democratization–cannot be addressed in this manner. For this reason, the mechanisms should be such low-level human processes–preferably at the psychological level–that they can be described as "invariant causal principles" (Waldner 2015). The presence of mechanisms provides an empirical basis for saying that the variables are related to each other in the order stipulated because the variables influence each other through basic, low-level pathways that do not involve further analysis or the inclusion of other variables.

This case study will follow this research strategy because the aim is to make credible causal inferences at the unit level (i.e., the outcome of democratic reversion or survival in Egypt and Tunisia). However, inference in this methodology is still probabilistic in nature. My argument is that the variables in question make democratization more or less likely in the cases studied. There are other variables that also influence democratization, along with events that I consider exogenous but that can have serious ramifications on regimes. However, this caveat only refers to those variables which do not also affect the behavior of businesspeople. To make credible inferences in this case study, I must show how businesspeople affected the course of regimes in these countries and through which mechanisms and variables they did so.

In order to empirically test the causal graph, I construct an event map which shows the actual events which the variables correspond to in these two cases. The event map makes it clear how I am measuring variables so as to keep measurement and causal inference distinct. In other words, to make credible causal inferences, I need to have a complete causal graph and an internally valid measurement design that maps the values of the variables in the causal graph to events that occurred during democratic transitions in Egypt and Tunisia. The event maps are shown in Figures 4.1 and 4.2, while the relevant mechanisms are further defined in Tables 4.1 and 4.2.

This case study is structured around the event map. In this first chapter, I provide the antecedent conditions for the event map to understand the foundations of the political-economic variables un-

Table 4.1: Mechanisms in Egypt Event-Map

M_1	Elites concede democracy to avoid popular revolution
M_2	Bureaucrats unconstrained as agents
M_3	Large firms subsidize coalitions
M_4	Military coercion punishes possible defection
M_5	Elites rally because of strategic complementarities
M_6	High elite coordination makes opposition too dangerous

Table 4.2: Mechanisms in Tunisia Event-Map

M_1	Elites concede democracy to avoid popular revolution
M_2	Bureaucrats unconstrained as agents
M_3	Large businesses subsidize coalition
M_4	Elites strategically defect because of prisoner's dilemma
M_5	Party leaders unable to expel rivals
M_6	Need for partners to secure legislative majority

der analysis that affect business behavior. Separating these antecedent conditions from the causal graph is important to avoid the problem of infinite regress and unnecessary causal complexity (Slater and Simmons 2010). The antecedent condition that I focus on here is the long-run selection process that led to a class of businesspeople in both countries with decidedly anti-democratic preferences. To understand this process requires a re-examination of late development in both countries and how policymakers tried and failed to achieve the high-performing status of developmental states in East Asia. High levels of elite conflict limited state infrastructural power which undermined the ambitious policy goals of the post-independence era, producing instead a network of crony capitalists whose material interest lay in continued political repression.

Figure 4.1: Egypt Event Map

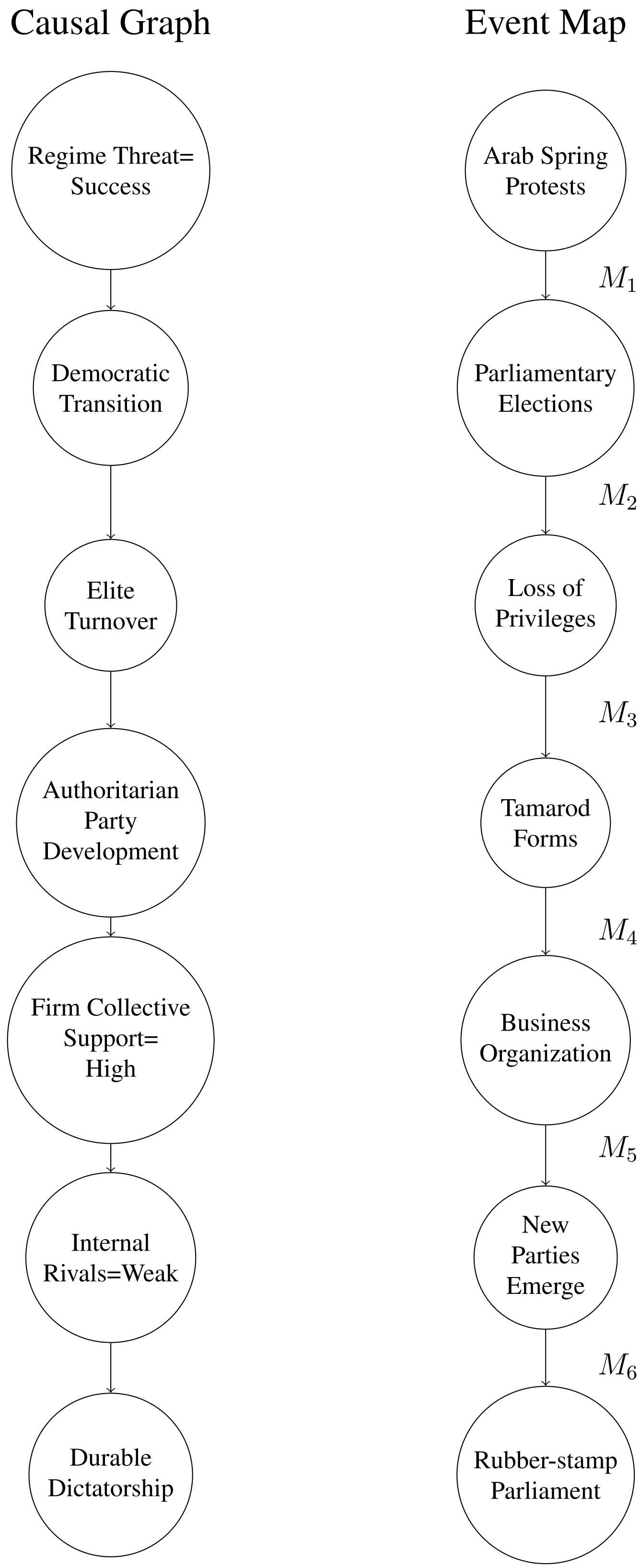
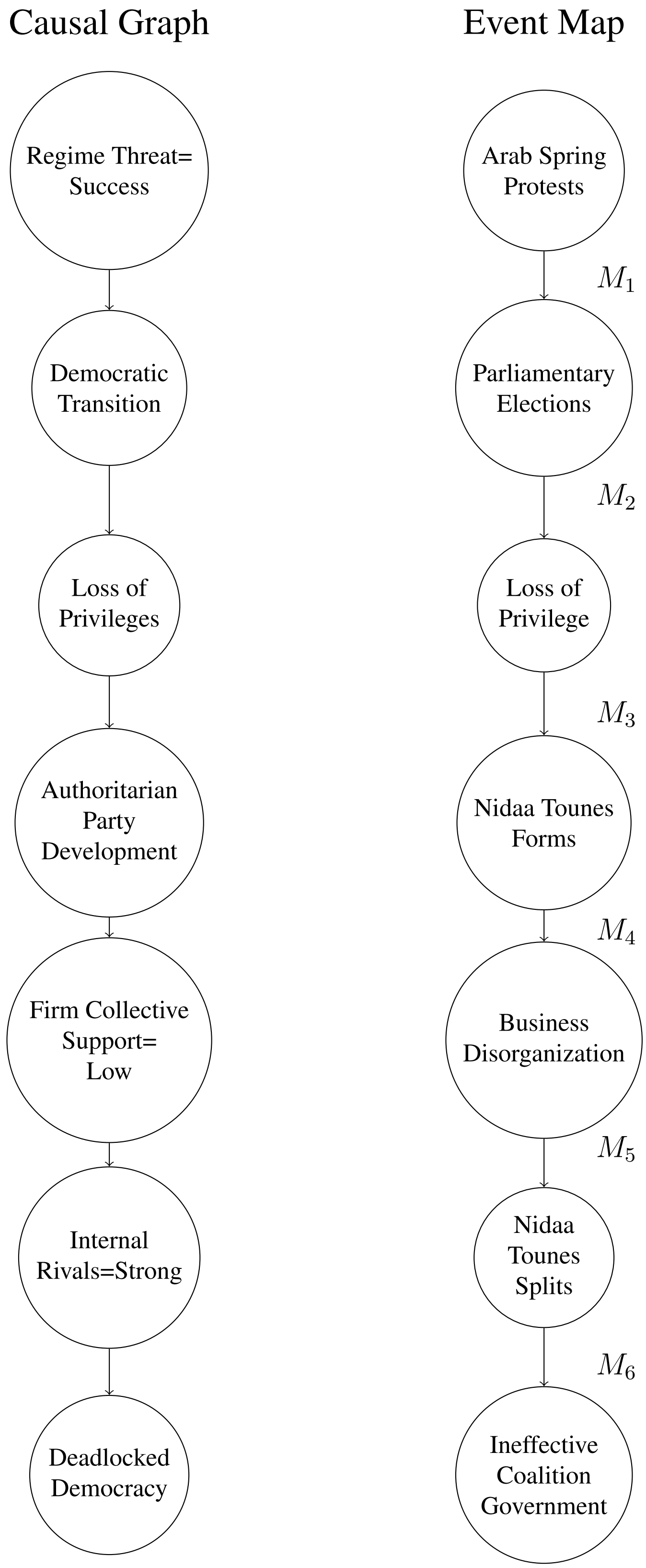


Figure 4.2: Tunisia Event Map



Evidentiary Basis

The case studies are based on a variety of both secondary and primary sources. Primary data collection occurred during 2016 when I spent eight months in Tunisia, followed by a shorter trip to Egypt in September of 2016. In total I completed 34 interviews with managers of Egyptian and Tunisian companies, in addition to interviews with policy makers, legislators, scholars and business associations. I also collected microeconomic data on conglomerates and a complete rollcall vote dataset of Tunisia's first and second parliaments. Finally, I also draw on the results of the survey presented in Chapter 5 that helps establish basic preferences of businesspeople Egypt and Tunisia.

These primary sources are complemented with a diverse array of secondary sources, including French and Arabic language news sources and scholarship from French and Arab political economists. In general, I rely more on the secondary literature in Egypt because the research environment there has been severely restricted after the rise of military dictatorship and because Egypt has a much more established tradition of political-economic research on which to draw. By comparison, in Tunisia I rely much more on my own interview-based research to understand linkages between firms and parties.

Due to anonymity offered to interviewees, and the sensitive nature of some discussions I had with businesspeople, I only provide dates for interviews and do not refer to their companies by name. While this does inhibit the narrative to an extent, anonymity was important for respondents to provide detailed information without fear of repercussions. In addition, anonymity allows me to focus on the outcome I am trying to explain, which is business collective action, rather than the involvement of any one company or conglomerate.

Democracy in Egypt and Tunisia

Both Egypt and Tunisia have been dictatorships for most of their history, so addressing the long legacy of authoritarianism is the first step in this process-tracing exercise. Figure 4.3 shows how the Varieties of Democracy database codes Tunisia since 1900 (Coppedge et al. 2016) and for Egypt in Figure 4.4. A score of 1 on this index would correspond to a perfectly democratic state, while a score of 0 would correspond to a perfectly authoritarian regime.

Tunisia has hovered in the 0.2 range, but since the outbreak of the Arab Spring in 2011, the number has fluctuated between 0.4 and 0.6, with considerable variability in the estimate. This chart provides a good initial overview of regime types in the country. From independence, the leader of the prominent Neo-Doustour party, Habib Bourguiba, became president and remained in office until his removal by one of his subordinates, Zine Ben Ali, in 1987. Ben Ali assumed the same office with the same prerogatives, and if anything further centralized power until the outbreak of popular protests in 2011. Currently, Zine Ben Ali is in Saudi Arabia where he was given sanctuary.

Egypt likewise witnessed very little change in the average score prior to 2011, when the Mubarak dictatorship was overthrown after dramatic popular protests that overwhelmed the country's formidable security forces. The resulting elections in 2012 were widely considered to be free and fair, and the ensuing parliament Egypt's first freely elected government in six decades. However, this move towards democratization lasted only two years before the Muslim Brotherhood's government, led by President Mohammad Morsi, was overthrown in a military coup. Given this short inter-regnum, some democracy indices might not record any regime change as the nascent democracy never experienced a successful transfer of power (Alvarez et al., n.d.). However, qualitative evidence shows that, although Morsi began to undermine Egypt's new democratic institutions, he was largely constrained by democratic checks, especially when compared to the military regime that came after

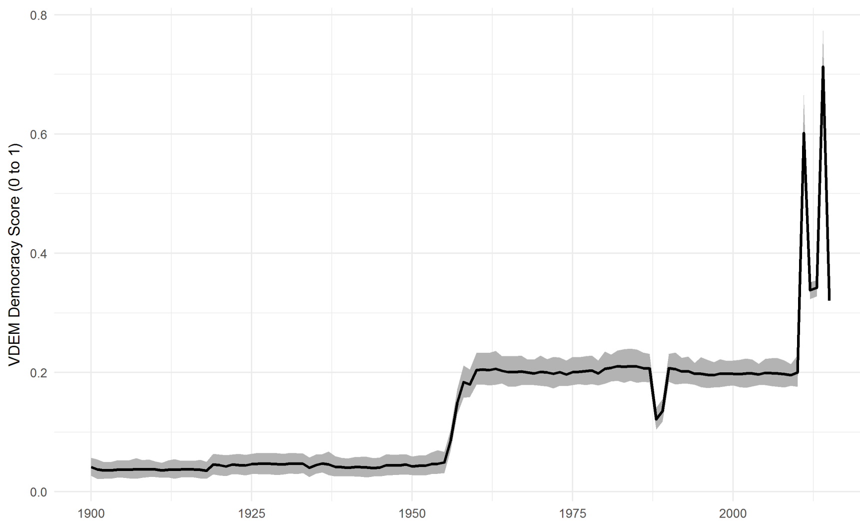
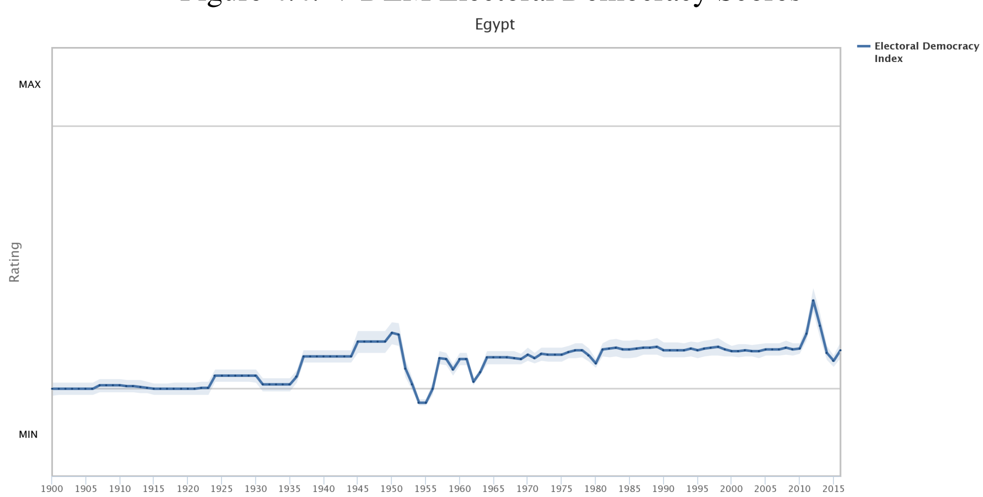


Figure 4.3: Varieties of Democracy Values for Tunisia
Gray intervals show measurement uncertainty between coders.

him. During this two year period, most Egyptians had substantial freedom of speech and civil liberties which they exercised with relish. For these reasons, I treat this two-year period as its own democratic regime, which collapsed when confronted by the Egyptian military.

Figure 4.4: V-DEM Electoral Democracy Scores



A significant reason for the longevity of dictatorships in Egypt and Tunisia rested on the political-economic foundations of these regimes that encouraged made consent to dictatorship a condition of economic exchange for both elites and citizens. To understand these foundations, I examine efforts to build developmental states in both countries after the period of independence from colonialism in the 1950s.

4.2 Industrial Development in Egypt and Tunisia

Similar to Algeria and Egypt, Tunisia obtained indepenence in the 1950s and shortly thereafter launched into state-led industrial development. Tunisia, like other Middle Eastern countries, developed complementary political-economic institutions known as precocious Keynesianism (Waldner 1999; Henry and Springborg 2010; Hertog 2016), in which weak autocrats made concessions to rural producers and urban consumers in order to maintain their regimes. While politically effective, these bargains had the unfortunate side-effect of undercutting state capacity and making it impossible for postcolonial states to realize their developmental goals.

Tunisa and Egypt both fit the mold of precocious Keynesian states, but Tunisia stands apart in certain key respects. Unlike Egypt, Tunisia did not have a large standing military at independence, nor was it forced to do so later because of violent unrest. Tunisia's post-colonial leaders had similar kinds of rivalries that led to political instability (Ashford 1965), but this internal struggle did not result in a faction of the elites arming themselves or having to rely on the military to sideline their rivals. The military remained so diminutive that the country was virtually un-protected from foreign invasion until Libya's incursions into the country in the 1970s (Ware 1986, 52-53) . As a result, during the formative stages of Tunisia's post-independence political economy, elite weakness meant that some concessions had to be made to rural producers, but at the same time, the military remained a marginal actor compared to civilian elites. Most firms created during this formative period came from elite families located in the populated coastal cities and provinces.[1] It

1. In an interesting interview on May 25, 2016, a Tunisian businessman described the close links between prominent business families and the post-independence Rades Hunting Club in Tunis.

is this critical distinction in political-economic formation that separates Tunisia from Algeria and Egypt. Tunisia has an economy that is riven by similar levels of elite control of access to markets, but military leaders were excluded from obtaining any of these economic rents. This distinction would put Tunisia on a different institutional trajectory compared to its neighbors in the ensuing decades.

The reasons for the Tunisian military's political weakness were inherited from the colonial era. At the time of independence, Tunisia had a minute military composed of only a few thousand soldiers. The reason for this is in part explained by French colonial policy–French preferred to have its own soldiers protect its colony–and the fact that Tunisia was not a settler colony like Algeria. Compared to Algeria, Tunisia was relatively unimportant to the French, and independence movements did not experience the same kind of brutal suppression. Furthermore, Bourguiba maintained an easy-going relationship with colonial authorities, negotiating a peaceful transition of power and taking on a mediating role in the Algerian conflict. For its first several decades of existence, Tunisia had an inconsequential military and little reason to further develop one (Anderson 1986, 236).

At the same time, Tunisia's economic policies were forming along similar lines to its neighbors. After a failed experiment with hands-off private sector development, Bourguiba launched a program to make the state an "industrial entrepreneur" (Bellin 2002, 19-21). This period witnessed all of the hallmarks of ISI, including the growth of public-sector monopolies in important markets and the protection of indigenous industries through the use of import and export controls (21). Simultaneously, the state cemented a similar bargain with the rural masses by expropriating land belonging to former French colonialists and forming large-scale agricultural cooperatives (20). While this expropriation and redistribution did not live up to its promise, it nevertheless represented a serious attempt by the regime to provide substantial benefits to smallholders and peasants living at subsistence level in rural areas (King 2003, 47). The simultaneous inclusion of Tunisia's corporatist labor union, the UGTT, along with select businesspeople, cemented the precocious Keynesian bargain that underpinned political stability for several decades.

Given Tunisia's peaceful independence process, it may appear strange that the regime would fail in its ISI-based reforms. The critical variable necessary for the creation of a precocious Keynesian system is high levels of elite conflict (Waldner 1999). In this case, although Bourguiba headed the largest party following independence, he faced challenges from within his own party. A charismatic leader named Ahmed Ben Salah, who represented Tunisia's powerful labor movement, oversaw Tunisia's development program and appeared able to check Bourguiba's power through his independent power base outside of the one-party state (Ashford 1965). He may have been implicated in an attempted coup to overthrow Bourguiba in the mid-1960s (217). The conflict was not resolved until 1969, when Bourguiba was able to remove Ben Salah from power after a fall in agricultural production left him vulnerable (Bellin 2002, 23). As a result, the formation of political-economic policy occurred during a period of uncertain elite conflict, prompting Bourguiba to take an inclusive approach to policy-making to both industrial elites and farmers. Nonetheless, this conflict did not result in wide-scale violence, and thus the military remained a marginal actor during the formation of political-economic bargains underpinning the regime.

As with Tunisia, Egypt's political economy cannot be understood without examining political coalitions that formed in the aftermath of de-colonization. Indeed, studies of state formation in both countries point back even farther in the past, but for the sake of brevity I will restrict myself to post-colonial history during which many of the modern institutions of Egypt were formed. On the one hand, Egypt had a much larger economy and relative level of industrial development than Tunisia after World War II, but it was still relatively under-capitalized outside of its cash crop economy, particularly in cotton. Also similar to Tunisia, Egypt experienced instability after the nascent constitutional monarchy was overthrown by a military colonel, Gamal Abd El Nasser, in 1952. Since that time, Egypt has experienced a nearly unbroken stretch of military rule, although as Cook (2007) pointed out, this rule has not necessarily meant military government. Both of Nasser's successors, Anwar Sadat and Hosni Mubarak, began their careers in the military but donned civilian dress once they assumed the presidency. As I will discuss, Egypt had been experiencing a further round of diversification at the level of elite rule prior to the uprising in 2011, but the military has since consolidated its position and is in fact in much greater control of the state than it was in 2010.

After independence Egypt had a considerably higher level of development than Tunisia, but its economy had still left the country in a vulnerable position in world markets. Egyptian dependence on cotton had created a considerable amount of economic growth but also left it at the mercy of commodity price swings which occurred during World War II and the Korean War. While elite Egyptian landowners, who had become wealthy during the previous fifty years of British military occupation, were able to adjust to these swings in economic output, Egyptian peasants faced a much more difficult prospect, especially when commodity prices dropped after war-time swings (Waterbury 1983, 51-53). For this reason, and in addition the security concerns that consumed Nasser's tenure, industrialization appeared the logical course for the regime, and import-substitution industrialization was consequently adopted as the de rigeur approach for developing countries. Industrialization had begun under the pre-war colonial era, but it primarily consisted in down-stream processing of cotton for textiles and other applications rather than wholesale industrialization across sectors (58-60). Nasser's military regime, of course, preferred to have industrialization in sectors that conferred greater state (and military) power, such as automobiles, airplanes, and chemicals. As a result, the state intervened through the variety of policy options common to ISI, restricting foreign exchange in protected industries while simultaneously launching state-backed and state-owned companies to produce for the domestic market (63-65). Nasser's regime did not take on a particularly ideological hue when it came to economic policy-making, but was rather driven by the exigencies of building a stable regime and excluding rivals, such as landowing elites allied with the overthrown monarch (52-53,63).

Nasser's regime did not restrict itself to these new bargains with urban producers and business owners to achieve industrialization. It also set up a new strategyof rural incorporation to extend its control over previously disenfranchised peasants who had been left to fend for themselves with the vagaries of cotton production. It is widely acknowledged that Nasser's regime was initially populist, imposing land reform, creating a state welfare system and dramatically increasing the level of public education (Farah 2013, 52). The level of land redistribution never reached purely egalitarian levels, but it was enough, according to secondary sources, to weaken the traditional landholding elites from the Ottoman and colonial eras (52). However, this procedure was not repeated, likely because it was an attempt to weaken the landholding class that supported the military government's main competitor, the Wafd Party, not a result of deep ideological convictions (Vatikiotis 1961).

Ultimately, the industrializing and land production policies of the Nasser regime led to the familiar contours of the precocious Keynesian state (Waldner, Peterson, and Shoup 2015; Waldner 1999), in which the urban bourgeoisie, rural producers and urban consumers were appeased. Eventually, Nasser nationalized major industries after his initial attempts at industrialization proved largely unsuccessful (Waterbury 1983, 68-69), a solution to such obstacles in the short term but a latent signal of weak state power and a lack of the "embedded autonomy" (Evans 1995) necessary for sustained development. While manufacturing as a percentage of GDP increased in the 1960s, by the end of the decade the state suffered from a serious balance of payments crisis as projected national savings failed to keep up with currency restrictions (ISI assumed that national saving could be stimulated through currency restrictions aimed at lowering consumption of foreign goods) (Waterbury 1983, 92). The dismal performance of the ISI regime can be attributed to the same factors that made it politically appealing: the Nasser regime was unwilling to discipline the state-directed companies it helped create, instead using them as a source of revenue and a safety valve for employment for the masses (108-109).

However, despite the economic inefficiencies and the risks to state finance, this system proved to be difficult to unwind because of its political importance. In the five decades from the end of Nasser's tenure until the Arab Uprisings, Egyptian policymakers made important modifications that attempted to save the system without fundamentally altering it, a risky proposition that proved disastrous (Adly 2013). However, it did provide regime stability for five decades, which is an accomplishment not to be diminished. One of the difficult problems in the analysis of Egyptian political economy is understanding the difference between economic and political rationality, and how and why Egyptian elites have reformed the system when these two aspects come in profound conflict.

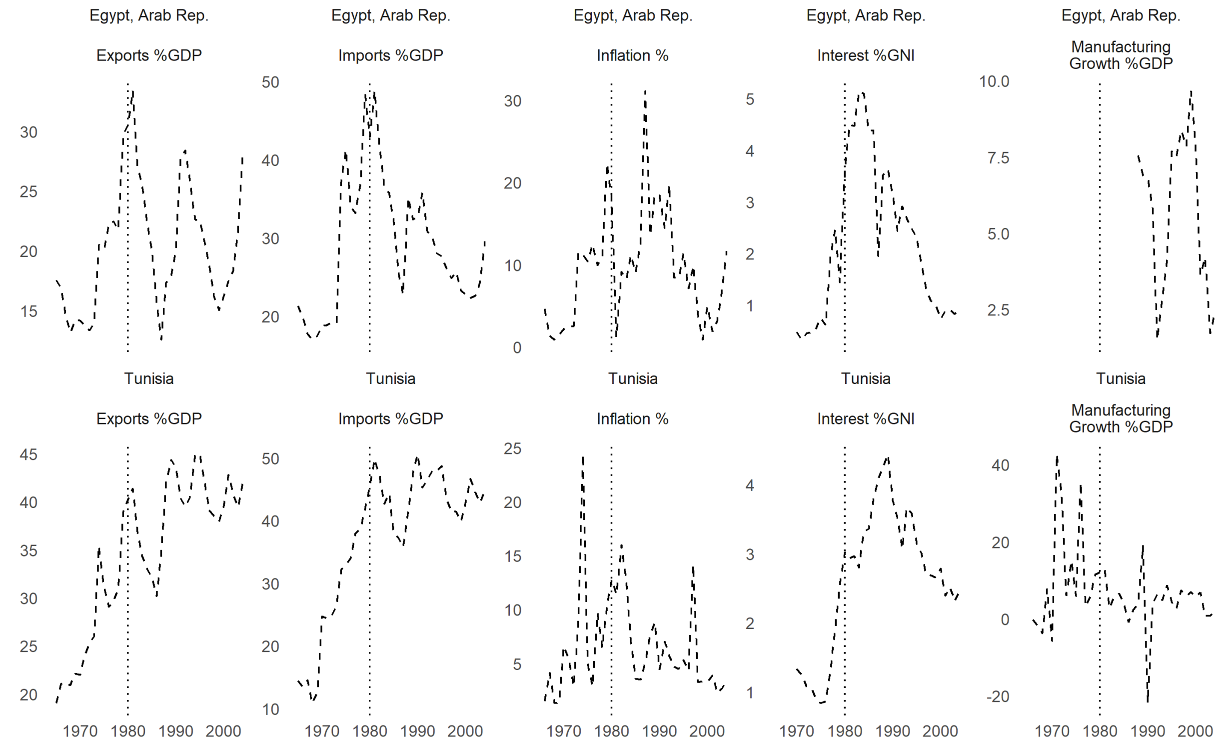
4.3 The Failure of ISI

Given the political foundations of ISI, it is in hindsight unsurprising that the well-intentioned development policies failed to achieve their goals. The aims of the ISI program–to replace French capital in manufacturing with domestic Tunisian companies–never lived up to its promise, resulting in high levels of indebtedness and mediocre rates of industrialization (Bechri and Naccache 2006). Similar to Algeria and Egypt, Tunisia experienced a debt crisis in the 1980s in large part driven by domestic policies that made the country vulnerable to dramatic changes in currency rates and capital flight. As Waterbury (1999) argued,

> "[S]tagnant economic growth and rising interest rates in the industrial core countries in the early 1980s made it impossible, even for the export pioneers, to export their way out of debt or into growth. The 1980s (really beginning with Turkey and South Korea in 1979) witnessed a string of debt crises and partial defaults. Almost nowhere did ISI survive intact" (p. 335).

As Waldner (1999) has demonstrated, ISI failed for precocious Keynesian countries because it

Figure 4.5: Economic Indicators for Egypt and Tunisia



Data from the World Development Indicators (World Bank).

was designed around a political rather than an economic logic. Industrialization never achieved the rates promised, and while the Tunisian dictatorship in the 1970s remained remarkably stable, its external accounts became more and more vulnerable. Rising real nominal interest rates were the immediate cause of a serious recession in the 1980s, but the long-term cause of the depression was located in economic policies dating from the 1960s. Eventually, even if the external change in interest rates had not occurred, at some point Tunisia would have faced a current accounts crisis leading to a fiscal crisis. Without high levels of industrialization permitting the state to gain additional tax revenues and lift import restrictions, ISI kept Tunisia at a middling level of industrial development while squandering resources on largely unprofitable state-owned enterprises. Tunisia's ISI-based coalition kept the country from experiencing political crisis, but it made the regime very vulnerable to eventual fiscal crisis.

Egypt experienced economic crisis at around the same time as Tunisia. Figure 4.5 shows the relative economic performance of both countries since 1970. As can be seen, imports rose in the 1970s, and in Tunisia that rise was associated with a massive increase in manufacturing (unfortunately Egypt's manufacturing time series does not extend back that far). However, as can be seen in the middle panel, this growth in trade and in industrialization happened concurrently with rising interest payments as a percentage of GDP and rising inflation. In the late 1970s and 1980s, annual inflation surpassed twenty percent in both Egypt and Tunisia. While the countries' ability to borrow meant that they could fund the ISI regime for a period of time, that ultimately led to long-term indebtedness and increased vulnerability of these countries to international lenders. Ironically, this position of dependency was precisely the outcome that ISI had been designed to avoid.

4.4 Liberalization under Dictatorship

Given the seriousness of economic collapse under ISI, dictators in both countries had to adjust their political-economic strategies. The period prior to the debt crisis is commonly considered the golden period of these regimes when distribution and production incorporated a wide swath of the population. While the objective performance of ISI is abysmal, this era in history is still recalled with a great deal of nostalgia in both Egypt and Tunisia. After the debt crisis, the modifications to this system paved over any cracks in the dam, so to speak, but also made the regime more vulnerable in the long run to popular opposition, an outcome which few foresaw.

In Egypt, it was Sadat who was the first to tinker with the trappings of an ISI regime that was clearly failing to meet its production goals. He attempted to move Egypt away from a state-driven economy by allowing for private enterprise and reducing the size of the welfare state, a policy known as Infitah, or opening (Stacher 2012, 68). However, Sadat kept many of the import controls and other restrictions on foreign exchange, which enabled Egyptian state-owned enterprises to continue to provide necessary employment while a new entrepreneurial class flourished with their new role as brokers and contractors of the political economy regime (Soliman 2011, 38-39). As a result, although consumption increased, state finances lagged, which prepared the way for a major fiscal crisis in the 1980s (44-45). Despite economic reform (of a sort) and fiscal pressures, Sadat's actions did not fully disestablish Nasser's policies. His decision to rescind the public subsidy of basic foodstuffs led to the infamous Bread Riots in 1977, and these subsidies have been a third rail of Egyptian politics ever since (Stacher 2012, 68-69). What Sadat managed to do was to empower some of the business owners and former landowners who had suffered under the nationalization under Nasser, but most of the ensuing foreign and domestic investment went into service sectors, rather than manufacturing, as he had hoped (Waterbury 1983, 145). Many Egyptians became wealthy through joint ventures with foreign companies that were granted monopoly concessions, such as Michelin and Goodyear's monopoly on certain kinds of tires for the automobile market (151). Rather than ushering in a liberal capitalist utopia, Sadat layered institutions on top of the existing ISI infrastructure that enabled rapid wealth creation for existing elites via a new license raj on investment.

Tunisia's response to the crisis is similar in substance to Egypt's. Like its neighbors, excluding Libya, Tunisia embarked on IMF-led structural adjustment, begun under Bourguiba and carried out under his successor, Zine Abidine Ben Ali (Murphy 2006). Structural adjustment led to more open regulations for investment across sectors, and somewhat liberalized the exchange rate, leading to export growth in Tunisian manufacturing and a return to fiscal stability that characterized the Ben Ali period (Cammett 2007, 36-37). The removal of restrictions on investment across sectors meant that conglomerates could form officially, leading to the rise of large "groupes" that maintained investments in nearly every industry and major service area in the country (138-139). However, restrictions to external investment remained in place (36-37), which meant that the primary beneficiaries of structural adjustment were domestic business elites. Thus a return to economic growth and fiscal stability also strengthened and promoted the business elite who had first invested under the ISI regime in the 1960s, 1970s and 1980s.

From an international perspective, the structural adjustment program was a success as Tunisian economic growth and exports increased through the 1990s and early 2000s (Murphy 2006, 531). Yet none of this liberalization threatened the political underpinnings of the regime because the relationships between firms and the state remained unchanged (Hibou 2011, 41-44). This phenomenon is evident through research on Tunisia's export upgrading program, Mise à Nouveau, and the banking system, both of which were foci of structural adjustment programs and received significant attention from researchers. What is clear is that while these programs were successful in part, they took place in a political system that determined the course that reforms would take.

Mise à Nouveau was Ben Ali's signature effort to increase Tunisan firms' ability to export successfully to European markets. Taking place in the context of global trade liberalization which threatened Tunisia's garment and textile manufactures (Cammett 2007), Mise à Nouveau attracted funds from European donors to provide technological and managerial upgrades to Tunisian firms (Murphy 2006, 526). The policy aimed to push Tunisian firms into higher-quality exports so that they could compete with lower-cost producers in Asia (525). However, while the program did affect a significant number of firms, the total benefits were significantly undermined by the fact that businesspeople in politically-important areas, notably coastal provinces, along with firms in the off-shore export sectors, benefited disproportionately from the program, while firms that had greater need of technical assistance but were less politically connected were generally excluded (532-534). Although the program did increase exports for those firms that were involved (531), the program's macroeconomic impact was limited as unemployment remained high at 15 percent.

A similar type of liberalization took place in the financial sector, which until the 1980s was dominated by public-sector banks set up in the 1960s to facilitate state-led development (Henry 1996, 169-170). The Tunisian debt crisis in part occurred because of wide-scale non-performing loans (NPLs) in Tunisian state-owned banks (Hibou 2011, 28-32). The essential problem was a political arrangement by which enterpreneurs and business owners either from elite families or the single party state were able to apply for loans from banks, which then felt obligated to agree to the loans or risk incurring political wrath (Hibou 2011, 30-31). High levels of NPLs have required periodic re-capitalizations of Tunisia's banking system through the intervention of the Central Bank and supported by IFIs (32). These structural adjustment programs have had an effect on the banking sector by removing restrictions on foreign exchange and interest rate adjustment (35-36), but real changes in the banking system, such as an increase in competition or foreign bank investment, have been minimal because internal barriers to investment and growth in bank innovation remain high (187-189 Henry 1996; Goaied 2008, 126-127). In some cases, the Tunisian banking association went so far as to organize a cartel to manage interest rates and prevent liberalization from adversely affecting any one bank (Henry 1996, 184). Thus while there has been a modest increase in the banking system's ability to provide needed capital for economic growth, it remained as restrained as the rest of Tunisia's middling macroeconomic performance prior to the Arab Spring.

In addition, the policies benefiting business came at the expense of farmers and others who had benefited from agricultural policies dating from the 1960s. While this story of rural disincorporation was kept marginal during the 1990s, it was well-chronicled by King (2003). His in-depth field research in rural areas of Tunisia in the 1990s revealed that protections for smallholders were eroding in the face of privatization of previously government-owned cooperatives. The beneficiaries of this privatization were the same conglomerate owners and domestic investors who were set on growing their businesses by expanding horizontally across sectors. The state preferred to sell land from cooperatives to large landowners under the pretense that large landowners would be more productive with the assets (35-37).

King (2003) chronicled the rising anger and frustration among rural Tunisians who felt that long-standing state protections were eroding in favor of the rich. The reality that wealthy elites were increasing their land-owning created a perception that the state was redistributing from the poor to the rich. In addition to privatization, the state decreased price support for crucial crops, especially olive oil, the price of which fell by 40% in 1993 (King 2003, 117). The loss of these state protections meant that large landowners, who had the capital and wherewithal to shift to new farming methods, were able to gain compared to smallholders who were less able to adapt to the changing policy environment (118), and these trends have continued since King's work. In recent years Tunisia has experienced a remarkable rise in olive oil exports, but much of the profit has been captured by larger agro-investors who can afford to invest in higher-margin olive processing and export finished product (Weise 2016).

The outcome of economic reform in Egypt also entailed the empowerment of crony capitalists. Sadat's policy of liberalization was later completed by his successor, Mubarak (Stacher 2012, 70), especially after a debt deal reached with the United States as a result of supporting Operation Desert Storm. These policies initiated wide-scale privatization of state-owned enterprises (SOEs) dating back to Nasser's era, some of which ended up in the hands of wealthy elites (Henry and Springborg 2010, 169-170). Furthermore, the IMF reforms led to Egypt's adoption of a flat tax, reducing the state's revenue base (Farah 2013, 61-62), although of course tax policy is also limited by the dismal performance of the tax collection bureau, which has seen a growth in union activism as a response to low pay and poor working conditions (56).

The nature of the IMF program followed the Washington consensus orthodoxy in forcing the government to reduce expenditures while opening up trade and investment (*Egypt - Human Development Report 1995* 1995). By so doing, IMF conditionality successfully dismantled the core of the import substitution regime begun under Nasser's tenure, but leaving in place some important pockets of import protection that catered to politically-connected businesses (Adly 2013, 70-115). As mentioned earlier, this conditionality program was implemented not only because of high Egyptian indebtedness, but also because it represented an opportunity to incorporate newly-minted capitalists through managed elections (Blaydes 2011). While remaining in many ways a military regime, the tactics of controlled liberalization enabled Egypt to pivot under Mubarak from a state-controlled economy to one with economic freedom and enforcement of property rights for a set of business elites (Brownlee 2007).

The depth of the IMF program can be seen through the Chin and Ito (2002) index of capital controls, which aggregates information from the IMF AREAR database on capital account regulations. Their measure includes information on both the extent of capital controls and their "intensity", i.e., how different capital controls combine to make movement of assets difficult. The values for Egypt's capital account controls are shown in Figure 4.6. The results are striking. Egypt's capital account went from -2 (the least liberal measure in Chin-Ito's index) to positive 2, the highest value, within the space of a decade. This movement of liberalization closely aligns with the accounts previously mentioned concerning Mubarak's drive to institute neo-liberal policies at the behest of the IMF.[2] The lessening of capital controls did result in increased capital inflows as evidenced in foreign direct investment, as is shown in Figure 4.7. Although it took some time for the controls to lead to investment, by the early 2000s FDI was booming (in relative terms). The dip in the graph is a result of the 2008 recession, although levels were bouncing back before the Arab Spring occurred.

Despite the macro-economic amelioration, the 1995 Arab Human Development Report notes that these reforms also meant that subsidies for "basic goods and services" had declined in Egypt from about 25 percent of government expenditures in 1980 to only 2.6 percent in 1993 (p. 21). The report claims that the government wanted to counter-balance this policy with a new social development initiative (p. 18), but the promised hundreds of millions ultimately never materialized (Zahid 2010, 58). It seems that the Egyptian government did not attempt to fulfill its commitments

2. In fact, this historical reality does make the trajectory of Egypt to the highest value of the IMF database somewhat suspicious given the origin of the reporting and the political ramifications of Egypt's successful completion of the IMF program.

Figure 4.6: Chin-Ito Capital Control Index for Egypt
Note: Higher values indicate more liberal capital regime.

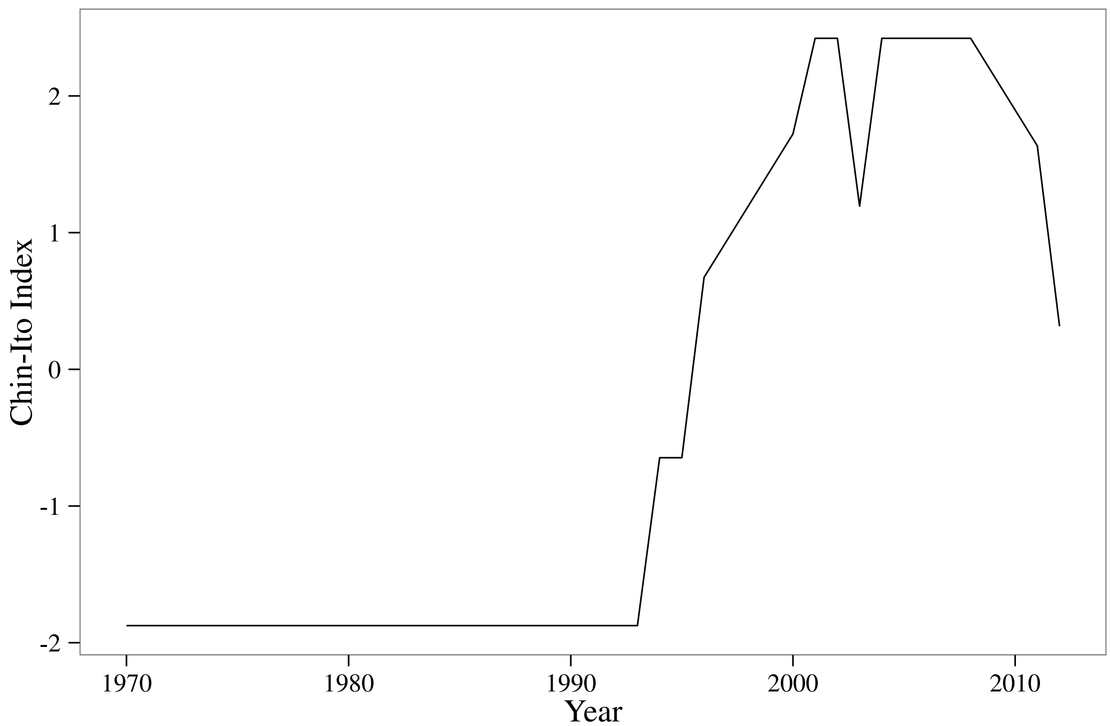
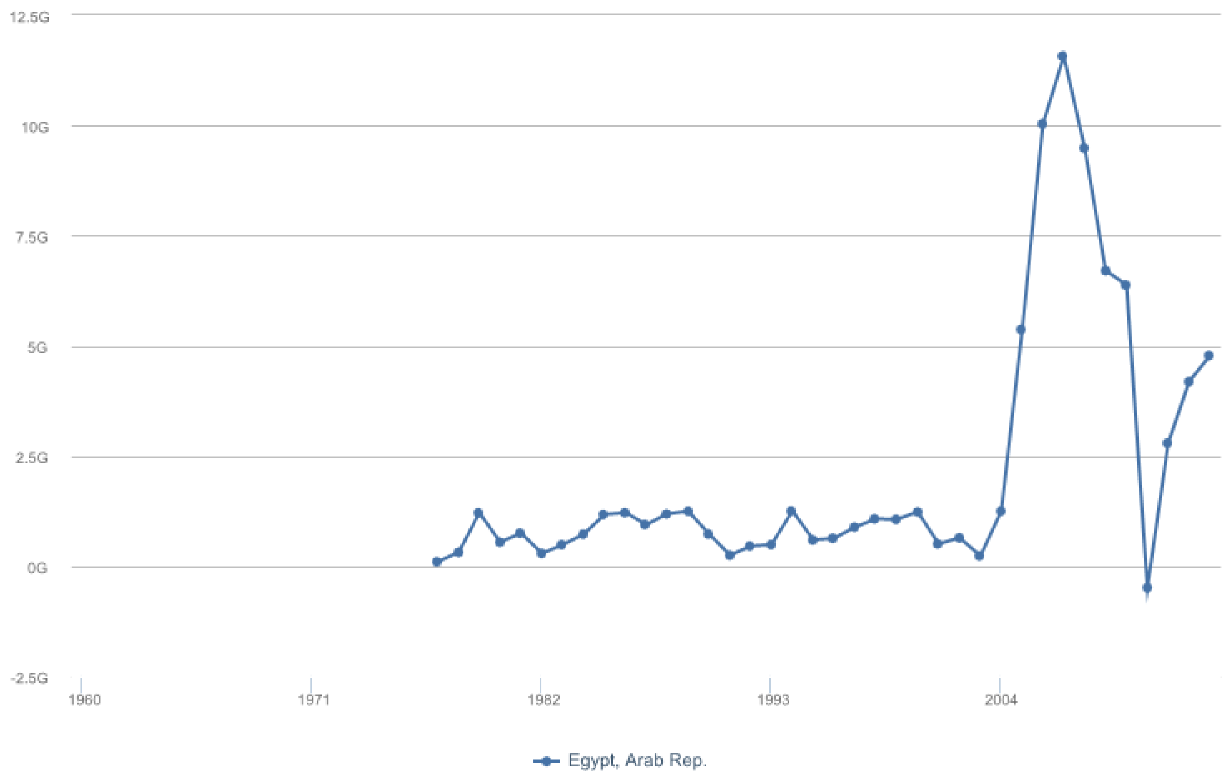


Figure 4.7: Egypt FDI Inflows, Current U.S. Dollars



Series : Foreign direct investment, net inflows (BoP, current US$)
Source: World Development Indicators
Created on: 08/22/2015

to allay the downsides of liberalization until Mubarak's presidential campaign in 2005, although by that time the president's promises to create jobs were met with wide-spread cynicism (Zahid 2010, 155-156). Further, in many ways the IMF reforms were a failure despite the rise in FDI because Egypt's exports remained stagnant: currency inflows went into protected sectors and real estate while exports were crowded out by oil and gas (Adly 2013, 70-85).

What is clear is that Sadat's initiation of liberalization in the 1970s, known as Infitah, or opening, led to the rise of a business-oriented class that was previously less influential under Nasser's statist regime. As Blaydes (2011) describes, Sadat's domestic policy calculation was to move away from some of the pillars of support for Nasser's regime who promoted socialism in favor of "the Egyptian business community" (p. 36). By so doing he was able to incorporate a rising capitalist class into nascent liberalization of the political sphere, a policy continued and deepened by his successor, Hosni Mubarak (Tarouty 2015, 85-112).

The way in which Bourguiba, Ben Ali, Sadat and Mubarak pivoted after the debt crisis set in motion selection processes that were biased in favor of businesspeople with the ability to obtain favors from the regime. Waterbury (1983) first identified the infitahiyeen, or the beneficiaries of Sadat's first round of opening (infitah), as a set of merchants who successfully exploited Egypt's highly skewed import regime. While there are rags-to-riches stories in these countries, generally speaking the business elite made their fortunes during ISI, and there is a high level of stability (and low level of firm turnover) among big business. In order to grow a firm to an acceptable size, internal connections with bureaucrats and dictators were necessary to navigate the web of rules and regulations governing ISI, with the end result that those who were most adept at the process were most likely to succeed.

A perspective removed from this context might assume that business should be the first proponents of reform of ISI given its dismal performance. But studies of liberalization efforts in the 1990s and 2000s found far more equivocation than embrace from the business community (Bellin

2002; Cammett 2007; Dillman 2000). The central problem was that the firms that would benefit the most from competitive industrialization simply did not exist at that point because the firms that excelled were those with a comparative advantage in political connections. To compete, firm owners had to become adroit political enterpreneurs (Haddad 2011), while firm efficiency was a secondary criterion given that the markets in which they were competing were heavily protected from external competition.

4.5 The Roots of the Revolution

While the Arab Spring itself came as a surprise, its roots go back to the same political-economic processes that produced crony capitalism in Egypt and Tunisia. Liberalization projects were not costless, and the presence of crony relationships between elites and bureaucrats meant that owners of capital often benefited from reforms to trade regimes and land ownership rights. While these reforms were intended to bring broad-based economic development, macroeconomic indicators were mediocre during the reform period of the 1990s and 2000s, with a more pronounced growth in inequality than in median wages.

This unraveling of the precocious Keynesian bargain dating back to independence, and in particular the loss of privileges for rural producers, set the stage for the sudden wave of protests that broke out in Tunisia's interior regions. While much of the media coverage of the Arab Spring focused on massive protests in urban areas, the origins of the movement are strongly rural. Mohammed Bou Azizi, a street vendor in the interior region of Sidi Bouzid, lit himself on fire after police confiscated his street cart. Protests broke out in rural areas (Chomiak 2014, 40-45), and only later spread to Tunis and from Tunis to other countries. While it is true that without urban support, the revolution could not have succeeded so quickly, it is also true that the rural strength of the movement left the regime particularly vulnerable because it did not have the capacity to pacify the entire country at one, which is the essence of mechanism M_1. This hidden weakness in Ben Ali's regime was foreseen by King:

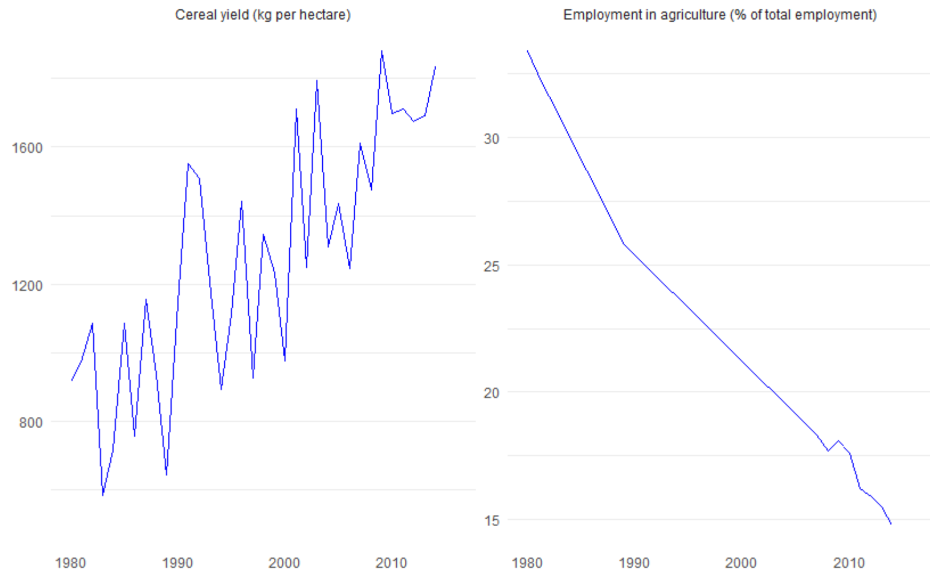
> "The regime's ability to consolidate the emerging authoritarian system described in the last chapter may well depend on the state party's ability to maintain authoritarian controls in the countryside" (p. 42).

The sheer size of protests, combined with their geographical spread, brought down the regime by making repression a practical impossibility. Faced with massive popular mobilization, elites in Tunisia and Egypt democratized because of the threat that this mobilization posed to their property and even their own lives. The principle that democracy is often demanded by the poor instead of granted as a gift from the rich has a strong foundation in both empirics (Przeworski 2009) and theory (Acemoğlu and Robinson 2006).

The rural nature of the protests was further illuminated when I traveled to the Kef region of Tunisia and interviewed NGO workers who had lived through the protest movement. In the immediate aftermath of the movement, people tore down pictures of Ben Ali and replaced them with those of Ahmed Ben Salah, the well-known proponent of rural agricultural development from the 1960s. Despite the fact that he had been absent from the political scene for decades, he was still the best symbol available to disenfranchised rural masses of what they believed they had lost under the last three decades of dictatorship. It is important to note as well that rural Tunisians did not adopt any of the urban, tech-savvy and media-friendly protest leaders as their hero. Urban protesters had their own agenda, and rural-urban tensions remain an ongoing problem in Tunisia's transitional democracy.

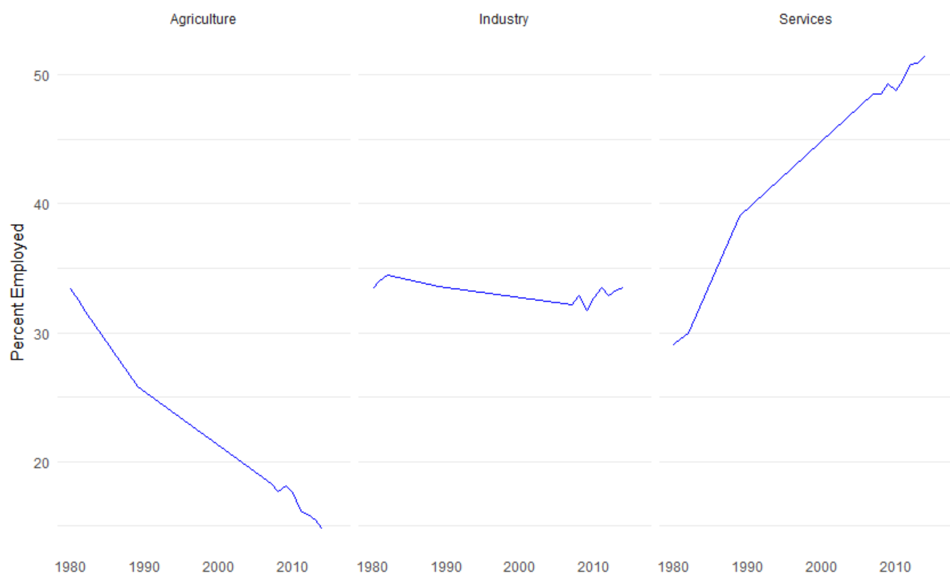
The loss of precocious Keynesian privileges and the concomitant rural backlash can also be seen in Tunisia's macroeconomic data in Figures 4.8 and 4.9. Over the last three decades, employment in agriculture has collapsed as agricultural productivity has spiked. However, the extra labor that this growth in productivity implies was not absorbed by industry, as would be expected, no

Figure 4.8: Tunisian Agricultural Productivity



Source: World Bank

Figure 4.9: Tunisian Labor by Sector



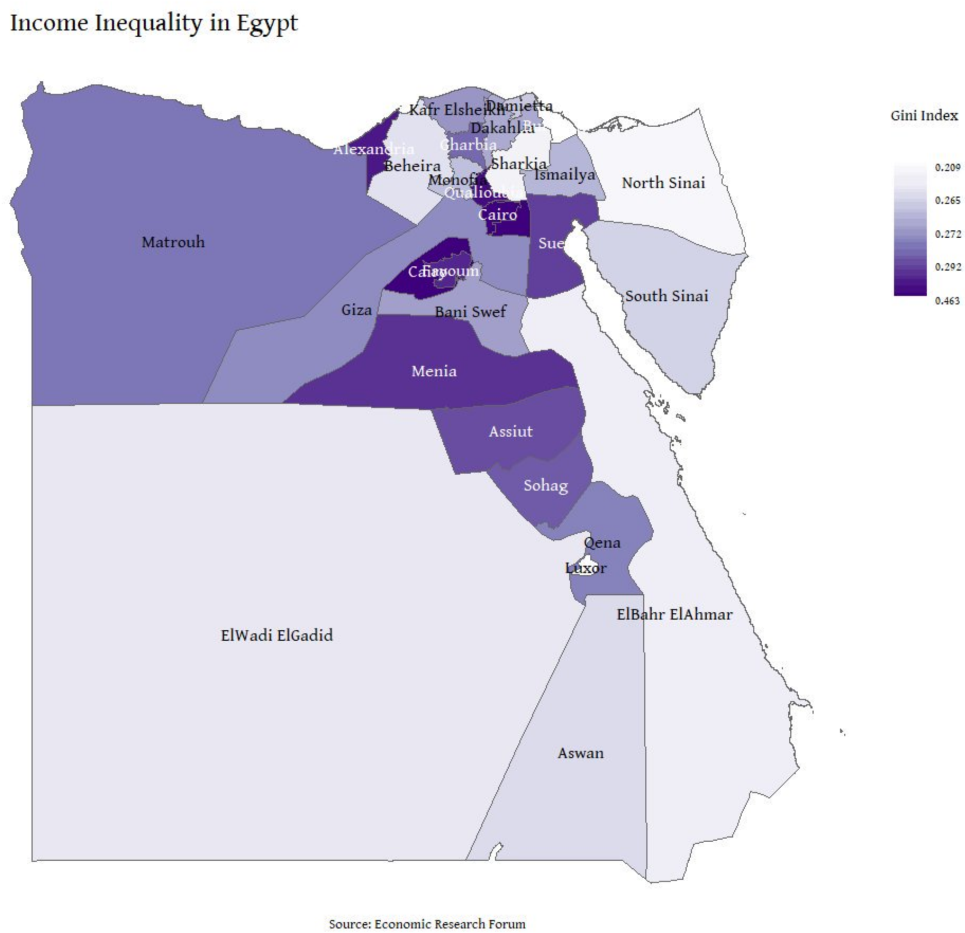
Source: World Bank

doubt in part because of the power of UGTT to prevent wage competition from new entrants. The labor instead went into the services sector, which in Tunisia often implies low-wage and marginal employment in very small establishments. As the regime's bargain with rural producers collapsed, its privileges for urban elites remained intact, eventually causing unrest to break out across the interior of the country. The ensuing mobilization broke through Ben Ali's seemingly imperturbable security forces and led to his rapid ouster from the country in January of 2011, barely a month after Mohammed Bou Azizi's self-immolation.

Just as structural adjustment created a political powder keg in Tunisia, secondary sources argue that Egypt was experiencing a form of rising inequality during this time period, although it was primarily about corruption rather than a structural change in the income distribution per se. Cammett and Diwan (2013) describe how the process of privatization in the Arab world in the 1990s led to the capture of SOEs by private elites, an assertion echoed by a wide array of sources from both before and after the Arab Spring (Stacher 2012; Noueihed and Warren 2013; Lesch 2012; Farah 2013). In particular, Prime Minister Ahmed Nazif, a close associate of Mubarak's son Gamal, is blamed for promoting wide-scale privatization and ensuring that Gamal's business associates were in line to receive lucrative deals on Egyptian SOEs (Tarouty 2015, 55-83). However, these well-known accusations of corruption were apparently not enough to influence structural indicators of income inequality within the country, although survey evidence revealed that perceptions of inequality were increasing during the 2000s (Cammett and Diwan 2013, 407-412).

In general, the changes in redistributive policies resulted in declining opportunities for two groups: incorporated labor and incorporated rural producers, i.e., farmers. To identify these two trends, it is helpful to look at regional income disparities, that is, income differences between rich and the poor within Egypt's various districts. Research on labor unrest was limited prior to the Arab Spring, but work since has shown the explosion of strikes at Egyptian factories that generally took place outside of the framework of official Egyptian unions (Beinin 2016). Similarly, smallholder and tenant farmers were undermined by a similar process to Tunisia of liberalization of property rights and market access that took place in the 1990s.

Figure 4.5 shows the regional Gini coefficients within Egypt. As can be seen, Gini coefficients



in the heavily populated areas in the Nile Delta, including Cairo and Alexandria, can reach as high as 0.44, while income disparities within rural districts like Aswan are as low as 0.2. That is not to say, however, that rural areas are some kind of egalitarian utopia: rather, rural incomes have been falling behind urban incomes as liberalization has made the status of smallholders and tenant farmers less secure.

While the disincorporation of Egypt's working class has received the most academic attention since the Arab Spring, rural farmers were equally, if not more, affected by Mubarak's liberalization policies. Bush (2002) describes how key provisions of Nasser's agricultural reforms that protected tenant farmers were eroded by a USAID-funded push for liberalization and modernization of the agricultural sector in the 1990s. Farmers saw rent prices rise dramatically once tenancy rights were diminished, and many of them were forced off their lands as a result (Bush 2002, 18). In fact, rural unrest played a role in the rise of Gamaa Islamiya, an Islamist insurgency that fought the military through much of the 1990s (18). In a similar process to Tunisia, smallholders and tenant farmers lost out to the remnants of the "pacha" class that pre-dated Nasser's tenure (23), laying the foundation for the explosive protests during the Arab Spring.

As previously mentioned, however, the loss of rural and urban incorporation came with benefits for Mubarak. He allied himself with a new wave of businesspeople who joined in wide numbers the National Democratic Party and made the party an electoral and patronage juggernaut. Expanding the elite coterie to include rising capitalists helped Mubarak build his own base of support, and this group also stood by the planned succession of his son Gamal, which the military vehemently opposed (Tarouty 2015). Due to this enlargement of the ruling coalition, Egypt appeared stable to most observers, having survived several attempts by professionals to foment mass movements for regime change in the 2000s. Yet it was ultimately the political-economic foundations that crumbled, leading workers and farmers to join forces in a colossal overthrow of the Mubarak regime.

In this chapter, I covered the long-term selection processes that led to the dominance of crony capitalists among domestic businesspeople, and argued that the nature of crony capitalism makes these firms inherently conservative and ambiguous about economic reform and democratization. Similarly, the rise of crony capitalists and the undermining of rural incorporation created the groundwork for the massive explosion of popular mobilization that was to occur in 2011. By the time the Arab Spring came, the firms that had survived and thrived in the restrictive regulatory environment were those with close connections to the dictator. Given the fact that firm fitness was related to these inegalitarian structures, it is not surprising that many businesspeople felt their interests threatened by democratization.

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Chapter 5

Democratic Transitions and Authoritarian Resilience in Egypt and Tunisia

In the prior chapter, I showed how the political-economic foundations of dictatorships in Egypt and Tunisia were predisposed to favor businesses that had strong political connections as opposed to economic performance. The growth of crony capitalism also contributed to an undermining of regime bargains with marginalized classes, including both labor and rural farmers. While both dictatorships appeared durable in terms of their repressive capacity and elite cohesion, in reality the foundations of these regimes were rotting from within. However, the fact that a large class of businesspeople existed with deep roots in the old regime does not necessarily mean that democracy would be undermined in Egypt and Tunisia. Rather, long-term historical processes provide a strong prior for business preferences in that most large firms will tend to be hesitant to hostile towards democratization. At the very least, change in leadership will cause chaos and confusion, and at the very worst, political competition will undermine their economic monopolies by bringing new entrants into domestic markets.

Beginning with this prior knowledge about political economy in both countries, I turn to the actions taken by businesspeople and their consequent effect on democratization. The goal, as established in the Theory chapter, is to trace business collective action's influence on pro-authoritarian coalitions that formed in the aftermath of the Arab Spring, and consequently on the fate of emerging democratic regimes. Doing so involves tracing a complete event-map that relates each variable in the causal graph to particular events in Egypt and Tunisia. As a result, this case study treats each node of the causal graph in turn, along with the associated mechanisms.

5.1 Regime Threat

By January 14th, 2011, Tunisia's long-standing dictatorship had collapsed after a massive wave of popular mobilization of a kind not seen since the independence era. While there were some signs of popular discontent in Egypt prior to the downfall of Mubarak, it is difficult to point to similar signs of unrest in Tunisia. The reason for this lack of visible contestation was the Ben Ali's regime tight grip on political participation in the country, which involved restrictive regulation of what little civil society existed and banning of most public displays of political opinion, even opinions that were not threatening to the regime (Chomiak 2011, 70-75). That is not to say, as argued in the previous chapter, that grievances in the country did not exist (71). Perversely, the regime's repression of most forms of political expression meant that any kind of collective action opposing the regime was likely to be rapid and unpredictable because of the high costs associated with revealing one's true preferences (Kuran 1995).

The one factor that seemed to immediately precede the Arab Spring was the release of a trove of alleged U.S. State Department cables describing corruption within Ben Ali's immediate family (El-Khawas 2012, 8). However, this information primarily served to confirm people's prior suspicions rather than generate novel information. The actual spark came from the self-immolation of Mohammed Bou-Azizi, a street vendor persecuted by the police in a rural Tunisian town, but the reason why his story mobilized people while Ben Ali's many other acts of repression did not is difficult to explain and not of interest to this study. The political-economic variables emphasized in the prior chapter may not explain why Bou-Azizi, as opposed to another martyr, became the straw that broke the camel's back, but rather why the protests proved to be so resilient and ultimately fatal to the regime.

To understand the predicament of the Ben Ali regime, the geography of Tunisia has to be understood. Historically, Tunisia has an under-developed interior region with most industry and commerce concentrated in three coastal cities: Sousse, Sfax, and Tunis. Roads, education and government services are far more available in these three cities than any other part of the country. This core-periphery relationship in the country is literally ancient, extending back to the pre-colonial and even medieval eras (Anderson 1986). For these reasons, it would have been possible for the regime to put down an insurrection in either the city or the country, but not both simultaneously.

The protests began in Bou-Azizi's home region of Sidi Bou Zid, and spread to other rural governorates. As I described in the previous chapter, the agricultural heartland had been through widespread reform that had empowered wealthy landowners and left smallholders in a precarious position. At the same time, the growth of crony capitalism gave labor market entrants their own grievances, and the combination of the urban-rural contestation is what overcame Tunisia's formidable security forces. As mentioned in the prior chapter, the mechanism M_1 describes how Tunisian authorities, especially the dictator and his family, had to flee for their lives due to the sheer overwhelming force of the protesters. While initial reports suggested that a Tunisian military official refused to repress protesters, the truth is that no such event occurred and Ben Ali had the ability to order more repression right up until he stepped on the airplane to leave the country (Nassif 2015). Instead, Ben Ali had to leave because he simply did not have the resources to match the immense scale of the protests.

As is now well-known, the rapid mobilization of the Tunisian country-side quickly translated into popular protest in Egypt(Weyland 2012). The sudden demise of the Egyptian regime in early 2011 came as a shock, not because everyone assumed that the state would always endure, but rather that the coup de grace came from a massive and nearly spontaneous social movement. Egyptian politics had exhibited contestation and unrest for some time, but it should be noted that the most visible signs of social movement formation in Egypt in the 2000s were elite-directed. Sources examining Egyptian politics written after the Arab Spring note the rise of the Kefaya movement, Egypt's first protest movement with an emphasis on regime liberalization, if not full regime change, as a potential predecessor of the Arab Spring (Dunne and Hamzawy 2008; al-Sayyid 2013). This movement was composed, however, of wealthier members of Egyptian society, even though it was led by "veteran left-wing activists" (Tadros 2014, 10-15). Kefaya primarily drew support from Egypt's new middle class, not from impoverished residents of Cairo, as might be supposed (10-15). Analysts say that this movement drew its inspiration from protests in 2000 in league with the Palestinian intifada and the 2003 protests against the war in Iraq (Tadros 2014; Mossallam 2013), but it is important to note that Kefaya had a domestic focus and for that reason is a fully distinct movement. The second major political movement of the mid-2000s was the protest of Egyptian judges against government interference in the judiciary (Gohar 2008, 177-178), which would also reflect political discontent among elites, not the poor. These movements were partially successful at forcing the regime to permit more open elections in 2005, but the success of the Muslim Brotherhood prompted the regime to clamp down on any further liberalization (Dunne and Hamzawy 2008, 21-22). Ayman Nour, who ran in the 2005 presidential elections and received an unprecedented 8 percent of the vote against Mubarak, was summarily sentenced to five years in prison (23). Mubarak's National Democratic Party (NDP) made some concessions to the judges' movement by permitting judges to oversee elections (25), but this limited liberal measure was followed by a higher level of electoral fraud in the 2010 parliamentary elections than had been seen previously in Egypt (Stacher 2012, 7).

The Kefaya movement and the judges' movement were eventually quashed or dissolved, although some of activists did re-emerge after during the Arab Spring. In the few years preceding 2011, strikes by “illegal” labor unions grew in number, although at the time few thought that a revolution was in the making. Labor union fervor has a history tracing back to Nasser’s Egypt (Vatikiotis 1961), although this particular wave of activism was noted for its persistence and ferocity. Labor activism restarted despite the fact that Mubarak had prevented any independent unions from forming during his rule; the only official union was the Egyptian Trade Union Federation, which was notable mostly for its whole-hearted support of government policies (Gohar 2008, 183-184). Labor acceptance of the status quo began to change by 2008 with the Malhalla worker’s demonstration. Organized by a young Egyptian woman who wanted to support striking textile workers, a Facebook page she created led to 70,000 members and 30,000 turning out in demonstrations, dwarfing the earlier Kefaya movement (Rashidi 2013, 59-60). The protest was held on April 6th, which coincided with the anniversary of Ghandi’s famous march to the sea in colonial India on April 6th, 1930 (59). From this demonstration was born the April 6th movement, which would rise to prominence during the Arab Spring demonstrations in 2011.

The Malhalla demonstration was followed by a series of labor strikes erupting around the country at regular intervals. By 2010, there were approximately 32 worker protests per month in Egypt, according to newspaper reporting (al-Sayyid 2013, 24), and prior to 2010, there were “more than 1,900 strikes” incorporating “more than 1.7 million workers” (Farah 2013, 56). While the April 6th movement was ostensibly led by young activists from an educated background (Tadros 2014), the strength of the movement was found in the intensity of worker mobilization outside of official channels. Indeed, early accounts of the Arab Spring tended to overlook the fact that the protest movement spread quickly from Tahrir Square to other cities around Egypt because of the willingness of workers to mobilize (Faiola 2011).

As would be expected given the crumbling nature of Egypt’s long-standing political bargains with workers, a substantial share of these worker strikes were in SOEs which could be targeted for further privatization (Farah 2013, 56). The regime had crossed a red line in its dismantlement of employment guarantees through state institutions; as a result, a groundswell of discontent emerged that the April 6th movement was ready to tap in to. The fact that both labor and rural farmers had an axe to grind against the regime is what put Egypt's elites in such a tough spot: there was no ability to divide and conquer or pin social groups against each other given shared feelings of economic grievance based on decades of crony capitalism.

However, the actual spark that led to the downfall of Mubarak's regime was as unforeseen as Bou-Azizi's immolation had been in Tunisia. As I have demonstrated in this analysis, it does not appear that Mubarak's end was directly related to a short-term cause. Egypt had been suffering after the Great Recession, but wide-spread protests did not occur until 2011, by which time Egypt had begun to recover from the recession. Some analysts have speculated about a fluctuation in food prices prior to the outbreak, but while that may have been a contributing factor, it was the slow erosion in both rural and urban bargains that undermined the Mubarak regime's ability to enforce compliance.

In a story that has now become legend, Egyptian activists accidentally launched the revolution when they scheduled a "Day of Rage" on a national holiday celebrating the police. However, instead of the expected turnout of a few hundred, several thousand appeared ("Timeline: Egypt's Revolution" 2011). Protests kept growing larger and larger until they were able to occupy all of Cairo's Tahrir Square, cutting off access to major bridges and effectively crippling the city. Pitched battles with plain clothes security officers followed, but people refused to leave until on February 11, Hosni Mubarak resigned as president. Unlike Tunisia, however, where power transitioned to a prime minister with a care taker cabinet, in Egypt the Supreme Council of the Armed Forces (SCAF) took over, and as was later evident, stage-managed Mubarak's resignation. While at the time few international observers paid much attention to that detail, it was a worrying sign of what was to come.

To summarize, a combination of a groundswell of popular activism directed at Hosni Mubarak and a military eager to regain political influence was sufficient to end the long-lasting NDP regime. In a process similar Tunisia, the mechanism (M_1) through which these protests overwhelmed the regime was a simple problem of numbers: the regime could handle smaller, elite-based confrontations, but the simultaneous rebellion of urban workers and rural farmers stretched even Egypt's security state to its limits. As a result, elites were forced into making concession to protesters to save themselves from further harm. While collective action was ephemeral, as in Tunisia, for the brief period that Egyptian protesters were mobilized they had fantastic power over the once-almighty Mubarak regime.

5.2 Democratic Transition

Once both dictators had stepped aside, Egypt and Tunisia began a rapid transition to democracy with both countries holding initial polls in 2011 to form a legislature that would help draft a new constitution. The overwhelming of security services proved to be both necessary and sufficient for institutional changes to occur to put into place free and fair multi-party elections. In both Egypt and Tunisia, electoral results in these initial polls dealt severe setbacks to any parties with close ties to the old regime, while Islamist parties (the Muslim Brotherhood in Egypt and the Nahda party in Tunisia) gained considerably compared to the secular democratic opposition. Ultimately, this change in power structure would lead to businesspeople–and prior regime elites–facing considerable threats to their welfare.

In Tunisia, the results of the first elections in 2011 were a resounding disappointment for the former "legal" opposition under Ben Ali and for secular reformers who hoped for a move towards European-style social democracy. The elections to the National Constituent Assembly, a unicameral legislature dating back to Tunisia's independence, resulted in a highly fragmented parliament with only one party, the Islamist Nahda, receiving more than forty percent of the popular vote (Allani 2013, 3). Secular and leftist opposition parties dating back to the old regime lost considerable support, none more so than the Parti Démocrate Progressiste (PDP), which came in a dismal fifth and blamed its loss on un-named electoral consultants who advised the party to invest heavily in TV advertising (Stepan 2012, 91). In reality, these parties were simply unprepared for open democratic competition despite having adequate electoral funds due to the elitist nature of these parties under the Ben Ali regime.[1] This unprepared-ness is not accidental, nor was it merely a result of poor leadership. Rather, party fragementation post-Arab Spring has been shown to be a direct result of policies under the previous dictatorships that divided opposition groups through selective legalization (Lust-Okar 2005; Lust and Waldner 2015). Because the Nahda party was entirely banned under Ben Ali, it also retained a level of organizational autonomy, and it quickly re-activated its networks of Islamic activists after the downfall of the regime. The second-highest share of seats went to the Congrèss Pour la République (CPR), which combined an Islamist orientation with a discourse of human rights (Storm 2014, 85-118). Thus every other party, whether remnants of the former regime's party or secular liberals, were relegated to a voiceless minority in the first parliament.

These lop-sided electoral results led to a growing polarization of political discourse and a forced re-evaluation on the behalf of the many failed political parties of their political strategies. Per mechanism M_2, political defeat created an opening for democratic reformers to replace those who had monopolized political office for decades. While elections did not immediately change the full set of bureaucrats who made up the state, the new constitution and the free and fair elections meant that elections had become the de jure and de facto mechanism for deciding policy in Tunisia.

Similar to Tunisia, the fall of Mubarak proved sufficient to usher the core institutions of democracy. By the fall of 2011, Egypt held its first free and fair elections since Nasser's assumption of

1. January 18, 2011

power. These initial steps toward democratization revealed that Egypt's elites, at least for the time being, were succumbing to "people power", a fearsome force from which autocrats like Mubarak had to cower (Lynch 2013; Pearlman 2013). Yet later analysis revealed that these initial moves toward democracy were setting up conflict that would take place if Egypt's new parliament did not manage to rout all the elements of the ancien regime. In particular, it was the military acting through the SCAF which made the decision to depose Mubarak on February 10th (Albrecht and Bishara 2011, 16). Furthermore, the SCAF took control quickly, issuing laws and even a constitutional declaration in March of 2011 (Sallam 2014, 40).

Given that the nascent democratic regime lasted for only two years, it can be difficult to classify the interregnum as a period of democracy. Nonetheless, prominent indices of regime change do code single-election cases as democratic based on qualitative evidence of unrestricted political competition (Geddes, Wright, and Frantz 2014; Boix, Miller, and Rosato 2013). The proof in the pudding for Egypt's transition was when Mubarak's former nemesis, the Muslim Brotherhood, won a commanding majority coalition in the bicameral legislature in 2011 with the Salafist party al-Nour, permitting the Islamist organization to also control the staffing of the committee set up to draft Egypt's new constitution (Sallam 2014, 41-42). Given that the Brotherhood had been a long-standing opponent of the regime, their assumption of power represented a clean break from Mubarak's dictatorship and a sign that the elections were conducted equitably. In addition, Morsi was able to fire Egypt's highest-ranking military officer during his tenure, along with other high-ranking figures of the ancien regime ("Crowds in Cairo Praise Morsi's Army Overhaul" 2012). Thus it does appear that the military was willing to concede to losing a share of its authority, and there is evidence that the military negotiated this transfer of power with the Muslim Brotherhood prior to the 2011 elections (Tadros 2014, 65-66).

However, the MB's rise to power also signaled the high water mark of Egypt's protest movement. Continued mobilization against the military's role in the transition did occur, but the military effectively used repression against April 6th and other protest leaders (Stack 2011). While civil liberties generally increased after the elections, never again did social movements completely outside of the state have the ability to dictate to it how it should be governed.

In a very similar story to Tunisia, only the Muslim Brotherhood was fully organized and prepared for the elections that occurred only a few months after Mubarak's downfall. The April 6th Movement that had successfully orchestrated the protests split when the group's prominent leader tried to structure the amorphous coalition into a political party (Elshami 2011). The NDP, as mentioned previously, had suffered greviously from the ire of both the protesters and the empowered military, and was officially banned. Thus elite politics were very fractionalized and disorganized as in Tunisia, permitting a quick and easy victory for the MB in the legislative elections in 2011.

The MB benefited in particular from two advantages which had little to do with the organization itself. First, none of the legal opposition parties could compete with the MB because the Egyptian regime had long fostered a policy of preventing opposition parties from building mass followings, especially among leftists (Lust and Waldner 2015; Lust-Okar 2005). As a result, the MB had a critical informational advantage, which meant that many voters in the initial elections assumed that the MB was farther to the left than it fact was (Masoud 2014). Combining both of these favorable elements with the MB's well-known organizational turnout machine meant that it held a commanding majority in the legislative assembly that had the responsibility for writing a new constitution for the country in 2011.

These prevailing winds did not propel the MB to similar success in the later presidential election, although again the field was divided among too many candidates, including Amr Moussa, a long-time Egyptian diplomat and representative of Egyptian secular liberalism. Despite obtaining only a quarter of the vote each, only Mohammed Morsi, the MB's candidate, and Ahmed Shafik, a former air force general with support from old regime elites, survived to the runoff election in which Morsi narrowly won by 51 percent of the vote (Kirkpatrick 2012b). With Amr Moussa's defeat, Egypt's secularists and liberals were forced to choose between two unpalatable options, with the result that the election came down to the MB's resurgent base and the old NDP's decaying networks. The victory of Morsi over the remains of the NDP dealt a critical blow to the old authoritarian party and signaled that democracy had come to Egypt–at least for the time being.

To summarize, the explosive nature of the protests, which were themselves a product of decades of decaying institutions, overwhelmed Egyptian security forces and led to Mubarak's ouster. The brute force of mass protests is the mechanism, M_1, that led to Egypt's free and fair parliamentary elections. However, as is so often the case, elections do not a democracy make, and the polarizing contests and dismal performance of the Egyptian left and center, along with military interference, were worrying signs for the nascent democracy.

5.3 Elite Turnover

While Nahda had its difficulties in governing, which I will describe later, in the aftermath of the revolution both secular liberals and Islamists were eager to prosecute what they saw as the primary actors responsible for corruption under the Ben Ali regime. Given the dramatic losses in elections, politically-connected businesspeople had relatively few allies in the parliament to turn to in order to delay or tamp down on anti-corruption and economic reform drives. The most immediate and dramatic acts of expropriation centered on Ben Ali and his relatives, who through his wife Leila controlled a sprawling business empire that focused on imports and services in domestic retail markets. These assets were evaluated at $13 billion USD and involved over one-hundred people, so this targeted confiscation was a bit more than a family affair (Rijkers, Freund, and Nucifora 2014, 114). In addition, members of this influential network were imprisoned or had arrest warrants issued against them, most notably Imad Trabelsi, Leila's brother (Dejoui 2017).

Expropriation of corrupt businesspeople, however, did not extend as far as some democratic reformers wanted. In addition to the list of Ben Ali affiliates who were targeted for expropriation, a much wider list of businesspeople was put together by the same committee that seized Ben Ali's family's assets.[2] The reasons for the limited extent of expropriation were never made public, but were very likely due to intense lobbying by politically-connected businesspeople who saw their own assets on the list.[3] Thus the change-over in elites that occurred through elections brought with it new dangers for firms that had had previously stable relationships with the dictator and local bureaucrats.

Absent these political connections, firms in Tunisia were in danger, as the extent and level of expropriation was never clear. More worrying to businesses was the creation of a transitional justice committee written into Tunisia's new constitution that was given a mandate to investigate "all of [the State's] domains" and for which no statute of limitation applied (*Constitution of the Tunisian Republic* 2014, Article 148). Furthermore, the authorizing legislation in 2014 for this commission included within its mandate "economic crimes", and the commission invited any accusations of such crimes from all Tunisian citizens for the entire period of Tunisia's dictatorship (Malki 2017). Given this broad mandate, the aura of expropriation survived the initial spate of confiscations focused on Ben Ali's inner circle.

In Egypt as in Tunisia expropriation of influential businesspeople closely connected to the old regime proceeded immediately. The military seized the initiative by imposing anti-privatization measures, arguably because privatization threatened SOEs run by military elites (Marshall and Stacher 2012), but also because these populist measures encouraged the perception that the military was acting on behalf of the revolution. By doing so, the military undercut Mubarak's attempted transition of power to his son Gamal and his growing power base of robber barons.

One of the military's first actions was to reverse Mubarak's liberalization policies, especially those which threatened the military's economic interests. One of the best sources of evidence about

2. Interview with Journalist, February 2, 2016
3. Interview with Journalist, February 2, 2016

the military's sudden halt to Egypt's liberalization program concerns capital flight. As mentioned earlier, the Egyptian Central Bank imposed limits on capital flight soon after Mubarak's downfall. Capital flight continued despite these limited controls, however. In September of 2011, the Bank for International Settlements reported Egyptians had transferred nearly $7 billion worth of domestic assets to foreign banks, likely a sign of "'elevated levels of political and economic uncertainty'" (Cohen 2011). In the beginning of 2013, the company with the largest capitalization on the Egyptian stock market, Orascom Construction Industries, abruptly transferred its shares to the New York Stock Exchange out of concern for "'paralyzed economic policy-shaping'" (Halime 2013). Those who had the most to fear were businessmen like Ahmed Ezz, an Egyptian steel magnate who held leadership positions in the NDP and was very close to Gamal Mubarak. While his businesses were never seized outright, he was prosecuted for corruption and jailed (Adly 2017).

In addition to high-level expropriation and corruption initiatives, businesspeople in Tunisia and Egypt also had to grapple with rising levels of petty corruption and labor unrest. Labor repression existed in both countries prior the Arab Spring, so the sudden onset of new political freedoms brought with it a massive surge in strikes in both public and private sectors (Benoit-Lavelle 2016; *2012 Worker's Protests in Egypt* 2013). Businesses which could have previously relied on connections to regime officials to quell or target labor dissidents instead had to negotiate or risk real loss to their business, although these negotiations were a true threat only to firms in export sectors with lower margins. For example, none of Tunisia's largest firms, discussed later in this chapter, have gone bankrupt since the revolution despite the assertiveness of labor, a sign that this labor negotiation led to a redistribution of monopoly profits to labor instead of the owners of capital.

Petty corruption, on the other hand, is a thorn in the side of business in both countries since the Arab Spring. The survey of businesspeople discussed in the next chapter provides concrete evidence of this. 66% of Egyptian respondents said that it was much more likely or more likely that bureaucrats asked for "informal payments", while 58% of Tunisian respondents said so as well. In addition, only 13% of Egyptian and 15% of Tunisian respondents said that these informal payments had become less likely or much less likely since the Arab Spring.

Furthermore, when restricting the sample to only respondents who worked at firms with a 1,000 or more employees, the findings are equally as pronounced. For large firms, 71% of Egyptian respondents and 63% of Tunisian respondents reported that informal payments had become more common since the Arab Spring. This higher percentage among larger firms is a good indicator of the phenomenon of "agent predation" (Markus 2015) in which bureaucrats become more unconstrained in their positions and feel more comfortable holding up firms for additional revenues.

Given high-level expropriation, labor unrest and growing corruption, democratic transition brought little of good to the business communities in both Egypt and Tunisia. In addition, these firms were predisposed to dislike democracy because they had prospered under dictatorship, and any increase in political competition could usher in more economic competition as well. While a process of managed liberalization could benefit well-connected domestic firms, true economic reform would be harmful because it could attract high-quality entrepreneurship that would compete away the rents that these businesspeople had worked so hard to secure for themselves. The deck was set for business to respond to these provocations, but as I describe next, the nature of the response differed between the two countries even if the nature of the threat to business did not.

5.4 Authoritarian Party Development

Elite turnover in both Egypt and Tunisia proved necessary and sufficient to stimulate the creation of pro-authoritarian coalitions in both countries. These coalitions married former officials from the dictatorship eager to re-brand themselves in the new political system and businesspeople looking to head off the zeal of democratic reformers. However, not all good (or bad) intentions make their mark, and in this case, the intentions of coalition formateurs in Tunisia proved to be much less successful than their counterparts in Egypt. In both countries, prominent businesspeople became the patrons of coalitions and used their considerable resources to jump-start collective action, but only in Egypt did the movement reach a critical size beyond which it could become self-sustaining, which I argue is a result of the military-clientelist complex.

Nidaa Tounes' Origins

Explaining the rise and subsequent splits of Nidaa Tounes, the pro-authoritarian coalition in Tunisia, is a major objective of this case study, and further, of this dissertation. It is this group that encompasses the old regime reaction to the challenge of democracy. It is true that the rapid mobilization of Tunisian society during the Arab Spring overwhelmed the regime and led to the quick departure of Ben Ali. However, while Ben Ali departed with several members of his immediate family, the rest of former regime elites remained behind. In addition, a class of well-connected business owners comprised an additional source of support for dictatorship as they had largely benefited from the managed liberalization of the Ben Ali years (Boubekeur 2016). The origins of this movement, as far as I have been able to discern, began in early 2012 after the debacle of the 2011 elections.

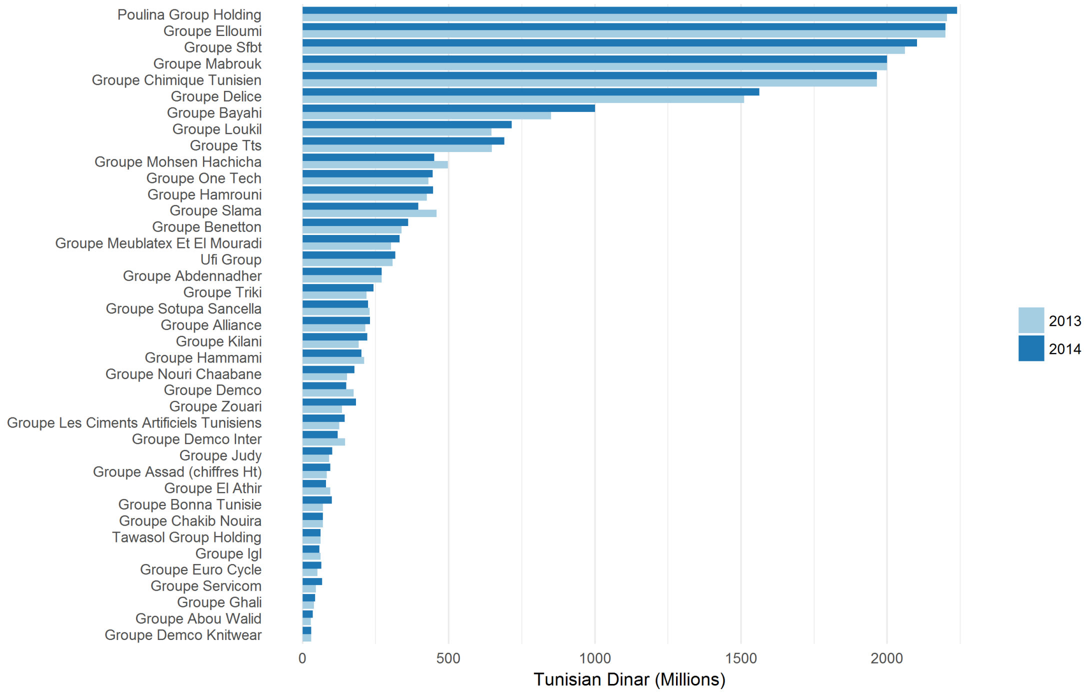
As previously mentioned, the fragmented party landscape and consequent loss in the 2011 elections by non-Islamists meant that old regime supporters, businesspeople, secular liberals and leftists all had to re-evaluate their political strategies to adjust to the rise of Nahda. The opening for a return of pro-authoritarian actors to politics came about through growing polarization between Islamists and secularists in the country. Inside the parliament, secularists quarreled with Islamists over whether the constitution should state that Tunisia was or was not an Islamist country (McCarthy 2016, 170-171). To make matters worse, discursive polarization gave way to Islammist-inspired terrorism in the summer of 2013 with the assassination of popular leftist MPs.

Facing protests and falling public support, Nahda chose to transition out of its leadership role by resigning from the cabinet in favor of a transitional government composed of technocrats. This transition was managed by a loose association of Tunisian power brokers, including the peak employer association, UTICA, and the peak labor union, UGTT. It was this group, the Quartet, that later earned a Nobel Prize for helping avoid sectarian conflict as occurred to a much greater extent in Egypt and Syria. Whether or not this group did in fact avert civil war, it is apparent that Nahda changed its tactics following the spread of extremist ideology through radical groups like the Islamic State. Instead of an explicit Islamicizing project, Nahda came to emphasize its appeal to lower-class interests and its commitment to continue an overhaul of state institutions to remove prior remnants of the regime (McCarthy 2016, 172-174).

Out of this political confusion emerged a nascent alliance between well-connected businesspeople, secular liberals and former regime elites, while leftists continued to oppose both the Islamists and politicians with ties to Ben Ali. A political consultant described a series of secretive meetings in early 2012 including Mohsen Marzouk, an employee of Freedom House and well-known liberal intellectual; Taieb Baccouche, an academic and former minister of Education, and Ridha Bel Hadj, a former RCD party apparatchik.[4] This peculiar configuration of politicians would have been implausible apart from Nahda's rise in the polls; however, it was not polarization alone that gave Nidaa Tounes its motive force. By the time that the party was officially announced in the summer of 2012, prominent businesspeople had become attached to the party, in particular Fawzi Elloumi. The Elloumi Groupe is one of the largest Tunisia, as can be seen in Figure 5.1, and is by far the most successful private exporter. The Group's reported revenues approach 5 percent of Tunisia's GDP.[5] In addition to Elloumi, other "elite families" who wanted to "preserve [their] wealth" flocked to this party, which quickly became a symbol of political stability in a turbulent time.[6] However, many of the other elite businesspeople kept a lower profile in their support for Nidaa Tounes, as is common with businesses in virtually every democracy. The notable exceptions

4. Interview January 18, 2011
5. Author's calculations based on data from L'Economist Maghrebien
6. Interview January 18, 2011

Figure 5.1: Revenues of Top Tunisian Conglomerates



Note: Data from L'Economiste Maghrebienne

include Chafik Jarraya, an influential businessman who was very active politically under the Ben Ali regime, and Nabil Karaoui, who as the head of the largest private TV station provided ample cheap advertising for the nascent political movement.

While I was unable to ascertain the level of support for Nidaa Tounes among all of the top conglomerates, most of the managers that I spoke to expressed varying levels of support for the party. At the very least, virtually none of these businesses has been an outspoken champion of the socialist trade union party, Front Populaire, or even the ostensibly neo-liberal party, Afek Tounes. Afek's message of reform appears not to have resonated among established businesses that would stand to lose from serious efforts to overhaul Tunisia's investment code and trade regime. What is crucial about the list in Figure 5.1 is that all of these businesses became successful under the Ben Ali regime, and change is not necessarily a benefit from their perspective. Some of the managers I talked to complained of the avarice of Ben Ali's family, but in general they viewed Ben Ali as an asset because he could ensure that they received favorable treatment from the bureaucracy. This powerful selection effect is the underlying reason for the support of the dictator among big business: it is not that business itself has any direct affinity with dictatorship, but rather that the businesses that thrived under the former system were those that were optimally adapted to those institutional conditions. Powerful pro-democratic businesspeople, who may readily appear in more liberal economic systems (Arriola 2013), represent the unobservable outcome among Tunisia's business class.

For this reason, it would be wrong to characterize Nidaa Tounes as a purely secularist party. The presence of businesspeople and former regime elites provides a second context to the party's goals. While both secular liberals and former RCD-ers were concerned about Nahda's rise to power, they viewed the threat from very different lenses. Secular-liberal polarization induced by Nahda did not create the movement, but rather provided an opportunity for this alliance to form, an opportunity that disenfranchised RCD-ers reached for eagerly and secular liberals acquiesced to with some reluctance. Beji Caid Essebsi, a government official under both the Ben Ali and Bourgiba regimes, became the octegenarian symbol of this movement, and called for a return to "bourguibisme", a term refers to a supposedly idyllic phase of Tunisia's post-independence existence under its first dictator. He argued forcefully against Nahda's Islamist project, implying that the movement would return Tunisia to a medieval era of under-development (McCarthy 2016, 171).

The extent of the presence of the former dictator's party, the RCD, in Nidaa Tounes is difficult to document, but it was frequently alluded to in my interviews in Tunisia. Probably the most telling story came from a political consultant who described a training of Nidaa Tounes vote mobilizers. One of the Nidaa Tounes campaign workers listened attentively to the presentation, and then described how he used different tactics with the same goal of voter mobilization during the Ben Ali period:

> "One guy came to me after this training, and he was like, 'Hey, come here, let's

> talk. I've been doing [get-out-the-vote efforts] for 25 years.'
>
> 'How have you been doing this for 25 years where there were no elections?'
>
> 'You know, I was with the old party. We would go to people, and we would say, 'I will give you twenty dinar if you vote for us'. And if they say no, then I say, 'I'll break your jaw.''"[7]

Between 2012 and 2014, the party became the most well-financed operation in Tunisian politics. From my interviews, it appears that the party's funds came from three sources: 1) local Tunisian businessmen like Elloumi, 2) European parties (Konrad Adenauer Schiftung) and states (France), 3) the United Arab Emirates, which supported Nidaa Tounes and Beji Caid Essebsi as an alternative to the (allegedly) Qatari-supported Nahda, and 4) border smugglers who wanted extra-legal protection for their lucrative trade with Libya and Algeria.[8] It is impossible to know the exact make-up of the party's funding, but even with foreign assistance, businesspeople like Elloumi had both the interest and means to build Nidaa Tounes into an electoral juggernaut. Elloumi's assistance helped overcome the collective action dilemma at the initial stages because his group's resources dwarfed other firms, and so he could take on the risk of funding a party even if he did not receive a great share of the benefits. If the secular liberals made a deal with the devil to gain electoral ascendancy, it worked. After a bitter, polarizing campaign, Nidaa Tounes took 89 seats in the 2014 elections to Nahda's 69 (*Tunisia: Majlis Nawwab ash-Sha'ab* 2017).

At this point, it would appear that Nidaa Tounes was poised to push Tunisia away from democracy and towards dictatorship. All the cards had fallen into place: a large party with cross-class support incorporating former figures from the regime along with powerful businesspeople had won in the elections, and the party's figurehead was a nascent strong man who could make use of the presidency to undermine democratic constraints. Dismal economic growth and regional instability thanks to Libya's civil war provided credible contexts for democratic backsliding and even in-

7. Interview January 18, 2016.
8. January 18, 2011

cumbent takeover. Indeed, after Nidaa Tounes' electoral success, protests broke out in rural areas against the return of the RCD, the party that controlled the state under Ben Ali (Lefèvre 2015, 308).

Up to this point in late 2014, it would appear that Tunisia and Egypt were following parallel paths. Both had rising pro-dictatorship coalitions that seemed capable of subverting democratic norms. However, the nature of democratic threats differed between Tunisia and Egypt. Tunisia did not undergo a military coup, as Egypt did, which was for reasons exogenous to this argument. In essence, Tunisia's military had been politically marginalized for a long time, and the democratic transition brought a larger budget, so it had little to fear from further democratization, whereas a reversion to dictatorship would deprive the military of these new-found benefits (Grewal 2016). But given that transitional democracies are at risk to incumbent takeovers for much longer periods of time Svolik (2015), we know that the relative probability of Tunisia experiencing a democratic reversion from a military coup was small compared to the threat of incumbent takeover. For these reasons, Tunisia could well have moved toward its own form of dictatorship in 2014 despite the fact that it had survived the apparent (but ultimately unobserved) coup threat.

The political demobilization of elites brought on by the popular uprising in both countries had clearly ended, and a new wave of authoritarian politics had begun. Aside from the different propensities towards military coups, the key difference between the two countries was the longevity of these movements, which would in turn depend on the underlying incentives of participating and non-participating elites. The military in Egypt took the lead in opposing democracy thanks to its hegemonic institutional position, but the coalition that the military headed was much larger than just military generals. Similarly, in Tunisia the Nidaa Tounes party stood for a much larger coalition of people sympathetic to the old regime, but compared to Egypt, this coalition proved to have less durability. I argue that this coalition is what explains the durability of democracy in Tunisia relative to Egypt because this coalition embodies the risk of democratic breakdown independent above and beyond the type of actor that takes the lead in overthrowing democracy.

Egypt's pro-authoritarian coalition was likewise a marriage of powerful businesspeople and elites tied to the old regime. Despite the failure of the NDP in Egypt's first round of elections, there was evidence that elites had begun to coalesce again into a coalition through their support of the presidential candidate Shafik. A fascinating piece of evidence was a meeting that Ahmed Shafik held at the American Chamber of Commerce in Cairo. Incorporating many wealthy elites, he received a standing ovation when he extolled Mubarak's virtues and pledged to "use executions and brutal force to restore order within a month" (Kirkpatrick 2012a). However, with the military willing to let the NDP take the blame for Mubarak's dictatorship, the movement was not able to generate enough support even with the MB's considerable handicap as a polarizing force in Egyptian society.

In the aftermath of Shafik's defeat and the military's acceptance of Mohammed Morsi as the new Egyptian president, Egyptian businesses had to respond to this shift in power. As mentioned earlier, some prominent businesspeople were directly targeted in corruption scandals and suffered fines and in rare cases asset seizure. In general, however, the Muslim Brotherhood did not launch a campaign to root out corruption (as they saw it) or to otherwise antagonize the Egyptian business community. In fact, the Brotherhood launched its own "public-private partnership" organization, the Egyptian Business Development Association (EBDA), to reach out to business leaders and build support for needed reforms to secure IMF loans (Adly 2017). Adly argues that EBDA reflected an "ecumenical mindset" by incorporating business leaders who had had ties to the Mubarak regime, such as Safwan Thabet, who had been a member of the NDP. Other business elites forced their way into this group to protect their own interests, such as Mohamed Abul-Enein, who despite being criticized by Mohammed Morsi used his media outlets to congratulate Morsi on his presidency. Abul-Enein was rewarded with a trip to China as part of an Egyptian state delegation (Tarouty 2015, 79-80).

In general, the MB came into office with an attitude of rapprochement towards existing elites. While Morsi had fired the ranking leader of the Egyptian Armed Forces, he appointed another leader from within the institution and did not try to challenge the Armed Forces' prerogatives, which were themselves written into Egypt's new constitution, including the military's right to try civilians in military courts (*Egypt: New Constitution Mixed on Support of Rights* 2012). The Muslim Brotherhood appeared to be adopting a strategy of reform and wait: if they could deliver economic revitalization to the Egyptian economy, then they could undercut their image as a fundamentalist Islamic group and earn a much wider base of support. The strategy also appeared similar to the AKP model from Turkey, which also successfully implemented pro-EU reforms that led to considerable export-led growth in the 2000s.

However, as has been covered so far in this chapter, Egypt's political economy rested on coalitions that had been forged by Nasser decades earlier and variously modified by his successors. What the MB needed was elite allies to create its own coalition and take control of the state. Instead, the group appeared to be too weak either to compel elites to support it or to punish those who criticized it. The most well-known story of MB's difficulties concerns Naguib Sawiris, a charismatic leader of Egypt's largest firm, Orascom, which was also one of the country's few international companies with operations across the Arab world and beyond. In the chaotic media environment of post-revolutionary Egypt, Sawiris was able to set up his own television station, ON-TV, which he used to great effect against the Muslim Brotherhood (Tarouty 2015, 148). In response, the regime launched a "tax evasion" case against his company, which was ultimately only resolved when Sawiris agreed to sell ON-TV (Adly 2017). Despite this momentary victory, it apparently did not intimidate Sawiris, who continued his resistance to the Muslim Brotherhood through the growth of the Tamarod, or rebellion, movement for early presidential elections. Sawiris is the counterpart to Tunisia's Elloumi: a powerful businessman with such an outsize role in the economy that he could take on the patronage of a political movement without expecting to receive compensation.

Tamarod is a peculiar movement because it is not entirely clear how much of it was due to popular unrest with Morsi's regime and how much was due to elites like Sawiris who wanted to oppose the Brotherhood's efforts (Khalaf 2013). The campaign began initially as an online petition to hold early presidential elections; the petition reportedly obtained over twenty million signatures (Hussein 2015). The leaders of the movement were all activists whose secular inclinations led them to oppose the Muslim Brotherhood, some of whom had been involved in the much earlier Kefaya movement (Meky 2015). However, business interests including Sawiris used private media outlets to greatly amplify the movement's message (Tarouty 2015, 148-149). In addition, further research has uncovered close links between Tamarod and Egyptian intelligence services, including accusations of funds being transferred and intelligence officers working in the movement. Furthermore, members of the military and the Ministry of Interior were quick to trumpet and inflate the movement's supporters, at one point claiming that nearly a third of Egypt's population had turned out to protest (Ketchley 2017). Given this mixed genesis, it is perhaps not surprising that the movement split after the military coup in 2013 when some of the members, including the founder, endorsed the military general Abdel Fattah Al-Sisi for president (Hussein 2015).

As a popular movement, Tamarod's complaints against the Morsi regime centered on the failing economy and Morsi's heavy-handed institutional reforms. Despite two years of negotiations, by the summer of 2013 the MB had yet to sign an agreement with the IMF, apparently because the IMF was not satisfied with the pace of economic reforms (Khalaf 2013). As a consequence, Egyptian debt continued to rise and unemployment and growth both remained at dismal levels (Khalaf 2013). Second, as Morsi continued to find resistance to policy reforms, he pushed through a new constitution via referendum that gave the presidency veto power over legislation and the ability to appoint heads of most agencies (Sein 2015, 191-193). Perhaps even worse, the MB took on labor unions that disliked the MB's neoliberal agenda, using state-owned media outlets to argue that strikes were un-Islamic (193). As mentioned previously, labor unrest was one of the groundswells of the original uprisings, and without a new political economy with which to form a new coalition, Morsi's attempted power grab via institutional changes amounted to nothing more than empty pieces of paper.

Without any expansions in its Islamist base, the Morsi regime was vulnerable to challengers, and the military was more than ready to seize the opportunity when Tamarod made its initial debut. Furthermore, unlike Morsi, the military had a natural constituency of firms it could compel to support it in addition to those business leaders who found it in their own interest to support a military coup. We are unfortunately not privy to the negotiations between the military and business leaders like Sawiris during the growth of Tamarod, but it is clear that the convergence of interests was mutual despite the military's earlier populist agenda.

Tamarod in the Egyptian context represents the counterpart to Tunisia's Nidaa Tounes. Like in Egypt, old regime elites and powerful businesses came together to support a new movement that aimed to use democratic processes to subvert democracy from within. In both Egypt and Tunisia, businesspeople and regime allies had suffered grievously in the initial round of elections and had had to accommodate themselves to the new regime, which they did even as they looked for alternative avenues for political action. Neither Tamarod nor Nidaa Tounes initially called for the overthrow of democratic institutions or an end to civil liberties; instead they exploited the open media environment to fashion a new message that would appeal to citizens tired of revolutionary choas. Thus the mechanism which connected elections with the growth of these movements was the threat created by the downfall of the prior regimes and their party institutions. As is so often the case, ancien elites were able to re-group and re-fashion their coalition for democratic competition (Loxton 2015; Grzymala-Busse 2015), and the manner in which this occurred in Egypt and Tunisia is remarkably similar through mechanism M_3 as prominent businesspeople like Sawiris and Elloumi were willing, at least initially, to fund the start-up costs for the movement.

5.5 Firm Collective Support

Despite these similarities in origins, the outcomes of these two pro-authoritarian movements diverged as soon as they gained prominence. Explaining the failure of a coalition is no easy in task, in part because political science theories are often set up to explain success. However, collective action theory does help explain Nidaa Tounes' surprising lack of resilience, especially when compared to a relatively enduring coalition in Egypt. My field research in 2016 revealed that powerful businesses still maintain political connections, but that they do not see it in their interest to support each other's political efforts. Rather, they would rather follow a dominant strategy of supporting a broad swath of political parties in the hope of obtaining the best outcome for their donations.

During my research in Tunisia, I met with managers at 34 firms from a wide variety of sectors, although all of them were medium to large-sized firms. The majority of Tunisians work for small establishments that may or may not be officially registered, but the politically influential businesses are those with formal recognition that also maintain significant resources in capital and labor. I interviewed firms from car dealerships to construction to agricultural processing to pharmaceuticals, including five companies from the list in Figure 5. These firms were located in the three largest coastal cities in Tunisia: Tunis, Sousse and Sfax. The majority of these firms had several hundred employees, reflecting my sample construction that aimed at larger firms capable of influencing the political system.

Overall, I found that these managers tended to favor Nidaa Tounes. A plurality, 21%, said that Nidaa Tounes had the best economic policies of any party in Tunisia. However, in an indication of the coalition's poor performance, by the time of my interviews in the summer of 2016, the number of managers reporting that no party had a sound economic policy (44%) dwarfed those who still supported Nidaa. Similarly, a majority (54%) said that none of the presidential candidates had a good economic policy, a strong rebuke of President Beji Caid Essebsi. Thus while Nidaa

Tounes appeared to have wide support among the business community, by two years into its tenure the party was widely perceived as ineffective even among firm managers who should be natural supporters of the party. This difference was not driven by religious ideology, either–Nahda fared even worse among firm managers, gathering only 10% of managers' support despite the fact that Nahda had an aggressive economic reform plan during its time leading the parliamentary majority.

Rather, firm managers largely see the current parliament as a failure, at least from a point of view that touches upon their firms' interests. A majority of managers said that the firm political system in general was worsening (37.5%) or had experienced no improvement (25%) over the past year. When managers were asked why they believed that the political system had failed to improve, several cited "conflictual interests" resulting from "the formation of political coalitions". Furthermore, those who saw improvement in the political system primarily cited general amelioration of civil liberties, such as "liberty of expression" and "more space for debates and discussions" rather than any kind of noticeable policy change.

Despite these pessimistic assessments of Nidaa Tounes' performance, it is clear from these interviews that many firms had the option of participating in the coalition, and some indeed did so. Of the 33 firm managers with whom I did structured interviews, 16 reported that they had some contact with political parties during the elections. This high number is a lower bound given that these managers may not have been aware of all attempts to parties to contact their firm. Furthermore, 39% of firm managers reported that their firm supported a party in some way. Of these firms, the most common type of support was financial (45%), followed by distributing party information to employees (32%), hosting party events using firm resources (25%), and instructing employees to vote for the party (20%).[9] Given that these firms represent a convenience sample, and that some managers may not wanted to share all this information given social acceptability bias, these numbers represent only approximate estimates of the true levels of firm political engagement in Tunisia.

9. Percentages do not sum to 100 because some firms engaged in multiple kinds of activities on behalf of parties.

On the whole, however, these numbers give evidence to the fact that firm political participation is a common phenomenon in the country, and that the failure of Nidaa Tounes to represent the interests of powerful businesspeople does not appear to be because of a lack of interest of firms in political issues.

The process through which the business community failed Nidaa Tounes was laid bare in an interview with a powerful business owner who had supported the party whole-heartedly.[10] This business owner described his work raising funds for Nidaa Tounes in the lead-up to the 2014 elections, which involved meeting with CEOs from a number of large firms across the country. Surprised at the widespread participation from a number of well-known figures, I asked this owner if all of this mobilization had made Nidaa successful. The owner winked at me, and then proceeded to tell me that while many of these businesses did contribute to Nidaa Tounes, at the same time they were giving similar contributions "under the table" to Nahda. That is, businesspeople saw opportunities to gain particularistic advantages for their firm and little to lose by supporting political rivals. A different business owner emphasized to me his firm commitment to neoliberal political philosophy, but then told me he had contributed funds to the socialist Front Populaire, a party associated with trade unions, to ensure that his firm's interests would be respected.

As another firm manager described his firm's willingness to engage in politics, "businesspeople have to make strategic coalitions." Without any penalties to supporting multiple parties, a rational firm leader will support rivals in an effort to ingratiate themselves with all sides. While this widespread participation is an effective strategy from the firm's point of view because it will secure the firm's property rights and any monopolistic privileges, this flexibility also made it difficult for Nidaa Tounes to consolidate power.

This relative level of business disunity can be seen as a status quo of sorts in democratic systems that lack any institutional actor capable of punishing defection. While many businesspeople in my

10. I cannot give more details of this informant for reasons of confidentiality.

interviews expressed sympathies for Ben Ali and his regime, when they came to engage in politics, they preferred pragmatic strategies benefiting their firm instead of over-arching goals aiming at changing their government's regime. In hindsight, Nidaa Tounes' failure appears the most likely conclusion, although it still came as a surprise to the many former regime elites and businesspeople who had invested significantly in the movement's success.

While Tunisia's pro-authoritarian coalition reached its limits very early, Egypt's coalition grew from a conspiracy to a powerful force in politics relatively quickly. On the third of July, 2013, after Tamarod street protests had roiled Cairo, General Al-Sisi announced that Adly Mansour, a justice, would replace Mohammed Morsi, effectively ending the MB's tenure as head of state (Kirkpatrick 2013). The regime that Morsi had never fully controlled quickly let go of him: apparently even members of the elite presidential guard waved flags in celebration from the presidential palace after his removal (Kirkpatrick 2013). As has been well-established in political science, institutions without credible threats are rarely enforced (Levitsky and Murillo 2009; Pepinsky 2014; Shepsle 2008), and in this case Morsi's aggressive posturing only made it easier for his enemies to stir up enough public unrest to grant the coup legitimacy.

It is not the object of this case study to establish why the military wanted to switch from ruling to governing. Rather, I focus during this episode on the built-in advantage that the military had as a coalition leader in encouraging a critical number of firms to not only consent but also directly participate in its coalition. The military's ability to exclude rivals by using economic assets to encourage consent represents the third-party enforcer (mechanism M_4) that can help a nascent anti-democratic movement reach the point at which it is self-enforcing. As a result, the military-led dictatorship has been far more successful than its Tunisian counterpart as it has survived for nearly four years despite a violent insurgency and continued economic decline. The military's ability to compel assent does not mean that it is able to punish all firms in Egypt, but its power is sufficient to enjoin enough firms to participate that the beliefs of business owners change and make participation appear mandatory. Unlike the Muslim Brotherhood, the Egyptian military has been able to forge a new political economy that produces consent among citizens even though it has had deleterious effects on a wide swath of Egypt's population.

The divergence between Egyptian and Tunisian business communities, I argue, occurred about the time that both Tamarod and Nidaa Tounes gained momentum. While Tunisia's authoritarian successor party quickly splintered into competing factions, Tamarod had reached the point at which firms believed that other firms would also participate, creating a self-sustaining movement. This transformation happened as Egypt prepared for a new round of legislative elections in 2015, this time under the watchful eye of the Armed Forces.

5.6 Internal Rivals

The real test of these pro-authoritarian coalitions came not in their creation, as that could be subsidized by powerful businesspeople, but rather by the ability of these coalitions to endure over time. As has been discussed, Tunisia's pro-authoritarian coalition showed marks of fragility early on as firm collective action suffered from a prisoner's dilemma that the funding of Elloumi alone could not overcome. By contrast, the military-clientelist complex in Egypt affected the incentives of a much larger set of firms, creating a much broader and more cohesive initial coalition than Tunisia's. Ultimately, the crucial difference did not come down to the military's coup, but rather the point at which the Egyptian pro-authoritarian coalition became self-sustaining as firms began to coordinate around support to the new dictatorship. While internal rivals shattered Nidaa Tounes' forward momentum, Egypt's Tamarod successfully translated its initial strength into parties and candidates that produced a pliant legislature to implement pro-authoritarian policies.

Underneath the veneer of Nidaa Tounes' rising power, splits were already emerging. The uneasy alliance between secular liberals and old regime elites erupted into wrenching policy debates before the elections had even occurred (Lefèvre 2015, 308). After barely a year in office, Nidaa Tounes officially split when a prominent secular liberal, Mohsen Marzouk, announced the formation of his own party, the Tunisia Project. He managed to pull away 22 deputees from Nidaa Tounes, depriving them of the status of the legislature's largest party (*Tunisie: Lancement Officiel du Parti de Mohsen Marzouk* 2016). While Tunisia Project remained nominally a part of the governing coalition, the public fracturing of Nidaa Tounes' power significantly undermined their ability to push legislation through the parliament. At the same time, personal feuds undermined party loyalty, most notably between factions for and against the leadership of President Essebsi's son who was installed at the President's request as the vice-president of Nidaa Tounes (Ryan 2015). Relations became so dismal that powerful businesspeople who backed different parties in the governing coalition accused each other of attempting to bribe away MPs from each others' parties in a bid to increase their standing in the coalition, a phenomenon that appears to have plausibly occurred in a few cases (*Chafik Jarraya Revient Sur la Scène avec une Nouvelle Polémique* 2016).

Meanwhile, President Essebsi pursued a logical course of action as a resurgent executive, trying to heighten his public profile through international diplomacy and staying above the fray of mere party politics. However, the disputes over his son's role in the party apparently prevented him from acting as a unifying force, and Nidaa Tounes has more often than not seemed like a rudderless ship during its time as a governing party. President Essebsi took full advantage of a massive terrorist attack on a historic Tunis museum in July of 2015 to impose a state of emergency that would give security forces wide latitude, a law that remains in place nearly two years later (*Tunisia Extends State of Emergency Amid 'Terror Threats'* 2017). However, he was unable to parlay this increase in executive power into greater dominance over the other branches of government, perhaps because of the Ministry of Interior's strong autonomy from any kind of control.

The failure of Nidaa Tounes–especially in the eyes of some of its elite business backers–can be seen most clearly in the stalling of the economic reconciliation law. This euphemistically-named law aimed to undercut Tunisia's truth and dignity commission by depriving it from the ability to examine any "financial crimes" committed by businesspeople or regime officials during Ben Ali's reign (*Tunisia: Amnesty Law Would Set Back Transition* 2016). However, the law was never allowed out of committee due to parliamentary opposition, despite multiple attempts by Nidaa Tounes to bring it to a vote (Lynch 2016). On the surface, the controversy over the economic reconciliation law is strange when the transitional justice commission was considering much more serious issues such as human rights abuses by security officials. Only when considering the support of businesspeople with strong connections to the Ben Ali regime does this legislation's importance come to make sense. However, even in this core interest that should have animated Nidaa Tounes, they ultimately failed to pass the law they wanted, and instead had to accept a watered-down version that only offered amnesty to bureaucrats, but not businesspeople (Yerkes and Muasher 2017).

For example, in one of the most recent attempt to push the law through parliament, which occurred in April of 2017, the entire party developed a consistent messaging plan to create positive momentum for the bill, including media appearances and op-eds designed to re-frame the law around economic growth. To encapsulate their argument, I downloaded tweets from the Tunisian NGO Al-Bawsalah, which live-tweets Tunisian parliamentary sessions. I obtained 106 tweets each representing a condensed statement from an MP in an open plenary on the draft reconciliation bill. I then used the structural topic model (Roberts et al. 2014) to collapse these 106 tweets into three topics, and from each topic I pulled the tweet that the statistical model identified as the most typical. These tweets are shown in Table 5.1.

This table shows how both Nahda and Nidaa Tounes are together pushing this law using a variety of discursive strategies. Interestingly, it is Nahda that refers to Beji Caid Essebsi's election victory as providing legitimacy to this law considering that Essebsi ran on a distinctly anti-Nahda platform. Nidaa Tounes, on the other hand, is trying to push this law as just another part of ordinary

Table 5.1: Representative Tweets from Parliamentary Plenary on Economic Reconciliation Law

Topic	Party	Original	Translation
Topic 1	Nahda	Le réconciliation était dans le programme électoral de Beji Caied Essebsi , sa popularité est donc incontestable	Reconciliation was part of Beji Caid Essebsi's electoral program, therefore its popularity is incontestable
Topic 2	Nidaa Tounes	Il faut traiter ce projet de loi comme tout autre projet de loi. La com. lég. gén. ne peut pas l'abandonner.	We must treat this law the same way we would any law. The legislative committee should not just abandon it
Topic 3	Front Populaire	L'article premier donne déjà le ton. Il nous parle d'instaurer un climat favorable a l'investissement. Hors sujet !	The first article already sets the tone. It speaks of making a favorable investment climate. Off-topic!

Source: Al-Bawsala Twitter (@AlBawsalah), Apr 26 2017

legislative process, and also, as noticed by the Front Populaire (Topic 3), as a boon to economic growth. Nidaa Tounes' reasoning is that if prominent businesspeople who face corruption charges are given relatively lenient settlements, they will be more willing to invest in Tunisia. This argument is essentially a transparent threat to Tunisians to lay off their emphasis on corruption, or the economic elites will prevent the economy from pursuing a high-growth path.

However, even in this seemingly unified attempt, a prominent businessperson has broken ranks. Bassem Loukil, CEO of the Loukil Group, currently No. 8 in terms of revenue (see Figure 5.1), put out a public statement from his Facebook account condemning the law (Loukil 2017). In it he argued that not all businesspeople, by which he seems to imply himself, are connected with the old regime and need any help from dubious arrangements to save them from legal troubles:

> Those who are responsible for operating the economy are not all corrupt. Many still have integrity and resist the mafia and the predators of the old regime.

With this clever PR ploy, Loukil was able to set himself apart–and his conglomerate–from the costly effort to provide amnesty to businesspeople who could suffer under the transitional justice probe. This act of defection provides a concrete example at the troubles of Nidaa Tounes in unifying elites around policies which would seem to benefit them–even Loukil, who has been in business long enough to have had his own history with the Ben Ali regime. This self-serving statement is a concrete representation of the basic collective action dilemma: if Nidaa Tounes succeeds at its efforts, Loukil will only be helped by benefiting from the end of corruption probes. If Nidaa Tounes fails, Loukil will do better than the other businesspeople who supported the reconciliation law because he comes across looking as an anti-corruption reformer (one of the "good guys").

While Tunisia's would-be authoritarians squabbled and undercut each other, Egypt's elites were busily building a new dictatorship to permanently end Egypt's expeirment with democracy. General Al-Sisi stepped down as head of the armed forces to run as a candidate in new presidential elections in 2014 in which he won a commanding majority of the vote. However, the military's assumption of power would not be complete until it had a pliant legislature to grant it the ability to control at least two out of the three branches of government. For that reason, the parliamentary elections in 2015 represented the introduction of the new coalition of elites that would help usher in a new regime. This election was the end outcome, from the military's perspective, of the Tamarod movement, and for that reason it is the one on which I focus as a comparison point with Tunisia. It also represented a test of the strength of the coalition underpinning military rule. The military had the direct power to seize power from Morsi; it did not have the ability to create political parties out of whole cloth and to find suitable candidates. Rather, business elites allied together to forge new political parties and jump-started the military regime by providing funding and candidates for elections. This wide-spread business collective action is strong evidence of mechanism M_5 as businesses began to coordinate around a pro-authoritarian equilibrium in which every business believed that other businesses were also supporting the dictatorship.

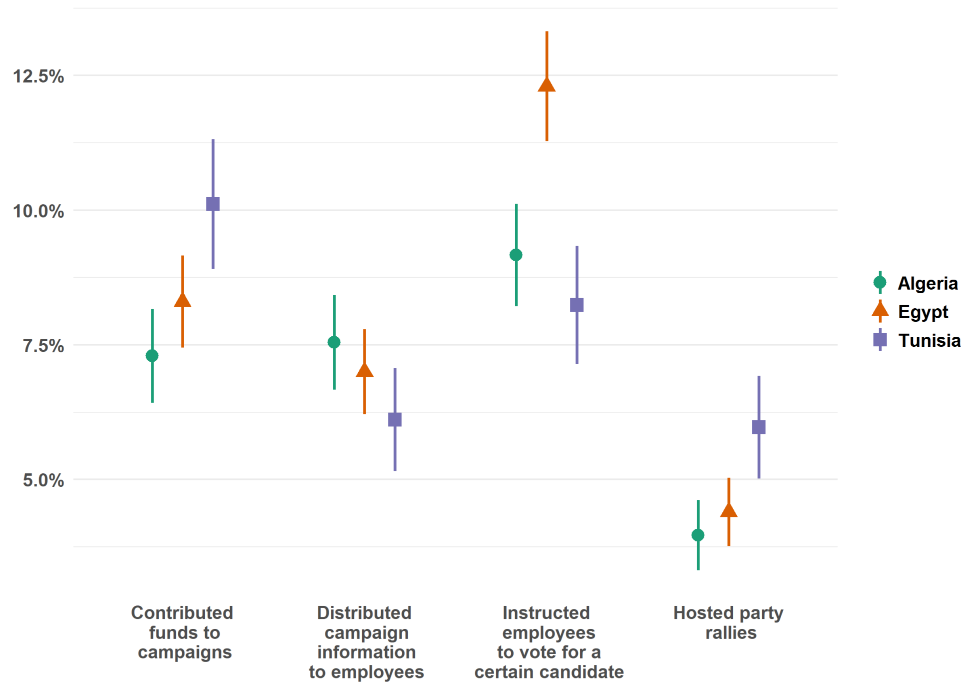
My interviews in Cairo, along with secondary source materials and the survey research I present in chapter 5, all suggest that at some point in the runup to these elections, businesspeople had to adjust their political strategies to account for the new unipolar environment. While Tamarod attracted the support of businesspeople like Sawiris who had a bone to pick with the Morsi administration, it eventually came to dominate the political scene as it closely allied with the military. This shift had a bandwagoning effect on Egyptian firms: as the perception that other firms were supporting the military increased, so did the incentives for all firms to support the military lest they be the only ones to not do so (Kuran and Sunstein 1999; Lohmann 1994; Gehlbach and Keefer 2011). These strategic complementarities helped the military consolidate its new coalition in the run-up to parliamentary elections.

Because there is less information available on the Egyptian parliamentary elections in 2014, I use the survey data I collected to provide a general sense of how businesspeople acted. Figure 6.12 shows that Egyptian companies were far more likely than than either their Algerian or Tunisian counterparts to order their employees to vote for a certain candidate. Between 10 and 15 percent of firms did so according to the survey, which represents a substantial level of employer-based vote coercion. Furthermore, due to social desirability bias, this number is very likely a lower bound of the total level of firms that instructed their employees how to vote in the elections. Considering that turnout in the 2015 elections was a meager 26 percent of Egyptians (Fahmy and Noueihed 2015), it is quite likely that employer-based vote persuasion had a large effect on those who did turn out to vote.

The candidates for the 2015 elections included a large number of independents who were not affiliated with any party, which is a strategy that Mubarak had previously used to diversify the parliament instead of having everyone become a member of the NDP. The process of becoming a candidate was described to me as a “pay to play” procedure, and unsurprisingly many businesspeople participated.[11] Several businesspeople were well-known former NDP members, including Nabil Dibis, owner of a private university, and Sahar Talaat Mostafa, the sister of Hisham Talaat

11. Interview 5

Figure 5.2: Politicial Activities of Firms as Reported by Employees



Moustafa, who owns a real estate construction conglomerate (Messieh and Mohamed 2015). The final elected parliament comprised about two-thirds independents and one-third from a handful of parties, only two of which are worth discussing.

The largest party is the Free Egyptians Party, which was set up by Naguib Sawiris after the Arab Spring to put forward a neoliberal agenda for Egypt (Tarouty 2015, 98-99). This party represents the only one that has a policy agenda that can be spoken of, and it is at least nominally independent of the ruling coalition thanks to its sponsor. Yet the party does not seem to have had much of an effect on guiding the new military regime, and instead argues that it needs to support Al-Sisi because he is better than the Muslim Brotherhood and Morsi.[12] The second-largest party is the Nation's Future Party, a bizarre conglomeration of ex-NDPers and sycophants. The ostensible head of the party was Mohamed Badr, a 24-year old plucked from the Tamarod movement and proudly displayed by the military and police as a youthful representative of the counter-revolution

12. Interview 5

(Sirgany 2015). Despite his apparent political ambitions and the outstanding success of his new party in Egypt's elections, Badr is currently in the United States pursuing further education.[13]

Ultimately, the resulting parliament seemed to replicate the dynamics observed by Blaydes (2011) in her discussion of the political economy of the NDP. Powerful businesspeople have claimed a seat at the table through their apparently willing use of resources to fund campaigns. In addition, vote turnout is managed by having companies order employees to cast ballots for specific candidates, effectively blurring the line between political parties and firms. In a stunning reversal, the military has replaced Hosni Mubarak and his meddling son Gamal at the head of this state-business nexus (Aziz 2017).

5.7 Outcome: Deadlocked Democracy or Durable Dictatorship

As of the time of this writing, Tunisia remains the democratic success story of the Arab Spring. That is not to say that there have not been threats to civil and political liberties. As mentioned earlier, President Essebsi has continued to renew an emergency law that has been used to imprison Islamists without trial and even to imprison some journalists for criticizing the security services. However, especially when compared to Egypt, Tunisia is a beacon of democratic freedom. Recently, the government announced that municipal elections would be held by the beginning of next year, which would complete the transformation of the state apparatus from the era of Ben Ali.

Yet, at the same time, the vacuum created by the weakness of Nidaa Tounes has not been filled by a political reformulation that could push for policy changes of any kind. The political failure of Nidaa Tounes has resulted in a status quo democracy that avoids crises but has also proven inept at governing. For these reasons, I refer to Tunisia as an unstable democracy because it continues to be vulnerable to external challenges, such as foreign powers and Islamic terrorism, in addition

13. Interview 5

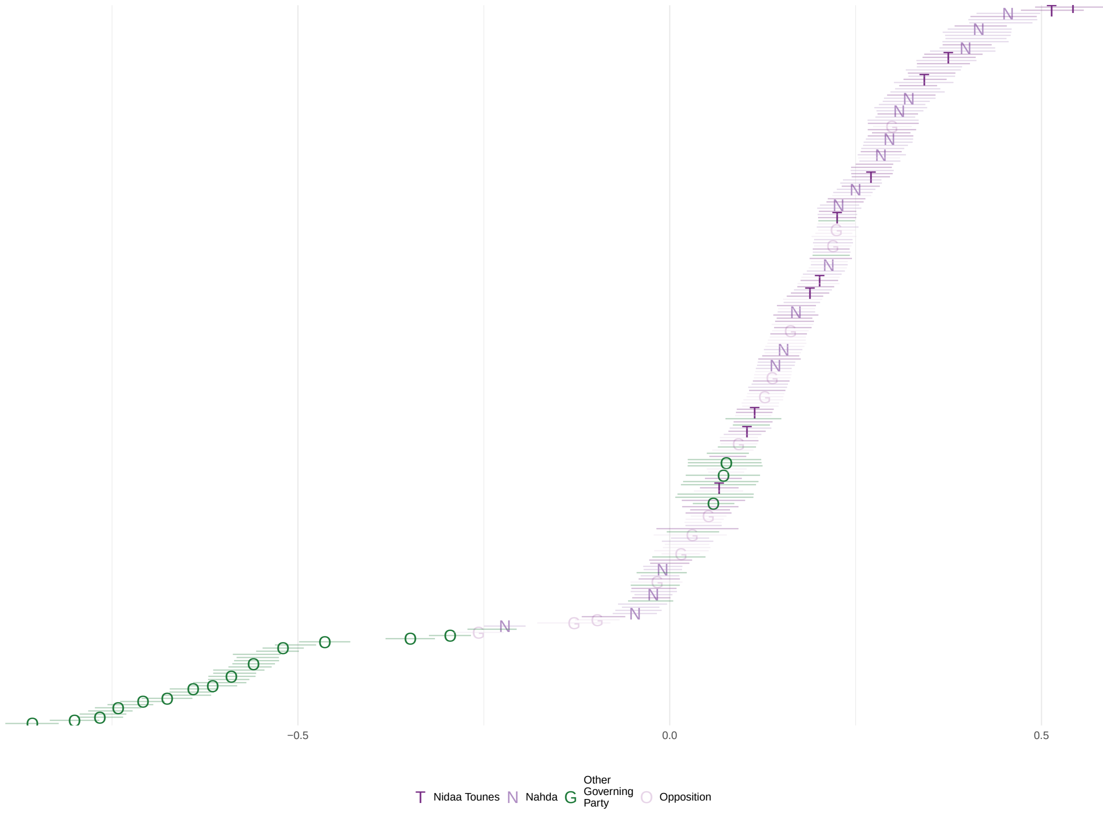
to the potential for a second rural uprising given the dismal performance of democracy thus far. The best case scenario for Tunisia's democratic future would be for businesspeople to unite around implementing further democratization; given the near-impossibility of this outcome, it seems the sticky status quo is the only feasible path for democracy to endure.

The primary effect of the disunity of the governing coalition, beyond its inability to undercut democratic institutions, is the policy gridlock that has remained firmly in place. Roll-call voting data from the Tunisian Representative Assembly of the People reveal the dysfunction of the current parliament.[14] Of the 106 laws (not a very large number) that had been passed by the summer of 2016, nearly 32% of these bills were authorizations for the state to receive development aid or loans from IFIs. None of the many other pressing issues, including security sector reform, investment regulation, and education, received only a handful of bills each. Furthermore, some of the substantive legislation that was passed, such as a financial reform act in early 2016, amounted to nothing more than a fine-tuning of regulations in order to meet IMF funding criteria for further loans ("ARP Approves Law on Banks and Financial Institutions, Again; Opposition Walks Out, Again" 2016). More scathing reports, such as the one issued by the World Bank in 2014 calling for a complete overhaul of the financial system, have been ignored despite lackluster economic growth and continued unemployment (*The Unfinished Revolution: Bringing Opportunity, Good Jobs and Greater Wealth to All Tunisians* 2014).

The stasis in parliament can be represented graphically through the use of item-response theory models, which put every legislator on a one-dimensional axis representing the dominant cleavage in the Tunisian parliament. I present a figure of the model here as it elucidates why the Tunisian parliament has suffered from intractable stasis. Figure 5.3 graphs the latent positions of MPs based on their roll-call voting data history from the Assemblee Representative du Peuple (ARP), the current session of which began following the elections in 2014. I label the points using four letters,

14. Data provided by the NGO al-Bawsala.

Figure 5.3: Latent Positions of Tunisian MPs, 2014 - 2016



"T" for Nidaa Tounes, "N" for Nahda, "G" for another member of the governing coalition, and "O" for opposition. G and O represent nearly a dozen smaller parties and blocs that comprise the fragmented Tunisian party landscape.

The main coalition–N, T and G–comprise an outsize number of MPs in parliament, nearly 80 percent of the total number. Because some opposition MPs tend to vote with the government a fair amount of the time, less than 20 percent can be identified as true opposition based on roll-call votes (the long left tail in Figure 5.3). This outcome is surprising in Tunisia given the vitriol in the 2014 campaign, especially between Nidaa Tounes and Nahda. Nidaa Tounes MPs warned of a coming Islamist take-over in their campaign rhetoric, but on assuming power, they quickly reached a detente with Nahda. Currently the voting positions of Nahda and Nidaa Tounes members are statistically indistinguishable from each other.

This level of uniformity in the parliament is a direct violation of the minimum winning coalition principle (Riker 1980), which implies that there is some other factor than policy victories at play. At least the very least, it is clear that the legislative process is not being used by Nidaa Tounes and its allies in a conventional sense of implementing a policy platform that voters chose in an election. I argue that this policy stasis is a direct follow-on from the goals of Nidaa Tounes of undermining democratization while also the internal weakness of the party due to the failure of business-oriented collective action.

A strong authoritarian coalition should polarize the country, as occurred in Egypt. However, a weak authoritarian coalition is likely to need more partners in order to maintain power in the legislature. The Tunisian governing coalition can be thought of as primarily a defense structure aimed at avoiding a worst outcome, which would be the loss of privileges for Tunisia's economic elite. Absent an ability to realize the full return to dictatorship, businesspeople have retrenched themselves around protecting the privileges long held since the days of import substitution industrialization. While they will openly advocate for economic growth, they tend to view this outcome as happening primarily through government surplus from foreign donors (hence the easy passage of development loans), not from any kind of fundamental restructuring of the Tunisian state.

While this outcome appears beneficial from the perspective of businesspeople, it is at first odd that Nahda would be a willing partner in the coalition of "no change". However, as mentioned earlier from my interviews, it was readily apparent that businesspeople had been lobbying Nahda from as soon as the party came into power. It is difficult, of course, to track any actual campaign donations from businesspeople, but multiple sources confirmed that businesses were ready and even eager to reach out once Nahda gained the majority. In my own interviews with Nahda party officials, their positions seemed to be very much in favor of the economic elite. The party has abandoned its early commitment to thoroughgoing economic reform, even though such initiatives would undoubtedly benefit its poorer rural base.

In one compelling example, I questioned a Nahda party official about the party's position on the controversial economic reconciliation law mentioned earlier. Supporting the law, for Nahda, implies supporting the cronies who benefited from the same dictatorship that repressed the movement for decades. However, this party official told me that there was no problem with the economic reconciliation law so long as there was a requirement that businesspeople invest some of their repatriated assets in businesses in the interior regions. Since then, this talking point has become Nahda's official position and has been echoed by their MPs in parliament. Opposition to the economic reconciliation law, and Nidaa Tounes' authoritarian tendencies, tends to come from the socialist Front Populaire, which employs fiery rhetoric but has only a dozen seats in the parliament.

Thus while it is not possible to obtain direct evidence that Nahda is in collusion with Nidaa, and that part of this collusion was brought about by businesspeople with significant interests involved, this theory best explains the available facts. Without Nahda's support, Nidaa Tounes would have never managed to pass a watered-down version of the economic reconciliation law in the fall of 2017 that provided amnesty only to government officials, not businesspeople (Yerkes and Muasher 2017). Lacking the ability to undertake widespread institutional change, parties have settled for a status quo in which economic reform efforts are slowed and anti-corruption initiatives obstructed, while virtually all major players are accepted into the governing coalition.

The losers in this situation are the rural citizens who initially led the uprising and who have yet to see any concrete payoff to their actions, and the very few ideological parties that are trying to push substantive legislation through the parliament. The two most ideological parties are Afek Tounes, a junior coalition partner and a representative of liberal professionals, and Front Populaire, the previously-mentioned socialist opposition. Technically Nahda should qualify as an ideological party, but their actual performance in government belies any kind of policy agenda, at least in the current parliament. Afek Tounes has pushed hard for concrete economic reforms, but has been repeatedly stymied by resistance from old-regime elites, especially businesspeople, present in Nidaa Tounes. These internal coalition splits erupted when Afek Tounes abstained on its own banking reform bill after Nahda and Nidaa successfully watered-down the legislation before it was passed. Policy is of secondary importance because Nidaa Tounes was never about bringing any concrete policy changes to bring economic growth to the country; rather, it had the aim of reverting to a status quo that ended in 2011. Failing that objective, it has been successful at providing cover for businesspeople worried about the direction of democracy and its threats to their interests.

As of the time of this writing, the outcome of the policy struggles over democratic accountability remain in doubt. The passing of the weaker version of the economic reconciliation law could pave the way for substantive policy work that could strengthen democratic institutions or it could further embolden corrupt bureaucrats and undermine Tunisia's economic recovery. Absent a serious challenge to the country's oligarchs, Tunisia appears to remain on the brink of further political instability, particularly if the rural protests that have gained steam in the past year reach a critical point as happened in 2011. Tunisian democracy has survived in spite of itself, and certainly not, as the Nobel committee would have it, due to the virtues of a noble political elite willing to put compromise and country above interest. Rather, Tunisian democracy has survived because powerful elites failed to achieve what was in their collective interest, even as they were able to pursue their own separate interests successfully.

By contrast, Egypt's new military-led regime is noteworthy for its ability to punish even elites in its reach for power. While the military's ability to punish firm defection (M_4) can explain the rapid formation of Tamarod, those same factors cannot easily explain the longevity of this coalition when compared to Tunisia's ill-fated Nidaa Tounes. Rather, it is the self-enforcing dynamics created by strategic complentarity among elites (M_5) that explains the near-uniform consent by the business community to the new regime, even though it would appear that the policies backed by the military are particularly harmful to business interests. The military had several primary levers for creating the critical mass of firm support, include monopolizing primary materials manufacturing, withholding contracts for goods and services, exploiting conscript labor and making use of military courts for economic disputes. The growing economic clout of the military makes it very difficult for some businesses to operate without residual uncertainty about what could happen if they oppose the regime. Once businesses began to believe that other businesses supported the military coalition, actionable support for authoritarianism became widespread among the business community because no one wanted to stand out (M_6). Furthermore, once all businesses are cooperating to help build a dictatorship, it became much easier for the military to identify and punish any firms that still resist or simply choose not to participate.

Compared to Tunisia, the stability of the military-led coalition is remarkable. While Tunisia's pro-authoritarian coalition continues to fracture due to infighting and continual party splits, the military regime is far more in control of potential opposition than the previous dictatorship. While Tunisia's pro-authoritarian coalition's greatest accomplishment is to undermine some civil liberties and prevent further democratic reforms, Egypt's new authoritarians have crushed civil society while pushing through economic reforms and even auctioning off sovereign land to secure Gulf financing. The military government's policies may have been devastating for the country's economic outlook and social cohesion, but its record of sheer accomplishment is astonishing compared to its North African neighbor.

To understand how the military has been able to maintain its coalition requires an examination of the mechanisms through which business has been kept in compliance. Powerful business leaders supported the military coup, such as Naguib Sawiris, and many others came along for the ride. But the military's disastrous economic policies should have brought about defection of these businesspeople and the formation of opposition groups with elite backing (or at the very least, detente with the Muslim Brotherhood). To understand how firm collective action reached this durable, self-enforcing stage, it is necessary to explore in detail the military's ability to push a critical mass of firms to support dictatorship. The military has two basic methods for encouraging business compliance: sticks such as the threat of expropriation and withholding of supplies, and carrots with the provision of contracts to smaller enterprises.

The military's economic franchise began in the 1980s as a way to reward generals with additional benefits when they were willing to retire from the chain of command, a very useful coup-proofing mechanism.[15] Since then, the number and variety of military-controlled firms has expanded with the military controlling much of the state's transportation infrastructure and also investing heavily in fertilizers, oil & gas, and even computer manufacturing (Marshall and Stacher 2012). These same interests are cited as one of the reasons for the military's deep mistrust of the liberalizers allied with Gamal Mubarak prior the Arab Spring, as well as a justification for the military's rapid halt to the privatization program in its aftermath (Marshall and Stacher 2012). The military has certainly kept its dominance in the post-Arab Spring by keeping formerly influential businessmen, such as Ahmed Ezz, a steel magnate, completely marginal while supporting the rise of new steel entrepreneurs who are less of a political liability.[16]

However, the military's economic interests do not only explain the institution's resistance to privatization and businessmen competitors. In addition, the military has considerable advantages that enable it to pressure rivals, and since its accession to power, to pressure businesses to support its political interests. Firms controlled by military generals, although they are nominally independent, have access to military courts when adjudicating disputes, which ensures that any contractual negotiations will always end in the favor of the military firm.[17] Furthermore, these firms are also exempt from taxation due to their definition as companies in the defense industry.[18] Finally, military-linked firms can rely on conscript labor, which gives them nearly zero labor costs and a considerable advantage over any rivals.[19] As a result, the military can easily threaten firms

15. Interview 4
16. Interview 5
17. Interview 4
18. Interview 4
19. Interview 4

with either expropriation via contractual dispute or by flooding the market with cheap products.[20] An interview with an Egyptian factory owner described his political frustration with military repression, but opined that he was forced to acquiesce to the dictatorship because his firm depended on military businesses to supply critical raw materials.[21] This qualitative information is further validated by the survey I conduct in Chapter 6, which shows that firms that rely on the military for supplies are much more likely to fear expropriation by the state.

These built-in advantages accruing to the military have been considerably advanced by the military's quick domination of economic policy-making. In fact, the military regime's thirst for economic gains through the whole-hearted exploitation of the country's resources is more akin to what an invading army might do to a new colony rather than its home territory. President Al-Sisi's first major economic plan was to bring in liberal Gulf aid to fund mega-projects, including an expansion of the Suez Canal ("The Mega National Projects... A Locomotive of Development" 2017), probably because of the military's long-standing ties to Gulf contractors (Marshall and Stacher 2012) and the Saudis' eagerness to support the overthrow of its nemesis, the Muslim Brotherhood (Hearst 2013). However, these mega-projects were largely targeted at the military's own companies, who maintained a favored list of sub-contractors but otherwise isolated previously well-connected Egyptian contractors.[22] Only some of Egypt's largest firms, such as Orascom headed by Sawiris, were able to profit from these massive development projects in part because these firms had monopolies on certain construction supplies and the military had to do business with them.[23]

The scale with which military-backed firms have expanded is dizzying. Within the first year, the Defense Ministry was authorized to operate for-profit companies, giving military-linked firms yet more advantages over their rivals. In addition, the military's vast land ownings in Egypt are now

20. Interview 5
21. Interview 6
22. Interview 2
23. Interview 2

approved for economic development, and military courts have been a greater prerogative in trials of civilians (Linn 2016). Attalah and Hamama (2016) chronicle the extent of military contracting, including the military's management of a farm subsidy modernization scheme, road construction, solar energy installation, importation of baby formula, state-run fish farms, restoration of archaeological sites, pharmaceutical production, medical device importation, and perhaps most bizarrely, the operation of an international school and running cafeteria services for Egyptian universities. The colossal scope of these additions to military businesses, in addition to the billions funneled into Sisi's mega-projects, have undoubtedly enriched this generation of the officer corps to previously un-imaginable levels.

This transformation of Egyptian political economy could be palatable to businesspeople if it came with economic growth or its own patronage benefits. However, as I have already covered, military-linked firms have benefited at the expense of private firms, while even large businesses like Orascom have been hurt because of continuing macroeconomic decline. Somehow, despite tens of billions in Gulf aid, Egypt suffered a currency crisis in 2016 as its fixed exchange rate diverged from the black market rate.[24] Figure 5.4 reveals the dismal performance of Egypt since Sisi's assumption of power: it is nearly incomprehensible that GDP growth did not increase further considering that the economy was already in recession and the country received an overwhelming amount of foreign aid. The most recent projections are not particularly optimistic: as of this summer, the country's debt to GDP ratio had risen by $19 billion in the previous quarter alone to nearly $80 billion ("32.5% Increase in Egypt's Foreign Debt: CBE" 2017). Based on my observations from my trip to Egypt in the fall of 2016, the economy has never been worse with the fall of tourism revenues and loss of foreign investment, but government statistics show only modest unemployment that is slowly falling, which seems implausible ("Egypt Unemployment Rate Eases to 12 Percent in Q1 2017" 2017).

24. During my trip to Egypt in September of 2016, the black market rate was several times the official rate, and money changers at airports outside Egypt refused to convert pounds to hard currency.

Figure 5.4: Egypt GDP Growth and Foreign Direct Investment

As the Gulf funds were lavishly spent on mega-projects, and Egypt's fixed exchange rate came under assault, the Sisi government turned to its other international ally, the United States, and the International Monetary Fund for a bailout. Again, the strength of the military's coalition proved enduring. Al-Sisi and his government successfully negotiated an agreement within a few months that offered the IMF more than it could have dreamed of in recent years, including a very high increase in the VAT and civil service reforms. In addition, licenses to operate and other barriers to entry have been significantly lowered in previously protected domestic industries.[25]

However, the burden of these reforms will largely fall on the formally established businesses which are the nominal allies of the military-led regime. Military firms will not pay the VAT, nor will the many informal establishments that operate outside of the legal framework.[26] Instead, the revenues obtained from the reforms, which have already helped improve government revenues ("Egypt Sees Value-added Tax Revenue Up by 8 Billion Pounds in 2017-2018" 2017), are likely to make life even more difficult for Egypt's business community that helped create a regime which they are now forced to carry on their backs. In addition, the floating Egyptian pound has made

25. Interview 3
26. Interview 4

life very difficult for Egypt's importers who could formerly profit from Central Bank controls protecting the value of the pound, which is causing additional distress among Egypt's businesses ("Egypt Reserves Reach Record High of Over $36 Billion" 2017; "As Austerity Pummels Egypt's Importers, Dollar Resources Grow" 2017).

The final and most difficult test for the transformation of Egypt's political economy rests on Al-Sisi's pledge to reform subsidies. Ever since the Bread Riots in the late 1970s, Egyptian rulers have hesitated to modify subsidies even though the IMF has urged reform, especially to tamp down on subsidies such as fuel that are not means-targeted. The deal signed with the IMF requires subsidy cuts, including fuel, but gives a three-year time window for the cuts to be implemented ("Egypt Sets $18 Billion for Subsidies in FY 2017-2018 Budget" 2017). In July of 2017, Al-Sisi's government initiated cuts by raising gasoline and electricity prices, especially for firms (El-Tablawy and Wahba 2017). The first cuts aimed at bread subsidies–which amounted to restricting the number of loaves and also digitizing subsidy cards–were met with widespread protests in March of 2017 and had to be quickly rescinded (Youssef 2017). Most recently, the government has capped the number of Egyptians who can obtain new food subsidy cards for staples while keeping the current system–amounting to 20 million card holders–in place ("Egypt Tightens Eligibility for Food Subsidy Cards" 2017).

It is too early to tell whether the Al-Sisi government will be able to accomplish a task that has eluded all of his predecessors since Nasser's rise to power. However, the evidence presented in this case study suggests that his elite coalition is remarkably firm, and that should give him the ability to continue push through legislation. The risk, of course, is that he inadvertently triggers mass collective action of the scale that brought down the Mubarak government. The military has successfully repressed the democratic activists who led that movement, and the Muslim Brotherhood is still present but suffering considerably. Thus it is harder for collective action to start, although it can never be ruled out completely. If Egyptians lose their livelihoods, they may have few options other than protests, and even the Egyptian military cannot control all of Egypt's 90 million people if there is an uprising.

In conclusion, the strategic complementarities that helped Egypt's authoritarians build a new dictatorship in 2014 and 2015 have further sustained it through a difficult period of policy reform and wrenching economic adjustment. The lack of credible rivals proved both necessary and sufficient through the mechanism of the coordination game to produce an elite coalition that was willing to suffer economic harm rather than oppose the regime's new policies. By comparison, Tunisia's pro-authoritarian coalition has failed to pass core policies to its business constituents, much less pose a credible threat to democracy. While Tunisia's democracy is far from a solid footing, it has survived Nidaa Tounes' tenure intact, and parties are currently preparing for the upcoming round of municipal elections in 2018 and legislative elections in 2019. In this case, although Tunisia had plenty of elites who would hav preferred a reversion to autocracy, the lack of business unity inhibited the growth of the pro-authoritarian movement and allowed Tunisia's democracy to survive.

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Chapter 6

Business and the Military-Clientelist Complex: Results of a Firm-Level Survey in North Africa

This chapter presents an original survey of firm employees in Algeria, Egypt and Tunisia. This chapters differs from the previous two in that the evidence presented is both experimental and quantitative instead of observational and qualitative. However, the evidence in this survey is also at a particular point in time (summer 2017), and for that reason is much more convincing when taken in consideration of the case studies that provide strong priors for interpreting the results.

This study provides evidence in support of a novel theory concerning the macro-political institutions that condition firm collective action in emerging democracies and dictatorships. In the context of the countries surveyed in this paper, the economic role of the military, which is very pronounced in Egypt and to a lesser extent in Algeria, is an important systemic variable that causes higher firm responses to political appeals at the aggregate level compared with firms in Tunisia. Although the difference is one of degree, not of type–many firms in Algeria and Egypt have no direct connection to military-linked firms–the more extensive economic linkages between the military and firms in these countries helps pro-authoritarian coalitions reach a critical mass beyond which support for military-led regimes becomes self-enforcing. Military economic involvement in these countries can become an end in itself and a means to produce political consent among businesspeople.

I term the network of relationships between firms and the militaries in these countries the "military-clientelist complex" to distinguish it from the military-industrial complex, a term that is more accurate as a description of military-economic relations in advanced industrial countries.[1] In Egypt, and to a lesser extent in Algeria, the military maintains a massive presence in a variety of sectors that have little to do with the defense industry, such as producing baby formula and supervising toll roads. Rather, the economic logic underpinning these relationships has a clientelist tinge that encourages dependency on military producers and consumers from domestic firms, in addition to co-opting the many ex-generals that run and staff military-linked companies.

By focusing on economic institutions that can affect a large number of firms, this study advances a theory that goes beyond the decisions of individual politically-connected companies to the analysis of firm collective action. For an individual firm, microeconomic criteria will probably dictate whether they are receptive to a request for political involvement, but for an economy as a whole, political-economic actors can have a profound influence on encouraging or discouraging aggregate firm behavior. When an actor exists, such as the Egyptian military, that is capable of punishing defection from a pro-regime coalition, then firms are more likely to be politically responsive. I argue that it is only when a critical number of firms are forced to unite into a cohesive coalition–a rare occurrence absent a third-party enforcer–that business political involvement can grow to the point that it becomes a unified, self-enforcing movement with considerable staying power. The military's clientelist complex encourages enough direct firm support that it can change firm's beliefs

1. A term originally coined by U.S. President Dwight Eisenhower as a warning about the rise in the U.S. defense industry as a result of World War II

about whether other firms want to support the authoritarian regime, ultimately leading virtually all businesspeople to coordinate around a pro-dictatorship equilibrium.

To collect data on firm political behavior, I implemented an online conjoint survey experiment targeted at business employees to randomize a set of hypothetical appeals made by parties to the firm's owner. I recruited businesspeople to take the survey through Facebook by offering cell phone credit as an incentive. By randomizing the type of appeal–such as particularistic rents or threats–and the agency who would give the benefit–such as the military, the president or the Ministry of Justice–I am able to differentiate the marginal effect of each of these different kinds of factors on the probability that a firm will respond positively or negatively to the party's appeal. I then examine how these estimated treatment effects differ among firms with varying levels of integration with the military-clientelist complex. Experimental evidence helps address the difficult issue of endogeneity and self-selection in business-state relations by comparing firm responses to varying political appeals and incentives over the same set of firms.

After surveying recent work on politically-connected firms and military enterprises, I put forward a theory of firm collective action in late-developing countries that delineates how firm collective action may influence the trajectory of political regimes. I then describe the online survey dataset, including validation procedures for handling survey satisficing. Next, I provide a broad overview of how the military interacts with firms in the countries studied, and I then examine pre-registered survey experimental treatments. Finally, I also look at additional follow-on analyses to probe the reasons for the experimental results, and I conclude with thoughts on developing further data-intensive analyses of firm political participation.

6.1 Politically-Connected Firms and Military-Clientelistic Complexes

At least since Moore (1966), political scientists have theorized about the effect of business people and their economic interests on the fate of democracies and dictatorships (Rueschemeyer, Stephens, and Stephens 1992; Haggard, Maxfield, and Schneider 1997; Haggard 2000; Schneider 2004; Pepinsky 2009; Arriola 2012; Ansell and Samuels 2014). Recently, political scientists and economists have uncovered many of the mechanisms through which firms are able to secure benefits for themselves by co-opting political elites, and how these relationships can buttress dictatorships by creating tightly-woven networks around ruling parties and leaders. In general, economists have focused on firms as decision-makers with political connections as a resource they can use to achieve above-market returns (Fisman 2001; Faccio 2006; Olken and Pande 2012), while political scientists have elaborated on the mechanisms through which business-state relations affect policy and regime stability (Gehlbach and Keefer 2011; Earle and Gehlbach 2015; E. J. Malesky 2008; Markus 2015; Dickson 2009; Cammett 2007; Bellin 2002; Adly 2017).

By contrast, research on military economic involvement has evolved along a separate track, with much more attention being paid to the macro-economic effects of military spending. Of particular note is the extensive literature on military spending and economic growth, which primarily involves cross-national studies and is mostly negative in terms of its assessment of the effects of military spending on economic development (Dunne and Tian 2013; Alptekin and Levine 2012). However, this literature is built on an analysis of military spending in advanced industrial economies in which it is assumed that military spending is aimed at providing for arms and material rather than entirely unrelated economic enterprise (Goel and Saunoris 2014; Gupta and Mello 2001). The negative relationship between economic growth and military spending in these studies is derived from the assumption that military spending is on big-ticket, fixed price items, which may well not be true in developing countries.

Instead, what I study here is what I call the military-clientelist complex: a broad penetration of the military into diverse economic sectors that has little to do with providing for defense needs, although military personnel may still use that rationalization in public. This phenomenon has been observed before in case studies of the military presence in regions as diverse as Latin America (Mani 2011), sub-Saharan Africa (Moyo 2016), central Asia (Golkar 2012), the Middle East and North Africa (Marshall and Stacher 2012) and east and southeast Asia (Brömmelhörster and Paes 2003). My intention in describing these linkages as clientelist is to emphasize their political, as opposed to economic, nature. In countries with weak state institutions and low infrastructural power, military coop-proofing strategies (Grewal 2016; Prina 2017) in addition to under-equipped regulators can create an opening for military economic penetration that is aimed at building a coalition of people whose primary interest lies in respecting and upholding military prerogatives. In countries with permeable state institutions, these military-clientelist complexes are still poorly understood in terms of their influence on firms in the broader economy and political outcomes more generally.

This study offers some of the first cross-national and within-country data on military-clientelist networks, and is the first to tie these networks to firm political participation and support for reversions to authoritarianism. I focus on three countries, Egypt, Algeria and Tunisia, that share similar characteristics in terms of the strength of state institutions, colonial history and more recently, experience with the democratizing movements of the Arab Spring. Egypt became a democracy around the same time as Tunisia in 2011, but reverted to dictatorship in 2013 after a military coup. Tunisia remains a democracy as of today, while Algeria never transitioned to democracy during the Arab Spring. Both Egypt is known for having an overwhelmingly powerful military-clientelist complex, Algeria somewhat less so and Tunisia has a relatively insulated military by comparison. To that end, by studying firms and militaries in these countries I can examine these networks in detail while also determining if these networks had an effect on the success or failure of democratization.

A second advantage of examining three countries is that I can leverage both within and between-country variation to see whether firm behavior changes in response to benefits from different kinds of political-economic institutions. Inter-country comparison is very important in this field because existing studies are generally limited to a single country. For example, Markus (2015)'s excellent research on Ukraine proposed an important new variable in understanding firm political behavior: as a firm has more access to international markets and supply chains, it becomes less dependent on bureaucracies for privileges and consequently is less likely to be involved in political behavior. This finding has received initial validation by Osgood et al. (2017) in an analysis of Costan Rican firms in which exporters tended to complain less about bureaucratic intransigence, which shows that the phenomenon is not limited to post-Soviet political economy. Without inter-country comparison, it is difficult to know whether what is observed in one country is a feature of that country's political-economic make-up or is a feature of particular firms under observation.

Understanding how the military-clientelist complex affects firm political behavior, and in particular business support for military rule, requires a broader lens than has been applied so far. While much of the politically-connected firms literature has focused on the micro-economic decisions made by individual firms, such as to acquire rents or resist expropriation, firm collective action is also influenced by aggregate levels of participation, which may be a function of selective incentives and others' decisions to participate (Olson 2009 [1965]; Schelling 1978; Lohmann 1994; Gehlbach and Keefer 2011). More attention needs to be paid to the political-economic structures that condition firm incentives country-wide and can stimulate a higher level of participation among firms as a whole. I argue that when there exists a powerful political actor like the Egyptian military that is capable of punishing firms that defect from a dominant coalition, firm collective political action will generally be higher across the board.

Studying firm collective action, as opposed to a sole focus on individual businesses, is important because widespread firm political involvement can help lengthen the tenure of authoritarian regimes or conversely to undercut democratic regimes through the mechanism of elite cohesion. When business elites are unified in their political activities in support of a dictatorship, firms can become a powerful influence on the fate of regimes. By contrast, in states such as Tunisia where political-economic institutions with widespread linkages to firms are lacking, firm political action tends to be driven by firm-level covariates–i.e., the particularistic benefits an individual firm might obtain from circumventing government regulation–rather than by aggregate factors influencing all firms. Consequently, business political action does not always have an effect on democratization or reversions to autocracy even when a large number of politically-connected firms exist because businesspeople may undercut each other by backing rival parties instead of unifying.

For this reason, one of the main issues that would-be authoritarians face in undermining an emerging democracy like Tunisia is forcing elites to work together to undermine democracy instead of supporting the new factions and parties that have sprung up through liberalization. The well-known prisoner's dilemma makes it unlikely that businesspeople will unify around causes that might benefit all of them, such as a reversion to dictatorship, because businesspeople can maximize their access to regime rents by supporting democrats in exchange for perks and favors. The problem is not only businesses funding pro-democracy groups, but also businesses refusing to commit their time and resources to supporting a pro-authoritarian party. If only a few firms are willing to bear the considerable cost of constructing a pro-authoritarian coalition, it is unlikely to succeed. By contrast, in Egypt, where the military-clientelist complex forced a significant number of firms to support the military's bid for a reversion to dictatorship, firm political action became a coordination game around support for the military.

Hypotheses based on this theory were pre-registered prior to the survey and are available in Table 6.1 (see the Appendix for the full list of registered hypotheses). For this research, I focus on

Table 6.1: Hypotheses from Pre-Registration Plan

H5	Firms with close ties to military-owned firms are more likely to contribute to parties when appeals are linked to the military.
H7	Firms in countries with high levels of military involvement in the economy are more likely to contribute to parties when appeals are based on particularistic benefits or protection from expropriation.

Hypotheses 5 and 7 that relate political-economic institutions to firm collective action. Hypothesis 5 argues that firm-level support for the military is primarily a function of micro-economic criteria: firms that have a direct economic relationship with the military are those that are most likely to want to obtain a close relationship with the military. By contrast, Hypothesis 7 emphasizes a different dynamic in which firm-level political involvement is a function of aggregate participation and is unlikely to vary from firm to firm because all firms support the military.

I argue that the mixed support I find for Hypothesis 5 and the strong support for Hypothesis 7 is evidence of collective action mechanisms at work. In Egypt and to a lesser extent in Algeria, support for the military is systemic and exists across firm sectors and sizes regardless of individual firms' relationships to the military. For these reasons, my theory on the military-clientelistic complex details how the presence of the military-connected firms can create a critical mass of firms that will support the military's political ambitions. Once a critical point of support is achieved, firms' beliefs adjust because they perceive other firms support the military, and as a consequence strategic complementarities come in to play (Medina 2007). This process is how I explain widespread business political participation in Egypt as compared to Tunisia: in Egypt the military-clientelistic complex encouraged a critical number of firms to support the military's coup, greatly widening the base of support for a new dictatorship and eventually prompting a much higher level of actual political participation in the military's new regime by firms.

6.2 Data & Methodology

The data presented in this article come from an online conjoint survey experimented conducted in the summer of 2017 simultaneously in Egypt, Algeria and Tunisia. The panel was recruited through ads on Facebook that offered respondents cell phone credit as an incentive if they completed the survey.[2] The survey was fully anonymous, and after the end of the survey respondents were provided a separate form to submit their phone numbers and be reimbursed.

To recruit a quality panel, a Facebook ad campaign was created with keywords to target people that listed various kinds of employment in their Facebook pages. The full list of Facebook keywords is shown in Appendix C. In addition, a Facebook page and images were designed to communicate business professionalism so that the intended pool for the survey could be understood visually.

There were two reasons that this online survey design was chosen over a traditional firm survey: 1) existing survey methodologies for firms are poorly-designed to ask about political topics and 2) given the scale of the survey, online panel recruitment was vastly more cost-effective. The first issue is that in many late-developing countries, and in North Africa in particular, obtaining adequate sample frames for firms is no easy task. The International Finance Corporation of the World Bank has started an ambitious and well-funded program to undertake firm surveys, but even this group has had difficulty in North Africa. A report from the most recent IFC survey in Tunisia showed that the IFC had to build its own survey frame from a website of firm information, and then the information on these firms turned out to be so poor that they were only able to conduct interviews with approximately 25 percent of the firms they selected (*Enterprise Surveys: Tunisia 2013 Implementation Report* 2013).

Furthermore, this traditional format of firm interviewing is ill-suited to examining political con-

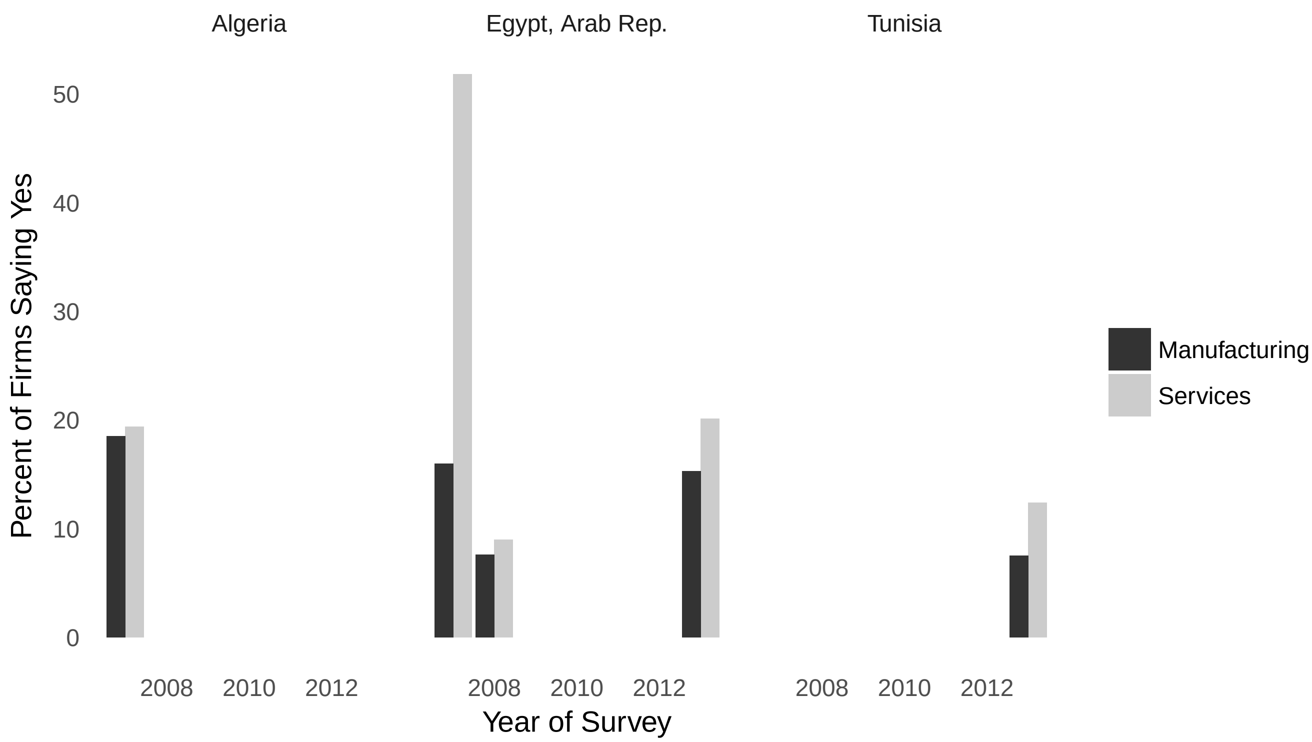
2. In these countries, phones can be recharged on a pay-as-you-go basis by purchasing PIN codes from cell phone companies.

nections because of how the interview is conducted. First the firm is contacted by an interviewer, and then the firm is provided with a questionnaire and requested to complete it. This method ensures that detailed microeconomic information about firm performance can be collected by firm employees before submission, but it also means that any informaton released is likely to be vetted by the entire management.

This formal process of survey completion causes serious desirability bias for questions asked about firm political activities or about firm perceptions of the government. These issues can be seen in responses to an IFC survey question about whether firms had been asked to pay a bribe in the their surveys from Tunisia, Egypt and Algeria. Figure 6.1 shows that the number of responses fluctuates more than would be expected across countries and over time, especially in Egypt. In addition, there are problems of under-reporting and missing data: in the most recent IFC surveys from Egypt and Tunisia, approximately 70 percent of firms reported paying no bribes at all, which seems high, while 30 percent of firms in Tunisia refused to answer the question at all compared to 10 percent in Egypt. While these numbers provide helpful baselines, they show that the traditional form of survey research is ill-suited to answering more detailed questions about firm political connections.

The second method to collect this kind of data is to use information reported from government agencies. When institutions are transparent and well-run, this kind of data can be priceless in understanding how firms are seeking to influence politics (Bonica 2014). There has been progress on this front in the Middle East and other regions, as political transitions can provide a rare opportunity to measure the effect of political connections on firms that are allied with the regime (Acemoğlu, Hassan, and Tahoun 2014; Diwan, Keefer, and Schiffbauer 2015; Earle and Gehlbach 2015) or even owned by the dictator's family (Rijkers, Freund, and Nucifora 2014; Rijkers, Baghdadi, and Raballand 2015). While these studies are illuminating, they are still limited by whatever data was available for collection, and in general politically-connected firms do not prefer to have

Figure 6.1: Percent of Firms Experiencing At Least One Bribe Request



Note: Data from International Finance Corporation of the World Bank their activities made publically accessible. Thus there is a selection bias problem that makes it difficult to generalize across studies.

Survey research utilizing Facebook is a fruitful alternative to existing methods for research on firms because of the ubiquity of Facebook in these countries and the ability of online surveys to offer anonymity to survey respondents. Estimates of Facebook penetration in the Arab world run as high as 90 percent and even higher among higher-educated demographics. For Egypt and Tunisia, the most recent data from 2016 shows that 96 and 99 percent of the 18-24 demographic report involvement with Facebook in Egypt and Tunisia respectively, while 89 and 85 percent of the over 45 demographic also use the medium (Dennis, Martin, and Wood 2016). Thus while there is a slight bias in favor of younger people, it is small even among demographics that adopted Facebook usage while in adulthood. For that reason, Facebook is an optimal medium to use to target businesspeople. In addition, Facebook permits the targeting of ads at keywords and demographics. For the purposes of this study, ads were targeted at residents of Tunisia, Egypt and Algeria who were older than 25 and who listed various kinds of employments in their profiles, particularly management positions. Younger respondents were excluded because of potentially higher levels of survey satisficing, to better ensure that the respondents had some experience in their career, and because youth unemployment rates in the Middle East are very high.

A conjoint survey experiment was used to operationalize the hypotheses (Hainmueller, Hopkins, and Yamamoto 2014). The treatment in the experiment was a hypothetical appeal made by a political party to the CEO of the firm. The respondent was asked to give their opinion on how the CEO of their firm would respond to the appeal. To construct the vignettes, seven political agencies were selected along with seven different types of benefits that political parties could make (see Table 6.2). The benefits were selected to mix offers of rents to the firm, such as import/export licenses, government contracts, and permits to operate, along with protection from threats to the firm, such as the government taking control of the firm or confiscating its profits. An additional

Table 6.2: Treatment Profiles for Conjoint Survey Experiment

Number	Types of agencies	Types of benefits
1	military	does not try to take control of your firm
2	Ministry of Interior	does not try to take your firm's profits
3	President	helps your company secure permits from regulators to do business
4	Ministry of Justice	helps your company secure contracts to supply goods
5	parliament	helps your company export its goods & services
6	municipality	helps your company import necessary materials
7	government	will implement reforms that encourage economic growth and lower unemployment.

Note: Reproduced from survey pre-registration.

agency and benefit was included as a reference category: "government" for the agencies and a generic economic reform message for the benefits. The effects of the treatments can then be interpreted relative to these baselines.

Each respondent was shown two vignettes side-by side on two separate occasions for a total of four tasks per respondent. The vignettes were paired because pairing vignettes together may reduce satisficing by forcing respondents to consider the vignettes in relation to each other (Hainmueller, Hangartner, and Yamamoto 2015). After the vignette, each respondent had to answer the following three questions based on a 0 through 10 Likert scale indicating the respondent's assessment of likely firm response:

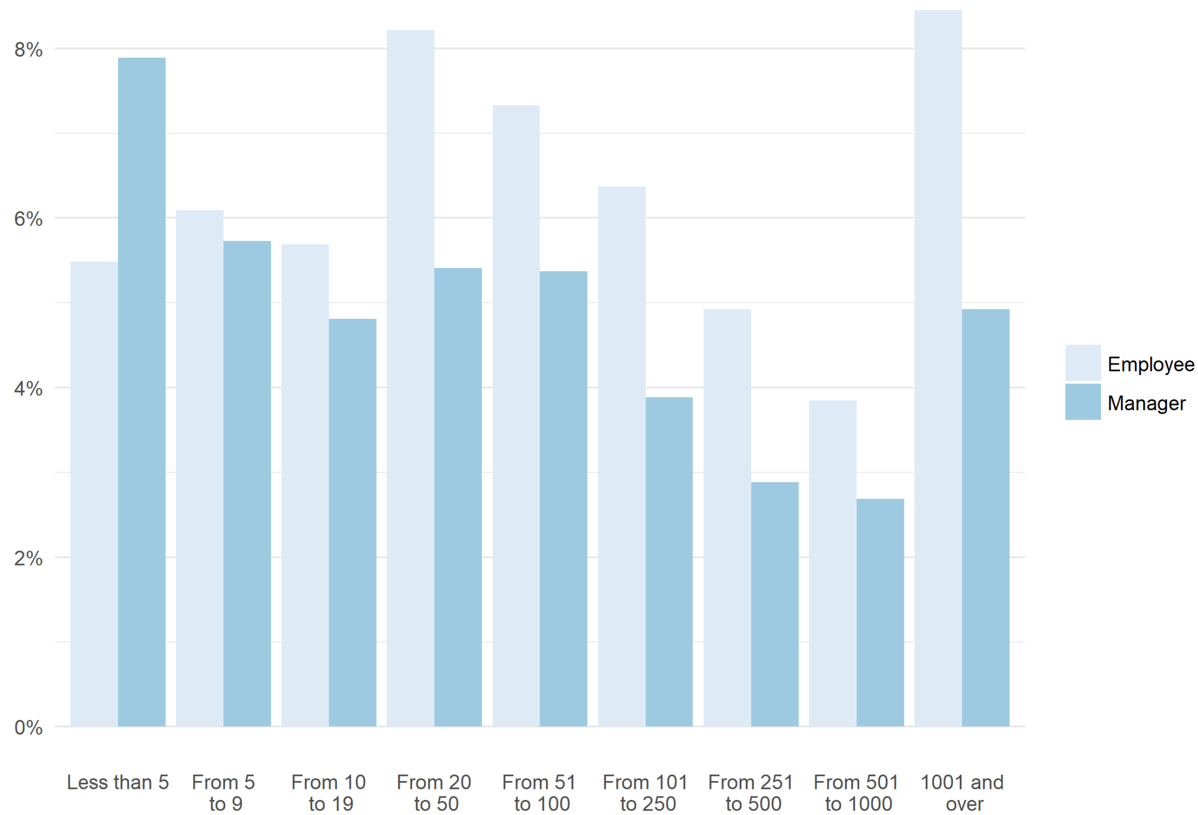
> How likely do you think it is that your CEO would provide funding to each of these parties because of this appeal?
>
> How likely do you think it is that your CEO would instruct employees in your firm to vote for this party because of this appeal?
>
> How likely do you think it is that your CEO would use your company's resources to hold rallies or distribute advertisements for this party because of this appeal?

The use of three different outcome questions was designed to capture various aspects of firm political behavior. The first question relates to the most studied aspect of firm politics, that of election funding, but the other two look at less understood but equally influential actions, including instructing employees to vote for a specific candidate and using firm resources for party rallies. The inclusion of the additional two questions also helps control for the respondent's knowledge about the CEO's actions. It would be harder in general for respondents to observe the CEO giving money to parties, but they would very likely know if their CEO ordered them to vote for a specific candidate or if their firm helped host a political rally.

In addition to these experimental vignettes, the survey asked respondents a variety of questions about firm performance, including their opinion on government bribery and corruption, their political views, and an assessment of their firm's political activities in the previous election. Some questions on firm performance were also adapted with permission from Malesky (2006). To safeguard respondent confidentiality, firm names were not recorded, and demographic information about the respondent was likewise limited, although an open-response question asking for subsector affiliation provides some ability to differentiate individual firms.

The ad that was used to recruit respondents offered them a cell phone credit if they completed the survey. At the beginning of the survey they had to fill out pre-screening questions, includ-

Figure 6.2: Distribution of Firm Sizes



ing their firm size and whether the respondent was an employee or a manager. Based on these characteristics, respondents were shown varying incentives. Managers were offered more than employees, and respondents from larger firms were offered more than from smaller firms. This differential survey incentive was designed to counter-act the marginal declining utility of higher incomes among employees and especially managers at larger, more established firms. Managers tend to have better knowledge of the firm than employees; thus, their responses are worth more to the survey. In general, the method seems to have worked as the distribution of firms is remarkably even, as can be seen in Figure 6.2. It would appear that a sizable number of managers answered the survey relative to employees, even among larger firms, which is a good indication that the survey incentive scheme was sufficient.

The statistical nature of the resulting sample is difficult to characterize, but it is should be generally representative of the sample frame of firm employees who use Facebook and are willing to respond to the survey incentives. It can be best understood as a probability-proportional-to-size (PPS) sample where the likelihood that a firm is selected is proportional to its share of the workforce. It could be possible to post-stratify the survey estimates using census firm sizes from government agencies, but the resulting adjusted estimates would be difficult to validate and for that reason I only utilize the raw sample data in analyses.

Data collection took place from June to July of 2017. A total of 2,496 completed responses were collected during this time period, which is quite close to the projected number of 2,700 from the survey pre-registration (see Appendix E). However, response rates differed across countries, with Cairo's sample larger than expected at 1,000, Algeria's at projection with 889, and Tunisia's somewhat smaller at 607. The reason for the discrepancy is that Egyptian and Algerian Facebook users responded to the ads at a much higher rate per ad impression than in Tunisia. The reasons for this differential response rate are unclear, besides the obvious difference in population size between the countries. Nonetheless, sample size is more than adequate according to the power simulation in the pre-registration to detect a hypothesized effect of 0.5 on a scale of 1 to 10 at the 95 percent confidence level (see Appendix F for more information).

However, an additional issue of survey validity occurred during the collection of data related to survey satisficing. Because the data collected were anonymized to both protect respondent confidentiality and to encourage responses to sensitive questions, it was not possible to prevent respondents from taking the survey multiple times.[3] Survey satisficing in online surveys has become a significant issue of concern as recruitment of online panels through incentives has grown as a practice. In general, duplicate responses were a problem for a small number of respondents who chose to re-take the survey and then attempt to send the cell phone credit to a different cell

3. To be extra careful about anonymity, I turned off Qualtric's collection of IP addresses. In hindsight, this action may have been more costly than beneficial in terms of the increased workload to prevent duplicate responses.

phone number. It would appear that some respondents were even trying to earn money through this method. Thankfully, these responses were relatively easy to identify as in general they completed the surveys very quickly and used duplicate answers.

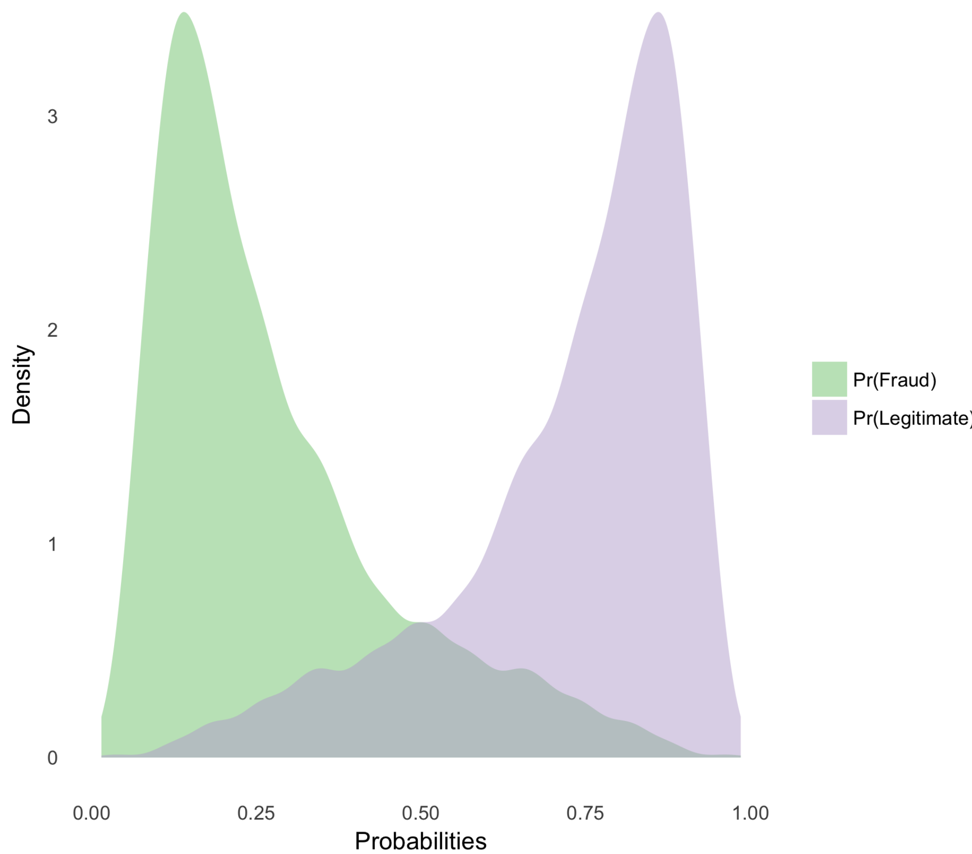
To ensure that I had removed all duplicate responses, I applied a random forests prediction model (Wright and Zeigler 2015) to a randomly-selected subset of the data (i.e., the test set) along with all of the surveys I had identified as duplicates (the training set). The prediction model was able to predict the duplicate responses with perfect accuracy using leave-one-out (LOO) cross-validation, so I then applied it to the full dataset. The predicted probabilities of response duplication are shown in Figure 6.3. As can be seen, the model classified the vast majority of responses as being valid. All responses for which the model gave a probability of .9 or higher of being duplicate were excluded; these amounted to only 3 respondents.

Finally, missing data were imputed using a random forests technique (Stekhoven and Bühlmann 2012). The reason that random forests were used to impute the data is because random forest algorithms are designed for categorical data of which there were many such variables in the survey dataset. Mainstream approaches like Amelia struggle with large numbers of categorical variables.[4] A simulation study of the approach compared to Amelia showed that the random forest imputation performed similarly or even better at recovering conditionally missing-at-random (CMAR) data (see Appendix B).

One-hundred imputed datasets were created; the results presented in this analysis average over these datasets to account for imputation uncertainty. In general, missing data in the survey was quite low. For the three outcome questions, missing responses comprised 6.8% of the funding DV, 7% of the vote compulsion DV, and 7.4% of the political rallies DV. In addition, missing responses for the DVs tended to be much higher in the second task because of survey satisficing (a few respondents did not want to answer similar questions twice in a row), which suggests that multiple

4. An attempt to run Amelia for 15 imputation runs on the dataset took four days on a dedicated desktop machine and still did not finish.

Figure 6.3: Predicted Probabilites of Duplicate Responses



imputation would be a valid approach as the probability of answering the second round of tasks is imputable based on their first task answers.

The main results of the experiment comprise conditional Average Marginal Component Effects ($AMCE$) (Hainmueller, Hangartner, and Yamamoto 2015), which are essentially the marginal effect of a vignette agency or benefit defined over a subset of the respondents. Because the subsets come from survey questions that the respondents filled out before responding to the vignettes, they are properly pre-treatment covariates and are mechanically un-correlated with the treatment. Furthermore, I include country dummies as post-stratification variables in all estimations in order to increase the precision of the estimates (Miratrix, Sekhon, and Yu 2012). All estimations were carried out with the `cjoint` package in R with standard errors clustered around respondents to account for intra-respondent correlation across tasks.

While the use of randomization ensures that pre-treatment covariates do not interfere with the causal pathway between the treatment and the outcome, this does not mean that the pre-treatment covariate itself is causally identified. The strata defined by the pre-treatment covariate were not randomly assigned and were likely a result of some kind of selection process. For that reason, while differences across strata as I present in my results are informative for those strata, it still up to the judgment of the analyst what the strata represent in causal terms.

6.3 The Military's Role in North African Economies

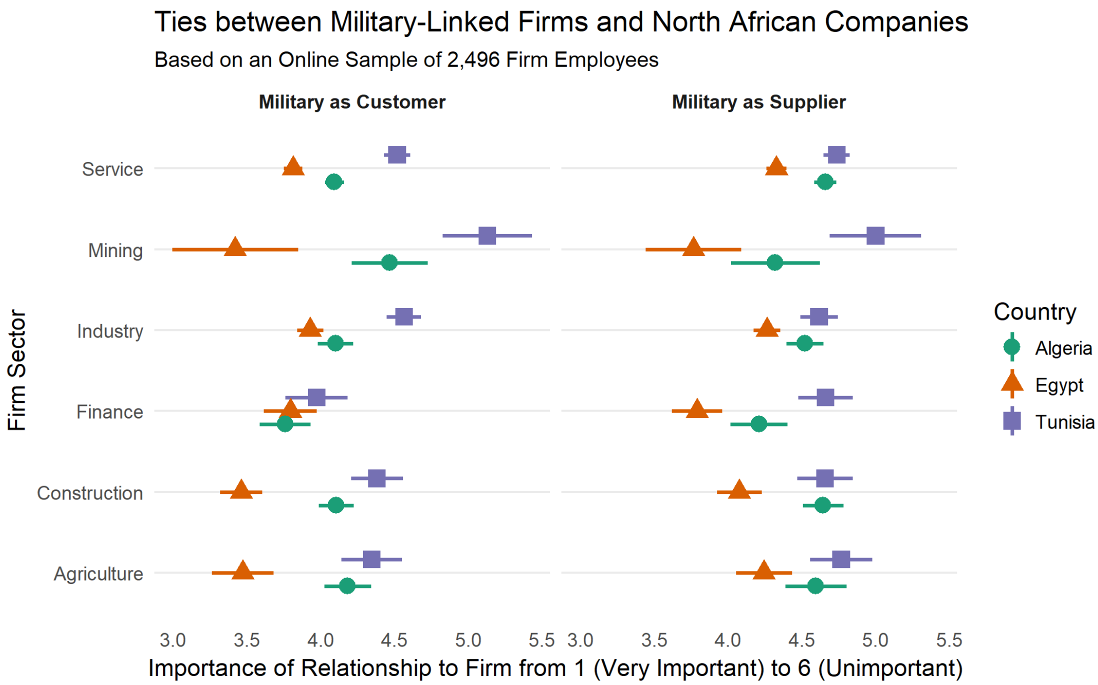
Before I examine the pre-registered results of Hypotheses 5 and 7, I first present information concerning the nature of the military-clientelist complex in these countries. It is well-known that Egypt's military has control over a wide number of firms in sectors as diverse as construction, primary materials manufacturing, and trade and transportation (Marshall and Stacher 2012; Morsy 2014; Adly 2017). Algeria's military has a similar type of military-clientelist complex, although it is arguably not as diverse and widespread as Egypt's (Cunningham 2013). Tunisia, by contrast, has a military that has been largely kept out of economic development, which is a function of long-term marginalization of the military from political power (Grewal 2016; Nassif 2015).

While these military-clientelist complexes have been studied before, all research has been qualitative in nature because these militaries have avoided disclosing the size of their holdings. This has led to wildly varying estimates of the size of the military's footprint in the economy, with figures of the Egyptian military's share of GDP ranging from 5 to 40 percent (Marshall and Stacher 2012). To provide more concrete data, I asked respondents in the survey to rank the customers and suppliers of their firm given six options: state-owned enterprises, military-owned enterprises, state agencies, private firms and individuals, foreign firms and exports to third countries. An ordinal ranking was used to account for the fact that many respondents would not have access to their full supply and revenue data on hand, but would be likely to know the relative importance of each of these sectors to the firm.

Figure 6.4 shows the distribution of employee rankings of firms by sector and by country for both military-linked firms as suppliers and customers. The Egyptian military has a greater presence across sectors compared to both Algeria and Tunisia, while the Algerian military has a greater presence than Tunisia but less than Egypt. The Egyptian military's clientelist complex is most pronounced in mining, construction and agriculture, where firms on average rank the military between the 3rd and 4th most important customer and roughly the 4th most important supplier. This chart demonstrates that the qualitative literature is broadly correct in its assessment of the depth of the Egyptian military-clientelist complex. In addition, the figure illustrates the clientelist dimension by showing that the military has greater linkages in agriculture and construction than in industry, a concentration of activity that differs from what would be expected if the military was solely involved in contracting for arms and material.

Figures 6.5 and 6.6 examine Egypt's military-clientelist complex in more detail. Figure 6.5

Figure 6.4:

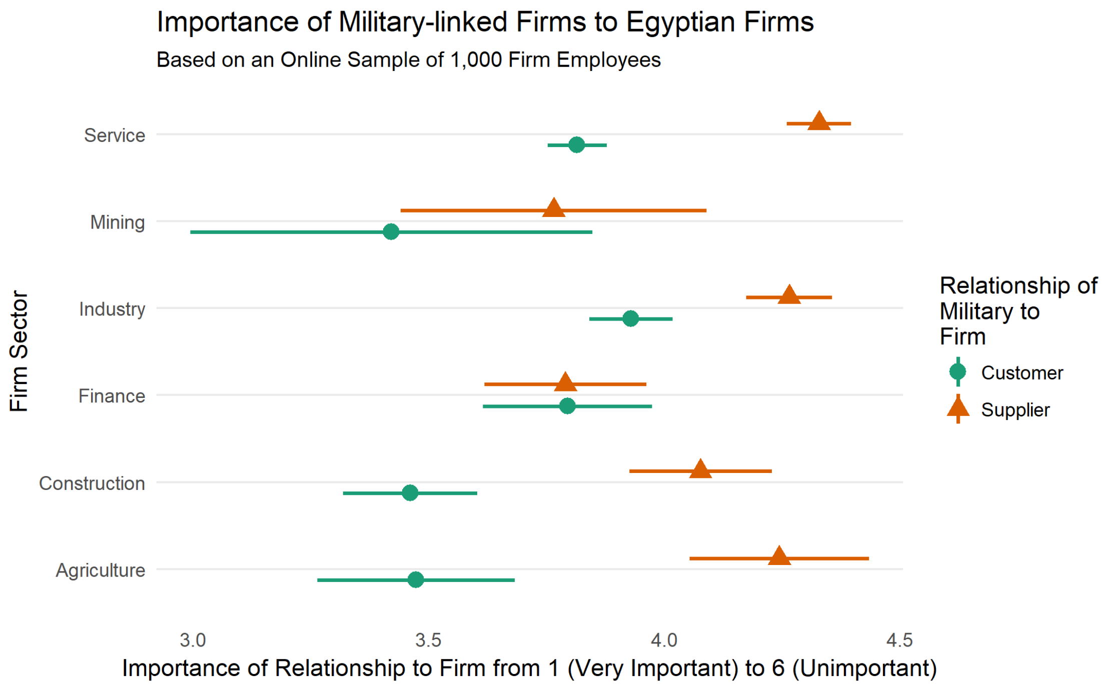


Note: respondent was asked to rank six possible customers and suppliers to the respondent's firm, including state-owned enterprises, military-owned enterprises, domestic firms and individuals, state agencies, foreign firms and exported to third countries.

shows that the presence of the military is more pronounced as a customer than as a supplier, except interestingly enough for the financial industry. It also shows that military-linked firms have similar importance in both the service and industrial fields, which is further evidence that these economic linkages depart from the needs of the defense industry. Finally, Figure 6.6 provides evidence that firms that have strongest links to military enterprises tend to be medium-sized firms: the two categories with the strongest linkages are firms with 51 to 100 employees and firms with 501 to 1000 employees, although the relationship for the latter is only pronounced for the military as a customer.

To summarize, Egypt's military-clientelist complex is massive in scope and can be measured quantitatively relative to other countries. However, at the same time it would be wrong to think of this complex as dominating the entire economy: most firms list other kinds of suppliers and customers as more important than military-linked enterprises. Furthermore, while the difference

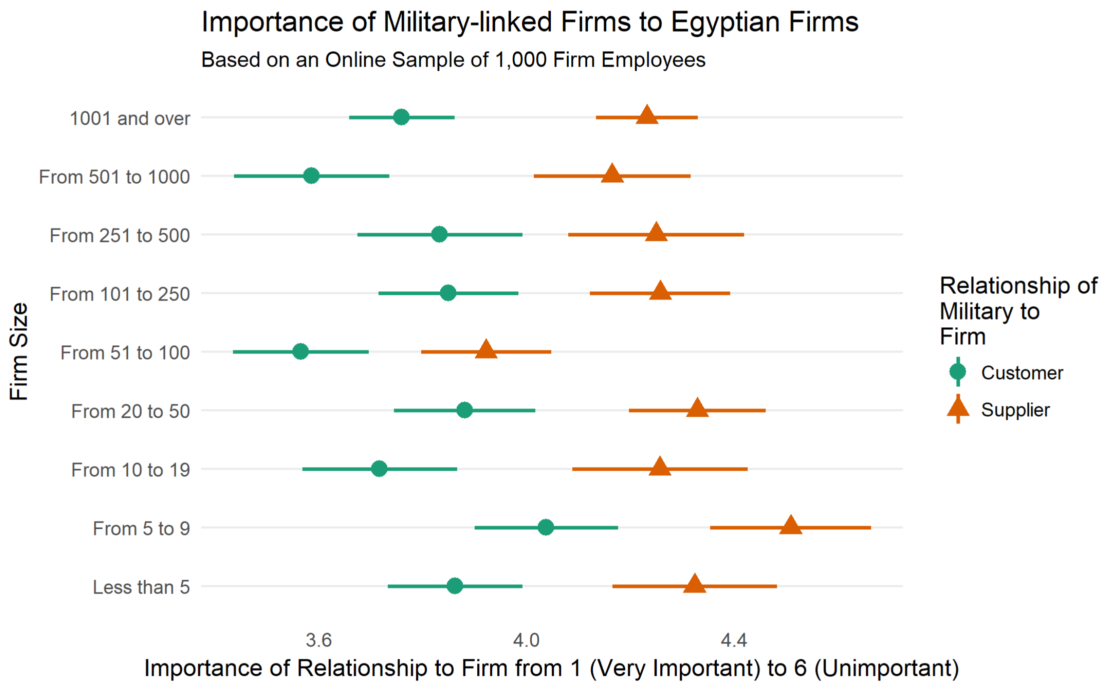
Figure 6.5:



Note: respondent was asked to rank six possible customers and suppliers to the respondent's firm, including state-owned enterprises, military-owned enterprises, domestic firms and individuals, state agencies, foreign firms and exported to third countries.

between Egypt and other countries is statistically measurable, it is one of degree, not of kind. It is not enough, in other words, to simply say that in Egypt all firms do the miltary's bidding because they will lose all their suppliers or customers otherwise. To understand how and why this military-clientelist complex becomes politically significant, we need to understand how this complex can encourage firm collective action that induces firm participation outside of only those firms that are enmeshed in the complex.

Figure 6.6:



Note: respondent was asked to rank six possible customers and suppliers to the respondent's firm, including state-owned enterprises, military-owned enterprises, domestic firms and individuals, state agencies, foreign firms and exported to third countries.

6.4 Pre-Registered Results

To understand how firms respond to the military-clientelist complex, I use the results of the conjoint experiment to see how firm political participation varies in response to changes in benefits that a firm could receive from different government agencies. Each of the results presented in this section were pre-registered as outcomes, and for that reason I present all of the results regardless of whether they are statistically significant. As there are three outcome variables (a firm providing funds, votes or rallies to a party) and a total of 14 treatments (7 government agencies and 7 offers of rents) based on the particular kind of appeal that a respondent was shown, I present the results as plots with associated 95 percent confident intervals while the tables of coefficients are in Appendix D. In general I do not focus on whether the effects are statistically significant as the null hypothesis is not always of interest with interactive effects. Substantively, a null effect implies that the treatment cannot be distinguished from the baseline. For analyses in which I am primarily interested in comparing government actors, the baseline is the government, while in analyses that involve the different benefits to firms, macro-economic reforms is the generic baseline. Because these null hypotheses are not always interesting, I instead focus on the degree of slope between categories of interaction; i.e., the differences between conditional interactions shown through effect plots (Brambor, Clark, and Golder 2006). A strong degree of slope can signify a strong relationship across varying treatment effects.

Presenting the results from all three dependent variables is important to avoid a multiple-comparison problem: the combination of 14 treatments and 3 outcomes means that the base specification has 42 possible effects, thus if I only presented statistically-significant effects it could lead to biased conclusions. The coefficients can be interpreted as the average difference between two appeals that are similar except for the treatment. The scale of the coefficients is relative to the possible range of the outcome variable from zero for a very unlikely firm response to an appeal to ten for a very likely firm response to the political appeal.

I first present tests of Hypothesis 5 relating to direct military-firm linkages, and then look at collective action dynamics with Hypothesis 7.

6.4.1 Hypothesis 5: Military-Firm Linkages Drive Political Participation

Hypothesis 5 argues that firms with direct connections to military-linked firms are more likely to respond to appeals that offer benefits from the military as opposed to other institutions. This hypothesis takes a straightforward, but relatively simplistic, approach to understanding the influence of the military-clientelist complex by focusing exclusively on firms with direct linkages to the military. Firms that rely on the military more heavily as a supplier or customer should, ceteris paribus, be more likely than firms without such a relationship to respond positively to an appeal for political support that offers the firm a benefit from the military.

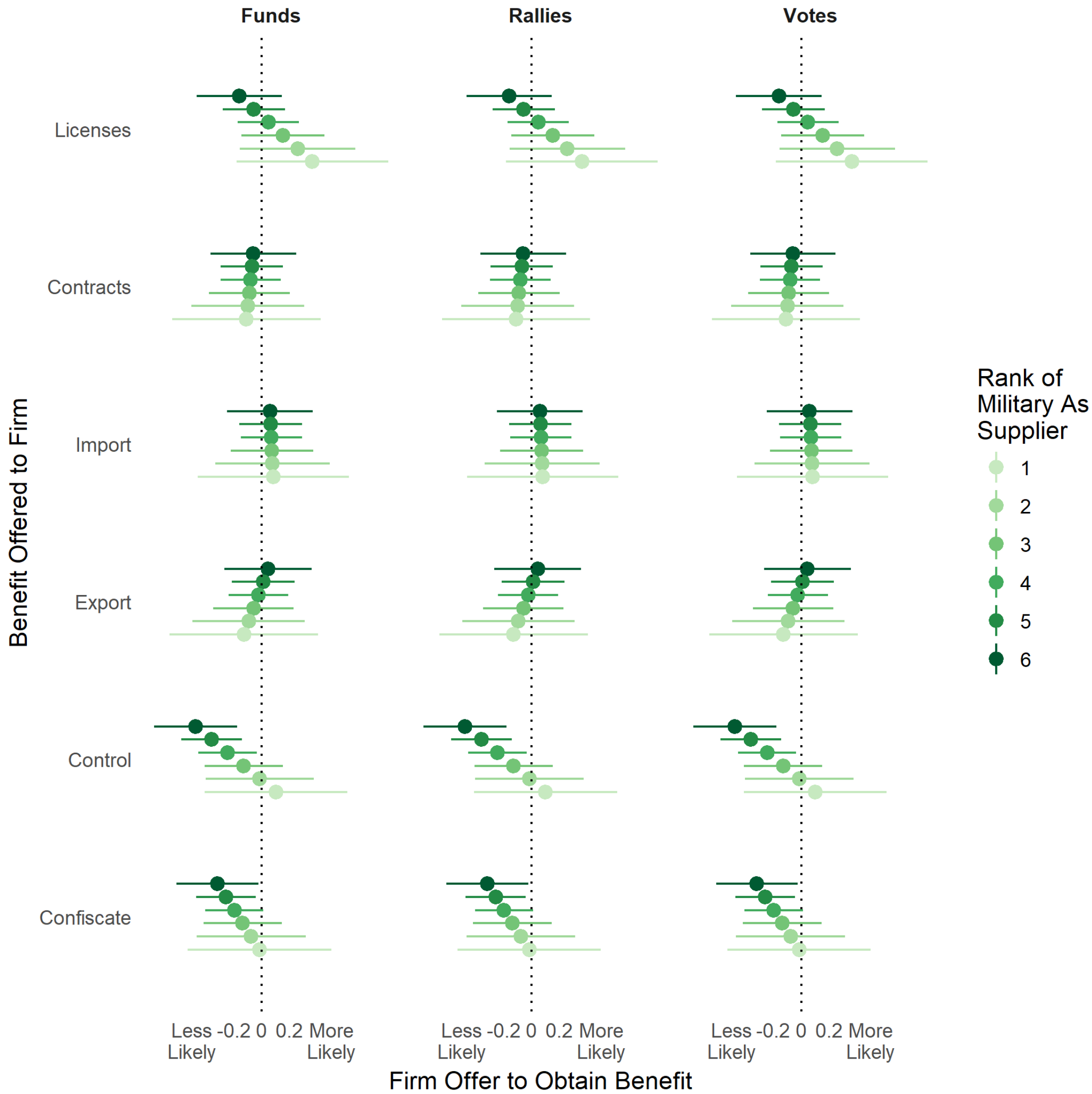
I operationalize these linkages using the same survey question used to understand the military-clientelist complex cross-nationally: a 1 to 6 indicator for how important military-linked sources are to firms as suppliers and consumers, with 1 being the highest and 6 the lowest. I then interact these ordinal variables for the military as a supplier and a consumer with the type of agency and the type of benefit in the conjoint experiment, the results of which are shown in Figures 6.7, 6.8, 6.9, and 6.10.

The results are not as straightforward as the hypothesis suggests. It is difficult to clearly characterize the relationships between firms and the militaries in these plots in terms of the benefits that a firm might stand to gain from political participation as it varies depending of whether the firm has a close customer or supplier relationship to the military. In terms of benefits that respondents were offered, firms with close customer relationships to the military were less likely to respond to appeals offering help with exports and protection from government confiscation of income. However, they were also more likely to respond to appeals offering to protect the firm from the government taking control of the firm. Firms with close supplier relationships with the military, on the other hand, were more likely to respond positively to appeals offering government licenses and were somewhat willing to respond to appeals offering protection from the government seizing control of the firm.

The common thread in these contrasting effects is that firms enmeshed in the military-clientelist complex appear to fear outright expropriation of the firm by government agencies, but beyond that it is difficult to make conclusions based on this data alone. In addition, it is clear that there are a large number of null effects, especially for government contracts, which would seem like a benefit that firms in the military-clientelist complex should be more invested in.

While there are clear differences for the benefits a firm might respond to as a function of its connection to the military, there are significantly fewer differences when the agencies offering benefits are contrasted. Figures 6.9 and 6.10 show that firms with strong supplier relationships to the

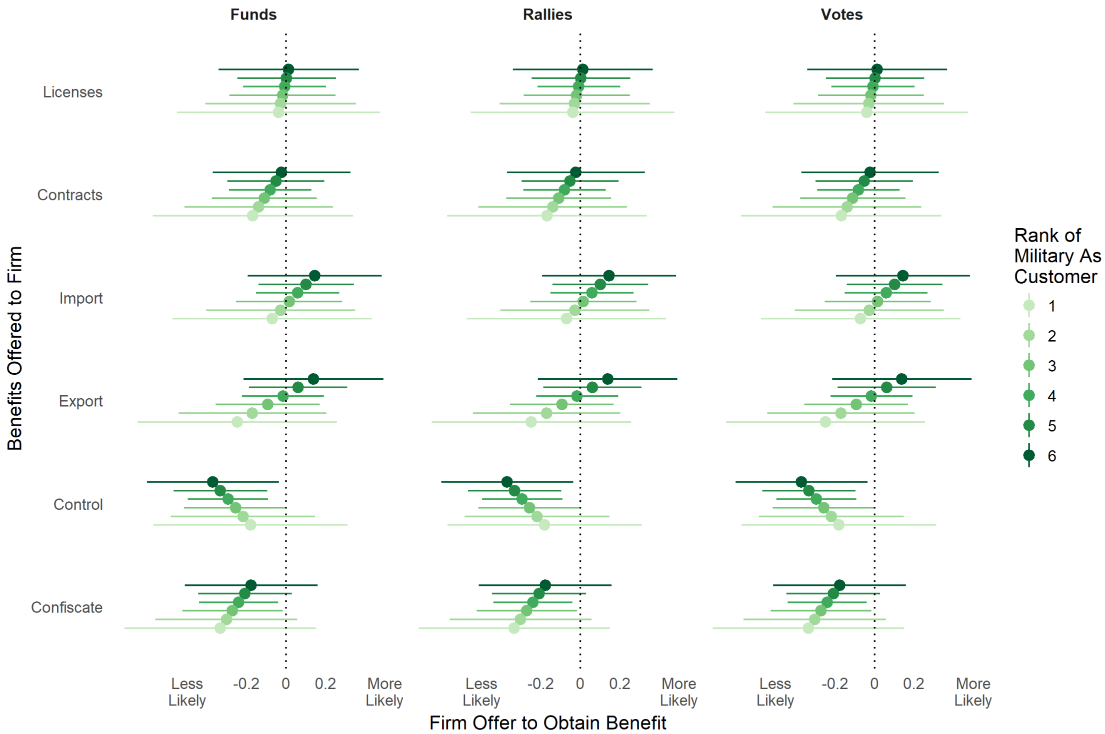
Figure 6.7: Importance of Military as Supplier to Firm across Benefits



Note: Baseline category for benefit is macro-economic reform and for agencies is the government.

military respond similarly across different agencies in appeals, while firms with strong customer dependence on the military are somewhat more likely to respond to appeals with the military as an agency, but the effect is weak. Furthermore, across different government agencies, firms with close links to the military-clientelist complex are no more or less likely to respond to appeals offering benefits from these agencies. In other words, the fact that a firm is enmeshed in the military-clientelist complex does not greatly change its willingness to respond to a political appeal that

Figure 6.8: Importance of Military as Customer to Firm across Benefits



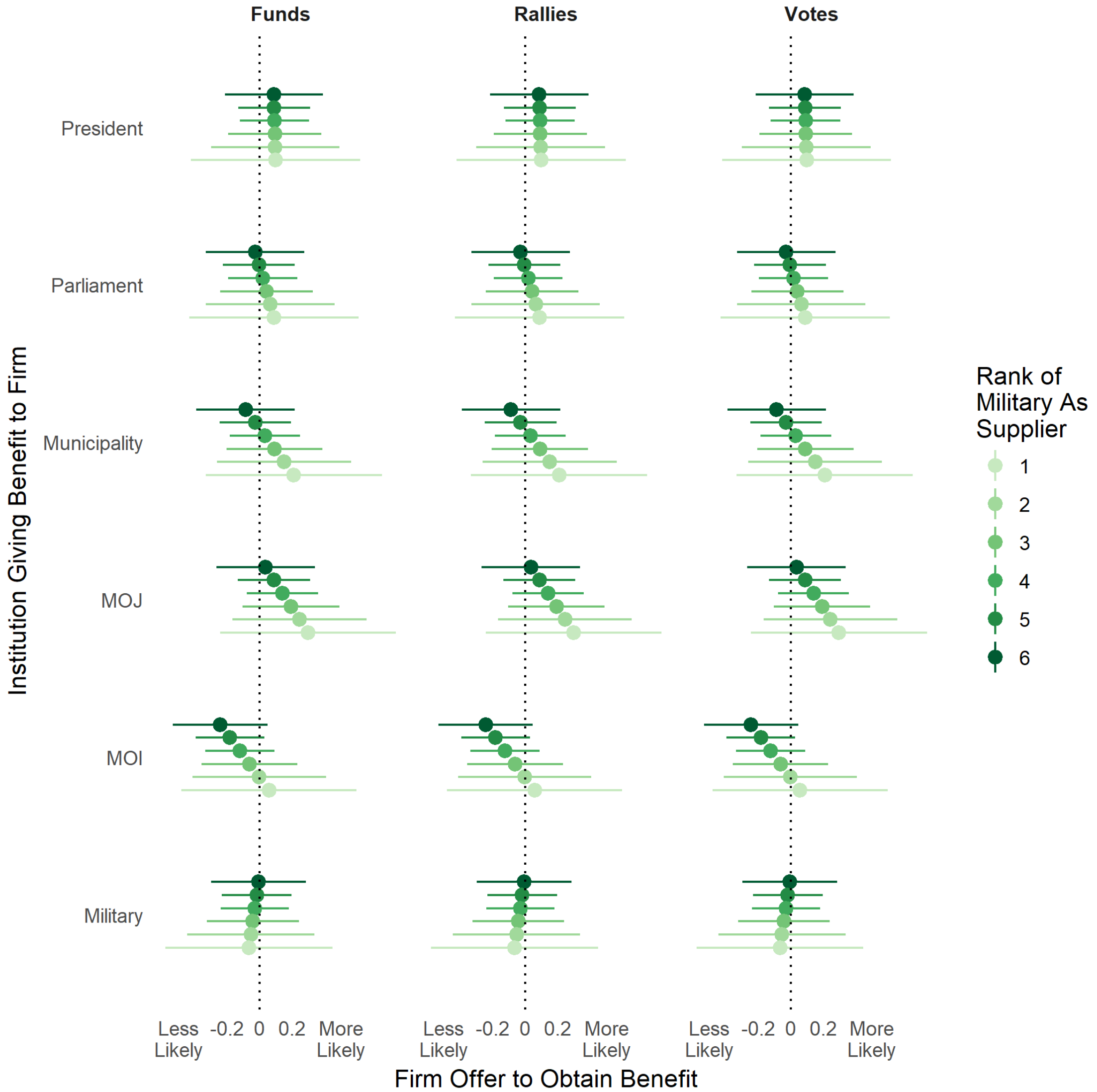
Note: Baseline category for benefit is macro-economic reform and for agencies is the government.

offers a benefit from the military relative to other government institutions.

This finding is surprising because it would seem intuitive that firms that rank the military highly as a customer or a supplier would also be more likely to respond to an appeal that offers them a benefit from the military. Furthermore, as shown in Figures 6.7 and 6.8, firms with close supplier linkages to the military do tend to respond to certain rent-seeking benefits at higher rates, so it is clear that these firms also rely on political connections for profits.

In Appendix A, I further examine these same effect plots except only within the Egypt sample. While there are differences in terms of how firms respond to benefits given firm proximity to the military-clientelist complex in the Egypt-only sample, it is clear nonetheless that firms enmeshed in the complex do not respond more positively to the military as an agency offering a benefit relative to other agencies. Whether in the disaggregated or aggregated data, this surprising patterns holds

Figure 6.9: Importance of Military as Supplier to Firm across Agencies

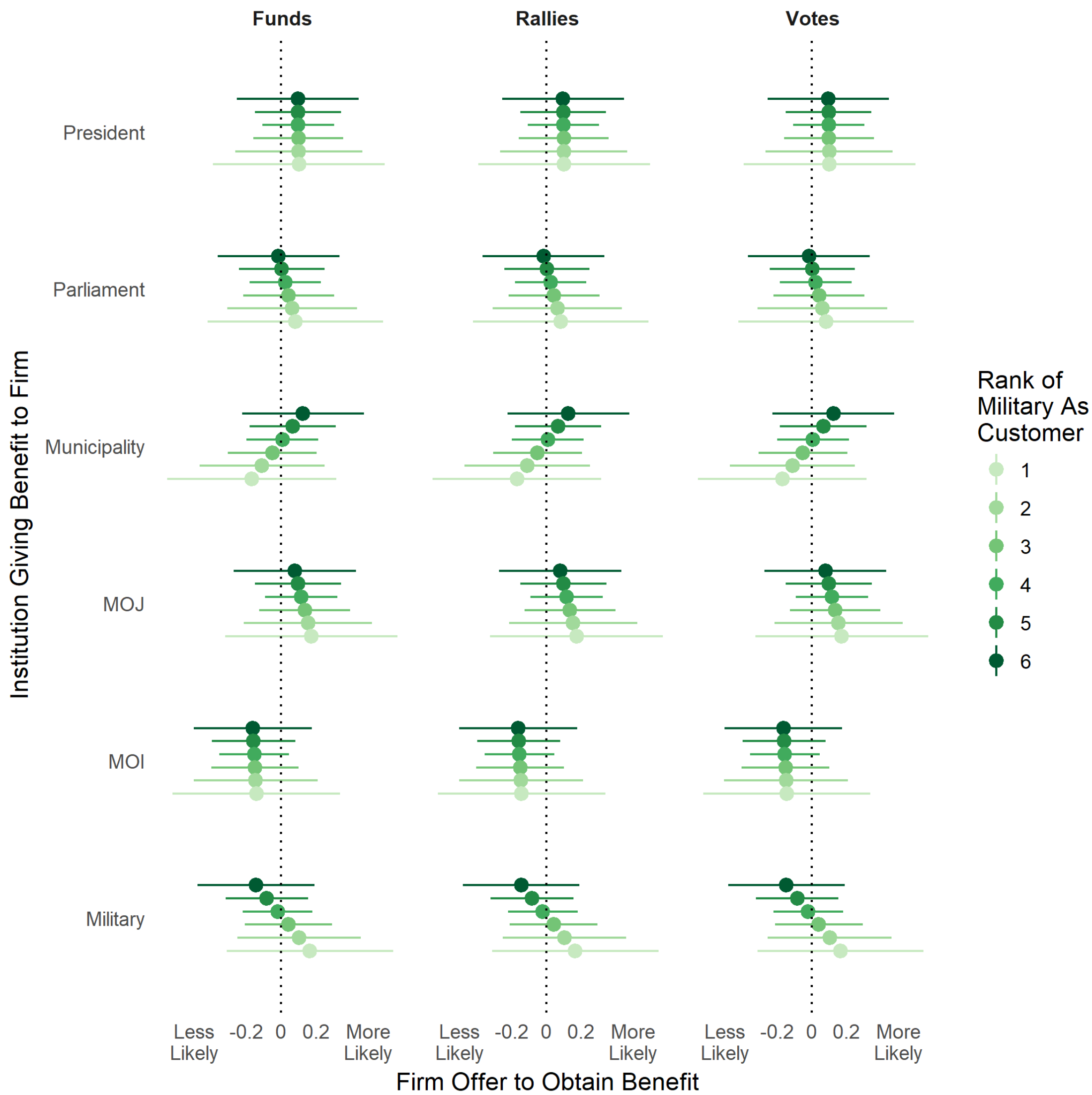


Note: Baseline category for benefit is macro-economic reform and for agencies is the government.

up.

The mixed evidence in support of Hypothesis 5–those firms that respond to the military as an institution should be those firms with close links to the military–requires a revision of this simplistic understanding of firm political economy in the region. It is clear that the military-clientelist complex exists in these countries, per the results from the previous section, and there is substantial qualitative information to suggest that this complex is having an effect on business

Figure 6.10: Importance of Military as Customer to Firm across Agencies



Note: Baseline category for benefit is macro-economic reform and for agencies is the government.

political participation. But the channel is not solely, or even primarily, through direct links with military-linked firms. Rather, the effect must be driven by a collective, rather than individual, action phenomenon. In the following section, I test for the collective action mechanism directly.

6.4.2 Hypothesis 7: Military-Clientelist Complex Raises Aggregate Firm Participation

Examining the collective-action dynamics of firms in these countries requires between-country comparisons because the scale of the military-clientelist complex only varies across countries. For these reasons, the tests presented in this section focus on how responses to hypothetical appeals vary across countries by interacting treatment variables with country intercepts. First, however, a direct test of the hypothesis is to see if aggregate firm responses to all appeals differs across countries as would be expected in terms of the size of the military-clientelist complex. Table 6.3 shows the intercepts for each country estimated marginal of all treatment effects by including them as dummies in the baseline specification. As can be seen, Egyptian firms respond more positively than either Tunisian or Algerian firms across the board (Tunisia is the reference category), and the effects are quite large in magnitude, ranging from a half a point to almost three-quarters of a point on the scale of 1 to 10.

Table 6.3: Country-Level Intercepts for $AMCE$s

Country	DV	Coefficient	95% Low	95% High	P-value
Egypt	Funds	0.493	0.26	0.72	0.000
Egypt	Rallies	0.610	0.38	0.84	0.000
Egypt	Votes	0.676	0.44	0.91	0.000
Algeria	Funds	-0.302	-0.53	-0.077	0.001
Algeria	Rallies	-0.253	-0.48	-0.03	0.026
Algeria	Votes	-0.178	-0.40	0.047	0.121

Note: Tunisia is the reference category.

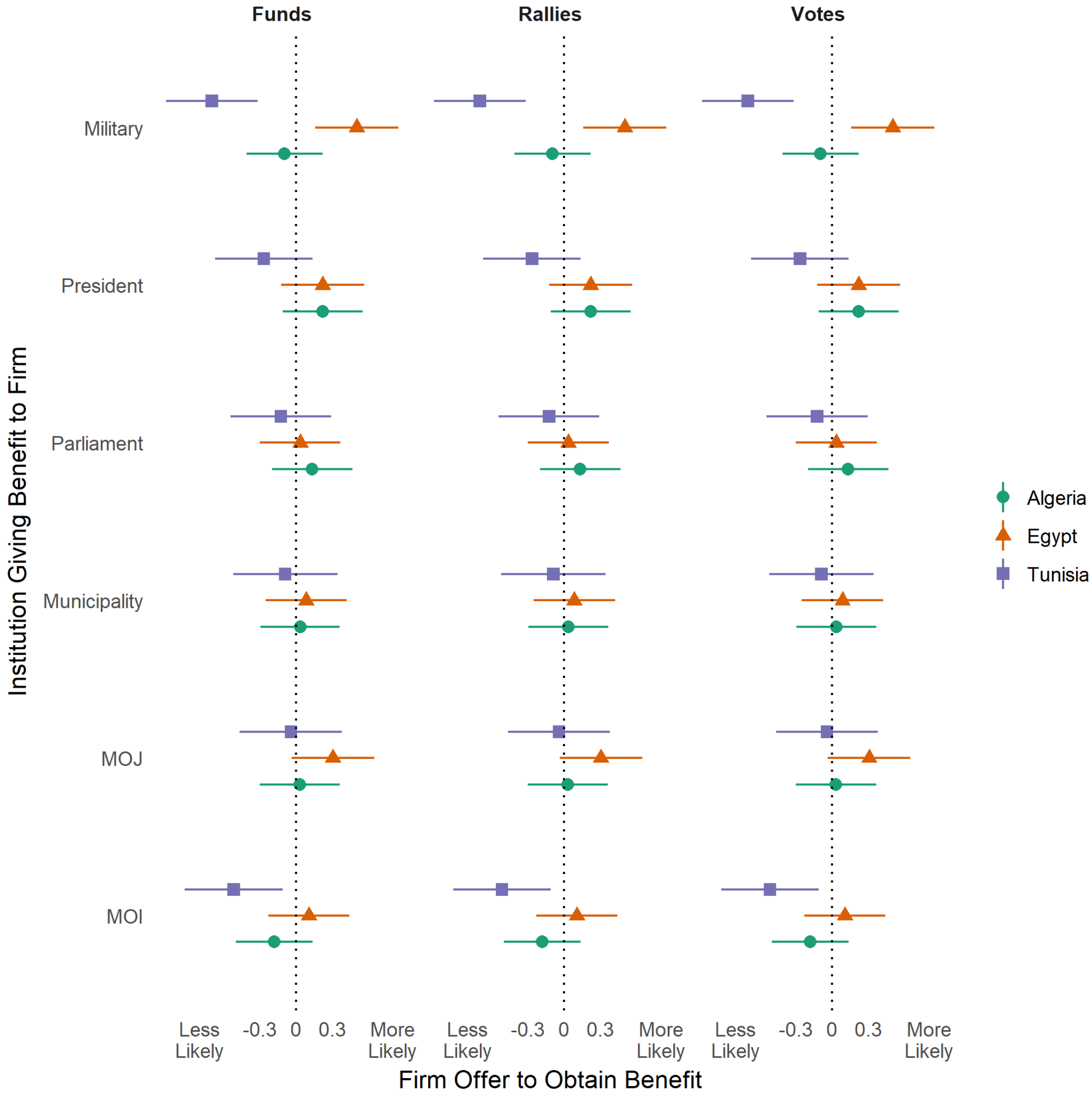
However, responses to appeals in Algeria are lower than in Tunisia by a quarter point, although for voting compulsion the difference is slight. While it can be difficult to interpret country-level differences using only dummy variables, it would appear that my theory about Egypt's higher average level of political involvement because of the role of the military holds true, although in Algeria, which also has a powerful military, aggregate levels of firm political action are lower. The reason for this is likely because of the nature of Algeria's current regime, with an aging president and substantial uncertainty about the future of military rule in the country. In fact, some observers have begun to talk about a form of political opening in the country as the current regime struggles to maintain political control with leadership succession an open issue (Volpi 2014). Thus this evidence provides partial confirmation of H7 that argues that the presence of a powerful military-clientelist complex will prompt a higher aggregate level of political action across appeal types. This hypothesis needs to be qualified to take into account contextual factors about the health of the military's ruling coalition.

In addition to these aggregate results, the individual treatments of the survey experiment also show support for the theory that firm collective action should be driven by the military-clientelist complex. Figure 6.11 shows that this pattern can be clearly seen in the disaggregated data by interacting the agency treatments with the country intercepts. While Egypt, Tunisia and Algeria are quite similar for the majority of agencies, there is a pronounced difference for the military. Appeals mentioning the military are more than a point more likely to encourage firm response in Egypt compared to Tunisia, while firms in Algeria are also noticeably more likely to respond to military-linked appeals than Tunisia. This finding holds when comparing the military to other government institutions as potential providers of rents to firms. Firms in Egypt are much more likely to respond to the military as a potential source of rents than they are other institutions that would seem to be more direct sources of these benefits, such as the Ministry of Justice or even the parliament. Furthermore, this finding averages over all the possible benefits that a firm could receive from political participation.

This comparison of the country-level intercepts with an interaction with the military as a treatment provides strong evidence that firm collective action is higher in Egypt as a result of the military-clientelist complex. Firms are far more active politically in Egypt than in Tunisia or even Algeria, and they are also much more likely to respond to a benefit offered by the military even if they do not have direct economic linkages to the military. In other words, the military-clientelist complex does appear to affect firm behavior in the aggregate, but the channels through which it does so are not direct or straightforward as might be expected.

This finding helps to clarify the perplexing results from Hypothesis 5, which showed that firms with close links to the military do not necessarily respond at higher rates to appeals that incorporate the military. The total effect of the military on firm political action cannot be solely explained by concrete links between firms and the military, although these are undoubtedly more prevalent in Algeria and Egypt. Rather, the military-clientelist complex helped create a nucleus of firms that have as their primary interest supporting the military's political role, and this critical level of support further encouraged businesspeople to adjust their beliefs about the strength of the military-led coalition. Once their beliefs adjusted, businesspeople became willing to support the military-led coalition even if they did not personally have close economic ties to the military. This systemic effect is arguably a sign of strategic complementarities that are likely to encourage higher aggregate levels of firm participation: as the proportion of firms believing that other firms are participating increases, then the aggregate level of participation is likely to increase non-linearly (Kuran 1991). Through this mechanism, the military-clientelist complex can affect all firms without having to have personal control over all firms.

Figure 6.11: Importance of Military Across Countries



Note: Baseline category for benefit is macro-economic reform and for agencies is the government.

6.5 Exploratory Results

In this section, I continue to examine the role of the military by looking at outcomes and interactions that were not in the original pre-registration of the study. These results are put in a different section of the paper because they were not decided before the results of the survey were obtained; for that reason there is a problem with "researcher's degrees of freedom" as only certain effects are investigated (Gelman et al. 2013). However, it is important to look at possible explanations for the pre-registered outcomes, especially for firms with relationships with the military, to provide a direction for future research.

This exploratory research is aimed at better understanding how the Egyptian military integrates with the economy. However, given the large number of possible interactions and subgroups to examine, it is difficult to conduct a thorough investigation of all possible effects in the dataset in a principled manner. To remedy this problem, I use the Ratkovic and Tingley (2017) method of sparse estimation based on the LASSO principle in which a regression is weighted with a conservative prior that biases all effects towards zero. This regression was run by interacting the treatment for the military as an agency with all other covariates in the dataset for a fully saturated model, and the Ratkovic and Tingley (2017) model selected only those effects which showed a positive probability of being non-zero. The advantage of using this method is that it tests for all interactions simultaneously instead of leaving it up to the researcher to probe the dataset for significance until it is found or to use the flawed step-wise regression procedure.

One unfortunate consequence of using this method is that it does not align easily with multiple imputation. The conservative priors force the effects to zero, which when averaged over 100 datasets results in posterior probabilities that are substantially deflated. While the model does still do an excellent job finding those effects in the dataset that appear to have unique and important effects on firm response, the extant probabilities reported here are probably too low.

The results of this procedure are shown in Table 6.4 in which each variable b is shown along with the probability that the interaction is greater than zero $P(b > 0)$. This table shows several intriguing effects that emerge from this analysis. Firms that tend to respond positively to appeals that incorporate the military as an agency in Egypt include firms that pay more than 30% of their revenue in bribes, firms that have sizable revenues (measured in billions of Egyptian pounds), firms that do not have Islamic loans, and firms with a profit margin of more than 20%. Conversely,

Variable (b)	$P(b > 0)$
Firm Does Not Have Islamic Loans	0.18791
More than 30% Revenue in Bribes	0.05425
Greater than 20% Profit Margin	0.04111
Revenue in Billions Egyptian Pounds	0.00449
Respondent Education Less than High School	0.00284
Bribes Increased Since Arab Spring	0.00276
Firm Revenue in Billions Tunisian Dinar	0.00267
Goods Sold on Domestic Market	0.00026

Table 6.4: Probability that a Given Interaction with the Military Treatment is Greater Than Zero
Note: Probabilities have been significantly deflated by the use of multiple imputation in the survey experiment.

firms that have slimmer profit margins and exist in more competitive industries tend to respond to appeals mentioning the military less. Unfortunately, this point-in-time survey cannot identify a critical endogeneity issue in the interpretation of these results: does response to these appeals signal that these firms already have a positive relationship with the military, and hence their businesses are performing well as a result, or did their high-performing businesses cause them to respond positively to the appeals?

Two clues suggest that it is the former. First, the fact that some of these firms are also firms that do not use Islamic loans indicates that these firms are likely those with ideological proclivities that would render them amenable to the military's attack on Islamist groups like the Muslim Brotherhood. Second, qualitative information regarding military economic expansion shows that firms that have a positive relationship with the military have likely benefited tremendously from the mega-projects that President Al-Sisi has made a hallmark of his regime. Thus it would seem likely that firms that benefited the most from the military are also very likely to respond to military-based appeals and have maintained higher profit margins along with secularist credentials.

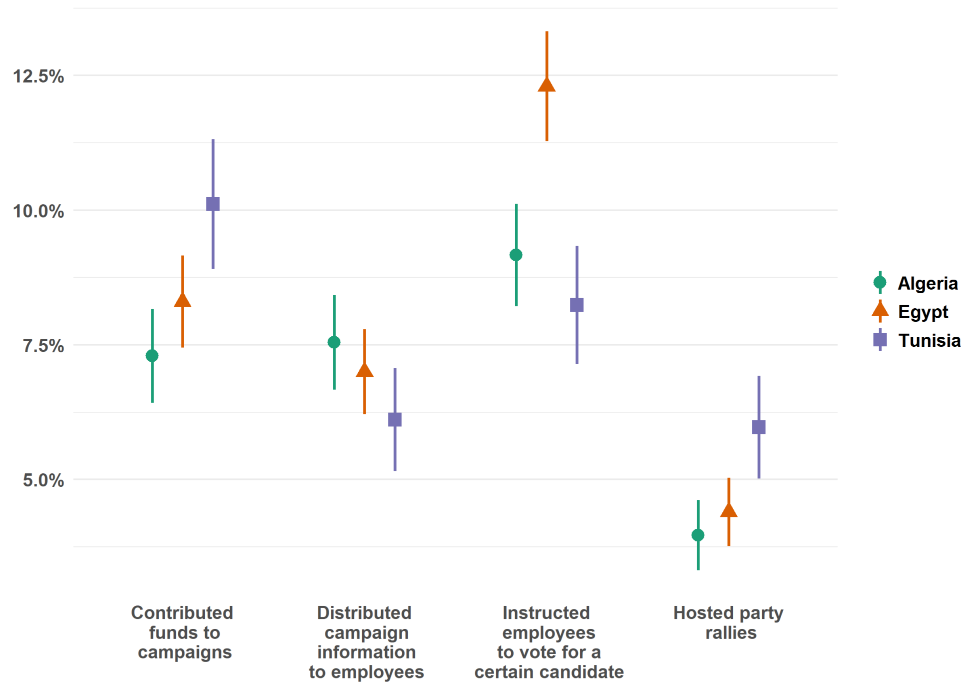
In addition, the fact that firms with Islamist loans tend to respond less to military appeals is a signal that sectarian cleavages between Islamists and secularists in the country are being mapped onto the military-clientelist complex. A firm's loan portfolio is unlikely to change in the short-term, so it is very likely that a firm's use of Islamic financial products is a signal of the firm's sectarian proclivities, and it would seem that these firms are being shut out of distributional networks after the fall of the Muslim Brotherhood. While not surprising given the military's assault on Islamist networks in the country, it is important to note the way in which sectarianism is affecting government transfers.

6.6 Discussion

This paper offers a more nuanced theory of firm political engagement in late-developing countries that shows how military-clientelist complexes can have systemic effects on firm collective action on behalf of dictatorships. There is very strong evidence that the dominant economic position of the military causes firms to be more responsive to political appeals for participation. Notably, these effects are present across different appeals in Egypt, not only among firms with close links to the military. As in all other types of political movements, elite coalitions suffer from collective action problems, and the role of economic institutions in dictatorships and hybrid regimes may be to encourage firm collective action on behalf of the regime.

While the survey experiment used hypothetical appeals as its treatment, firm behavior in actual elections can have real consequences on the trajectory of elite coalitions and regimes. Figure 6.12 shows the political activities reported by respondents of their firms across Algeria, Egypt and Tunisia. As can be seen, the effects are similar across countries, but in Egypt firms are much more likely to have told their employees to vote for a specific candidate. According to this survey, between 10 and 15 percent of firms did so, and this number should be interpreted as a lower bound of

Figure 6.12: Politicial Activities of Firms as Reported by Employees



the true estimate because of the sensitivity of the question. Considering that turnout among Egypt's parliamentary elections under a new dictatorship in 2015 amounted to only 26 percent of the electorate, the electoral persuasion and coercion employed by firms may have had a profound effect on the outcome of the election. Furthermore, we can place this number in comparative perspective with Hertel-Fernandez (2017) research on American firms: only 5 percent of US employees in his surveys reported receiving any political messages at all from their employers, including relatively innocuous messages encouraging employees to turn out to vote.

Combining the two kinds of incentives facing firms–aggregate incentives coming from statewide political-economic penetration and micro-incentives particular to industries–into over-arching theories of coalition development and maintenance would further develop our understanding of elite politics and the rise and fall of political regimes. Powerful businesspeople are often observed as the cornerstone of coalitions for and against democratization, but to understand when these coalitions succeed we need to analyze further the building blocks of late-developing political economy.

6.7 Conclusion

In this study, I show that firms in Tunisia, Egypt and Algeria are powerfully influenced by macro-economic structural factors when responding to appeals for political participation. Analysis of pre-registered outcomes regarding the military-clientelist complex in these countries produced a counter-intuitive finding: firms that rated the military as a top customer or supplier did not appear to respond significantly more to political appeals mentioning the military. Further examination of these results showed that the military's political-economic institutions had a systemic effect on all Egyptian firms, not just those with strong business relations to the military. This finding helped validate the theory presented that the military-clientelist complex affects firms through economic exchange but also by affecting the beliefs of all firms concerning support for the military among other businesspeople.

Given the novel source of data presented, the conclusions in this article are provisional. The use of data at a single point in time can make it difficult to separate selection effects and concerns over endogeneity from true causal relationships. Understanding when and why firms choose to participate in a military-clientelist complex, and why some firms are more able to do so than others, is an interesting arena for future research on this subject. While providing initial estimates of firm political participation in North Africa, the goal of this study is to encourage more testing of theories concerning firm political behavior using data collected from firms themselves.

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Chapter 7

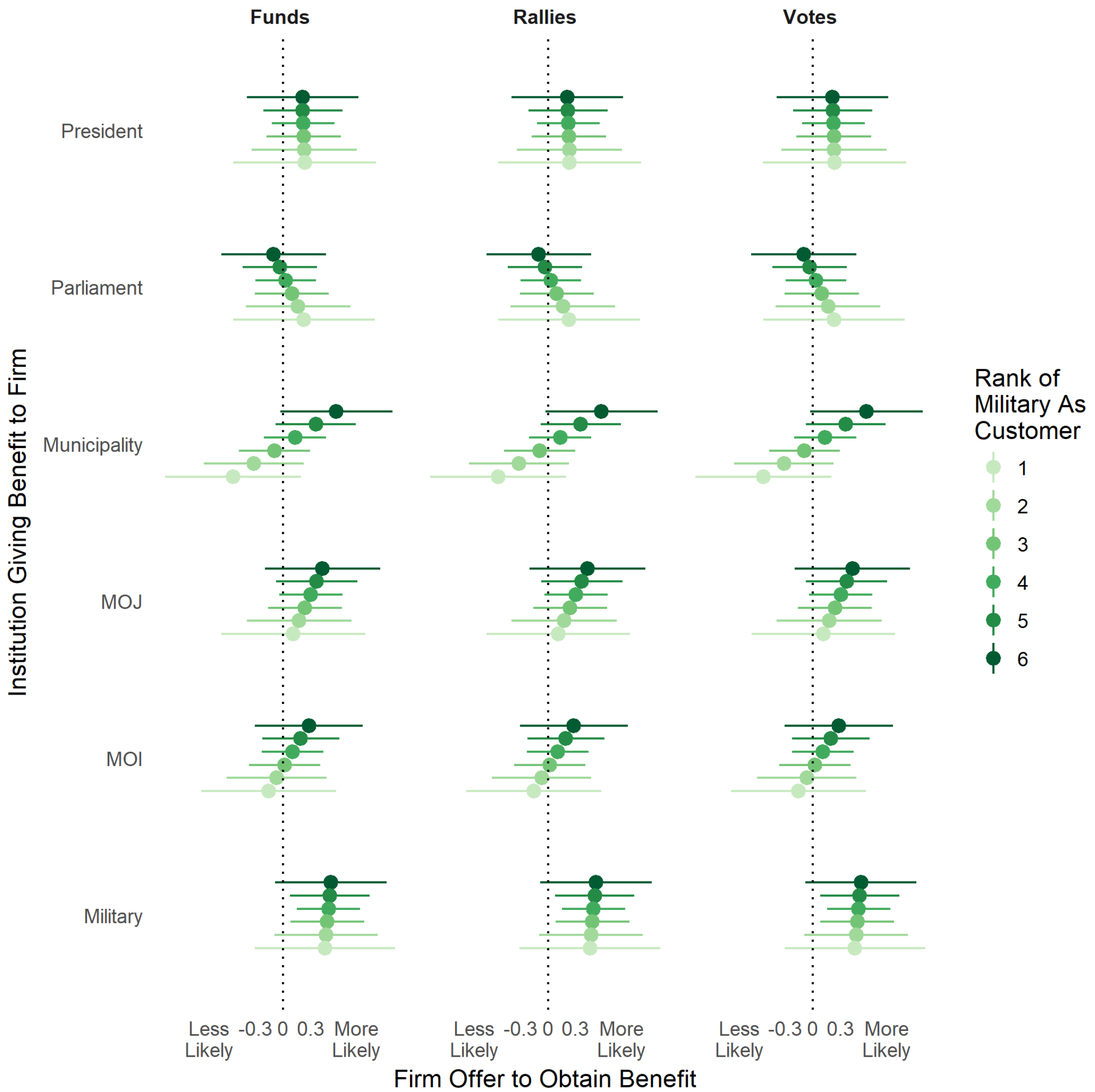
Appendix for Business and the Military-Clientelist Complex

7.1 Results for Egypt Sample

The results for the military treatment interactions for the Egypt sample are shown in Figures 7.1, 7.2, 7.3 and 7.4. In general, these figures support the conclusions reached with the full sample in the paper in the paper, although there are some noticeable differences. First, Figure 7.1 shows that firms with close customer relationships to the military do not tend to fear threats to their firm, such as confiscating the firm's income or taking control of the firm, as much as the full sample does. For firms with close supplier relationships, their responses to different benefits in appeals does not vary much in terms of how highly the firm ranks the military as a supplier as can be seen in Figure 7.3.

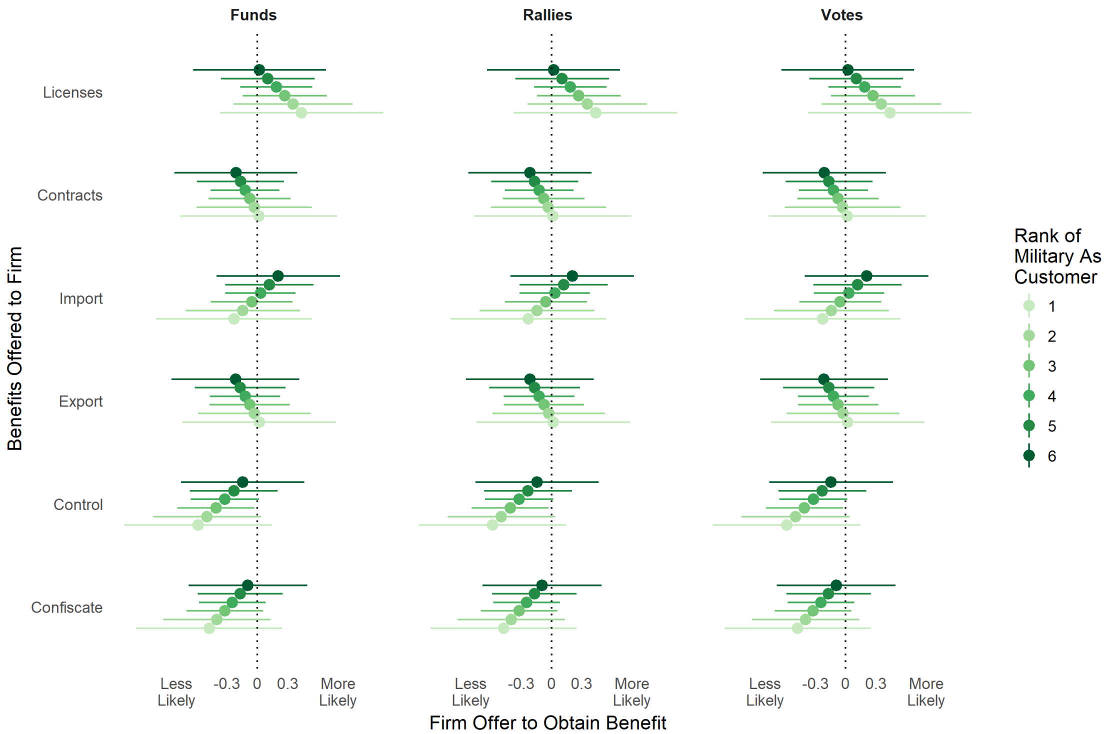
In terms of the agency interactions, the results are also similar to the paper's results. Figure 7.1 shows that although Egyptian firms with close customer relationships to the military respond to benefits differently, there is virtually no difference in how likely they are to respond to benefits from the military as opposed to other government agencies. However, there does appear to be a fairly strong relationship for firms with close customer relationships, except that the sign is in the wrong direction. Egyptian firms with close supplier relationships with the military are in fact less likely to respond positively to an appeal incorporating the military compared to firms with fewer supplier relationships. This last finding, which is in Figure 7.4, provides very strong evidence that the military-clientelist complex has an effect in Egypt beyond only those firms with close customer or supplier relationships to the complex itself.

Figure 7.1: Importance of Military as Customer to Firm across Agencies, Egypt Sample



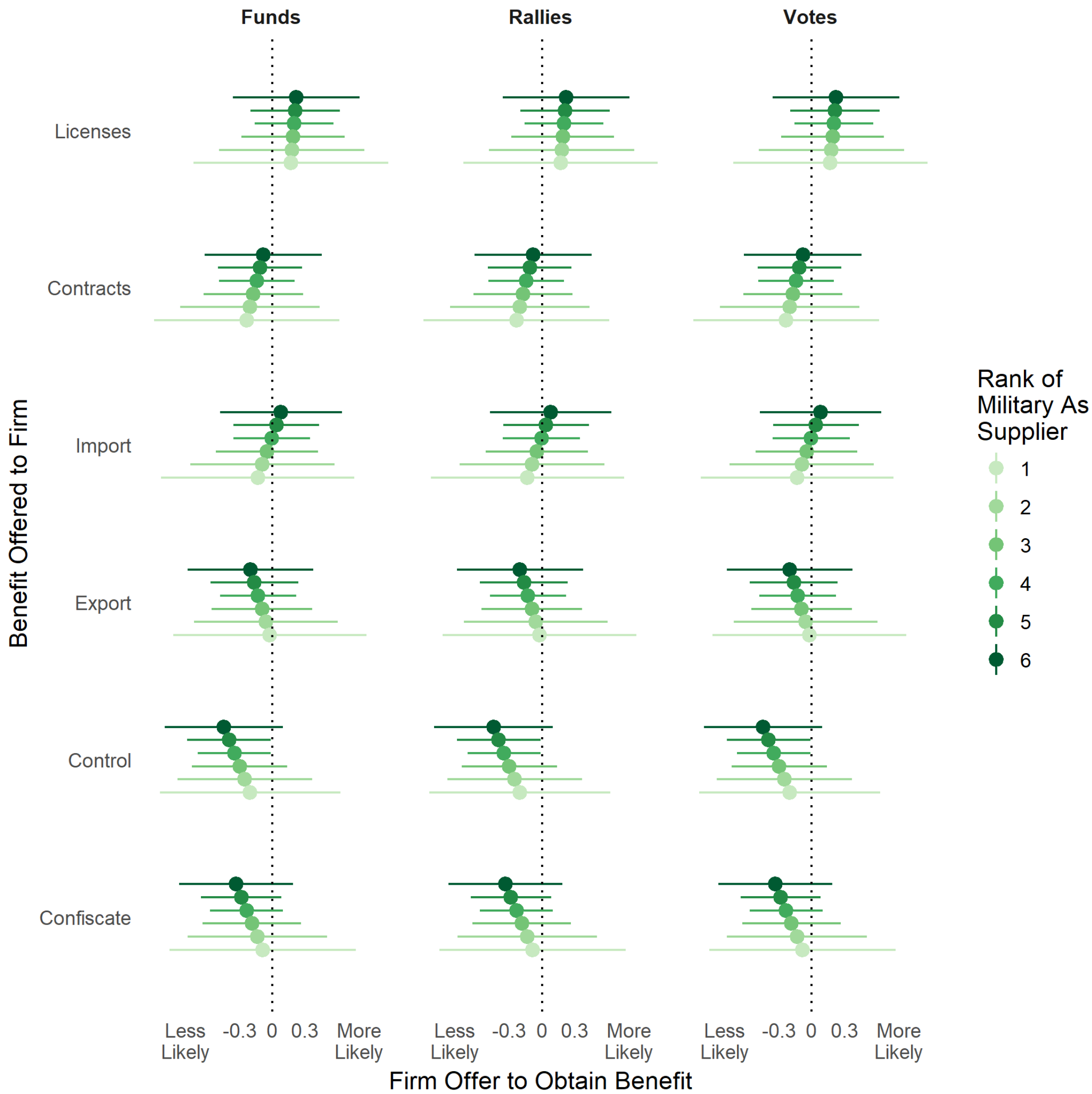
Note: Baseline category for benefit is macro-economic reform and for agencies is the government.

Figure 7.2: Importance of Military as Customer to Firm across Benefits, Egypt Sample



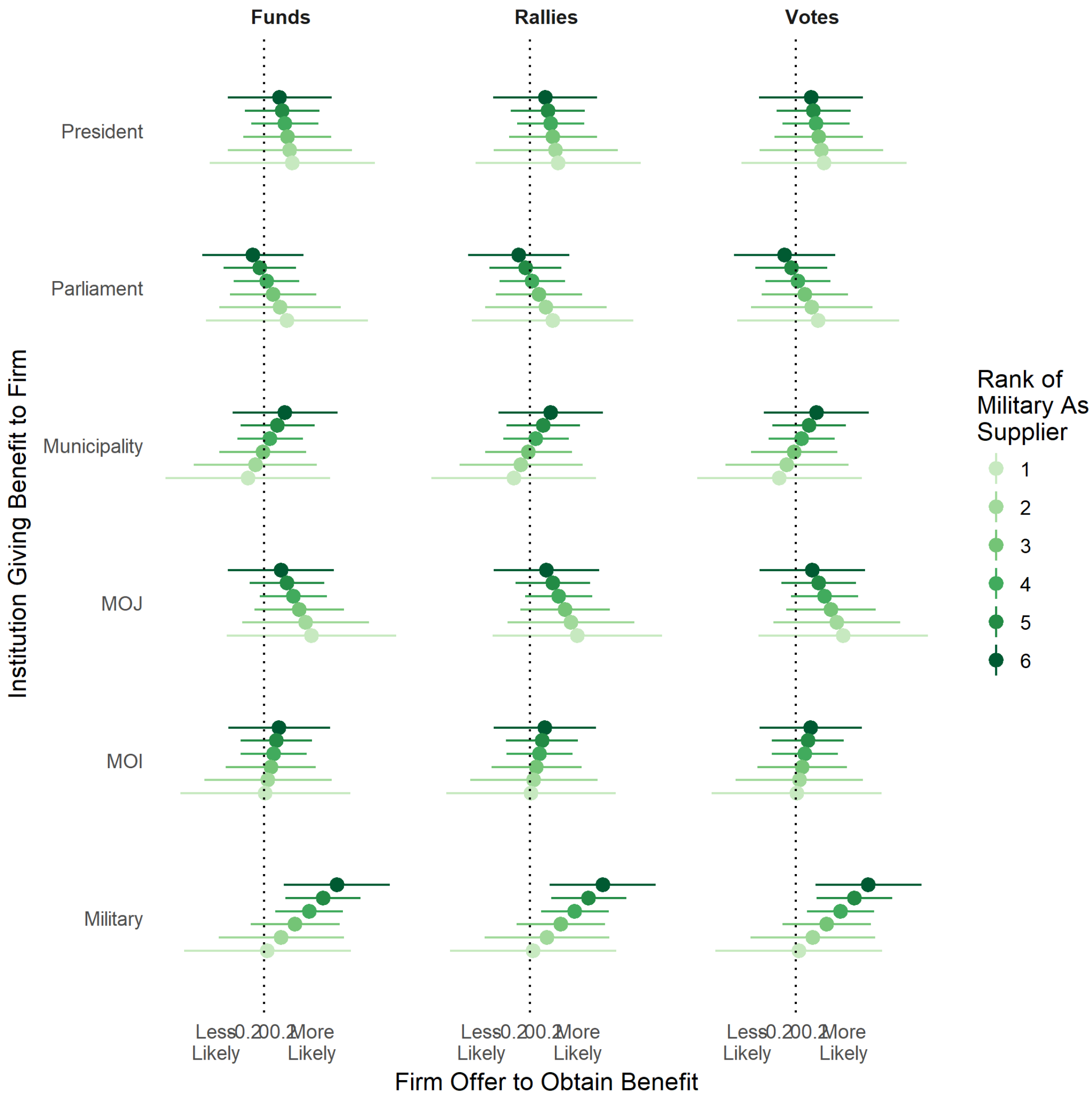
Note: Baseline category for benefit is macro-economic reform and for agencies is the government.

Figure 7.3: Importance of Military as Supplier to Firm across Benefits, Egypt Sample



Note: Baseline category for benefit is macro-economic reform and for agencies is the government.

Figure 7.4: Importance of Military as Supplier to Firm across Agencies, Egypt Sample



Note: Baseline category for benefit is macro-economic reform and for agencies is the government.

7.2 Imputation & Fraud-Checking with Random Forests

Random forests are an ensemble classification method that can be viewed as a discrete form of non-parametric density (or more correctly, probability mass) estimation. Random forests begin with regression trees, which are recursive partitioning of datasets designed to put each value of the outcome variable within a unique partition of the predictor, or independent, variables. Because each regression tree is fairly arbitrary, random forests generalize the method by growing many trees over bootstrapped replicates of the dataset, and then average over the resulting predictions. This method is known to have very strong properties in reducing in-sample prediction error even given non-linearities and complex interactions between variables (Strobl, Malley, and Tutz 2009; Breiman 2001). While it is difficult to interpret the classification trees created by the algorithm, it is also a useful technique when the aim is to capture all existing relationships within the dataset without having substantial prior knowledge.

As a first stage in data validation, responses from applicants were flagged that were obvious duplicates. The best marker for finding these responses was the short response time recorded by Qualtrics on the survey. The average response time was about 20 minutes, but most of the duplicate responses were well under 10 minutes. Second, responses were flagged that had the same text for open-response questions; apparently people were copying and pasting their answers across responses. Third, responses were examined that had suspicious patterns in their answers, such as firms of less than 5 employees but hundreds of millions in revenue and responses to political appeals that fluctuated randomly across outcome questions.

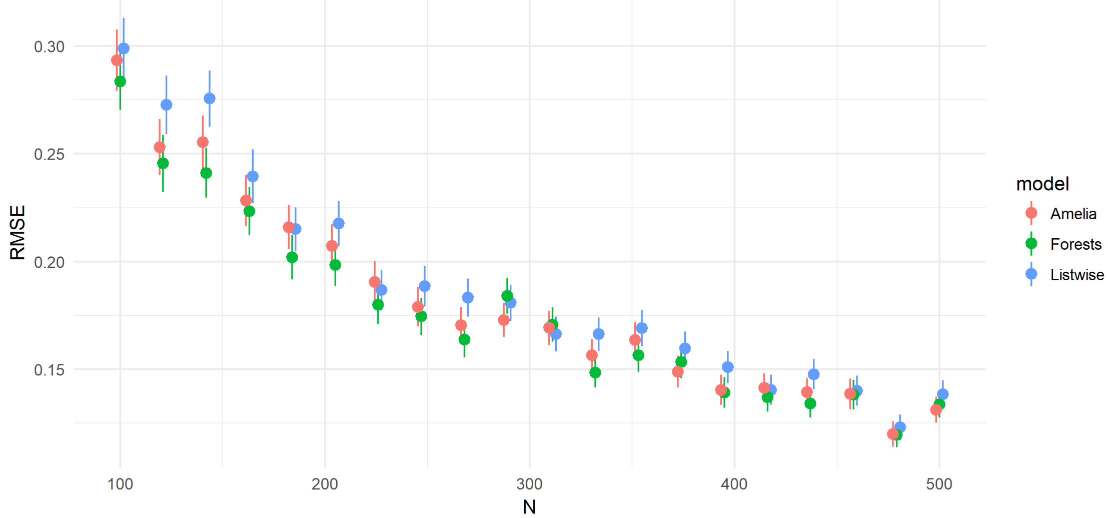
Through this process 147 submissions were determined to be duplicates. These 147 were combined with a randomly-selected sample of 247 observations that were determined with high confidence to be non-fraudulent, resulting in a total test and training set of 394 respondents. This data was first imputed using the same random forests algorithm described later, and then a second random forests model was fit with the outcome of the label of the respondent as duplicate or non-duplicate. Open-response questions were white-space tokenized and then the first ten principal components were extracted and used as additional predictors. Leave-one-out cross-validation showed that the model was able to perfectly predict the labels in the training and test data, which significantly increased my confidence in the procedure. The fitted model was then applied out-of-sample to the rest of the data, and duplicates were removed that had a probability higher than 0.9.

Once duplicate responses had been identified and removed, a second set of random-forest-based algorithms was used to impute the data. The dataset had more than a hundred questions, many of which were categorical, and for that reason traditional methods like Amelia and multiple imputation via chained equations are difficult to purely infeasible. The large number of possible cross-classifying factors leads to perfect separation problems as parametric imputation models try to predict all possible combinations of each set of variables. Because the tree-based method of random forests is uniquely suited to discrete variables, this sparsity in the data did not pose any problems. In addition, random forests are robust to large numbers of predictors.

Stekhoven and Bühlmann (2012) offer a compelling version of random forests, missForest, for multiple imputation that uses a technique similar to a Gibbs sampler: each of the columns is classified in-turn using all of the remaining columns as data, and the algorithm iterates until it reaches convergence. While intuitive, this method does not so far have clear statistical underpinnings, although it has been evaluated with simulations and shown to perform well compared to existing approaches (Shah et al. 2014; Tang and Ishwaran 2017). Given this existing research, along with the near-impossibility of using existing algorithms, this method was adopted for imputation. However, I also ran my own simulation to test the method against Amelia, the alternative package in this case. I simulated the missingness processas a nonlinear function (logit) of observed covariates, corresponding to the conditionally-missing-at-random (CMAR) assumption (Little and Rubin

2002). I calculated root-mean-squared-error (RMSE) for missForest, Amelia, and simple list-wise deletion for 100 replicates while increasing the sample size.

Figure 7.5: Simulation Performance of missForest versus Amelia and List-wise Deletion



As can be seen in Figure 7.5, the random forest algorithm's performance is comparable, and at smaller sample sizes better than, Amelia. As the number of observations increases, the performance of the two approaches becomes very similar. This strong performance is remarkable considering that the data were all continuous, which should meet Amelia's assumptions of multivariate-normal distributed variables.

By running the missForest algorithm repeatedly, I was able to create m imputed datasets that represented the between-imputation uncertainty in order to properly adjust for multiple imputation (Little and Rubin 2002). One-hundred imputed datasets were created to ensure that uncertainty was accurately accounted for variables with high rates of missingness (Graham, Olchowski, and Gilreath 2007).

7.3 Facebook Targeting Keywords

Audience Name Tunisia Arabic v2

Saved Audience Details

Location - Living In: Tunisia

Age: 25 - 65+

Language: Arabic, French (Canada) or French (France)

People Who Match: Interests: Tadawul, The New York Times, Retail banking, Investment banking, S&P 500, Dow Jones Industrial Average, The Economist, Financial Times, La Presse de Tunisie, Bloomberg Markets or École d'ingénieurs généralistes La Rochelle, Behaviors: Highly likely investors, Business travelers, Full-Service Investors, Business Services, Construction, Consumer Services, Finance, Healthcare, Hospitality & Travel, Insurance, Logistics & Transportation, Manufacturing, Real Estate, Telecommunications or Wholesale Trade, Field of study: Civil engineering, هندسه كهرباء, Petroleum Engineering, Mechanical Engineering or Nuclear engineering, Employers: Chief executive officer, Pharmaceutical industry, Product Manager, Bloomberg, Accountant, Gérant, Accounting, Programmer, Banking, Businessperson, Financial services, Factory, Engineer, Architect, Human resource management, Islamic banking and finance, Insurance, Chemical engineering, New York Stock Exchange, Broker, Petroleum Engineering, Aluminium, Corretor de seguros, Ingenieria Industrial, Chef d'entreprise or Médicament, Job title: Directeur Général Adjoint, Commerçante, Content & Marketing Manager, Quality Assurance Engineer (QA Engineer), تاجرة, استيراد وتصدير, Co Fondatrice, Farmácia, صا حب مصنع, Créatrice - Gérante, Managing Director, Quality Assurance Engineer, صاحب الشركة, Directrice, Gérant de société, Président Directeur Général (PDG), HR Mananger, Responsable Recrutement, Director of HR, Responsable RH, Gestionnaire RH, Co-fondateur, تاجر سيارات, Manage, Directeur Associé, co-gérante, Responsable Ressources Humaines, المدير العام, مهندس اتصالات, commerçant, Dirigeant d'entreprise, Dirigeant fondateur, PDG/CEO, Responsable des Ressources Humaines, Gérant d'entreprise, Fondateur, Director and CEO, Fondateur & Gérant, Gérante, CEO/Founder/Owner, Directrice générale, Présidente Fondatrice, Chief executive officer, Insurance Agent/Broker, Dirigeante, Certified Public Accountant, PDG Fondateur, صاحب ومدير, Responsable Marketing, Chief Financial Officer, Combat engineering, Chargée de Communication & Marketing, Responsable d'agence, Assistante RH, Management, Gérante associée, Marketing Director, Vice president, Chemist, Pharmacist, Fondatrice, Chairman, Software Engineer, Flight Engineer, Assistante Ressources Humaines, Project Manager, Horticulture, Quality Assurance Manager, Gérant - Chef d'entreprise, Analytical chemistry, Claims adjuster, مهندس كهرباء, DRH, Digital Marketing Manager, Responsable commercial et marketing, Product Manager, Accountant, Accounting, Programmer, Businessperson, Engineer, Architect, Human resource management, Insurance, Chemical engineering, Broker, Directeur de projet, Chartered accountant, صاحب و مدير الشركة, Directeur Fondateur, Senior Accountant, CPA, Marketing Executive, HR Executive, Assistant, Ingénieur d'affaires, Président-directeur général, HR Specialist, CPA, Corretor de seguros, سكرتير خاص, Gerente general, Manager, Director General or Expert-comptable

Interest expansion: On

Report a Pr

7.4 Tables of Coefficients

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(> \|z\|)$
Funds	1	Confiscate	-0.02	0.263	-0.06	0.95
Funds	1	Control	0.10	0.261	0.39	0.70
Funds	1	Export	-0.13	0.272	-0.47	0.64
Funds	1	Import	0.08	0.277	0.30	0.77
Funds	1	Contracts	-0.11	0.271	-0.40	0.69
Funds	1	Licenses	0.36	0.278	1.31	0.19
Funds	2	Confiscate	-0.08	0.200	-0.38	0.70
Funds	2	Control	-0.01	0.199	-0.07	0.94
Funds	2	Export	-0.09	0.206	-0.45	0.65
Funds	2	Import	0.08	0.210	0.37	0.71
Funds	2	Contracts	-0.10	0.206	-0.48	0.63
Funds	2	Licenses	0.26	0.211	1.22	0.22
Funds	3	Confiscate	-0.14	0.144	-0.95	0.34
Funds	3	Control	-0.13	0.143	-0.90	0.37
Funds	3	Export	-0.06	0.147	-0.40	0.69
Funds	3	Import	0.07	0.151	0.48	0.63
Funds	3	Contracts	-0.09	0.148	-0.60	0.55
Funds	3	Licenses	0.15	0.152	1.01	0.31
Funds	4	Confiscate	-0.20	0.107	-1.85	0.06
Funds	4	Control	-0.24	0.107	-2.29	0.02
Funds	4	Export	-0.02	0.110	-0.22	0.83
Funds	4	Import	0.07	0.112	0.62	0.54
Funds	4	Contracts	-0.08	0.111	-0.72	0.47
Funds	4	Licenses	0.05	0.112	0.44	0.66

Funds	5	Confiscate	-0.26	0.109	-2.35	0.02
Funds	5	Control	-0.36	0.111	-3.25	0.00
Funds	5	Export	0.01	0.115	0.09	0.93
Funds	5	Import	0.06	0.114	0.56	0.57
Funds	5	Contracts	-0.07	0.114	-0.61	0.54
Funds	5	Licenses	-0.06	0.114	-0.49	0.63
Funds	6	Confiscate	-0.32	0.150	-2.12	0.03
Funds	6	Control	-0.48	0.152	-3.13	0.00
Funds	6	Export	0.05	0.159	0.28	0.78
Funds	6	Import	0.06	0.157	0.38	0.70
Funds	6	Contracts	-0.06	0.157	-0.38	0.70
Funds	6	Licenses	-0.16	0.157	-1.02	0.31
Rallies	1	Confiscate	-0.02	0.263	-0.06	0.95
Rallies	1	Control	0.10	0.261	0.39	0.70
Rallies	1	Export	-0.13	0.272	-0.47	0.64
Rallies	1	Import	0.08	0.277	0.30	0.77
Rallies	1	Contracts	-0.11	0.271	-0.40	0.69
Rallies	1	Licenses	0.36	0.278	1.31	0.19
Rallies	2	Confiscate	-0.08	0.200	-0.38	0.70
Rallies	2	Control	-0.01	0.199	-0.07	0.94
Rallies	2	Export	-0.09	0.206	-0.45	0.65
Rallies	2	Import	0.08	0.210	0.37	0.71
Rallies	2	Contracts	-0.10	0.206	-0.48	0.63
Rallies	2	Licenses	0.26	0.211	1.22	0.22
Rallies	3	Confiscate	-0.14	0.144	-0.95	0.34
Rallies	3	Control	-0.13	0.143	-0.90	0.37

Rallies	3	Export	-0.06	0.147	-0.40	0.69
Rallies	3	Import	0.07	0.151	0.48	0.63
Rallies	3	Contracts	-0.09	0.148	-0.60	0.55
Rallies	3	Licenses	0.15	0.152	1.01	0.31
Rallies	4	Confiscate	-0.20	0.107	-1.85	0.06
Rallies	4	Control	-0.24	0.107	-2.29	0.02
Rallies	4	Export	-0.02	0.110	-0.22	0.83
Rallies	4	Import	0.07	0.112	0.62	0.54
Rallies	4	Contracts	-0.08	0.111	-0.72	0.47
Rallies	4	Licenses	0.05	0.112	0.44	0.66
Rallies	5	Confiscate	-0.26	0.109	-2.35	0.02
Rallies	5	Control	-0.36	0.111	-3.25	0.00
Rallies	5	Export	0.01	0.115	0.09	0.93
Rallies	5	Import	0.06	0.114	0.56	0.57
Rallies	5	Contracts	-0.07	0.114	-0.61	0.54
Rallies	5	Licenses	-0.06	0.114	-0.49	0.63
Rallies	6	Confiscate	-0.32	0.150	-2.12	0.03
Rallies	6	Control	-0.48	0.152	-3.13	0.00
Rallies	6	Export	0.05	0.159	0.28	0.78
Rallies	6	Import	0.06	0.157	0.38	0.70
Rallies	6	Contracts	-0.06	0.157	-0.38	0.70
Rallies	6	Licenses	-0.16	0.157	-1.02	0.31
Votes	1	Confiscate	-0.02	0.263	-0.06	0.95
Votes	1	Control	0.10	0.261	0.39	0.70
Votes	1	Export	-0.13	0.272	-0.47	0.64
Votes	1	Import	0.08	0.277	0.30	0.77

Votes	1	Contracts	-0.11	0.271	-0.40	0.69
Votes	1	Licenses	0.36	0.278	1.31	0.19
Votes	2	Confiscate	-0.08	0.200	-0.38	0.70
Votes	2	Control	-0.01	0.199	-0.07	0.94
Votes	2	Export	-0.09	0.206	-0.45	0.65
Votes	2	Import	0.08	0.210	0.37	0.71
Votes	2	Contracts	-0.10	0.206	-0.48	0.63
Votes	2	Licenses	0.26	0.211	1.22	0.22
Votes	3	Confiscate	-0.14	0.144	-0.95	0.34
Votes	3	Control	-0.13	0.143	-0.90	0.37
Votes	3	Export	-0.06	0.147	-0.40	0.69
Votes	3	Import	0.07	0.151	0.48	0.63
Votes	3	Contracts	-0.09	0.148	-0.60	0.55
Votes	3	Licenses	0.15	0.152	1.01	0.31
Votes	4	Confiscate	-0.20	0.107	-1.85	0.06
Votes	4	Control	-0.24	0.107	-2.29	0.02
Votes	4	Export	-0.02	0.110	-0.22	0.83
Votes	4	Import	0.07	0.112	0.62	0.54
Votes	4	Contracts	-0.08	0.111	-0.72	0.47
Votes	4	Licenses	0.05	0.112	0.44	0.66
Votes	5	Confiscate	-0.26	0.109	-2.35	0.02
Votes	5	Control	-0.36	0.111	-3.25	0.00
Votes	5	Export	0.01	0.115	0.09	0.93
Votes	5	Import	0.06	0.114	0.56	0.57
Votes	5	Contracts	-0.07	0.114	-0.61	0.54
Votes	5	Licenses	-0.06	0.114	-0.49	0.63

Votes	6	Confiscate	-0.32	0.150	-2.12	0.03
Votes	6	Control	-0.48	0.152	-3.13	0.00
Votes	6	Export	0.05	0.159	0.28	0.78
Votes	6	Import	0.06	0.157	0.38	0.70
Votes	6	Contracts	-0.06	0.157	-0.38	0.70
Votes	6	Licenses	-0.16	0.157	-1.02	0.31

Table 7.1: Coefficients for Conditional $AMCE$ for Figure 7: Importance of Military as Supplier to Firm across Benefits

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Confiscate	-0.33	0.247	-1.35	0.18
Funds	1	Control	-0.18	0.251	-0.72	0.47
Funds	1	Export	-0.25	0.257	-0.96	0.34
Funds	1	Import	-0.07	0.258	-0.27	0.79
Funds	1	Contracts	-0.17	0.259	-0.65	0.52
Funds	1	Licenses	-0.04	0.263	-0.15	0.88
Funds	2	Confiscate	-0.30	0.184	-1.65	0.10
Funds	2	Control	-0.22	0.187	-1.17	0.24
Funds	2	Export	-0.17	0.191	-0.89	0.37
Funds	2	Import	-0.03	0.193	-0.14	0.89
Funds	2	Contracts	-0.14	0.192	-0.72	0.47
Funds	2	Licenses	-0.03	0.195	-0.14	0.89
Funds	3	Confiscate	-0.27	0.130	-2.09	0.04
Funds	3	Control	-0.26	0.133	-1.93	0.05
Funds	3	Export	-0.09	0.134	-0.69	0.49

Funds	3	Import	0.02	0.137	0.12	0.91
Funds	3	Contracts	-0.11	0.136	-0.81	0.42
Funds	3	Licenses	-0.02	0.137	-0.13	0.90
Funds	4	Confiscate	-0.24	0.102	-2.34	0.02
Funds	4	Control	-0.29	0.104	-2.84	0.00
Funds	4	Export	-0.02	0.106	-0.15	0.88
Funds	4	Import	0.06	0.107	0.55	0.58
Funds	4	Contracts	-0.08	0.107	-0.76	0.45
Funds	4	Licenses	-0.01	0.107	-0.07	0.95
Funds	5	Confiscate	-0.21	0.121	-1.72	0.09
Funds	5	Control	-0.33	0.121	-2.75	0.01
Funds	5	Export	0.06	0.127	0.49	0.63
Funds	5	Import	0.10	0.124	0.83	0.41
Funds	5	Contracts	-0.05	0.126	-0.41	0.68
Funds	5	Licenses	0.00	0.127	0.02	0.98
Funds	6	Confiscate	-0.18	0.172	-1.03	0.30
Funds	6	Control	-0.37	0.171	-2.17	0.03
Funds	6	Export	0.14	0.180	0.77	0.44
Funds	6	Import	0.15	0.173	0.84	0.40
Funds	6	Contracts	-0.02	0.178	-0.13	0.90
Funds	6	Licenses	0.01	0.181	0.08	0.94
Rallies	1	Confiscate	-0.33	0.247	-1.35	0.18
Rallies	1	Control	-0.18	0.251	-0.72	0.47
Rallies	1	Export	-0.25	0.257	-0.96	0.34
Rallies	1	Import	-0.07	0.258	-0.27	0.79
Rallies	1	Contracts	-0.17	0.259	-0.65	0.52

Rallies	1	Licenses	-0.04	0.263	-0.15	0.88
Rallies	2	Confiscate	-0.30	0.184	-1.65	0.10
Rallies	2	Control	-0.22	0.187	-1.17	0.24
Rallies	2	Export	-0.17	0.191	-0.89	0.37
Rallies	2	Import	-0.03	0.193	-0.14	0.89
Rallies	2	Contracts	-0.14	0.192	-0.72	0.47
Rallies	2	Licenses	-0.03	0.195	-0.14	0.89
Rallies	3	Confiscate	-0.27	0.130	-2.09	0.04
Rallies	3	Control	-0.26	0.133	-1.93	0.05
Rallies	3	Export	-0.09	0.134	-0.69	0.49
Rallies	3	Import	0.02	0.137	0.12	0.91
Rallies	3	Contracts	-0.11	0.136	-0.81	0.42
Rallies	3	Licenses	-0.02	0.137	-0.13	0.90
Rallies	4	Confiscate	-0.24	0.102	-2.34	0.02
Rallies	4	Control	-0.29	0.104	-2.84	0.00
Rallies	4	Export	-0.02	0.106	-0.15	0.88
Rallies	4	Import	0.06	0.107	0.55	0.58
Rallies	4	Contracts	-0.08	0.107	-0.76	0.45
Rallies	4	Licenses	-0.01	0.107	-0.07	0.95
Rallies	5	Confiscate	-0.21	0.121	-1.72	0.09
Rallies	5	Control	-0.33	0.121	-2.75	0.01
Rallies	5	Export	0.06	0.127	0.49	0.63
Rallies	5	Import	0.10	0.124	0.83	0.41
Rallies	5	Contracts	-0.05	0.126	-0.41	0.68
Rallies	5	Licenses	0.00	0.127	0.02	0.98
Rallies	6	Confiscate	-0.18	0.172	-1.03	0.30

Rallies	6	Control	-0.37	0.171	-2.17	0.03
Rallies	6	Export	0.14	0.180	0.77	0.44
Rallies	6	Import	0.15	0.173	0.84	0.40
Rallies	6	Contracts	-0.02	0.178	-0.13	0.90
Rallies	6	Licenses	0.01	0.181	0.08	0.94
Votes	1	Confiscate	-0.33	0.247	-1.35	0.18
Votes	1	Control	-0.18	0.251	-0.72	0.47
Votes	1	Export	-0.25	0.257	-0.96	0.34
Votes	1	Import	-0.07	0.258	-0.27	0.79
Votes	1	Contracts	-0.17	0.259	-0.65	0.52
Votes	1	Licenses	-0.04	0.263	-0.15	0.88
Votes	2	Confiscate	-0.30	0.184	-1.65	0.10
Votes	2	Control	-0.22	0.187	-1.17	0.24
Votes	2	Export	-0.17	0.191	-0.89	0.37
Votes	2	Import	-0.03	0.193	-0.14	0.89
Votes	2	Contracts	-0.14	0.192	-0.72	0.47
Votes	2	Licenses	-0.03	0.195	-0.14	0.89
Votes	3	Confiscate	-0.27	0.130	-2.09	0.04
Votes	3	Control	-0.26	0.133	-1.93	0.05
Votes	3	Export	-0.09	0.134	-0.69	0.49
Votes	3	Import	0.02	0.137	0.12	0.91
Votes	3	Contracts	-0.11	0.136	-0.81	0.42
Votes	3	Licenses	-0.02	0.137	-0.13	0.90
Votes	4	Confiscate	-0.24	0.102	-2.34	0.02
Votes	4	Control	-0.29	0.104	-2.84	0.00
Votes	4	Export	-0.02	0.106	-0.15	0.88

Votes	4	Import	0.06	0.107	0.55	0.58
Votes	4	Contracts	-0.08	0.107	-0.76	0.45
Votes	4	Licenses	-0.01	0.107	-0.07	0.95
Votes	5	Confiscate	-0.21	0.121	-1.72	0.09
Votes	5	Control	-0.33	0.121	-2.75	0.01
Votes	5	Export	0.06	0.127	0.49	0.63
Votes	5	Import	0.10	0.124	0.83	0.41
Votes	5	Contracts	-0.05	0.126	-0.41	0.68
Votes	5	Licenses	0.00	0.127	0.02	0.98
Votes	6	Confiscate	-0.18	0.172	-1.03	0.30
Votes	6	Control	-0.37	0.171	-2.17	0.03
Votes	6	Export	0.14	0.180	0.77	0.44
Votes	6	Import	0.15	0.173	0.84	0.40
Votes	6	Contracts	-0.02	0.178	-0.13	0.90
Votes	6	Licenses	0.01	0.181	0.08	0.94

Table 7.2: Coefficients for Conditional $AMCE$ for Figure 8: Importance of Military as Customer to Firm across Benefits

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Military	-0.07	0.262	-0.25	0.80
Funds	1	MOI	0.06	0.275	0.21	0.83
Funds	1	MOJ	0.30	0.276	1.08	0.28
Funds	1	Municipality	0.21	0.277	0.76	0.45
Funds	1	Parliament	0.09	0.265	0.33	0.74
Funds	1	President	0.10	0.266	0.37	0.71

Funds	2	Military	-0.05	0.199	-0.27	0.79
Funds	2	MOI	-0.00	0.209	-0.01	0.99
Funds	2	MOJ	0.24	0.210	1.16	0.24
Funds	2	Municipality	0.15	0.210	0.71	0.48
Funds	2	Parliament	0.06	0.202	0.32	0.75
Funds	2	President	0.10	0.202	0.47	0.64
Funds	3	Military	-0.04	0.144	-0.29	0.77
Funds	3	MOI	-0.06	0.150	-0.42	0.68
Funds	3	MOJ	0.19	0.151	1.27	0.20
Funds	3	Municipality	0.09	0.151	0.60	0.55
Funds	3	Parliament	0.04	0.145	0.29	0.77
Funds	3	President	0.09	0.146	0.64	0.52
Funds	4	Military	-0.03	0.107	-0.28	0.78
Funds	4	MOI	-0.12	0.109	-1.13	0.26
Funds	4	MOJ	0.14	0.112	1.26	0.21
Funds	4	Municipality	0.03	0.111	0.28	0.78
Funds	4	Parliament	0.02	0.108	0.17	0.87
Funds	4	President	0.09	0.109	0.83	0.40
Funds	5	Military	-0.02	0.109	-0.17	0.87
Funds	5	MOI	-0.18	0.108	-1.70	0.09
Funds	5	MOJ	0.09	0.113	0.78	0.44
Funds	5	Municipality	-0.03	0.112	-0.25	0.80
Funds	5	Parliament	-0.01	0.113	-0.05	0.96
Funds	5	President	0.09	0.113	0.79	0.43
Funds	6	Military	-0.01	0.149	-0.04	0.97
Funds	6	MOI	-0.24	0.148	-1.64	0.10

Funds	6	MOJ	0.04	0.154	0.23	0.82
Funds	6	Municipality	-0.09	0.154	-0.57	0.57
Funds	6	Parliament	-0.03	0.155	-0.18	0.85
Funds	6	President	0.09	0.154	0.56	0.57
Rallies	1	Military	-0.07	0.262	-0.25	0.80
Rallies	1	MOI	0.06	0.275	0.21	0.83
Rallies	1	MOJ	0.30	0.276	1.08	0.28
Rallies	1	Municipality	0.21	0.277	0.76	0.45
Rallies	1	Parliament	0.09	0.265	0.33	0.74
Rallies	1	President	0.10	0.266	0.37	0.71
Rallies	2	Military	-0.05	0.199	-0.27	0.79
Rallies	2	MOI	-0.00	0.209	-0.01	0.99
Rallies	2	MOJ	0.24	0.210	1.16	0.24
Rallies	2	Municipality	0.15	0.210	0.71	0.48
Rallies	2	Parliament	0.06	0.202	0.32	0.75
Rallies	2	President	0.10	0.202	0.47	0.64
Rallies	3	Military	-0.04	0.144	-0.29	0.77
Rallies	3	MOI	-0.06	0.150	-0.42	0.68
Rallies	3	MOJ	0.19	0.151	1.27	0.20
Rallies	3	Municipality	0.09	0.151	0.60	0.55
Rallies	3	Parliament	0.04	0.145	0.29	0.77
Rallies	3	President	0.09	0.146	0.64	0.52
Rallies	4	Military	-0.03	0.107	-0.28	0.78
Rallies	4	MOI	-0.12	0.109	-1.13	0.26
Rallies	4	MOJ	0.14	0.112	1.26	0.21
Rallies	4	Municipality	0.03	0.111	0.28	0.78

Rallies	4	Parliament	0.02	0.108	0.17	0.87
Rallies	4	President	0.09	0.109	0.83	0.40
Rallies	5	Military	-0.02	0.109	-0.17	0.87
Rallies	5	MOI	-0.18	0.108	-1.70	0.09
Rallies	5	MOJ	0.09	0.113	0.78	0.44
Rallies	5	Municipality	-0.03	0.112	-0.25	0.80
Rallies	5	Parliament	-0.01	0.113	-0.05	0.96
Rallies	5	President	0.09	0.113	0.79	0.43
Rallies	6	Military	-0.01	0.149	-0.04	0.97
Rallies	6	MOI	-0.24	0.148	-1.64	0.10
Rallies	6	MOJ	0.04	0.154	0.23	0.82
Rallies	6	Municipality	-0.09	0.154	-0.57	0.57
Rallies	6	Parliament	-0.03	0.155	-0.18	0.85
Rallies	6	President	0.09	0.154	0.56	0.57
Votes	1	Military	-0.07	0.262	-0.25	0.80
Votes	1	MOI	0.06	0.275	0.21	0.83
Votes	1	MOJ	0.30	0.276	1.08	0.28
Votes	1	Municipality	0.21	0.277	0.76	0.45
Votes	1	Parliament	0.09	0.265	0.33	0.74
Votes	1	President	0.10	0.266	0.37	0.71
Votes	2	Military	-0.05	0.199	-0.27	0.79
Votes	2	MOI	-0.00	0.209	-0.01	0.99
Votes	2	MOJ	0.24	0.210	1.16	0.24
Votes	2	Municipality	0.15	0.210	0.71	0.48
Votes	2	Parliament	0.06	0.202	0.32	0.75
Votes	2	President	0.10	0.202	0.47	0.64

Votes	3	Military	-0.04	0.144	-0.29	0.77
Votes	3	MOI	-0.06	0.150	-0.42	0.68
Votes	3	MOJ	0.19	0.151	1.27	0.20
Votes	3	Municipality	0.09	0.151	0.60	0.55
Votes	3	Parliament	0.04	0.145	0.29	0.77
Votes	3	President	0.09	0.146	0.64	0.52
Votes	4	Military	-0.03	0.107	-0.28	0.78
Votes	4	MOI	-0.12	0.109	-1.13	0.26
Votes	4	MOJ	0.14	0.112	1.26	0.21
Votes	4	Municipality	0.03	0.111	0.28	0.78
Votes	4	Parliament	0.02	0.108	0.17	0.87
Votes	4	President	0.09	0.109	0.83	0.40
Votes	5	Military	-0.02	0.109	-0.17	0.87
Votes	5	MOI	-0.18	0.108	-1.70	0.09
Votes	5	MOJ	0.09	0.113	0.78	0.44
Votes	5	Municipality	-0.03	0.112	-0.25	0.80
Votes	5	Parliament	-0.01	0.113	-0.05	0.96
Votes	5	President	0.09	0.113	0.79	0.43
Votes	6	Military	-0.01	0.149	-0.04	0.97
Votes	6	MOI	-0.24	0.148	-1.64	0.10
Votes	6	MOJ	0.04	0.154	0.23	0.82
Votes	6	Municipality	-0.09	0.154	-0.57	0.57
Votes	6	Parliament	-0.03	0.155	-0.18	0.85
Votes	6	President	0.09	0.154	0.56	0.57

Table 7.3: Coefficients for Conditional $AMCE$ for Figure 9:

Importance of Military as Supplier to Firm across Agencies

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Military	0.17	0.244	0.68	0.50
Funds	1	MOI	-0.14	0.246	-0.58	0.56
Funds	1	MOJ	0.17	0.253	0.68	0.49
Funds	1	Municipality	-0.17	0.248	-0.68	0.49
Funds	1	Parliament	0.08	0.258	0.32	0.75
Funds	1	President	0.10	0.252	0.40	0.69
Funds	2	Military	0.10	0.182	0.57	0.57
Funds	2	MOI	-0.15	0.182	-0.81	0.42
Funds	2	MOJ	0.15	0.188	0.82	0.41
Funds	2	Municipality	-0.11	0.184	-0.60	0.55
Funds	2	Parliament	0.06	0.190	0.33	0.74
Funds	2	President	0.10	0.187	0.54	0.59
Funds	3	Military	0.04	0.129	0.32	0.75
Funds	3	MOI	-0.15	0.129	-1.17	0.24
Funds	3	MOJ	0.14	0.133	1.02	0.31
Funds	3	Municipality	-0.05	0.130	-0.39	0.69
Funds	3	Parliament	0.04	0.134	0.32	0.75
Funds	3	President	0.10	0.132	0.75	0.45
Funds	4	Military	-0.02	0.102	-0.20	0.84
Funds	4	MOI	-0.15	0.102	-1.52	0.13
Funds	4	MOJ	0.12	0.106	1.10	0.27

Funds	4	Municipality	0.01	0.105	0.07	0.94
Funds	4	Parliament	0.02	0.105	0.22	0.82
Funds	4	President	0.10	0.105	0.93	0.35
Funds	5	Military	-0.08	0.121	-0.68	0.49
Funds	5	MOI	-0.16	0.122	-1.30	0.19
Funds	5	MOJ	0.10	0.127	0.77	0.44
Funds	5	Municipality	0.07	0.127	0.53	0.60
Funds	5	Parliament	0.00	0.125	0.03	0.98
Funds	5	President	0.10	0.126	0.77	0.44
Funds	6	Military	-0.15	0.171	-0.85	0.40
Funds	6	MOI	-0.16	0.173	-0.94	0.35
Funds	6	MOJ	0.08	0.179	0.44	0.66
Funds	6	Municipality	0.13	0.179	0.70	0.48
Funds	6	Parliament	-0.02	0.179	-0.09	0.93
Funds	6	President	0.10	0.179	0.54	0.59
Rallies	1	Military	0.17	0.244	0.68	0.50
Rallies	1	MOI	-0.14	0.246	-0.58	0.56
Rallies	1	MOJ	0.17	0.253	0.68	0.49
Rallies	1	Municipality	-0.17	0.248	-0.68	0.49
Rallies	1	Parliament	0.08	0.258	0.32	0.75
Rallies	1	President	0.10	0.252	0.40	0.69
Rallies	2	Military	0.10	0.182	0.57	0.57
Rallies	2	MOI	-0.15	0.182	-0.81	0.42
Rallies	2	MOJ	0.15	0.188	0.82	0.41
Rallies	2	Municipality	-0.11	0.184	-0.60	0.55
Rallies	2	Parliament	0.06	0.190	0.33	0.74

Rallies	2	President	0.10	0.187	0.54	0.59
Rallies	3	Military	0.04	0.129	0.32	0.75
Rallies	3	MOI	-0.15	0.129	-1.17	0.24
Rallies	3	MOJ	0.14	0.133	1.02	0.31
Rallies	3	Municipality	-0.05	0.130	-0.39	0.69
Rallies	3	Parliament	0.04	0.134	0.32	0.75
Rallies	3	President	0.10	0.132	0.75	0.45
Rallies	4	Military	-0.02	0.102	-0.20	0.84
Rallies	4	MOI	-0.15	0.102	-1.52	0.13
Rallies	4	MOJ	0.12	0.106	1.10	0.27
Rallies	4	Municipality	0.01	0.105	0.07	0.94
Rallies	4	Parliament	0.02	0.105	0.22	0.82
Rallies	4	President	0.10	0.105	0.93	0.35
Rallies	5	Military	-0.08	0.121	-0.68	0.49
Rallies	5	MOI	-0.16	0.122	-1.30	0.19
Rallies	5	MOJ	0.10	0.127	0.77	0.44
Rallies	5	Municipality	0.07	0.127	0.53	0.60
Rallies	5	Parliament	0.00	0.125	0.03	0.98
Rallies	5	President	0.10	0.126	0.77	0.44
Rallies	6	Military	-0.15	0.171	-0.85	0.40
Rallies	6	MOI	-0.16	0.173	-0.94	0.35
Rallies	6	MOJ	0.08	0.179	0.44	0.66
Rallies	6	Municipality	0.13	0.179	0.70	0.48
Rallies	6	Parliament	-0.02	0.179	-0.09	0.93
Rallies	6	President	0.10	0.179	0.54	0.59
Votes	1	Military	0.17	0.244	0.68	0.50

Votes	1	MOI	-0.14	0.246	-0.58	0.56
Votes	1	MOJ	0.17	0.253	0.68	0.49
Votes	1	Municipality	-0.17	0.248	-0.68	0.49
Votes	1	Parliament	0.08	0.258	0.32	0.75
Votes	1	President	0.10	0.252	0.40	0.69
Votes	2	Military	0.10	0.182	0.57	0.57
Votes	2	MOI	-0.15	0.182	-0.81	0.42
Votes	2	MOJ	0.15	0.188	0.82	0.41
Votes	2	Municipality	-0.11	0.184	-0.60	0.55
Votes	2	Parliament	0.06	0.190	0.33	0.74
Votes	2	President	0.10	0.187	0.54	0.59
Votes	3	Military	0.04	0.129	0.32	0.75
Votes	3	MOI	-0.15	0.129	-1.17	0.24
Votes	3	MOJ	0.14	0.133	1.02	0.31
Votes	3	Municipality	-0.05	0.130	-0.39	0.69
Votes	3	Parliament	0.04	0.134	0.32	0.75
Votes	3	President	0.10	0.132	0.75	0.45
Votes	4	Military	-0.02	0.102	-0.20	0.84
Votes	4	MOI	-0.15	0.102	-1.52	0.13
Votes	4	MOJ	0.12	0.106	1.10	0.27
Votes	4	Municipality	0.01	0.105	0.07	0.94
Votes	4	Parliament	0.02	0.105	0.22	0.82
Votes	4	President	0.10	0.105	0.93	0.35
Votes	5	Military	-0.08	0.121	-0.68	0.49
Votes	5	MOI	-0.16	0.122	-1.30	0.19
Votes	5	MOJ	0.10	0.127	0.77	0.44

Votes	5	Municipality	0.07	0.127	0.53	0.60
Votes	5	Parliament	0.00	0.125	0.03	0.98
Votes	5	President	0.10	0.126	0.77	0.44
Votes	6	Military	-0.15	0.171	-0.85	0.40
Votes	6	MOI	-0.16	0.173	-0.94	0.35
Votes	6	MOJ	0.08	0.179	0.44	0.66
Votes	6	Municipality	0.13	0.179	0.70	0.48
Votes	6	Parliament	-0.02	0.179	-0.09	0.93
Votes	6	President	0.10	0.179	0.54	0.59

Table 7.4: Coefficients for Conditional $AMCE$ for Figure 10: Importance of Military as Customer to Firm across Agencies

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Military	0.46	0.39	1.17	0.24
Funds	1	MOI	-0.16	0.38	-0.42	0.68
Funds	1	MOJ	0.11	0.40	0.28	0.78
Funds	1	Municipality	-0.54	0.38	-1.43	0.15
Funds	1	Parliament	0.23	0.39	0.58	0.56
Funds	1	President	0.24	0.40	0.59	0.55
Funds	2	Military	0.47	0.29	1.64	0.10
Funds	2	MOI	-0.07	0.28	-0.25	0.80
Funds	2	MOJ	0.18	0.29	0.61	0.54
Funds	2	Municipality	-0.32	0.28	-1.14	0.25
Funds	2	Parliament	0.16	0.29	0.56	0.57

Funds	2	President	0.23	0.29	0.79	0.43
Funds	3	Military	0.48	0.21	2.35	0.02
Funds	3	MOI	0.02	0.20	0.10	0.92
Funds	3	MOJ	0.24	0.21	1.17	0.24
Funds	3	Municipality	-0.09	0.20	-0.46	0.64
Funds	3	Parliament	0.10	0.21	0.47	0.64
Funds	3	President	0.23	0.21	1.09	0.27
Funds	4	Military	0.50	0.18	2.82	0.00
Funds	4	MOI	0.11	0.17	0.63	0.53
Funds	4	MOJ	0.30	0.18	1.73	0.08
Funds	4	Municipality	0.13	0.17	0.77	0.44
Funds	4	Parliament	0.03	0.17	0.19	0.85
Funds	4	President	0.22	0.17	1.27	0.20
Funds	5	Military	0.51	0.22	2.31	0.02
Funds	5	MOI	0.19	0.21	0.91	0.36
Funds	5	MOJ	0.37	0.23	1.63	0.10
Funds	5	Municipality	0.36	0.22	1.61	0.11
Funds	5	Parliament	-0.03	0.21	-0.17	0.87
Funds	5	President	0.22	0.22	0.99	0.32
Funds	6	Military	0.52	0.31	1.69	0.09
Funds	6	MOI	0.28	0.30	0.94	0.35
Funds	6	MOJ	0.43	0.32	1.34	0.18
Funds	6	Municipality	0.58	0.31	1.87	0.06
Funds	6	Parliament	-0.10	0.29	-0.34	0.73
Funds	6	President	0.21	0.31	0.69	0.49
Rallies	1	Military	0.46	0.39	1.17	0.24

Rallies	1	MOI	-0.16	0.38	-0.42	0.68
Rallies	1	MOJ	0.11	0.40	0.28	0.78
Rallies	1	Municipality	-0.54	0.38	-1.43	0.15
Rallies	1	Parliament	0.23	0.39	0.58	0.56
Rallies	1	President	0.24	0.40	0.59	0.55
Rallies	2	Military	0.47	0.29	1.64	0.10
Rallies	2	MOI	-0.07	0.28	-0.25	0.80
Rallies	2	MOJ	0.18	0.29	0.61	0.54
Rallies	2	Municipality	-0.32	0.28	-1.14	0.25
Rallies	2	Parliament	0.16	0.29	0.56	0.57
Rallies	2	President	0.23	0.29	0.79	0.43
Rallies	3	Military	0.48	0.21	2.35	0.02
Rallies	3	MOI	0.02	0.20	0.10	0.92
Rallies	3	MOJ	0.24	0.21	1.17	0.24
Rallies	3	Municipality	-0.09	0.20	-0.46	0.64
Rallies	3	Parliament	0.10	0.21	0.47	0.64
Rallies	3	President	0.23	0.21	1.09	0.27
Rallies	4	Military	0.50	0.18	2.82	0.00
Rallies	4	MOI	0.11	0.17	0.63	0.53
Rallies	4	MOJ	0.30	0.18	1.73	0.08
Rallies	4	Municipality	0.13	0.17	0.77	0.44
Rallies	4	Parliament	0.03	0.17	0.19	0.85
Rallies	4	President	0.22	0.17	1.27	0.20
Rallies	5	Military	0.51	0.22	2.31	0.02
Rallies	5	MOI	0.19	0.21	0.91	0.36
Rallies	5	MOJ	0.37	0.23	1.63	0.10

Rallies	5	Municipality	0.36	0.22	1.61	0.11
Rallies	5	Parliament	-0.03	0.21	-0.17	0.87
Rallies	5	President	0.22	0.22	0.99	0.32
Rallies	6	Military	0.52	0.31	1.69	0.09
Rallies	6	MOI	0.28	0.30	0.94	0.35
Rallies	6	MOJ	0.43	0.32	1.34	0.18
Rallies	6	Municipality	0.58	0.31	1.87	0.06
Rallies	6	Parliament	-0.10	0.29	-0.34	0.73
Rallies	6	President	0.21	0.31	0.69	0.49
Votes	1	Military	0.46	0.39	1.17	0.24
Votes	1	MOI	-0.16	0.38	-0.42	0.68
Votes	1	MOJ	0.11	0.40	0.28	0.78
Votes	1	Municipality	-0.54	0.38	-1.43	0.15
Votes	1	Parliament	0.23	0.39	0.58	0.56
Votes	1	President	0.24	0.40	0.59	0.55
Votes	2	Military	0.47	0.29	1.64	0.10
Votes	2	MOI	-0.07	0.28	-0.25	0.80
Votes	2	MOJ	0.18	0.29	0.61	0.54
Votes	2	Municipality	-0.32	0.28	-1.14	0.25
Votes	2	Parliament	0.16	0.29	0.56	0.57
Votes	2	President	0.23	0.29	0.79	0.43
Votes	3	Military	0.48	0.21	2.35	0.02
Votes	3	MOI	0.02	0.20	0.10	0.92
Votes	3	MOJ	0.24	0.21	1.17	0.24
Votes	3	Municipality	-0.09	0.20	-0.46	0.64
Votes	3	Parliament	0.10	0.21	0.47	0.64

Votes	3	President	0.23	0.21	1.09	0.27
Votes	4	Military	0.50	0.18	2.82	0.00
Votes	4	MOI	0.11	0.17	0.63	0.53
Votes	4	MOJ	0.30	0.18	1.73	0.08
Votes	4	Municipality	0.13	0.17	0.77	0.44
Votes	4	Parliament	0.03	0.17	0.19	0.85
Votes	4	President	0.22	0.17	1.27	0.20
Votes	5	Military	0.51	0.22	2.31	0.02
Votes	5	MOI	0.19	0.21	0.91	0.36
Votes	5	MOJ	0.37	0.23	1.63	0.10
Votes	5	Municipality	0.36	0.22	1.61	0.11
Votes	5	Parliament	-0.03	0.21	-0.17	0.87
Votes	5	President	0.22	0.22	0.99	0.32
Votes	6	Military	0.52	0.31	1.69	0.09
Votes	6	MOI	0.28	0.30	0.94	0.35
Votes	6	MOJ	0.43	0.32	1.34	0.18
Votes	6	Municipality	0.58	0.31	1.87	0.06
Votes	6	Parliament	-0.10	0.29	-0.34	0.73
Votes	6	President	0.21	0.31	0.69	0.49

Table 7.5: Coefficients for Conditional $AMCE$ for Appendix Figure A.1: Importance of Military as Supplier to Firm across Benefits, Egypt Sample

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Confiscate	-0.47	0.37	-1.29	0.20

Funds	1	Control	-0.59	0.37	-1.57	0.12
Funds	1	Export	0.02	0.39	0.05	0.96
Funds	1	Import	-0.23	0.39	-0.58	0.56
Funds	1	Contracts	0.02	0.40	0.04	0.97
Funds	1	Licenses	0.44	0.41	1.06	0.29
Funds	2	Confiscate	-0.40	0.27	-1.47	0.14
Funds	2	Control	-0.50	0.27	-1.82	0.07
Funds	2	Export	-0.03	0.28	-0.10	0.92
Funds	2	Import	-0.14	0.29	-0.49	0.62
Funds	2	Contracts	-0.03	0.29	-0.10	0.92
Funds	2	Licenses	0.36	0.30	1.18	0.24
Funds	3	Confiscate	-0.32	0.19	-1.66	0.10
Funds	3	Control	-0.41	0.19	-2.10	0.04
Funds	3	Export	-0.07	0.20	-0.36	0.72
Funds	3	Import	-0.05	0.21	-0.26	0.79
Funds	3	Contracts	-0.08	0.21	-0.37	0.71
Funds	3	Licenses	0.27	0.21	1.28	0.20
Funds	4	Confiscate	-0.25	0.17	-1.46	0.14
Funds	4	Control	-0.32	0.17	-1.86	0.06
Funds	4	Export	-0.12	0.18	-0.68	0.50
Funds	4	Import	0.03	0.18	0.18	0.85
Funds	4	Contracts	-0.12	0.17	-0.70	0.49
Funds	4	Licenses	0.19	0.18	1.03	0.30
Funds	5	Confiscate	-0.17	0.21	-0.79	0.43
Funds	5	Control	-0.23	0.22	-1.05	0.30
Funds	5	Export	-0.17	0.23	-0.73	0.47

Funds	5	Import	0.12	0.22	0.54	0.59
Funds	5	Contracts	-0.17	0.22	-0.76	0.45
Funds	5	Licenses	0.11	0.24	0.44	0.66
Funds	6	Confiscate	-0.09	0.30	-0.31	0.76
Funds	6	Control	-0.14	0.31	-0.46	0.64
Funds	6	Export	-0.21	0.32	-0.67	0.51
Funds	6	Import	0.21	0.31	0.66	0.51
Funds	6	Contracts	-0.21	0.31	-0.68	0.50
Funds	6	Licenses	0.02	0.34	0.07	0.95
Rallies	1	Confiscate	-0.47	0.37	-1.29	0.20
Rallies	1	Control	-0.59	0.37	-1.57	0.12
Rallies	1	Export	0.02	0.39	0.05	0.96
Rallies	1	Import	-0.23	0.39	-0.58	0.56
Rallies	1	Contracts	0.02	0.40	0.04	0.97
Rallies	1	Licenses	0.44	0.41	1.06	0.29
Rallies	2	Confiscate	-0.40	0.27	-1.47	0.14
Rallies	2	Control	-0.50	0.27	-1.82	0.07
Rallies	2	Export	-0.03	0.28	-0.10	0.92
Rallies	2	Import	-0.14	0.29	-0.49	0.62
Rallies	2	Contracts	-0.03	0.29	-0.10	0.92
Rallies	2	Licenses	0.36	0.30	1.18	0.24
Rallies	3	Confiscate	-0.32	0.19	-1.66	0.10
Rallies	3	Control	-0.41	0.19	-2.10	0.04
Rallies	3	Export	-0.07	0.20	-0.36	0.72
Rallies	3	Import	-0.05	0.21	-0.26	0.79
Rallies	3	Contracts	-0.08	0.21	-0.37	0.71

Rallies	3	Licenses	0.27	0.21	1.28	0.20
Rallies	4	Confiscate	-0.25	0.17	-1.46	0.14
Rallies	4	Control	-0.32	0.17	-1.86	0.06
Rallies	4	Export	-0.12	0.18	-0.68	0.50
Rallies	4	Import	0.03	0.18	0.18	0.85
Rallies	4	Contracts	-0.12	0.17	-0.70	0.49
Rallies	4	Licenses	0.19	0.18	1.03	0.30
Rallies	5	Confiscate	-0.17	0.21	-0.79	0.43
Rallies	5	Control	-0.23	0.22	-1.05	0.30
Rallies	5	Export	-0.17	0.23	-0.73	0.47
Rallies	5	Import	0.12	0.22	0.54	0.59
Rallies	5	Contracts	-0.17	0.22	-0.76	0.45
Rallies	5	Licenses	0.11	0.24	0.44	0.66
Rallies	6	Confiscate	-0.09	0.30	-0.31	0.76
Rallies	6	Control	-0.14	0.31	-0.46	0.64
Rallies	6	Export	-0.21	0.32	-0.67	0.51
Rallies	6	Import	0.21	0.31	0.66	0.51
Rallies	6	Contracts	-0.21	0.31	-0.68	0.50
Rallies	6	Licenses	0.02	0.34	0.07	0.95
Votes	1	Confiscate	-0.47	0.37	-1.29	0.20
Votes	1	Control	-0.59	0.37	-1.57	0.12
Votes	1	Export	0.02	0.39	0.05	0.96
Votes	1	Import	-0.23	0.39	-0.58	0.56
Votes	1	Contracts	0.02	0.40	0.04	0.97
Votes	1	Licenses	0.44	0.41	1.06	0.29
Votes	2	Confiscate	-0.40	0.27	-1.47	0.14

Votes	2	Control	-0.50	0.27	-1.82	0.07
Votes	2	Export	-0.03	0.28	-0.10	0.92
Votes	2	Import	-0.14	0.29	-0.49	0.62
Votes	2	Contracts	-0.03	0.29	-0.10	0.92
Votes	2	Licenses	0.36	0.30	1.18	0.24
Votes	3	Confiscate	-0.32	0.19	-1.66	0.10
Votes	3	Control	-0.41	0.19	-2.10	0.04
Votes	3	Export	-0.07	0.20	-0.36	0.72
Votes	3	Import	-0.05	0.21	-0.26	0.79
Votes	3	Contracts	-0.08	0.21	-0.37	0.71
Votes	3	Licenses	0.27	0.21	1.28	0.20
Votes	4	Confiscate	-0.25	0.17	-1.46	0.14
Votes	4	Control	-0.32	0.17	-1.86	0.06
Votes	4	Export	-0.12	0.18	-0.68	0.50
Votes	4	Import	0.03	0.18	0.18	0.85
Votes	4	Contracts	-0.12	0.17	-0.70	0.49
Votes	4	Licenses	0.19	0.18	1.03	0.30
Votes	5	Confiscate	-0.17	0.21	-0.79	0.43
Votes	5	Control	-0.23	0.22	-1.05	0.30
Votes	5	Export	-0.17	0.23	-0.73	0.47
Votes	5	Import	0.12	0.22	0.54	0.59
Votes	5	Contracts	-0.17	0.22	-0.76	0.45
Votes	5	Licenses	0.11	0.24	0.44	0.66
Votes	6	Confiscate	-0.09	0.30	-0.31	0.76
Votes	6	Control	-0.14	0.31	-0.46	0.64
Votes	6	Export	-0.21	0.32	-0.67	0.51

Votes	6	Import	0.21	0.31	0.66	0.51
Votes	6	Contracts	-0.21	0.31	-0.68	0.50
Votes	6	Licenses	0.02	0.34	0.07	0.95

Table 7.6: Coefficients for Conditional $AMCE$ for Appendix Figure A.2: Importance of Military as Customer to Firm across Benefits, Egypt Sample

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Confiscate	-0.09	0.44	-0.20	0.84
Funds	1	Control	-0.20	0.42	-0.48	0.63
Funds	1	Export	-0.02	0.45	-0.05	0.96
Funds	1	Import	-0.13	0.45	-0.30	0.77
Funds	1	Contracts	-0.23	0.44	-0.54	0.59
Funds	1	Licenses	0.17	0.46	0.37	0.71
Funds	2	Confiscate	-0.14	0.33	-0.42	0.68
Funds	2	Control	-0.25	0.32	-0.80	0.43
Funds	2	Export	-0.06	0.34	-0.17	0.86
Funds	2	Import	-0.09	0.34	-0.27	0.79
Funds	2	Contracts	-0.20	0.33	-0.62	0.53
Funds	2	Licenses	0.18	0.34	0.53	0.60
Funds	3	Confiscate	-0.19	0.23	-0.81	0.42
Funds	3	Control	-0.30	0.22	-1.34	0.18
Funds	3	Export	-0.09	0.24	-0.40	0.69
Funds	3	Import	-0.05	0.24	-0.20	0.84
Funds	3	Contracts	-0.17	0.23	-0.75	0.46

Funds	3	Licenses	0.19	0.24	0.79	0.43
Funds	4	Confiscate	-0.24	0.17	-1.38	0.17
Funds	4	Control	-0.35	0.17	-2.03	0.04
Funds	4	Export	-0.13	0.18	-0.72	0.47
Funds	4	Import	-0.01	0.18	-0.03	0.98
Funds	4	Contracts	-0.14	0.18	-0.81	0.42
Funds	4	Licenses	0.20	0.18	1.09	0.27
Funds	5	Confiscate	-0.29	0.19	-1.52	0.13
Funds	5	Control	-0.40	0.20	-2.03	0.04
Funds	5	Export	-0.17	0.21	-0.80	0.42
Funds	5	Import	0.04	0.20	0.19	0.85
Funds	5	Contracts	-0.11	0.20	-0.57	0.57
Funds	5	Licenses	0.21	0.21	1.01	0.31
Funds	6	Confiscate	-0.33	0.27	-1.25	0.21
Funds	6	Control	-0.45	0.28	-1.61	0.11
Funds	6	Export	-0.20	0.30	-0.68	0.49
Funds	6	Import	0.08	0.29	0.28	0.78
Funds	6	Contracts	-0.08	0.28	-0.30	0.77
Funds	6	Licenses	0.22	0.30	0.75	0.45
Rallies	1	Confiscate	-0.09	0.44	-0.20	0.84
Rallies	1	Control	-0.20	0.42	-0.48	0.63
Rallies	1	Export	-0.02	0.45	-0.05	0.96
Rallies	1	Import	-0.13	0.45	-0.30	0.77
Rallies	1	Contracts	-0.23	0.44	-0.54	0.59
Rallies	1	Licenses	0.17	0.46	0.37	0.71
Rallies	2	Confiscate	-0.14	0.33	-0.42	0.68

Rallies	2	Control	-0.25	0.32	-0.80	0.43
Rallies	2	Export	-0.06	0.34	-0.17	0.86
Rallies	2	Import	-0.09	0.34	-0.27	0.79
Rallies	2	Contracts	-0.20	0.33	-0.62	0.53
Rallies	2	Licenses	0.18	0.34	0.53	0.60
Rallies	3	Confiscate	-0.19	0.23	-0.81	0.42
Rallies	3	Control	-0.30	0.22	-1.34	0.18
Rallies	3	Export	-0.09	0.24	-0.40	0.69
Rallies	3	Import	-0.05	0.24	-0.20	0.84
Rallies	3	Contracts	-0.17	0.23	-0.75	0.46
Rallies	3	Licenses	0.19	0.24	0.79	0.43
Rallies	4	Confiscate	-0.24	0.17	-1.38	0.17
Rallies	4	Control	-0.35	0.17	-2.03	0.04
Rallies	4	Export	-0.13	0.18	-0.72	0.47
Rallies	4	Import	-0.01	0.18	-0.03	0.98
Rallies	4	Contracts	-0.14	0.18	-0.81	0.42
Rallies	4	Licenses	0.20	0.18	1.09	0.27
Rallies	5	Confiscate	-0.29	0.19	-1.52	0.13
Rallies	5	Control	-0.40	0.20	-2.03	0.04
Rallies	5	Export	-0.17	0.21	-0.80	0.42
Rallies	5	Import	0.04	0.20	0.19	0.85
Rallies	5	Contracts	-0.11	0.20	-0.57	0.57
Rallies	5	Licenses	0.21	0.21	1.01	0.31
Rallies	6	Confiscate	-0.33	0.27	-1.25	0.21
Rallies	6	Control	-0.45	0.28	-1.61	0.11
Rallies	6	Export	-0.20	0.30	-0.68	0.49

Rallies	6	Import	0.08	0.29	0.28	0.78
Rallies	6	Contracts	-0.08	0.28	-0.30	0.77
Rallies	6	Licenses	0.22	0.30	0.75	0.45
Votes	1	Confiscate	-0.09	0.44	-0.20	0.84
Votes	1	Control	-0.20	0.42	-0.48	0.63
Votes	1	Export	-0.02	0.45	-0.05	0.96
Votes	1	Import	-0.13	0.45	-0.30	0.77
Votes	1	Contracts	-0.23	0.44	-0.54	0.59
Votes	1	Licenses	0.17	0.46	0.37	0.71
Votes	2	Confiscate	-0.14	0.33	-0.42	0.68
Votes	2	Control	-0.25	0.32	-0.80	0.43
Votes	2	Export	-0.06	0.34	-0.17	0.86
Votes	2	Import	-0.09	0.34	-0.27	0.79
Votes	2	Contracts	-0.20	0.33	-0.62	0.53
Votes	2	Licenses	0.18	0.34	0.53	0.60
Votes	3	Confiscate	-0.19	0.23	-0.81	0.42
Votes	3	Control	-0.30	0.22	-1.34	0.18
Votes	3	Export	-0.09	0.24	-0.40	0.69
Votes	3	Import	-0.05	0.24	-0.20	0.84
Votes	3	Contracts	-0.17	0.23	-0.75	0.46
Votes	3	Licenses	0.19	0.24	0.79	0.43
Votes	4	Confiscate	-0.24	0.17	-1.38	0.17
Votes	4	Control	-0.35	0.17	-2.03	0.04
Votes	4	Export	-0.13	0.18	-0.72	0.47
Votes	4	Import	-0.01	0.18	-0.03	0.98
Votes	4	Contracts	-0.14	0.18	-0.81	0.42

Votes	4	Licenses	0.20	0.18	1.09	0.27
Votes	5	Confiscate	-0.29	0.19	-1.52	0.13
Votes	5	Control	-0.40	0.20	-2.03	0.04
Votes	5	Export	-0.17	0.21	-0.80	0.42
Votes	5	Import	0.04	0.20	0.19	0.85
Votes	5	Contracts	-0.11	0.20	-0.57	0.57
Votes	5	Licenses	0.21	0.21	1.01	0.31
Votes	6	Confiscate	-0.33	0.27	-1.25	0.21
Votes	6	Control	-0.45	0.28	-1.61	0.11
Votes	6	Export	-0.20	0.30	-0.68	0.49
Votes	6	Import	0.08	0.29	0.28	0.78
Votes	6	Contracts	-0.08	0.28	-0.30	0.77
Votes	6	Licenses	0.22	0.30	0.75	0.45

Table 7.7: Coefficients for Conditional $AMCE$ for Appendix Figure A.3: Importance of Military as Supplier to Firm across Benefits, Egypt Sample

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Military	0.03	0.44	0.08	0.94
Funds	1	MOI	0.01	0.45	0.03	0.98
Funds	1	MOJ	0.49	0.45	1.10	0.27
Funds	1	Municipality	-0.17	0.44	-0.38	0.70
Funds	1	Parliament	0.24	0.43	0.55	0.58
Funds	1	President	0.29	0.44	0.67	0.50
Funds	2	Military	0.18	0.33	0.54	0.59

Funds	2	MOI	0.04	0.34	0.12	0.90
Funds	2	MOJ	0.43	0.34	1.28	0.20
Funds	2	Municipality	-0.09	0.33	-0.28	0.78
Funds	2	Parliament	0.17	0.32	0.52	0.60
Funds	2	President	0.27	0.33	0.82	0.41
Funds	3	Military	0.32	0.23	1.38	0.17
Funds	3	MOI	0.07	0.24	0.29	0.77
Funds	3	MOJ	0.37	0.24	1.54	0.12
Funds	3	Municipality	-0.01	0.23	-0.06	0.95
Funds	3	Parliament	0.10	0.23	0.42	0.67
Funds	3	President	0.24	0.23	1.03	0.30
Funds	4	Military	0.47	0.18	2.62	0.01
Funds	4	MOI	0.10	0.17	0.56	0.57
Funds	4	MOJ	0.30	0.18	1.70	0.09
Funds	4	Municipality	0.06	0.17	0.37	0.72
Funds	4	Parliament	0.03	0.17	0.15	0.88
Funds	4	President	0.21	0.18	1.21	0.23
Funds	5	Military	0.61	0.20	3.07	0.00
Funds	5	MOI	0.13	0.19	0.67	0.50
Funds	5	MOJ	0.24	0.20	1.21	0.23
Funds	5	Municipality	0.14	0.20	0.72	0.47
Funds	5	Parliament	-0.04	0.19	-0.23	0.82
Funds	5	President	0.19	0.20	0.96	0.34
Funds	6	Military	0.76	0.28	2.69	0.01
Funds	6	MOI	0.16	0.27	0.58	0.56
Funds	6	MOJ	0.17	0.28	0.63	0.53

Funds	6	Municipality	0.22	0.28	0.78	0.43
Funds	6	Parliament	-0.11	0.27	-0.43	0.67
Funds	6	President	0.16	0.28	0.58	0.56
Rallies	1	Military	0.03	0.44	0.08	0.94
Rallies	1	MOI	0.01	0.45	0.03	0.98
Rallies	1	MOJ	0.49	0.45	1.10	0.27
Rallies	1	Municipality	-0.17	0.44	-0.38	0.70
Rallies	1	Parliament	0.24	0.43	0.55	0.58
Rallies	1	President	0.29	0.44	0.67	0.50
Rallies	2	Military	0.18	0.33	0.54	0.59
Rallies	2	MOI	0.04	0.34	0.12	0.90
Rallies	2	MOJ	0.43	0.34	1.28	0.20
Rallies	2	Municipality	-0.09	0.33	-0.28	0.78
Rallies	2	Parliament	0.17	0.32	0.52	0.60
Rallies	2	President	0.27	0.33	0.82	0.41
Rallies	3	Military	0.32	0.23	1.38	0.17
Rallies	3	MOI	0.07	0.24	0.29	0.77
Rallies	3	MOJ	0.37	0.24	1.54	0.12
Rallies	3	Municipality	-0.01	0.23	-0.06	0.95
Rallies	3	Parliament	0.10	0.23	0.42	0.67
Rallies	3	President	0.24	0.23	1.03	0.30
Rallies	4	Military	0.47	0.18	2.62	0.01
Rallies	4	MOI	0.10	0.17	0.56	0.57
Rallies	4	MOJ	0.30	0.18	1.70	0.09
Rallies	4	Municipality	0.06	0.17	0.37	0.72
Rallies	4	Parliament	0.03	0.17	0.15	0.88

Rallies	4	President	0.21	0.18	1.21	0.23
Rallies	5	Military	0.61	0.20	3.07	0.00
Rallies	5	MOI	0.13	0.19	0.67	0.50
Rallies	5	MOJ	0.24	0.20	1.21	0.23
Rallies	5	Municipality	0.14	0.20	0.72	0.47
Rallies	5	Parliament	-0.04	0.19	-0.23	0.82
Rallies	5	President	0.19	0.20	0.96	0.34
Rallies	6	Military	0.76	0.28	2.69	0.01
Rallies	6	MOI	0.16	0.27	0.58	0.56
Rallies	6	MOJ	0.17	0.28	0.63	0.53
Rallies	6	Municipality	0.22	0.28	0.78	0.43
Rallies	6	Parliament	-0.11	0.27	-0.43	0.67
Rallies	6	President	0.16	0.28	0.58	0.56
Votes	1	Military	0.03	0.44	0.08	0.94
Votes	1	MOI	0.01	0.45	0.03	0.98
Votes	1	MOJ	0.49	0.45	1.10	0.27
Votes	1	Municipality	-0.17	0.44	-0.38	0.70
Votes	1	Parliament	0.24	0.43	0.55	0.58
Votes	1	President	0.29	0.44	0.67	0.50
Votes	2	Military	0.18	0.33	0.54	0.59
Votes	2	MOI	0.04	0.34	0.12	0.90
Votes	2	MOJ	0.43	0.34	1.28	0.20
Votes	2	Municipality	-0.09	0.33	-0.28	0.78
Votes	2	Parliament	0.17	0.32	0.52	0.60
Votes	2	President	0.27	0.33	0.82	0.41
Votes	3	Military	0.32	0.23	1.38	0.17

Votes	3	MOI	0.07	0.24	0.29	0.77
Votes	3	MOJ	0.37	0.24	1.54	0.12
Votes	3	Municipality	-0.01	0.23	-0.06	0.95
Votes	3	Parliament	0.10	0.23	0.42	0.67
Votes	3	President	0.24	0.23	1.03	0.30
Votes	4	Military	0.47	0.18	2.62	0.01
Votes	4	MOI	0.10	0.17	0.56	0.57
Votes	4	MOJ	0.30	0.18	1.70	0.09
Votes	4	Municipality	0.06	0.17	0.37	0.72
Votes	4	Parliament	0.03	0.17	0.15	0.88
Votes	4	President	0.21	0.18	1.21	0.23
Votes	5	Military	0.61	0.20	3.07	0.00
Votes	5	MOI	0.13	0.19	0.67	0.50
Votes	5	MOJ	0.24	0.20	1.21	0.23
Votes	5	Municipality	0.14	0.20	0.72	0.47
Votes	5	Parliament	-0.04	0.19	-0.23	0.82
Votes	5	President	0.19	0.20	0.96	0.34
Votes	6	Military	0.76	0.28	2.69	0.01
Votes	6	MOI	0.16	0.27	0.58	0.56
Votes	6	MOJ	0.17	0.28	0.63	0.53
Votes	6	Municipality	0.22	0.28	0.78	0.43
Votes	6	Parliament	-0.11	0.27	-0.43	0.67
Votes	6	President	0.16	0.28	0.58	0.56

Table 7.8: Coefficients for Conditional $AMCE$ for Appendix Figure A.4: Importance of Military as Supplier to Firm across Agencies, Egypt Sample

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	Tunisia	Military	-0.70	0.194	-3.59	0.00
Funds	Tunisia	MOI	-0.52	0.207	-2.49	0.01
Funds	Tunisia	MOJ	-0.04	0.216	-0.20	0.84
Funds	Tunisia	Municipality	-0.09	0.221	-0.41	0.68
Funds	Tunisia	Parliament	-0.13	0.213	-0.59	0.56
Funds	Tunisia	President	-0.27	0.206	-1.29	0.20
Funds	Algeria	Military	-0.10	0.161	-0.60	0.55
Funds	Algeria	MOI	-0.18	0.162	-1.12	0.26
Funds	Algeria	MOJ	0.03	0.169	0.19	0.85
Funds	Algeria	Municipality	0.03	0.169	0.20	0.84
Funds	Algeria	Parliament	0.13	0.170	0.78	0.43
Funds	Algeria	President	0.22	0.169	1.30	0.19
Funds	Egypt	Military	0.50	0.176	2.85	0.00
Funds	Egypt	MOI	0.11	0.171	0.62	0.54
Funds	Egypt	MOJ	0.31	0.175	1.75	0.08
Funds	Egypt	Municipality	0.08	0.171	0.49	0.62
Funds	Egypt	Parliament	0.03	0.171	0.20	0.84
Funds	Egypt	President	0.22	0.175	1.26	0.21
Rallies	Tunisia	Military	-0.70	0.194	-3.59	0.00
Rallies	Tunisia	MOI	-0.52	0.207	-2.49	0.01

Rallies	Tunisia	MOJ	-0.04	0.216	-0.20	0.84
Rallies	Tunisia	Municipality	-0.09	0.221	-0.41	0.68
Rallies	Tunisia	Parliament	-0.13	0.213	-0.59	0.56
Rallies	Tunisia	President	-0.27	0.206	-1.29	0.20
Rallies	Algeria	Military	-0.10	0.161	-0.60	0.55
Rallies	Algeria	MOI	-0.18	0.162	-1.12	0.26
Rallies	Algeria	MOJ	0.03	0.169	0.19	0.85
Rallies	Algeria	Municipality	0.03	0.169	0.20	0.84
Rallies	Algeria	Parliament	0.13	0.170	0.78	0.43
Rallies	Algeria	President	0.22	0.169	1.30	0.19
Rallies	Egypt	Military	0.50	0.176	2.85	0.00
Rallies	Egypt	MOI	0.11	0.171	0.62	0.54
Rallies	Egypt	MOJ	0.31	0.175	1.75	0.08
Rallies	Egypt	Municipality	0.08	0.171	0.49	0.62
Rallies	Egypt	Parliament	0.03	0.171	0.20	0.84
Rallies	Egypt	President	0.22	0.175	1.26	0.21
Votes	Tunisia	Military	-0.70	0.194	-3.59	0.00
Votes	Tunisia	MOI	-0.52	0.207	-2.49	0.01
Votes	Tunisia	MOJ	-0.04	0.216	-0.20	0.84
Votes	Tunisia	Municipality	-0.09	0.221	-0.41	0.68
Votes	Tunisia	Parliament	-0.13	0.213	-0.59	0.56
Votes	Tunisia	President	-0.27	0.206	-1.29	0.20
Votes	Algeria	Military	-0.10	0.161	-0.60	0.55
Votes	Algeria	MOI	-0.18	0.162	-1.12	0.26
Votes	Algeria	MOJ	0.03	0.169	0.19	0.85
Votes	Algeria	Municipality	0.03	0.169	0.20	0.84

Votes	Algeria	Parliament	0.13	0.170	0.78	0.43
Votes	Algeria	President	0.22	0.169	1.30	0.19
Votes	Egypt	Military	0.50	0.176	2.85	0.00
Votes	Egypt	MOI	0.11	0.171	0.62	0.54
Votes	Egypt	MOJ	0.31	0.175	1.75	0.08
Votes	Egypt	Municipality	0.08	0.171	0.49	0.62
Votes	Egypt	Parliament	0.03	0.171	0.20	0.84
Votes	Egypt	President	0.22	0.175	1.26	0.21

Table 7.9: Coefficients for Conditional $AMCE$ for Figure 11: Importance of Military across Countries

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Military	-0.07	0.262	-0.25	0.80
Funds	1	MOI	0.06	0.275	0.21	0.83
Funds	1	MOJ	0.30	0.276	1.08	0.28
Funds	1	Municipality	0.21	0.277	0.76	0.45
Funds	1	Parliament	0.09	0.265	0.33	0.74
Funds	1	President	0.10	0.266	0.37	0.71
Funds	2	Military	-0.05	0.199	-0.27	0.79
Funds	2	MOI	-0.00	0.209	-0.01	0.99
Funds	2	MOJ	0.24	0.210	1.16	0.24
Funds	2	Municipality	0.15	0.210	0.71	0.48
Funds	2	Parliament	0.06	0.202	0.32	0.75
Funds	2	President	0.10	0.202	0.47	0.64
Funds	3	Military	-0.04	0.144	-0.29	0.77

Funds	3	MOI	-0.06	0.150	-0.42	0.68
Funds	3	MOJ	0.19	0.151	1.27	0.20
Funds	3	Municipality	0.09	0.151	0.60	0.55
Funds	3	Parliament	0.04	0.145	0.29	0.77
Funds	3	President	0.09	0.146	0.64	0.52
Funds	4	Military	-0.03	0.107	-0.28	0.78
Funds	4	MOI	-0.12	0.109	-1.13	0.26
Funds	4	MOJ	0.14	0.112	1.26	0.21
Funds	4	Municipality	0.03	0.111	0.28	0.78
Funds	4	Parliament	0.02	0.108	0.17	0.87
Funds	4	President	0.09	0.109	0.83	0.40
Funds	5	Military	-0.02	0.109	-0.17	0.87
Funds	5	MOI	-0.18	0.108	-1.70	0.09
Funds	5	MOJ	0.09	0.113	0.78	0.44
Funds	5	Municipality	-0.03	0.112	-0.25	0.80
Funds	5	Parliament	-0.01	0.113	-0.05	0.96
Funds	5	President	0.09	0.113	0.79	0.43
Funds	6	Military	-0.01	0.149	-0.04	0.97
Funds	6	MOI	-0.24	0.148	-1.64	0.10
Funds	6	MOJ	0.04	0.154	0.23	0.82
Funds	6	Municipality	-0.09	0.154	-0.57	0.57
Funds	6	Parliament	-0.03	0.155	-0.18	0.85
Funds	6	President	0.09	0.154	0.56	0.57
Rallies	1	Military	-0.07	0.262	-0.25	0.80
Rallies	1	MOI	0.06	0.275	0.21	0.83
Rallies	1	MOJ	0.30	0.276	1.08	0.28

Rallies	1	Municipality	0.21	0.277	0.76	0.45
Rallies	1	Parliament	0.09	0.265	0.33	0.74
Rallies	1	President	0.10	0.266	0.37	0.71
Rallies	2	Military	-0.05	0.199	-0.27	0.79
Rallies	2	MOI	-0.00	0.209	-0.01	0.99
Rallies	2	MOJ	0.24	0.210	1.16	0.24
Rallies	2	Municipality	0.15	0.210	0.71	0.48
Rallies	2	Parliament	0.06	0.202	0.32	0.75
Rallies	2	President	0.10	0.202	0.47	0.64
Rallies	3	Military	-0.04	0.144	-0.29	0.77
Rallies	3	MOI	-0.06	0.150	-0.42	0.68
Rallies	3	MOJ	0.19	0.151	1.27	0.20
Rallies	3	Municipality	0.09	0.151	0.60	0.55
Rallies	3	Parliament	0.04	0.145	0.29	0.77
Rallies	3	President	0.09	0.146	0.64	0.52
Rallies	4	Military	-0.03	0.107	-0.28	0.78
Rallies	4	MOI	-0.12	0.109	-1.13	0.26
Rallies	4	MOJ	0.14	0.112	1.26	0.21
Rallies	4	Municipality	0.03	0.111	0.28	0.78
Rallies	4	Parliament	0.02	0.108	0.17	0.87
Rallies	4	President	0.09	0.109	0.83	0.40
Rallies	5	Military	-0.02	0.109	-0.17	0.87
Rallies	5	MOI	-0.18	0.108	-1.70	0.09
Rallies	5	MOJ	0.09	0.113	0.78	0.44
Rallies	5	Municipality	-0.03	0.112	-0.25	0.80
Rallies	5	Parliament	-0.01	0.113	-0.05	0.96

Rallies	5	President	0.09	0.113	0.79	0.43
Rallies	6	Military	-0.01	0.149	-0.04	0.97
Rallies	6	MOI	-0.24	0.148	-1.64	0.10
Rallies	6	MOJ	0.04	0.154	0.23	0.82
Rallies	6	Municipality	-0.09	0.154	-0.57	0.57
Rallies	6	Parliament	-0.03	0.155	-0.18	0.85
Rallies	6	President	0.09	0.154	0.56	0.57
Votes	1	Military	-0.07	0.262	-0.25	0.80
Votes	1	MOI	0.06	0.275	0.21	0.83
Votes	1	MOJ	0.30	0.276	1.08	0.28
Votes	1	Municipality	0.21	0.277	0.76	0.45
Votes	1	Parliament	0.09	0.265	0.33	0.74
Votes	1	President	0.10	0.266	0.37	0.71
Votes	2	Military	-0.05	0.199	-0.27	0.79
Votes	2	MOI	-0.00	0.209	-0.01	0.99
Votes	2	MOJ	0.24	0.210	1.16	0.24
Votes	2	Municipality	0.15	0.210	0.71	0.48
Votes	2	Parliament	0.06	0.202	0.32	0.75
Votes	2	President	0.10	0.202	0.47	0.64
Votes	3	Military	-0.04	0.144	-0.29	0.77
Votes	3	MOI	-0.06	0.150	-0.42	0.68
Votes	3	MOJ	0.19	0.151	1.27	0.20
Votes	3	Municipality	0.09	0.151	0.60	0.55
Votes	3	Parliament	0.04	0.145	0.29	0.77
Votes	3	President	0.09	0.146	0.64	0.52
Votes	4	Military	-0.03	0.107	-0.28	0.78

Votes	4	MOI	-0.12	0.109	-1.13	0.26
Votes	4	MOJ	0.14	0.112	1.26	0.21
Votes	4	Municipality	0.03	0.111	0.28	0.78
Votes	4	Parliament	0.02	0.108	0.17	0.87
Votes	4	President	0.09	0.109	0.83	0.40
Votes	5	Military	-0.02	0.109	-0.17	0.87
Votes	5	MOI	-0.18	0.108	-1.70	0.09
Votes	5	MOJ	0.09	0.113	0.78	0.44
Votes	5	Municipality	-0.03	0.112	-0.25	0.80
Votes	5	Parliament	-0.01	0.113	-0.05	0.96
Votes	5	President	0.09	0.113	0.79	0.43
Votes	6	Military	-0.01	0.149	-0.04	0.97
Votes	6	MOI	-0.24	0.148	-1.64	0.10
Votes	6	MOJ	0.04	0.154	0.23	0.82
Votes	6	Municipality	-0.09	0.154	-0.57	0.57
Votes	6	Parliament	-0.03	0.155	-0.18	0.85
Votes	6	President	0.09	0.154	0.56	0.57

Table 7.10: Coefficients for Conditional $AMCE$ for Figure 9: Importance of Military as Supplier to Firm across Agencies

DV	Interaction	Estimate	Std. Err	z value	z Value	$Pr(>\|z\|)$
Funds	Actor Type	-0.02	0.102	-0.23	0.82	
Funds	Actor Type	-0.16	0.102	-1.52	0.13	
Funds	Actor Type	0.11	0.106	1.07	0.28	

Funds	Actor Type	0.01	0.105	0.08	0.94	
Funds	Actor Type	0.02	0.105	0.18	0.86	
Funds	Actor Type	0.09	0.105	0.90	0.37	
Funds	Appeal Type	-0.23	0.102	-2.29	0.02	*
Funds	Appeal Type	-0.29	0.103	-2.84	0.00	**
Funds	Appeal Type	-0.01	0.106	-0.06	0.95	
Funds	Appeal Type	0.06	0.107	0.59	0.56	
Funds	Appeal Type	-0.08	0.106	-0.72	0.47	
Funds	Appeal Type	0.00	0.107	0.00	1.00	
Funds	Country	-0.30	0.072	-4.19	0.00	***
Funds	Country	0.49	0.073	6.79	0.00	***
Rallies	Actor Type	0.03	0.102	0.30	0.76	
Rallies	Actor Type	0.00	0.103	0.02	0.98	
Rallies	Actor Type	0.13	0.104	1.27	0.21	
Rallies	Actor Type	0.16	0.106	1.48	0.14	
Rallies	Actor Type	0.05	0.103	0.44	0.66	
Rallies	Actor Type	-0.01	0.102	-0.05	0.96	
Rallies	Appeal Type	-0.28	0.103	-2.69	0.01	**
Rallies	Appeal Type	-0.33	0.103	-3.16	0.00	**
Rallies	Appeal Type	-0.05	0.105	-0.49	0.63	
Rallies	Appeal Type	0.01	0.107	0.13	0.89	
Rallies	Appeal Type	-0.10	0.107	-0.93	0.35	
Rallies	Appeal Type	-0.10	0.107	-0.92	0.36	
Rallies	Country	-0.25	0.071	-3.57	0.00	***
Rallies	Country	0.61	0.072	8.47	0.00	***
Votes	Actor Type	-0.04	0.103	-0.40	0.69	

Votes	Actor Type	-0.02	0.105	-0.19	0.85	
Votes	Actor Type	0.18	0.106	1.67	0.09	
Votes	Actor Type	0.03	0.105	0.27	0.79	
Votes	Actor Type	-0.03	0.104	-0.26	0.80	
Votes	Actor Type	-0.03	0.103	-0.25	0.80	
Votes	Appeal Type	-0.28	0.102	-2.72	0.01	**
Votes	Appeal Type	-0.37	0.102	-3.63	0.00	***
Votes	Appeal Type	-0.01	0.104	-0.13	0.90	
Votes	Appeal Type	0.06	0.106	0.54	0.59	
Votes	Appeal Type	-0.11	0.105	-1.03	0.30	
Votes	Appeal Type	-0.01	0.106	-0.11	0.91	
Votes	Country	-0.18	0.071	-2.51	0.01	*
Votes	Country	0.68	0.072	9.38	0.00	***

Table 7.11: Coefficients for Average Political Participation Rates Across DVs for Country

DV	Interaction	Estimate	Std. Err	z value	z Value	$Pr(> \|z\|)$
Funds	Actor Type	-0.02	0.102	-0.23	0.82	
Funds	Actor Type	-0.16	0.102	-1.52	0.13	
Funds	Actor Type	0.11	0.106	1.07	0.28	
Funds	Actor Type	0.01	0.105	0.08	0.94	
Funds	Actor Type	0.02	0.105	0.18	0.86	
Funds	Actor Type	0.09	0.105	0.90	0.37	
Funds	Appeal Type	-0.23	0.102	-2.29	0.02	*
Funds	Appeal Type	-0.29	0.103	-2.84	0.00	**

Funds	Appeal Type	-0.01	0.106	-0.06	0.95	
Funds	Appeal Type	0.06	0.107	0.59	0.56	
Funds	Appeal Type	-0.08	0.106	-0.72	0.47	
Funds	Appeal Type	0.00	0.107	0.00	1.00	
Funds	Country	-0.30	0.072	-4.19	0.00	***
Funds	Country	0.49	0.073	6.79	0.00	***
Rallies	Actor Type	0.03	0.102	0.30	0.76	
Rallies	Actor Type	0.00	0.103	0.02	0.98	
Rallies	Actor Type	0.13	0.104	1.27	0.21	
Rallies	Actor Type	0.16	0.106	1.48	0.14	
Rallies	Actor Type	0.05	0.103	0.44	0.66	
Rallies	Actor Type	-0.01	0.102	-0.05	0.96	
Rallies	Appeal Type	-0.28	0.103	-2.69	0.01	**
Rallies	Appeal Type	-0.33	0.103	-3.16	0.00	**
Rallies	Appeal Type	-0.05	0.105	-0.49	0.63	
Rallies	Appeal Type	0.01	0.107	0.13	0.89	
Rallies	Appeal Type	-0.10	0.107	-0.93	0.35	
Rallies	Appeal Type	-0.10	0.107	-0.92	0.36	
Rallies	Country	-0.25	0.071	-3.57	0.00	***
Rallies	Country	0.61	0.072	8.47	0.00	***
Votes	Actor Type	-0.04	0.103	-0.40	0.69	
Votes	Actor Type	-0.02	0.105	-0.19	0.85	
Votes	Actor Type	0.18	0.106	1.67	0.09	
Votes	Actor Type	0.03	0.105	0.27	0.79	
Votes	Actor Type	-0.03	0.104	-0.26	0.80	
Votes	Actor Type	-0.03	0.103	-0.25	0.80	

Votes	Appeal Type	-0.28	0.102	-2.72	0.01	**
Votes	Appeal Type	-0.37	0.102	-3.63	0.00	***
Votes	Appeal Type	-0.01	0.104	-0.13	0.90	
Votes	Appeal Type	0.06	0.106	0.54	0.59	
Votes	Appeal Type	-0.11	0.105	-1.03	0.30	
Votes	Appeal Type	-0.01	0.106	-0.11	0.91	
Votes	Country	-0.18	0.071	-2.51	0.01	*
Votes	Country	0.68	0.072	9.38	0.00	***

Table 7.12: Coefficients for Average Political Participation Rates Across DVs for Country

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Confiscate	-0.02	0.263	-0.06	0.95
Funds	1	Control	0.10	0.261	0.39	0.70
Funds	1	Export	-0.13	0.272	-0.47	0.64
Funds	1	Import	0.08	0.277	0.30	0.77
Funds	1	Contracts	-0.11	0.271	-0.40	0.69
Funds	1	Licenses	0.36	0.278	1.31	0.19
Funds	2	Confiscate	-0.08	0.200	-0.38	0.70
Funds	2	Control	-0.01	0.199	-0.07	0.94
Funds	2	Export	-0.09	0.206	-0.45	0.65
Funds	2	Import	0.08	0.210	0.37	0.71
Funds	2	Contracts	-0.10	0.206	-0.48	0.63
Funds	2	Licenses	0.26	0.211	1.22	0.22
Funds	3	Confiscate	-0.14	0.144	-0.95	0.34

Funds	3	Control	-0.13	0.143	-0.90	0.37
Funds	3	Export	-0.06	0.147	-0.40	0.69
Funds	3	Import	0.07	0.151	0.48	0.63
Funds	3	Contracts	-0.09	0.148	-0.60	0.55
Funds	3	Licenses	0.15	0.152	1.01	0.31
Funds	4	Confiscate	-0.20	0.107	-1.85	0.06
Funds	4	Control	-0.24	0.107	-2.29	0.02
Funds	4	Export	-0.02	0.110	-0.22	0.83
Funds	4	Import	0.07	0.112	0.62	0.54
Funds	4	Contracts	-0.08	0.111	-0.72	0.47
Funds	4	Licenses	0.05	0.112	0.44	0.66
Funds	5	Confiscate	-0.26	0.109	-2.35	0.02
Funds	5	Control	-0.36	0.111	-3.25	0.00
Funds	5	Export	0.01	0.115	0.09	0.93
Funds	5	Import	0.06	0.114	0.56	0.57
Funds	5	Contracts	-0.07	0.114	-0.61	0.54
Funds	5	Licenses	-0.06	0.114	-0.49	0.63
Funds	6	Confiscate	-0.32	0.150	-2.12	0.03
Funds	6	Control	-0.48	0.152	-3.13	0.00
Funds	6	Export	0.05	0.159	0.28	0.78
Funds	6	Import	0.06	0.157	0.38	0.70
Funds	6	Contracts	-0.06	0.157	-0.38	0.70
Funds	6	Licenses	-0.16	0.157	-1.02	0.31
Rallies	1	Confiscate	-0.02	0.263	-0.06	0.95
Rallies	1	Control	0.10	0.261	0.39	0.70
Rallies	1	Export	-0.13	0.272	-0.47	0.64

Rallies	1	Import	0.08	0.277	0.30	0.77
Rallies	1	Contracts	-0.11	0.271	-0.40	0.69
Rallies	1	Licenses	0.36	0.278	1.31	0.19
Rallies	2	Confiscate	-0.08	0.200	-0.38	0.70
Rallies	2	Control	-0.01	0.199	-0.07	0.94
Rallies	2	Export	-0.09	0.206	-0.45	0.65
Rallies	2	Import	0.08	0.210	0.37	0.71
Rallies	2	Contracts	-0.10	0.206	-0.48	0.63
Rallies	2	Licenses	0.26	0.211	1.22	0.22
Rallies	3	Confiscate	-0.14	0.144	-0.95	0.34
Rallies	3	Control	-0.13	0.143	-0.90	0.37
Rallies	3	Export	-0.06	0.147	-0.40	0.69
Rallies	3	Import	0.07	0.151	0.48	0.63
Rallies	3	Contracts	-0.09	0.148	-0.60	0.55
Rallies	3	Licenses	0.15	0.152	1.01	0.31
Rallies	4	Confiscate	-0.20	0.107	-1.85	0.06
Rallies	4	Control	-0.24	0.107	-2.29	0.02
Rallies	4	Export	-0.02	0.110	-0.22	0.83
Rallies	4	Import	0.07	0.112	0.62	0.54
Rallies	4	Contracts	-0.08	0.111	-0.72	0.47
Rallies	4	Licenses	0.05	0.112	0.44	0.66
Rallies	5	Confiscate	-0.26	0.109	-2.35	0.02
Rallies	5	Control	-0.36	0.111	-3.25	0.00
Rallies	5	Export	0.01	0.115	0.09	0.93
Rallies	5	Import	0.06	0.114	0.56	0.57
Rallies	5	Contracts	-0.07	0.114	-0.61	0.54

Rallies	5	Licenses	-0.06	0.114	-0.49	0.63
Rallies	6	Confiscate	-0.32	0.150	-2.12	0.03
Rallies	6	Control	-0.48	0.152	-3.13	0.00
Rallies	6	Export	0.05	0.159	0.28	0.78
Rallies	6	Import	0.06	0.157	0.38	0.70
Rallies	6	Contracts	-0.06	0.157	-0.38	0.70
Rallies	6	Licenses	-0.16	0.157	-1.02	0.31
Votes	1	Confiscate	-0.02	0.263	-0.06	0.95
Votes	1	Control	0.10	0.261	0.39	0.70
Votes	1	Export	-0.13	0.272	-0.47	0.64
Votes	1	Import	0.08	0.277	0.30	0.77
Votes	1	Contracts	-0.11	0.271	-0.40	0.69
Votes	1	Licenses	0.36	0.278	1.31	0.19
Votes	2	Confiscate	-0.08	0.200	-0.38	0.70
Votes	2	Control	-0.01	0.199	-0.07	0.94
Votes	2	Export	-0.09	0.206	-0.45	0.65
Votes	2	Import	0.08	0.210	0.37	0.71
Votes	2	Contracts	-0.10	0.206	-0.48	0.63
Votes	2	Licenses	0.26	0.211	1.22	0.22
Votes	3	Confiscate	-0.14	0.144	-0.95	0.34
Votes	3	Control	-0.13	0.143	-0.90	0.37
Votes	3	Export	-0.06	0.147	-0.40	0.69
Votes	3	Import	0.07	0.151	0.48	0.63
Votes	3	Contracts	-0.09	0.148	-0.60	0.55
Votes	3	Licenses	0.15	0.152	1.01	0.31
Votes	4	Confiscate	-0.20	0.107	-1.85	0.06

Votes	4	Control	-0.24	0.107	-2.29	0.02
Votes	4	Export	-0.02	0.110	-0.22	0.83
Votes	4	Import	0.07	0.112	0.62	0.54
Votes	4	Contracts	-0.08	0.111	-0.72	0.47
Votes	4	Licenses	0.05	0.112	0.44	0.66
Votes	5	Confiscate	-0.26	0.109	-2.35	0.02
Votes	5	Control	-0.36	0.111	-3.25	0.00
Votes	5	Export	0.01	0.115	0.09	0.93
Votes	5	Import	0.06	0.114	0.56	0.57
Votes	5	Contracts	-0.07	0.114	-0.61	0.54
Votes	5	Licenses	-0.06	0.114	-0.49	0.63
Votes	6	Confiscate	-0.32	0.150	-2.12	0.03
Votes	6	Control	-0.48	0.152	-3.13	0.00
Votes	6	Export	0.05	0.159	0.28	0.78
Votes	6	Import	0.06	0.157	0.38	0.70
Votes	6	Contracts	-0.06	0.157	-0.38	0.70
Votes	6	Licenses	-0.16	0.157	-1.02	0.31

Table 7.13: Coefficients for Conditional $AMCE$ for Figure 7: Importance of Military as Supplier to Firm across Benefits

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Confiscate	-0.33	0.247	-1.35	0.18
Funds	1	Control	-0.18	0.251	-0.72	0.47
Funds	1	Export	-0.25	0.257	-0.96	0.34
Funds	1	Import	-0.07	0.258	-0.27	0.79

Funds	1	Contracts	-0.17	0.259	-0.65	0.52
Funds	1	Licenses	-0.04	0.263	-0.15	0.88
Funds	2	Confiscate	-0.30	0.184	-1.65	0.10
Funds	2	Control	-0.22	0.187	-1.17	0.24
Funds	2	Export	-0.17	0.191	-0.89	0.37
Funds	2	Import	-0.03	0.193	-0.14	0.89
Funds	2	Contracts	-0.14	0.192	-0.72	0.47
Funds	2	Licenses	-0.03	0.195	-0.14	0.89
Funds	3	Confiscate	-0.27	0.130	-2.09	0.04
Funds	3	Control	-0.26	0.133	-1.93	0.05
Funds	3	Export	-0.09	0.134	-0.69	0.49
Funds	3	Import	0.02	0.137	0.12	0.91
Funds	3	Contracts	-0.11	0.136	-0.81	0.42
Funds	3	Licenses	-0.02	0.137	-0.13	0.90
Funds	4	Confiscate	-0.24	0.102	-2.34	0.02
Funds	4	Control	-0.29	0.104	-2.84	0.00
Funds	4	Export	-0.02	0.106	-0.15	0.88
Funds	4	Import	0.06	0.107	0.55	0.58
Funds	4	Contracts	-0.08	0.107	-0.76	0.45
Funds	4	Licenses	-0.01	0.107	-0.07	0.95
Funds	5	Confiscate	-0.21	0.121	-1.72	0.09
Funds	5	Control	-0.33	0.121	-2.75	0.01
Funds	5	Export	0.06	0.127	0.49	0.63
Funds	5	Import	0.10	0.124	0.83	0.41
Funds	5	Contracts	-0.05	0.126	-0.41	0.68
Funds	5	Licenses	0.00	0.127	0.02	0.98

Funds	6	Confiscate	-0.18	0.172	-1.03	0.30
Funds	6	Control	-0.37	0.171	-2.17	0.03
Funds	6	Export	0.14	0.180	0.77	0.44
Funds	6	Import	0.15	0.173	0.84	0.40
Funds	6	Contracts	-0.02	0.178	-0.13	0.90
Funds	6	Licenses	0.01	0.181	0.08	0.94
Rallies	1	Confiscate	-0.33	0.247	-1.35	0.18
Rallies	1	Control	-0.18	0.251	-0.72	0.47
Rallies	1	Export	-0.25	0.257	-0.96	0.34
Rallies	1	Import	-0.07	0.258	-0.27	0.79
Rallies	1	Contracts	-0.17	0.259	-0.65	0.52
Rallies	1	Licenses	-0.04	0.263	-0.15	0.88
Rallies	2	Confiscate	-0.30	0.184	-1.65	0.10
Rallies	2	Control	-0.22	0.187	-1.17	0.24
Rallies	2	Export	-0.17	0.191	-0.89	0.37
Rallies	2	Import	-0.03	0.193	-0.14	0.89
Rallies	2	Contracts	-0.14	0.192	-0.72	0.47
Rallies	2	Licenses	-0.03	0.195	-0.14	0.89
Rallies	3	Confiscate	-0.27	0.130	-2.09	0.04
Rallies	3	Control	-0.26	0.133	-1.93	0.05
Rallies	3	Export	-0.09	0.134	-0.69	0.49
Rallies	3	Import	0.02	0.137	0.12	0.91
Rallies	3	Contracts	-0.11	0.136	-0.81	0.42
Rallies	3	Licenses	-0.02	0.137	-0.13	0.90
Rallies	4	Confiscate	-0.24	0.102	-2.34	0.02
Rallies	4	Control	-0.29	0.104	-2.84	0.00

Rallies	4	Export	-0.02	0.106	-0.15	0.88
Rallies	4	Import	0.06	0.107	0.55	0.58
Rallies	4	Contracts	-0.08	0.107	-0.76	0.45
Rallies	4	Licenses	-0.01	0.107	-0.07	0.95
Rallies	5	Confiscate	-0.21	0.121	-1.72	0.09
Rallies	5	Control	-0.33	0.121	-2.75	0.01
Rallies	5	Export	0.06	0.127	0.49	0.63
Rallies	5	Import	0.10	0.124	0.83	0.41
Rallies	5	Contracts	-0.05	0.126	-0.41	0.68
Rallies	5	Licenses	0.00	0.127	0.02	0.98
Rallies	6	Confiscate	-0.18	0.172	-1.03	0.30
Rallies	6	Control	-0.37	0.171	-2.17	0.03
Rallies	6	Export	0.14	0.180	0.77	0.44
Rallies	6	Import	0.15	0.173	0.84	0.40
Rallies	6	Contracts	-0.02	0.178	-0.13	0.90
Rallies	6	Licenses	0.01	0.181	0.08	0.94
Votes	1	Confiscate	-0.33	0.247	-1.35	0.18
Votes	1	Control	-0.18	0.251	-0.72	0.47
Votes	1	Export	-0.25	0.257	-0.96	0.34
Votes	1	Import	-0.07	0.258	-0.27	0.79
Votes	1	Contracts	-0.17	0.259	-0.65	0.52
Votes	1	Licenses	-0.04	0.263	-0.15	0.88
Votes	2	Confiscate	-0.30	0.184	-1.65	0.10
Votes	2	Control	-0.22	0.187	-1.17	0.24
Votes	2	Export	-0.17	0.191	-0.89	0.37
Votes	2	Import	-0.03	0.193	-0.14	0.89

Votes	2	Contracts	-0.14	0.192	-0.72	0.47
Votes	2	Licenses	-0.03	0.195	-0.14	0.89
Votes	3	Confiscate	-0.27	0.130	-2.09	0.04
Votes	3	Control	-0.26	0.133	-1.93	0.05
Votes	3	Export	-0.09	0.134	-0.69	0.49
Votes	3	Import	0.02	0.137	0.12	0.91
Votes	3	Contracts	-0.11	0.136	-0.81	0.42
Votes	3	Licenses	-0.02	0.137	-0.13	0.90
Votes	4	Confiscate	-0.24	0.102	-2.34	0.02
Votes	4	Control	-0.29	0.104	-2.84	0.00
Votes	4	Export	-0.02	0.106	-0.15	0.88
Votes	4	Import	0.06	0.107	0.55	0.58
Votes	4	Contracts	-0.08	0.107	-0.76	0.45
Votes	4	Licenses	-0.01	0.107	-0.07	0.95
Votes	5	Confiscate	-0.21	0.121	-1.72	0.09
Votes	5	Control	-0.33	0.121	-2.75	0.01
Votes	5	Export	0.06	0.127	0.49	0.63
Votes	5	Import	0.10	0.124	0.83	0.41
Votes	5	Contracts	-0.05	0.126	-0.41	0.68
Votes	5	Licenses	0.00	0.127	0.02	0.98
Votes	6	Confiscate	-0.18	0.172	-1.03	0.30
Votes	6	Control	-0.37	0.171	-2.17	0.03
Votes	6	Export	0.14	0.180	0.77	0.44
Votes	6	Import	0.15	0.173	0.84	0.40
Votes	6	Contracts	-0.02	0.178	-0.13	0.90
Votes	6	Licenses	0.01	0.181	0.08	0.94

Table 7.14: Coefficients for Conditional $AMCE$ for Figure 8: Importance of Military as Customer to Firm across Benefits

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Military	-0.07	0.262	-0.25	0.80
Funds	1	MOI	0.06	0.275	0.21	0.83
Funds	1	MOJ	0.30	0.276	1.08	0.28
Funds	1	Municipality	0.21	0.277	0.76	0.45
Funds	1	Parliament	0.09	0.265	0.33	0.74
Funds	1	President	0.10	0.266	0.37	0.71
Funds	2	Military	-0.05	0.199	-0.27	0.79
Funds	2	MOI	-0.00	0.209	-0.01	0.99
Funds	2	MOJ	0.24	0.210	1.16	0.24
Funds	2	Municipality	0.15	0.210	0.71	0.48
Funds	2	Parliament	0.06	0.202	0.32	0.75
Funds	2	President	0.10	0.202	0.47	0.64
Funds	3	Military	-0.04	0.144	-0.29	0.77
Funds	3	MOI	-0.06	0.150	-0.42	0.68
Funds	3	MOJ	0.19	0.151	1.27	0.20
Funds	3	Municipality	0.09	0.151	0.60	0.55
Funds	3	Parliament	0.04	0.145	0.29	0.77
Funds	3	President	0.09	0.146	0.64	0.52
Funds	4	Military	-0.03	0.107	-0.28	0.78
Funds	4	MOI	-0.12	0.109	-1.13	0.26

Funds	4	MOJ	0.14	0.112	1.26	0.21
Funds	4	Municipality	0.03	0.111	0.28	0.78
Funds	4	Parliament	0.02	0.108	0.17	0.87
Funds	4	President	0.09	0.109	0.83	0.40
Funds	5	Military	-0.02	0.109	-0.17	0.87
Funds	5	MOI	-0.18	0.108	-1.70	0.09
Funds	5	MOJ	0.09	0.113	0.78	0.44
Funds	5	Municipality	-0.03	0.112	-0.25	0.80
Funds	5	Parliament	-0.01	0.113	-0.05	0.96
Funds	5	President	0.09	0.113	0.79	0.43
Funds	6	Military	-0.01	0.149	-0.04	0.97
Funds	6	MOI	-0.24	0.148	-1.64	0.10
Funds	6	MOJ	0.04	0.154	0.23	0.82
Funds	6	Municipality	-0.09	0.154	-0.57	0.57
Funds	6	Parliament	-0.03	0.155	-0.18	0.85
Funds	6	President	0.09	0.154	0.56	0.57
Rallies	1	Military	-0.07	0.262	-0.25	0.80
Rallies	1	MOI	0.06	0.275	0.21	0.83
Rallies	1	MOJ	0.30	0.276	1.08	0.28
Rallies	1	Municipality	0.21	0.277	0.76	0.45
Rallies	1	Parliament	0.09	0.265	0.33	0.74
Rallies	1	President	0.10	0.266	0.37	0.71
Rallies	2	Military	-0.05	0.199	-0.27	0.79
Rallies	2	MOI	-0.00	0.209	-0.01	0.99
Rallies	2	MOJ	0.24	0.210	1.16	0.24
Rallies	2	Municipality	0.15	0.210	0.71	0.48

Rallies	2	Parliament	0.06	0.202	0.32	0.75
Rallies	2	President	0.10	0.202	0.47	0.64
Rallies	3	Military	-0.04	0.144	-0.29	0.77
Rallies	3	MOI	-0.06	0.150	-0.42	0.68
Rallies	3	MOJ	0.19	0.151	1.27	0.20
Rallies	3	Municipality	0.09	0.151	0.60	0.55
Rallies	3	Parliament	0.04	0.145	0.29	0.77
Rallies	3	President	0.09	0.146	0.64	0.52
Rallies	4	Military	-0.03	0.107	-0.28	0.78
Rallies	4	MOI	-0.12	0.109	-1.13	0.26
Rallies	4	MOJ	0.14	0.112	1.26	0.21
Rallies	4	Municipality	0.03	0.111	0.28	0.78
Rallies	4	Parliament	0.02	0.108	0.17	0.87
Rallies	4	President	0.09	0.109	0.83	0.40
Rallies	5	Military	-0.02	0.109	-0.17	0.87
Rallies	5	MOI	-0.18	0.108	-1.70	0.09
Rallies	5	MOJ	0.09	0.113	0.78	0.44
Rallies	5	Municipality	-0.03	0.112	-0.25	0.80
Rallies	5	Parliament	-0.01	0.113	-0.05	0.96
Rallies	5	President	0.09	0.113	0.79	0.43
Rallies	6	Military	-0.01	0.149	-0.04	0.97
Rallies	6	MOI	-0.24	0.148	-1.64	0.10
Rallies	6	MOJ	0.04	0.154	0.23	0.82
Rallies	6	Municipality	-0.09	0.154	-0.57	0.57
Rallies	6	Parliament	-0.03	0.155	-0.18	0.85
Rallies	6	President	0.09	0.154	0.56	0.57

Votes	1	Military	-0.07	0.262	-0.25	0.80
Votes	1	MOI	0.06	0.275	0.21	0.83
Votes	1	MOJ	0.30	0.276	1.08	0.28
Votes	1	Municipality	0.21	0.277	0.76	0.45
Votes	1	Parliament	0.09	0.265	0.33	0.74
Votes	1	President	0.10	0.266	0.37	0.71
Votes	2	Military	-0.05	0.199	-0.27	0.79
Votes	2	MOI	-0.00	0.209	-0.01	0.99
Votes	2	MOJ	0.24	0.210	1.16	0.24
Votes	2	Municipality	0.15	0.210	0.71	0.48
Votes	2	Parliament	0.06	0.202	0.32	0.75
Votes	2	President	0.10	0.202	0.47	0.64
Votes	3	Military	-0.04	0.144	-0.29	0.77
Votes	3	MOI	-0.06	0.150	-0.42	0.68
Votes	3	MOJ	0.19	0.151	1.27	0.20
Votes	3	Municipality	0.09	0.151	0.60	0.55
Votes	3	Parliament	0.04	0.145	0.29	0.77
Votes	3	President	0.09	0.146	0.64	0.52
Votes	4	Military	-0.03	0.107	-0.28	0.78
Votes	4	MOI	-0.12	0.109	-1.13	0.26
Votes	4	MOJ	0.14	0.112	1.26	0.21
Votes	4	Municipality	0.03	0.111	0.28	0.78
Votes	4	Parliament	0.02	0.108	0.17	0.87
Votes	4	President	0.09	0.109	0.83	0.40
Votes	5	Military	-0.02	0.109	-0.17	0.87
Votes	5	MOI	-0.18	0.108	-1.70	0.09

Votes	5	MOJ	0.09	0.113	0.78	0.44
Votes	5	Municipality	-0.03	0.112	-0.25	0.80
Votes	5	Parliament	-0.01	0.113	-0.05	0.96
Votes	5	President	0.09	0.113	0.79	0.43
Votes	6	Military	-0.01	0.149	-0.04	0.97
Votes	6	MOI	-0.24	0.148	-1.64	0.10
Votes	6	MOJ	0.04	0.154	0.23	0.82
Votes	6	Municipality	-0.09	0.154	-0.57	0.57
Votes	6	Parliament	-0.03	0.155	-0.18	0.85
Votes	6	President	0.09	0.154	0.56	0.57

Table 7.15: Coefficients for Conditional $AMCE$ for Figure 9: Importance of Military as Supplier to Firm across Agencies

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Military	0.17	0.244	0.68	0.50
Funds	1	MOI	-0.14	0.246	-0.58	0.56
Funds	1	MOJ	0.17	0.253	0.68	0.49
Funds	1	Municipality	-0.17	0.248	-0.68	0.49
Funds	1	Parliament	0.08	0.258	0.32	0.75
Funds	1	President	0.10	0.252	0.40	0.69
Funds	2	Military	0.10	0.182	0.57	0.57
Funds	2	MOI	-0.15	0.182	-0.81	0.42
Funds	2	MOJ	0.15	0.188	0.82	0.41
Funds	2	Municipality	-0.11	0.184	-0.60	0.55

Funds	2	Parliament	0.06	0.190	0.33	0.74
Funds	2	President	0.10	0.187	0.54	0.59
Funds	3	Military	0.04	0.129	0.32	0.75
Funds	3	MOI	-0.15	0.129	-1.17	0.24
Funds	3	MOJ	0.14	0.133	1.02	0.31
Funds	3	Municipality	-0.05	0.130	-0.39	0.69
Funds	3	Parliament	0.04	0.134	0.32	0.75
Funds	3	President	0.10	0.132	0.75	0.45
Funds	4	Military	-0.02	0.102	-0.20	0.84
Funds	4	MOI	-0.15	0.102	-1.52	0.13
Funds	4	MOJ	0.12	0.106	1.10	0.27
Funds	4	Municipality	0.01	0.105	0.07	0.94
Funds	4	Parliament	0.02	0.105	0.22	0.82
Funds	4	President	0.10	0.105	0.93	0.35
Funds	5	Military	-0.08	0.121	-0.68	0.49
Funds	5	MOI	-0.16	0.122	-1.30	0.19
Funds	5	MOJ	0.10	0.127	0.77	0.44
Funds	5	Municipality	0.07	0.127	0.53	0.60
Funds	5	Parliament	0.00	0.125	0.03	0.98
Funds	5	President	0.10	0.126	0.77	0.44
Funds	6	Military	-0.15	0.171	-0.85	0.40
Funds	6	MOI	-0.16	0.173	-0.94	0.35
Funds	6	MOJ	0.08	0.179	0.44	0.66
Funds	6	Municipality	0.13	0.179	0.70	0.48
Funds	6	Parliament	-0.02	0.179	-0.09	0.93
Funds	6	President	0.10	0.179	0.54	0.59

Rallies	1	Military	0.17	0.244	0.68	0.50
Rallies	1	MOI	-0.14	0.246	-0.58	0.56
Rallies	1	MOJ	0.17	0.253	0.68	0.49
Rallies	1	Municipality	-0.17	0.248	-0.68	0.49
Rallies	1	Parliament	0.08	0.258	0.32	0.75
Rallies	1	President	0.10	0.252	0.40	0.69
Rallies	2	Military	0.10	0.182	0.57	0.57
Rallies	2	MOI	-0.15	0.182	-0.81	0.42
Rallies	2	MOJ	0.15	0.188	0.82	0.41
Rallies	2	Municipality	-0.11	0.184	-0.60	0.55
Rallies	2	Parliament	0.06	0.190	0.33	0.74
Rallies	2	President	0.10	0.187	0.54	0.59
Rallies	3	Military	0.04	0.129	0.32	0.75
Rallies	3	MOI	-0.15	0.129	-1.17	0.24
Rallies	3	MOJ	0.14	0.133	1.02	0.31
Rallies	3	Municipality	-0.05	0.130	-0.39	0.69
Rallies	3	Parliament	0.04	0.134	0.32	0.75
Rallies	3	President	0.10	0.132	0.75	0.45
Rallies	4	Military	-0.02	0.102	-0.20	0.84
Rallies	4	MOI	-0.15	0.102	-1.52	0.13
Rallies	4	MOJ	0.12	0.106	1.10	0.27
Rallies	4	Municipality	0.01	0.105	0.07	0.94
Rallies	4	Parliament	0.02	0.105	0.22	0.82
Rallies	4	President	0.10	0.105	0.93	0.35
Rallies	5	Military	-0.08	0.121	-0.68	0.49
Rallies	5	MOI	-0.16	0.122	-1.30	0.19

Rallies	5	MOJ	0.10	0.127	0.77	0.44
Rallies	5	Municipality	0.07	0.127	0.53	0.60
Rallies	5	Parliament	0.00	0.125	0.03	0.98
Rallies	5	President	0.10	0.126	0.77	0.44
Rallies	6	Military	-0.15	0.171	-0.85	0.40
Rallies	6	MOI	-0.16	0.173	-0.94	0.35
Rallies	6	MOJ	0.08	0.179	0.44	0.66
Rallies	6	Municipality	0.13	0.179	0.70	0.48
Rallies	6	Parliament	-0.02	0.179	-0.09	0.93
Rallies	6	President	0.10	0.179	0.54	0.59
Votes	1	Military	0.17	0.244	0.68	0.50
Votes	1	MOI	-0.14	0.246	-0.58	0.56
Votes	1	MOJ	0.17	0.253	0.68	0.49
Votes	1	Municipality	-0.17	0.248	-0.68	0.49
Votes	1	Parliament	0.08	0.258	0.32	0.75
Votes	1	President	0.10	0.252	0.40	0.69
Votes	2	Military	0.10	0.182	0.57	0.57
Votes	2	MOI	-0.15	0.182	-0.81	0.42
Votes	2	MOJ	0.15	0.188	0.82	0.41
Votes	2	Municipality	-0.11	0.184	-0.60	0.55
Votes	2	Parliament	0.06	0.190	0.33	0.74
Votes	2	President	0.10	0.187	0.54	0.59
Votes	3	Military	0.04	0.129	0.32	0.75
Votes	3	MOI	-0.15	0.129	-1.17	0.24
Votes	3	MOJ	0.14	0.133	1.02	0.31
Votes	3	Municipality	-0.05	0.130	-0.39	0.69

Votes	3	Parliament	0.04	0.134	0.32	0.75
Votes	3	President	0.10	0.132	0.75	0.45
Votes	4	Military	-0.02	0.102	-0.20	0.84
Votes	4	MOI	-0.15	0.102	-1.52	0.13
Votes	4	MOJ	0.12	0.106	1.10	0.27
Votes	4	Municipality	0.01	0.105	0.07	0.94
Votes	4	Parliament	0.02	0.105	0.22	0.82
Votes	4	President	0.10	0.105	0.93	0.35
Votes	5	Military	-0.08	0.121	-0.68	0.49
Votes	5	MOI	-0.16	0.122	-1.30	0.19
Votes	5	MOJ	0.10	0.127	0.77	0.44
Votes	5	Municipality	0.07	0.127	0.53	0.60
Votes	5	Parliament	0.00	0.125	0.03	0.98
Votes	5	President	0.10	0.126	0.77	0.44
Votes	6	Military	-0.15	0.171	-0.85	0.40
Votes	6	MOI	-0.16	0.173	-0.94	0.35
Votes	6	MOJ	0.08	0.179	0.44	0.66
Votes	6	Municipality	0.13	0.179	0.70	0.48
Votes	6	Parliament	-0.02	0.179	-0.09	0.93
Votes	6	President	0.10	0.179	0.54	0.59

Table 7.16: Coefficients for Conditional $AMCE$ for Figure 10: Importance of Military as Customer to Firm across Agencies

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$

Funds	1	Military	0.46	0.39	1.17	0.24
Funds	1	MOI	-0.16	0.38	-0.42	0.68
Funds	1	MOJ	0.11	0.40	0.28	0.78
Funds	1	Municipality	-0.54	0.38	-1.43	0.15
Funds	1	Parliament	0.23	0.39	0.58	0.56
Funds	1	President	0.24	0.40	0.59	0.55
Funds	2	Military	0.47	0.29	1.64	0.10
Funds	2	MOI	-0.07	0.28	-0.25	0.80
Funds	2	MOJ	0.18	0.29	0.61	0.54
Funds	2	Municipality	-0.32	0.28	-1.14	0.25
Funds	2	Parliament	0.16	0.29	0.56	0.57
Funds	2	President	0.23	0.29	0.79	0.43
Funds	3	Military	0.48	0.21	2.35	0.02
Funds	3	MOI	0.02	0.20	0.10	0.92
Funds	3	MOJ	0.24	0.21	1.17	0.24
Funds	3	Municipality	-0.09	0.20	-0.46	0.64
Funds	3	Parliament	0.10	0.21	0.47	0.64
Funds	3	President	0.23	0.21	1.09	0.27
Funds	4	Military	0.50	0.18	2.82	0.00
Funds	4	MOI	0.11	0.17	0.63	0.53
Funds	4	MOJ	0.30	0.18	1.73	0.08
Funds	4	Municipality	0.13	0.17	0.77	0.44
Funds	4	Parliament	0.03	0.17	0.19	0.85
Funds	4	President	0.22	0.17	1.27	0.20
Funds	5	Military	0.51	0.22	2.31	0.02

Funds	5	MOI	0.19	0.21	0.91	0.36
Funds	5	MOJ	0.37	0.23	1.63	0.10
Funds	5	Municipality	0.36	0.22	1.61	0.11
Funds	5	Parliament	-0.03	0.21	-0.17	0.87
Funds	5	President	0.22	0.22	0.99	0.32
Funds	6	Military	0.52	0.31	1.69	0.09
Funds	6	MOI	0.28	0.30	0.94	0.35
Funds	6	MOJ	0.43	0.32	1.34	0.18
Funds	6	Municipality	0.58	0.31	1.87	0.06
Funds	6	Parliament	-0.10	0.29	-0.34	0.73
Funds	6	President	0.21	0.31	0.69	0.49
Rallies	1	Military	0.46	0.39	1.17	0.24
Rallies	1	MOI	-0.16	0.38	-0.42	0.68
Rallies	1	MOJ	0.11	0.40	0.28	0.78
Rallies	1	Municipality	-0.54	0.38	-1.43	0.15
Rallies	1	Parliament	0.23	0.39	0.58	0.56
Rallies	1	President	0.24	0.40	0.59	0.55
Rallies	2	Military	0.47	0.29	1.64	0.10
Rallies	2	MOI	-0.07	0.28	-0.25	0.80
Rallies	2	MOJ	0.18	0.29	0.61	0.54
Rallies	2	Municipality	-0.32	0.28	-1.14	0.25
Rallies	2	Parliament	0.16	0.29	0.56	0.57
Rallies	2	President	0.23	0.29	0.79	0.43
Rallies	3	Military	0.48	0.21	2.35	0.02
Rallies	3	MOI	0.02	0.20	0.10	0.92
Rallies	3	MOJ	0.24	0.21	1.17	0.24

Rallies	3	Municipality	-0.09	0.20	-0.46	0.64
Rallies	3	Parliament	0.10	0.21	0.47	0.64
Rallies	3	President	0.23	0.21	1.09	0.27
Rallies	4	Military	0.50	0.18	2.82	0.00
Rallies	4	MOI	0.11	0.17	0.63	0.53
Rallies	4	MOJ	0.30	0.18	1.73	0.08
Rallies	4	Municipality	0.13	0.17	0.77	0.44
Rallies	4	Parliament	0.03	0.17	0.19	0.85
Rallies	4	President	0.22	0.17	1.27	0.20
Rallies	5	Military	0.51	0.22	2.31	0.02
Rallies	5	MOI	0.19	0.21	0.91	0.36
Rallies	5	MOJ	0.37	0.23	1.63	0.10
Rallies	5	Municipality	0.36	0.22	1.61	0.11
Rallies	5	Parliament	-0.03	0.21	-0.17	0.87
Rallies	5	President	0.22	0.22	0.99	0.32
Rallies	6	Military	0.52	0.31	1.69	0.09
Rallies	6	MOI	0.28	0.30	0.94	0.35
Rallies	6	MOJ	0.43	0.32	1.34	0.18
Rallies	6	Municipality	0.58	0.31	1.87	0.06
Rallies	6	Parliament	-0.10	0.29	-0.34	0.73
Rallies	6	President	0.21	0.31	0.69	0.49
Votes	1	Military	0.46	0.39	1.17	0.24
Votes	1	MOI	-0.16	0.38	-0.42	0.68
Votes	1	MOJ	0.11	0.40	0.28	0.78
Votes	1	Municipality	-0.54	0.38	-1.43	0.15
Votes	1	Parliament	0.23	0.39	0.58	0.56

Votes	1	President	0.24	0.40	0.59	0.55
Votes	2	Military	0.47	0.29	1.64	0.10
Votes	2	MOI	-0.07	0.28	-0.25	0.80
Votes	2	MOJ	0.18	0.29	0.61	0.54
Votes	2	Municipality	-0.32	0.28	-1.14	0.25
Votes	2	Parliament	0.16	0.29	0.56	0.57
Votes	2	President	0.23	0.29	0.79	0.43
Votes	3	Military	0.48	0.21	2.35	0.02
Votes	3	MOI	0.02	0.20	0.10	0.92
Votes	3	MOJ	0.24	0.21	1.17	0.24
Votes	3	Municipality	-0.09	0.20	-0.46	0.64
Votes	3	Parliament	0.10	0.21	0.47	0.64
Votes	3	President	0.23	0.21	1.09	0.27
Votes	4	Military	0.50	0.18	2.82	0.00
Votes	4	MOI	0.11	0.17	0.63	0.53
Votes	4	MOJ	0.30	0.18	1.73	0.08
Votes	4	Municipality	0.13	0.17	0.77	0.44
Votes	4	Parliament	0.03	0.17	0.19	0.85
Votes	4	President	0.22	0.17	1.27	0.20
Votes	5	Military	0.51	0.22	2.31	0.02
Votes	5	MOI	0.19	0.21	0.91	0.36
Votes	5	MOJ	0.37	0.23	1.63	0.10
Votes	5	Municipality	0.36	0.22	1.61	0.11
Votes	5	Parliament	-0.03	0.21	-0.17	0.87
Votes	5	President	0.22	0.22	0.99	0.32
Votes	6	Military	0.52	0.31	1.69	0.09

Votes	6	MOI	0.28	0.30	0.94	0.35
Votes	6	MOJ	0.43	0.32	1.34	0.18
Votes	6	Municipality	0.58	0.31	1.87	0.06
Votes	6	Parliament	-0.10	0.29	-0.34	0.73
Votes	6	President	0.21	0.31	0.69	0.49

Table 7.17: Coefficients for Conditional $AMCE$ for Appendix Figure A.1: Importance of Military as Supplier to Firm across Benefits, Egypt Sample

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Confiscate	-0.47	0.37	-1.29	0.20
Funds	1	Control	-0.59	0.37	-1.57	0.12
Funds	1	Export	0.02	0.39	0.05	0.96
Funds	1	Import	-0.23	0.39	-0.58	0.56
Funds	1	Contracts	0.02	0.40	0.04	0.97
Funds	1	Licenses	0.44	0.41	1.06	0.29
Funds	2	Confiscate	-0.40	0.27	-1.47	0.14
Funds	2	Control	-0.50	0.27	-1.82	0.07
Funds	2	Export	-0.03	0.28	-0.10	0.92
Funds	2	Import	-0.14	0.29	-0.49	0.62
Funds	2	Contracts	-0.03	0.29	-0.10	0.92
Funds	2	Licenses	0.36	0.30	1.18	0.24
Funds	3	Confiscate	-0.32	0.19	-1.66	0.10
Funds	3	Control	-0.41	0.19	-2.10	0.04
Funds	3	Export	-0.07	0.20	-0.36	0.72

Funds	3	Import	-0.05	0.21	-0.26	0.79
Funds	3	Contracts	-0.08	0.21	-0.37	0.71
Funds	3	Licenses	0.27	0.21	1.28	0.20
Funds	4	Confiscate	-0.25	0.17	-1.46	0.14
Funds	4	Control	-0.32	0.17	-1.86	0.06
Funds	4	Export	-0.12	0.18	-0.68	0.50
Funds	4	Import	0.03	0.18	0.18	0.85
Funds	4	Contracts	-0.12	0.17	-0.70	0.49
Funds	4	Licenses	0.19	0.18	1.03	0.30
Funds	5	Confiscate	-0.17	0.21	-0.79	0.43
Funds	5	Control	-0.23	0.22	-1.05	0.30
Funds	5	Export	-0.17	0.23	-0.73	0.47
Funds	5	Import	0.12	0.22	0.54	0.59
Funds	5	Contracts	-0.17	0.22	-0.76	0.45
Funds	5	Licenses	0.11	0.24	0.44	0.66
Funds	6	Confiscate	-0.09	0.30	-0.31	0.76
Funds	6	Control	-0.14	0.31	-0.46	0.64
Funds	6	Export	-0.21	0.32	-0.67	0.51
Funds	6	Import	0.21	0.31	0.66	0.51
Funds	6	Contracts	-0.21	0.31	-0.68	0.50
Funds	6	Licenses	0.02	0.34	0.07	0.95
Rallies	1	Confiscate	-0.47	0.37	-1.29	0.20
Rallies	1	Control	-0.59	0.37	-1.57	0.12
Rallies	1	Export	0.02	0.39	0.05	0.96
Rallies	1	Import	-0.23	0.39	-0.58	0.56
Rallies	1	Contracts	0.02	0.40	0.04	0.97

Rallies	1	Licenses	0.44	0.41	1.06	0.29
Rallies	2	Confiscate	-0.40	0.27	-1.47	0.14
Rallies	2	Control	-0.50	0.27	-1.82	0.07
Rallies	2	Export	-0.03	0.28	-0.10	0.92
Rallies	2	Import	-0.14	0.29	-0.49	0.62
Rallies	2	Contracts	-0.03	0.29	-0.10	0.92
Rallies	2	Licenses	0.36	0.30	1.18	0.24
Rallies	3	Confiscate	-0.32	0.19	-1.66	0.10
Rallies	3	Control	-0.41	0.19	-2.10	0.04
Rallies	3	Export	-0.07	0.20	-0.36	0.72
Rallies	3	Import	-0.05	0.21	-0.26	0.79
Rallies	3	Contracts	-0.08	0.21	-0.37	0.71
Rallies	3	Licenses	0.27	0.21	1.28	0.20
Rallies	4	Confiscate	-0.25	0.17	-1.46	0.14
Rallies	4	Control	-0.32	0.17	-1.86	0.06
Rallies	4	Export	-0.12	0.18	-0.68	0.50
Rallies	4	Import	0.03	0.18	0.18	0.85
Rallies	4	Contracts	-0.12	0.17	-0.70	0.49
Rallies	4	Licenses	0.19	0.18	1.03	0.30
Rallies	5	Confiscate	-0.17	0.21	-0.79	0.43
Rallies	5	Control	-0.23	0.22	-1.05	0.30
Rallies	5	Export	-0.17	0.23	-0.73	0.47
Rallies	5	Import	0.12	0.22	0.54	0.59
Rallies	5	Contracts	-0.17	0.22	-0.76	0.45
Rallies	5	Licenses	0.11	0.24	0.44	0.66
Rallies	6	Confiscate	-0.09	0.30	-0.31	0.76

Rallies	6	Control	-0.14	0.31	-0.46	0.64
Rallies	6	Export	-0.21	0.32	-0.67	0.51
Rallies	6	Import	0.21	0.31	0.66	0.51
Rallies	6	Contracts	-0.21	0.31	-0.68	0.50
Rallies	6	Licenses	0.02	0.34	0.07	0.95
Votes	1	Confiscate	-0.47	0.37	-1.29	0.20
Votes	1	Control	-0.59	0.37	-1.57	0.12
Votes	1	Export	0.02	0.39	0.05	0.96
Votes	1	Import	-0.23	0.39	-0.58	0.56
Votes	1	Contracts	0.02	0.40	0.04	0.97
Votes	1	Licenses	0.44	0.41	1.06	0.29
Votes	2	Confiscate	-0.40	0.27	-1.47	0.14
Votes	2	Control	-0.50	0.27	-1.82	0.07
Votes	2	Export	-0.03	0.28	-0.10	0.92
Votes	2	Import	-0.14	0.29	-0.49	0.62
Votes	2	Contracts	-0.03	0.29	-0.10	0.92
Votes	2	Licenses	0.36	0.30	1.18	0.24
Votes	3	Confiscate	-0.32	0.19	-1.66	0.10
Votes	3	Control	-0.41	0.19	-2.10	0.04
Votes	3	Export	-0.07	0.20	-0.36	0.72
Votes	3	Import	-0.05	0.21	-0.26	0.79
Votes	3	Contracts	-0.08	0.21	-0.37	0.71
Votes	3	Licenses	0.27	0.21	1.28	0.20
Votes	4	Confiscate	-0.25	0.17	-1.46	0.14
Votes	4	Control	-0.32	0.17	-1.86	0.06
Votes	4	Export	-0.12	0.18	-0.68	0.50

Votes	4	Import	0.03	0.18	0.18	0.85
Votes	4	Contracts	-0.12	0.17	-0.70	0.49
Votes	4	Licenses	0.19	0.18	1.03	0.30
Votes	5	Confiscate	-0.17	0.21	-0.79	0.43
Votes	5	Control	-0.23	0.22	-1.05	0.30
Votes	5	Export	-0.17	0.23	-0.73	0.47
Votes	5	Import	0.12	0.22	0.54	0.59
Votes	5	Contracts	-0.17	0.22	-0.76	0.45
Votes	5	Licenses	0.11	0.24	0.44	0.66
Votes	6	Confiscate	-0.09	0.30	-0.31	0.76
Votes	6	Control	-0.14	0.31	-0.46	0.64
Votes	6	Export	-0.21	0.32	-0.67	0.51
Votes	6	Import	0.21	0.31	0.66	0.51
Votes	6	Contracts	-0.21	0.31	-0.68	0.50
Votes	6	Licenses	0.02	0.34	0.07	0.95

Table 7.18: Coefficients for Conditional $AMCE$ for Appendix Figure A.2: Importance of Military as Customer to Firm across Benefits, Egypt Sample

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Confiscate	-0.09	0.44	-0.20	0.84
Funds	1	Control	-0.20	0.42	-0.48	0.63
Funds	1	Export	-0.02	0.45	-0.05	0.96
Funds	1	Import	-0.13	0.45	-0.30	0.77
Funds	1	Contracts	-0.23	0.44	-0.54	0.59

Funds	1	Licenses	0.17	0.46	0.37	0.71
Funds	2	Confiscate	-0.14	0.33	-0.42	0.68
Funds	2	Control	-0.25	0.32	-0.80	0.43
Funds	2	Export	-0.06	0.34	-0.17	0.86
Funds	2	Import	-0.09	0.34	-0.27	0.79
Funds	2	Contracts	-0.20	0.33	-0.62	0.53
Funds	2	Licenses	0.18	0.34	0.53	0.60
Funds	3	Confiscate	-0.19	0.23	-0.81	0.42
Funds	3	Control	-0.30	0.22	-1.34	0.18
Funds	3	Export	-0.09	0.24	-0.40	0.69
Funds	3	Import	-0.05	0.24	-0.20	0.84
Funds	3	Contracts	-0.17	0.23	-0.75	0.46
Funds	3	Licenses	0.19	0.24	0.79	0.43
Funds	4	Confiscate	-0.24	0.17	-1.38	0.17
Funds	4	Control	-0.35	0.17	-2.03	0.04
Funds	4	Export	-0.13	0.18	-0.72	0.47
Funds	4	Import	-0.01	0.18	-0.03	0.98
Funds	4	Contracts	-0.14	0.18	-0.81	0.42
Funds	4	Licenses	0.20	0.18	1.09	0.27
Funds	5	Confiscate	-0.29	0.19	-1.52	0.13
Funds	5	Control	-0.40	0.20	-2.03	0.04
Funds	5	Export	-0.17	0.21	-0.80	0.42
Funds	5	Import	0.04	0.20	0.19	0.85
Funds	5	Contracts	-0.11	0.20	-0.57	0.57
Funds	5	Licenses	0.21	0.21	1.01	0.31
Funds	6	Confiscate	-0.33	0.27	-1.25	0.21

Funds	6	Control	-0.45	0.28	-1.61	0.11
Funds	6	Export	-0.20	0.30	-0.68	0.49
Funds	6	Import	0.08	0.29	0.28	0.78
Funds	6	Contracts	-0.08	0.28	-0.30	0.77
Funds	6	Licenses	0.22	0.30	0.75	0.45
Rallies	1	Confiscate	-0.09	0.44	-0.20	0.84
Rallies	1	Control	-0.20	0.42	-0.48	0.63
Rallies	1	Export	-0.02	0.45	-0.05	0.96
Rallies	1	Import	-0.13	0.45	-0.30	0.77
Rallies	1	Contracts	-0.23	0.44	-0.54	0.59
Rallies	1	Licenses	0.17	0.46	0.37	0.71
Rallies	2	Confiscate	-0.14	0.33	-0.42	0.68
Rallies	2	Control	-0.25	0.32	-0.80	0.43
Rallies	2	Export	-0.06	0.34	-0.17	0.86
Rallies	2	Import	-0.09	0.34	-0.27	0.79
Rallies	2	Contracts	-0.20	0.33	-0.62	0.53
Rallies	2	Licenses	0.18	0.34	0.53	0.60
Rallies	3	Confiscate	-0.19	0.23	-0.81	0.42
Rallies	3	Control	-0.30	0.22	-1.34	0.18
Rallies	3	Export	-0.09	0.24	-0.40	0.69
Rallies	3	Import	-0.05	0.24	-0.20	0.84
Rallies	3	Contracts	-0.17	0.23	-0.75	0.46
Rallies	3	Licenses	0.19	0.24	0.79	0.43
Rallies	4	Confiscate	-0.24	0.17	-1.38	0.17
Rallies	4	Control	-0.35	0.17	-2.03	0.04
Rallies	4	Export	-0.13	0.18	-0.72	0.47

Rallies	4	Import	-0.01	0.18	-0.03	0.98
Rallies	4	Contracts	-0.14	0.18	-0.81	0.42
Rallies	4	Licenses	0.20	0.18	1.09	0.27
Rallies	5	Confiscate	-0.29	0.19	-1.52	0.13
Rallies	5	Control	-0.40	0.20	-2.03	0.04
Rallies	5	Export	-0.17	0.21	-0.80	0.42
Rallies	5	Import	0.04	0.20	0.19	0.85
Rallies	5	Contracts	-0.11	0.20	-0.57	0.57
Rallies	5	Licenses	0.21	0.21	1.01	0.31
Rallies	6	Confiscate	-0.33	0.27	-1.25	0.21
Rallies	6	Control	-0.45	0.28	-1.61	0.11
Rallies	6	Export	-0.20	0.30	-0.68	0.49
Rallies	6	Import	0.08	0.29	0.28	0.78
Rallies	6	Contracts	-0.08	0.28	-0.30	0.77
Rallies	6	Licenses	0.22	0.30	0.75	0.45
Votes	1	Confiscate	-0.09	0.44	-0.20	0.84
Votes	1	Control	-0.20	0.42	-0.48	0.63
Votes	1	Export	-0.02	0.45	-0.05	0.96
Votes	1	Import	-0.13	0.45	-0.30	0.77
Votes	1	Contracts	-0.23	0.44	-0.54	0.59
Votes	1	Licenses	0.17	0.46	0.37	0.71
Votes	2	Confiscate	-0.14	0.33	-0.42	0.68
Votes	2	Control	-0.25	0.32	-0.80	0.43
Votes	2	Export	-0.06	0.34	-0.17	0.86
Votes	2	Import	-0.09	0.34	-0.27	0.79
Votes	2	Contracts	-0.20	0.33	-0.62	0.53

Votes	2	Licenses	0.18	0.34	0.53	0.60
Votes	3	Confiscate	-0.19	0.23	-0.81	0.42
Votes	3	Control	-0.30	0.22	-1.34	0.18
Votes	3	Export	-0.09	0.24	-0.40	0.69
Votes	3	Import	-0.05	0.24	-0.20	0.84
Votes	3	Contracts	-0.17	0.23	-0.75	0.46
Votes	3	Licenses	0.19	0.24	0.79	0.43
Votes	4	Confiscate	-0.24	0.17	-1.38	0.17
Votes	4	Control	-0.35	0.17	-2.03	0.04
Votes	4	Export	-0.13	0.18	-0.72	0.47
Votes	4	Import	-0.01	0.18	-0.03	0.98
Votes	4	Contracts	-0.14	0.18	-0.81	0.42
Votes	4	Licenses	0.20	0.18	1.09	0.27
Votes	5	Confiscate	-0.29	0.19	-1.52	0.13
Votes	5	Control	-0.40	0.20	-2.03	0.04
Votes	5	Export	-0.17	0.21	-0.80	0.42
Votes	5	Import	0.04	0.20	0.19	0.85
Votes	5	Contracts	-0.11	0.20	-0.57	0.57
Votes	5	Licenses	0.21	0.21	1.01	0.31
Votes	6	Confiscate	-0.33	0.27	-1.25	0.21
Votes	6	Control	-0.45	0.28	-1.61	0.11
Votes	6	Export	-0.20	0.30	-0.68	0.49
Votes	6	Import	0.08	0.29	0.28	0.78
Votes	6	Contracts	-0.08	0.28	-0.30	0.77
Votes	6	Licenses	0.22	0.30	0.75	0.45

Table 7.19: Coefficients for Conditional $AMCE$ for Appendix Figure A.3: Importance of Military as Supplier to Firm across Benefits, Egypt Sample

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	1	Military	0.03	0.44	0.08	0.94
Funds	1	MOI	0.01	0.45	0.03	0.98
Funds	1	MOJ	0.49	0.45	1.10	0.27
Funds	1	Municipality	-0.17	0.44	-0.38	0.70
Funds	1	Parliament	0.24	0.43	0.55	0.58
Funds	1	President	0.29	0.44	0.67	0.50
Funds	2	Military	0.18	0.33	0.54	0.59
Funds	2	MOI	0.04	0.34	0.12	0.90
Funds	2	MOJ	0.43	0.34	1.28	0.20
Funds	2	Municipality	-0.09	0.33	-0.28	0.78
Funds	2	Parliament	0.17	0.32	0.52	0.60
Funds	2	President	0.27	0.33	0.82	0.41
Funds	3	Military	0.32	0.23	1.38	0.17
Funds	3	MOI	0.07	0.24	0.29	0.77
Funds	3	MOJ	0.37	0.24	1.54	0.12
Funds	3	Municipality	-0.01	0.23	-0.06	0.95
Funds	3	Parliament	0.10	0.23	0.42	0.67
Funds	3	President	0.24	0.23	1.03	0.30
Funds	4	Military	0.47	0.18	2.62	0.01
Funds	4	MOI	0.10	0.17	0.56	0.57

Funds	4	MOJ	0.30	0.18	1.70	0.09
Funds	4	Municipality	0.06	0.17	0.37	0.72
Funds	4	Parliament	0.03	0.17	0.15	0.88
Funds	4	President	0.21	0.18	1.21	0.23
Funds	5	Military	0.61	0.20	3.07	0.00
Funds	5	MOI	0.13	0.19	0.67	0.50
Funds	5	MOJ	0.24	0.20	1.21	0.23
Funds	5	Municipality	0.14	0.20	0.72	0.47
Funds	5	Parliament	-0.04	0.19	-0.23	0.82
Funds	5	President	0.19	0.20	0.96	0.34
Funds	6	Military	0.76	0.28	2.69	0.01
Funds	6	MOI	0.16	0.27	0.58	0.56
Funds	6	MOJ	0.17	0.28	0.63	0.53
Funds	6	Municipality	0.22	0.28	0.78	0.43
Funds	6	Parliament	-0.11	0.27	-0.43	0.67
Funds	6	President	0.16	0.28	0.58	0.56
Rallies	1	Military	0.03	0.44	0.08	0.94
Rallies	1	MOI	0.01	0.45	0.03	0.98
Rallies	1	MOJ	0.49	0.45	1.10	0.27
Rallies	1	Municipality	-0.17	0.44	-0.38	0.70
Rallies	1	Parliament	0.24	0.43	0.55	0.58
Rallies	1	President	0.29	0.44	0.67	0.50
Rallies	2	Military	0.18	0.33	0.54	0.59
Rallies	2	MOI	0.04	0.34	0.12	0.90
Rallies	2	MOJ	0.43	0.34	1.28	0.20
Rallies	2	Municipality	-0.09	0.33	-0.28	0.78

Rallies	2	Parliament	0.17	0.32	0.52	0.60
Rallies	2	President	0.27	0.33	0.82	0.41
Rallies	3	Military	0.32	0.23	1.38	0.17
Rallies	3	MOI	0.07	0.24	0.29	0.77
Rallies	3	MOJ	0.37	0.24	1.54	0.12
Rallies	3	Municipality	-0.01	0.23	-0.06	0.95
Rallies	3	Parliament	0.10	0.23	0.42	0.67
Rallies	3	President	0.24	0.23	1.03	0.30
Rallies	4	Military	0.47	0.18	2.62	0.01
Rallies	4	MOI	0.10	0.17	0.56	0.57
Rallies	4	MOJ	0.30	0.18	1.70	0.09
Rallies	4	Municipality	0.06	0.17	0.37	0.72
Rallies	4	Parliament	0.03	0.17	0.15	0.88
Rallies	4	President	0.21	0.18	1.21	0.23
Rallies	5	Military	0.61	0.20	3.07	0.00
Rallies	5	MOI	0.13	0.19	0.67	0.50
Rallies	5	MOJ	0.24	0.20	1.21	0.23
Rallies	5	Municipality	0.14	0.20	0.72	0.47
Rallies	5	Parliament	-0.04	0.19	-0.23	0.82
Rallies	5	President	0.19	0.20	0.96	0.34
Rallies	6	Military	0.76	0.28	2.69	0.01
Rallies	6	MOI	0.16	0.27	0.58	0.56
Rallies	6	MOJ	0.17	0.28	0.63	0.53
Rallies	6	Municipality	0.22	0.28	0.78	0.43
Rallies	6	Parliament	-0.11	0.27	-0.43	0.67
Rallies	6	President	0.16	0.28	0.58	0.56

Votes	1	Military	0.03	0.44	0.08	0.94
Votes	1	MOI	0.01	0.45	0.03	0.98
Votes	1	MOJ	0.49	0.45	1.10	0.27
Votes	1	Municipality	-0.17	0.44	-0.38	0.70
Votes	1	Parliament	0.24	0.43	0.55	0.58
Votes	1	President	0.29	0.44	0.67	0.50
Votes	2	Military	0.18	0.33	0.54	0.59
Votes	2	MOI	0.04	0.34	0.12	0.90
Votes	2	MOJ	0.43	0.34	1.28	0.20
Votes	2	Municipality	-0.09	0.33	-0.28	0.78
Votes	2	Parliament	0.17	0.32	0.52	0.60
Votes	2	President	0.27	0.33	0.82	0.41
Votes	3	Military	0.32	0.23	1.38	0.17
Votes	3	MOI	0.07	0.24	0.29	0.77
Votes	3	MOJ	0.37	0.24	1.54	0.12
Votes	3	Municipality	-0.01	0.23	-0.06	0.95
Votes	3	Parliament	0.10	0.23	0.42	0.67
Votes	3	President	0.24	0.23	1.03	0.30
Votes	4	Military	0.47	0.18	2.62	0.01
Votes	4	MOI	0.10	0.17	0.56	0.57
Votes	4	MOJ	0.30	0.18	1.70	0.09
Votes	4	Municipality	0.06	0.17	0.37	0.72
Votes	4	Parliament	0.03	0.17	0.15	0.88
Votes	4	President	0.21	0.18	1.21	0.23
Votes	5	Military	0.61	0.20	3.07	0.00
Votes	5	MOI	0.13	0.19	0.67	0.50

Votes	5	MOJ	0.24	0.20	1.21	0.23
Votes	5	Municipality	0.14	0.20	0.72	0.47
Votes	5	Parliament	-0.04	0.19	-0.23	0.82
Votes	5	President	0.19	0.20	0.96	0.34
Votes	6	Military	0.76	0.28	2.69	0.01
Votes	6	MOI	0.16	0.27	0.58	0.56
Votes	6	MOJ	0.17	0.28	0.63	0.53
Votes	6	Municipality	0.22	0.28	0.78	0.43
Votes	6	Parliament	-0.11	0.27	-0.43	0.67
Votes	6	President	0.16	0.28	0.58	0.56

Table 7.20: Coefficients for Conditional $AMCE$ for Appendix Figure A.4: Importance of Military as Supplier to Firm across Agencies, Egypt Sample

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	Tunisia	Military	-0.70	0.194	-3.59	0.00
Funds	Tunisia	MOI	-0.52	0.207	-2.49	0.01
Funds	Tunisia	MOJ	-0.04	0.216	-0.20	0.84
Funds	Tunisia	Municipality	-0.09	0.221	-0.41	0.68
Funds	Tunisia	Parliament	-0.13	0.213	-0.59	0.56
Funds	Tunisia	President	-0.27	0.206	-1.29	0.20
Funds	Algeria	Military	-0.10	0.161	-0.60	0.55
Funds	Algeria	MOI	-0.18	0.162	-1.12	0.26
Funds	Algeria	MOJ	0.03	0.169	0.19	0.85
Funds	Algeria	Municipality	0.03	0.169	0.20	0.84

Funds	Algeria	Parliament	0.13	0.170	0.78	0.43
Funds	Algeria	President	0.22	0.169	1.30	0.19
Funds	Egypt	Military	0.50	0.176	2.85	0.00
Funds	Egypt	MOI	0.11	0.171	0.62	0.54
Funds	Egypt	MOJ	0.31	0.175	1.75	0.08
Funds	Egypt	Municipality	0.08	0.171	0.49	0.62
Funds	Egypt	Parliament	0.03	0.171	0.20	0.84
Funds	Egypt	President	0.22	0.175	1.26	0.21
Rallies	Tunisia	Military	-0.70	0.194	-3.59	0.00
Rallies	Tunisia	MOI	-0.52	0.207	-2.49	0.01
Rallies	Tunisia	MOJ	-0.04	0.216	-0.20	0.84
Rallies	Tunisia	Municipality	-0.09	0.221	-0.41	0.68
Rallies	Tunisia	Parliament	-0.13	0.213	-0.59	0.56
Rallies	Tunisia	President	-0.27	0.206	-1.29	0.20
Rallies	Algeria	Military	-0.10	0.161	-0.60	0.55
Rallies	Algeria	MOI	-0.18	0.162	-1.12	0.26
Rallies	Algeria	MOJ	0.03	0.169	0.19	0.85
Rallies	Algeria	Municipality	0.03	0.169	0.20	0.84
Rallies	Algeria	Parliament	0.13	0.170	0.78	0.43
Rallies	Algeria	President	0.22	0.169	1.30	0.19
Rallies	Egypt	Military	0.50	0.176	2.85	0.00
Rallies	Egypt	MOI	0.11	0.171	0.62	0.54
Rallies	Egypt	MOJ	0.31	0.175	1.75	0.08
Rallies	Egypt	Municipality	0.08	0.171	0.49	0.62
Rallies	Egypt	Parliament	0.03	0.171	0.20	0.84
Rallies	Egypt	President	0.22	0.175	1.26	0.21

Votes	Tunisia	Military	-0.70	0.194	-3.59	0.00
Votes	Tunisia	MOI	-0.52	0.207	-2.49	0.01
Votes	Tunisia	MOJ	-0.04	0.216	-0.20	0.84
Votes	Tunisia	Municipality	-0.09	0.221	-0.41	0.68
Votes	Tunisia	Parliament	-0.13	0.213	-0.59	0.56
Votes	Tunisia	President	-0.27	0.206	-1.29	0.20
Votes	Algeria	Military	-0.10	0.161	-0.60	0.55
Votes	Algeria	MOI	-0.18	0.162	-1.12	0.26
Votes	Algeria	MOJ	0.03	0.169	0.19	0.85
Votes	Algeria	Municipality	0.03	0.169	0.20	0.84
Votes	Algeria	Parliament	0.13	0.170	0.78	0.43
Votes	Algeria	President	0.22	0.169	1.30	0.19
Votes	Egypt	Military	0.50	0.176	2.85	0.00
Votes	Egypt	MOI	0.11	0.171	0.62	0.54
Votes	Egypt	MOJ	0.31	0.175	1.75	0.08
Votes	Egypt	Municipality	0.08	0.171	0.49	0.62
Votes	Egypt	Parliament	0.03	0.171	0.20	0.84
Votes	Egypt	President	0.22	0.175	1.26	0.21

Table 7.21: Coefficients for Conditional $AMCE$ for Figure 11: Importance of Military across Countries

DV	Interaction	Level	Estimate	Std. Err	z Value	$Pr(>\|z\|)$
Funds	Tunisia	Military	-0.70	0.194	-3.59	0.00
Funds	Tunisia	MOI	-0.52	0.207	-2.49	0.01
Funds	Tunisia	MOJ	-0.04	0.216	-0.20	0.84

Funds	Tunisia	Municipality	-0.09	0.221	-0.41	0.68
Funds	Tunisia	Parliament	-0.13	0.213	-0.59	0.56
Funds	Tunisia	President	-0.27	0.206	-1.29	0.20
Funds	Algeria	Military	-0.10	0.161	-0.60	0.55
Funds	Algeria	MOI	-0.18	0.162	-1.12	0.26
Funds	Algeria	MOJ	0.03	0.169	0.19	0.85
Funds	Algeria	Municipality	0.03	0.169	0.20	0.84
Funds	Algeria	Parliament	0.13	0.170	0.78	0.43
Funds	Algeria	President	0.22	0.169	1.30	0.19
Funds	Egypt	Military	0.50	0.176	2.85	0.00
Funds	Egypt	MOI	0.11	0.171	0.62	0.54
Funds	Egypt	MOJ	0.31	0.175	1.75	0.08
Funds	Egypt	Municipality	0.08	0.171	0.49	0.62
Funds	Egypt	Parliament	0.03	0.171	0.20	0.84
Funds	Egypt	President	0.22	0.175	1.26	0.21
Rallies	Tunisia	Military	-0.70	0.194	-3.59	0.00
Rallies	Tunisia	MOI	-0.52	0.207	-2.49	0.01
Rallies	Tunisia	MOJ	-0.04	0.216	-0.20	0.84
Rallies	Tunisia	Municipality	-0.09	0.221	-0.41	0.68
Rallies	Tunisia	Parliament	-0.13	0.213	-0.59	0.56
Rallies	Tunisia	President	-0.27	0.206	-1.29	0.20
Rallies	Algeria	Military	-0.10	0.161	-0.60	0.55
Rallies	Algeria	MOI	-0.18	0.162	-1.12	0.26
Rallies	Algeria	MOJ	0.03	0.169	0.19	0.85
Rallies	Algeria	Municipality	0.03	0.169	0.20	0.84
Rallies	Algeria	Parliament	0.13	0.170	0.78	0.43

Rallies	Algeria	President	0.22	0.169	1.30	0.19
Rallies	Egypt	Military	0.50	0.176	2.85	0.00
Rallies	Egypt	MOI	0.11	0.171	0.62	0.54
Rallies	Egypt	MOJ	0.31	0.175	1.75	0.08
Rallies	Egypt	Municipality	0.08	0.171	0.49	0.62
Rallies	Egypt	Parliament	0.03	0.171	0.20	0.84
Rallies	Egypt	President	0.22	0.175	1.26	0.21
Votes	Tunisia	Military	-0.70	0.194	-3.59	0.00
Votes	Tunisia	MOI	-0.52	0.207	-2.49	0.01
Votes	Tunisia	MOJ	-0.04	0.216	-0.20	0.84
Votes	Tunisia	Municipality	-0.09	0.221	-0.41	0.68
Votes	Tunisia	Parliament	-0.13	0.213	-0.59	0.56
Votes	Tunisia	President	-0.27	0.206	-1.29	0.20
Votes	Algeria	Military	-0.10	0.161	-0.60	0.55
Votes	Algeria	MOI	-0.18	0.162	-1.12	0.26
Votes	Algeria	MOJ	0.03	0.169	0.19	0.85
Votes	Algeria	Municipality	0.03	0.169	0.20	0.84
Votes	Algeria	Parliament	0.13	0.170	0.78	0.43
Votes	Algeria	President	0.22	0.169	1.30	0.19
Votes	Egypt	Military	0.50	0.176	2.85	0.00
Votes	Egypt	MOI	0.11	0.171	0.62	0.54
Votes	Egypt	MOJ	0.31	0.175	1.75	0.08
Votes	Egypt	Municipality	0.08	0.171	0.49	0.62
Votes	Egypt	Parliament	0.03	0.171	0.20	0.84
Votes	Egypt	President	0.22	0.175	1.26	0.21

Table 7.22: Coefficients for Conditional $AMCE$ for Figure 11: Importance of Military across Countries

7.5 Survey Pre-registration

Pre-Analysis Plan for Survey Experiment of Business Election Involvement in North Africa

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May 16, 2017

Abstract

I propose to use social media to target an online survey at employees and managers of Tunisian, Algeria and Egyptian firms to understand firm political behavior during elections and firm collective action. By using online survey vignettes incorporating party fund-raising appeals, I can combine experimental and observational (i.e. pre-treatment) data to test theories about firm political behavior even in countries where campaign finance information is not available. High levels of social media penetration in all three countries, particularly among the population of interest, suggest that this research design will be effective at obtaining a stratified sample of businesspeople. In this pre-analysis plan, proposed hypotheses are discussed along with validity issues regarding data collection and analysis.[1]

Contents

[1]This project has been approved by the University of Virginia Institutional Review Board for the Social and Behavioral Sciences as project number 2017-0063-00.

Introduction

Comparative political economy research of the past decade has examined the distributional implications of democratic transitions with the intention of describing when and how political actors will support or oppose regime change (Bellin, 2002; Haber, Razo, & Maurer, 2003; Acemoğlu & Robinson, 2006; Arriola, 2012; Ansell & Samuels, 2014). The accumulated evidence has substantiated the claim that regime change brings with it systematic effects on politically-connected firms, with the clear implication that these distributional shifts should help determine whether or not democratic transitions succeed or fail (Marinov & Goemans, 2014, 4; Albertus & Menaldo, 2014; Earle & Gehlbach, 2015; Albertus & Gay, 2016). Recently, the political upheaval of the Arab Uprisings has provided significant evidence confirming these theories regarding the redistributional consequences of regime transitions (Diwan, Keefer, & Schiffbauer, 2015; Acemoğlu, Hassan, & Tahoun, 2014; Rijkers, Freund, & Nucifora, 2014). Dictators in the Middle East survived in part by sharing accumulated rents with businesspeople in a manner that ensured that neoliberal reform projects served to support the state, rather than oppose it (Waldner, 1999; Henry & Springborg, 2010; Cammett, Diwan, Richards, & Waterbury, 2015). The collapse of these regimes, conversely, has negatively impacted politically-connected firms and in many cases–but not all–spurred collective and individual action from these firms. My research is aimed at understanding the specific mechanisms through which businesspeople are able to influence democratic transitions.

In particular, through my field research in Tunisia and Egypt, I have identified several channels that amplify the influence of businesspeople on regime maintenance and consolidation. Although dramatic events like the Arab Uprisings suggest that popular mobilization is sufficient for democratization, a longer-term perspective reveals that the transition to consolidated democracy requires considerable party-building, and it is in this arena that businesspeople excel, whether in democracy or dictatorship. However, although it is generally known that businesspeople are extraordinarily influential in both regime maintenance under dictatorship and party-building under democracy, there has been little systematic research into precisely what conditions cause businesspeople to engage politically. Business political involvement is not universal, and may depend on firm-level, sectoral and macroeconomic factors.

In addition to firm-level characteristics that may induce political participation, there is even less known about what factors may undergrid systemic collective action among firms. While much has been written about the theory of collective action (Olson, 2009 [1965]; Lichbach, 1998; Lohmann, 2000; Medina, 2007), relatively little is known about what circumstances will cause firms to coordinate around a common set of political goals, in particular within transitional democracies and dictatorships. For that reason, while testing conjectures concerning the reasons why an individual firm would choose to participate in politics by funding political parties, I also examine whether country-level differences correspond with a theory of collective action focused on the punishment of firm defection. I theorize that firms are more likely in the aggregate to participate in the political system when a powerful state actor has substantial economic interests, as is the case with militaries in Egypt and Algeria, because the state actor can punish firms that opt not to engage with a coalition supporting the regime.

This survey builds on prior qualitative data from North Africa. During my field research, I did semi-structured interviews with 34 Tunisian firm managers in large Tunisian companies. While the sample is properly understood as a convenience sample, the results are nonetheless telling, as they include firms from a wide range of industries and all three major Tunisian cities (Tunis, Sousse and Sfax). Of the 34 Tunisian firms that I talked to, 16 said they had been contacted by a member of a political party asking for support in the 2014 elections. Of these 16, 12 indicated that they had supported the party in some way, either as an individual or as a firm (the line between these two kinds of contributions is very blurry because Tunisian law bans all corporate donations, and hence business managers will give from their "personal" account in order to support parties). Tunisian firms exhibited a high level of political involvement, even though some firms did not involve themselves in politics[2].

I am interesting in testing the following hypotheses regarding firm-level political action:

- H1 Firms in sectors with strong barriers to competition are more likely to contribute to parties when appeals are based on particularistic benefits.
- H2 Firms with high revenues from government contracts are more likely to contribute to parties when appeals are based on particularistic benefits.
- H3 Firms in sectors with weak barriers to competition are more likely to contribute to parties when appeals are based on credible policy reforms or protection from expropriation.
- H4 Firms with weak revenues from government contracts are more likely to contribute to parties when appeals are based on credible policy reforms or protection from expropriation.
- H5 Firms with close ties to military-owned firms are more likely to contribute to parties when appeals are linked to the military.
- H6 Firms in sectors with weak barriers to competition are more likely to contribute to parties when appeals are linked to government ministries.
- H7 Firms in countries with high levels of military involvement in the economy are more likely to contribute to parties when appeals are based on particularistic benefits or protection from expropriation.

These hypotheses incorporate variables that can be delineated into treatment and pre-treatment categories. In the survey experiment that I describe in this document, I am able to randomize hypothetical party appeals for support using different actors and benefits to the firm. However, the hypotheses include firm characteristics that can be best thought of as pre-treatment variables because they are causally antecedent to the vignette. The pre-treatment variables of particular interest include the level of competition, links between firms and the military, level of a firm's public sector revenue, and the overall nature of military involvement in the economy. None of these variables are affected by randomization, and as a result, I cannot use the research design to argue that the pre-

[2]These numbers of firm political involvement are correctly interpreted as a lower bound because these donations are quasi-illegal under Tunisian law, and have been widely criticized in the press, inducing a strong social desirability bias.

Table 1: Operationalization of Pre-Treatment Variables

Variable	Indicator
Strength of Competition	Level of competition facing the firm on a 5-point Likert scale High importance of foreign customerse Foreign ownership (high competition) vs. Domestic ownership (low competition) Sectoral membership in Industry/Agriculture (high competition) vs. Construction/Finance (low competition)
Amount of Government Contract Revenue	High importance of state as customer or supplier Sectoral Membership in Construction, Industry and Commerce
Linkages to the military	Relative importance of military firms as customers or suppliers
Relevant to all	Firm size Firm revenue

treatment variables have a causal effect on the outcome. Rather, this research design will show how firms respond to varying kinds of appeals, and the hypotheses can be confirmed or dis-confirmed based on whether these effects differ based on the pre-treatment characteristics of interest. However, it is accurate to say that only the treatment is itself causally-identified; identification of the pre-treatment variables is only possible through theoretical priors.

My first set of hypotheses (H1-H4) focus on the factors underpinning the decision of an individual firm regarding a hypothetical party appeal. I propose that firms that face a high level of competition (i.e., weak barriers to competition) are less likely to respond to particularistic benefits offered by a political party because these firms by nature are less likely to depend on government largesse. This hypothesis reflects a selection effect: firms in sectors with few barriers to competition would not have been able to survive without being able to earn revenue apart from above-market protection. As a consequence, they are less interested in particularistic benefits offered by a political party because these benefits presumably come with a quid pro quo, and an autonomous firm will prefer to stay dis-engaged from politics when possible to avoid the risk of entanglement. However, these firms are still concerned about the outside risk of government expropriation precisely because their business does not necessitate them to be closely connected to political elites. For that reason, they are more likely to respond to appeals that would protect the firm from expropriation outright or expropriation of profits.

On the other hand, firms that in large part depend on some kind of government protection to earn revenue, whether that be formal barriers to competition or informal ones such as unfair government contracting, will also be more likely to respond to political party appeals when these appeals are based on particularistic benefits. These firms identify such benefits as core to their survival and are thus willing to contribute to a party if that party could help them secure a steady future supply. It does not matter what a party's ideology is, and in fact it may be rational for the firm to contribute to opposing parties because doing so will help the firm secure its future rents regardless of who comes to power. However, these firms are also less likely to respond to appeals protecting the firm from expropriation because their existing level of political connections makes such a prospect relatively unlikely.

I also want to see if firms that are vulnerable to competition are more likely to respond to appeals that are linked to government ministries as opposed to more elite actors, such as the parliament or the president. This hypothesis reflects the fact that these firms are less likely to have political connections, and for that reason are more likely to struggle to maintain good relationships with regulators. As a result, they are more likely than politically-connected firms to want help from a political party to ensure a good working relationship with bureaucrats.

These two basic distinctions between firms–firms with strong existing political connections and those with weak existing political connections–are hypothesized to matter for whether a particular firm responds to a particular appeal. Hypothesis 7, however, relates more to the aggregate level of response to appeals between countries, that is, firm collective action. The primary mechanism through which firm collective action increases is through the presence of an actor capable of punishing the defection of firms from a pro-government (or pro-dictatorship coalition). For the countries in this study, I hypothesize that this actor is the military, which has extensive investments in economic production in two of the three countries (Egypt and Algeria).

Hypothesis 5 tests this underlying mechanism by looking at whether firms with close linkages to the military are also more likely to respond to appeals that offer benefits from the military. This effect should hold for either expropriation or particularistic benefits, although it will likely be higher for particularistic benefits. By mentioning the military, the party is trading on its connections with an actor whose economic influence could have a dramatic effect on this particular firm. Thus while we expect to observe a difference in the aggregate, the specific mechanism should also be evident at the firm-level.

Hypothesis 7 compares group-level means across countries for aggregate willingness to contribute to a political party for appeals based on either particularistic appeals or protection from expropriation. This hypothesis is testing a collective action effect–in the aggregate, a different economic structure will affect all firms in a country and cause a higher average level of participation because the military will act as a punisher of defection. For countries with military-dominated economies, it is more risky for firms to absent themselves from some kind of political engagement, which causes a higher level of unity among firms in support of the regime.

As can be seen, these hypotheses can overlap and have different predictions depending on whether the effect to be measured is at the country-level or firm-level and whether the contrast concerns particular kinds of appeals or particular kinds of actors. For this reason, each hypothesis can be estimated via marginal treatment effects, or effects of appeals from parties that are considered relative to each other. The best research design for this question is the average marginal component effect ($AMCE$) from Hainmueller, Hopkins, and Yamamoto (2014) (also known as a conjoint experiment). In this research design, values of the treatment can be randomized through vignette profiles so that each respondent responds to multiple values of the same treatment variable. The $AMCE$ will allow me to make subtle distinctions between estimated effects that correspond most closely to the hypotheses listed above. In particular, I can interact the AMCEs with pre-treatment variables to estimate conditional AMCEs which differ along different types of firms or countries as my theory predicts (Hainmueller et al., 2014, p. 13).

Collecting suitable data, however, is difficult due to the large expense of firm surveys and the considerable sensitivity regarding questions about electoral finance. Campaign finance data is only available in advanced Western democracies, and even in these countries it is not always complete. The use of an online survey overcomes two considerable challenges: first, it is a low-cost method of survey research that overcomes the geographical limitations of identifying and obtaining access to firms, which is commonly known as stratified sampling. I propose to target the survey by using Facebook media ads that can be directed at users listing employment and users who like business-friendly pages in these countries. By doing so, I can construct a quota sample frame consisting of those users who respond to the ads.

The second benefit of an online survey is to help address sensitivity concerns through the privacy of computer surveys. Mailing surveys to firms directly, which is a commonly-used technique for firm surveys, is not a good strategy for answering sensitive questions because the survey is likely to be viewed by several employees before it is returned to the researcher. An online survey, on the other hand, can be completed by an employee on their own time without others being aware of the answer, permitting discreet data collection. For example, a comparison done by Chang and Krosnick (2009) and Chang and Krosnick (2010) between telephone interviewing and online panel interviewing revealed that online respondents showed less social desirability bias to sensitive questions.

Crucial to this research design's effectiveness is the assumption that the firm's employees have adequate information about the firm's political connections and could answer a question accurately about a party's appeals for electoral funds. It is unfortunately impossible to test this assumption empirically as it would involve surveying a large proportion of a firm's employees, as well as obtaining accurate and objective information about a firm's political activities to serve as a baseline. However, I do have reason to believe that employees do learn about their firm's political activities through various kinds of social interactions through my field research in Tunisia. Some of my best information on firm political activities came from employees at firms who knew which politicians their bosses supported and had meetings with on a regular basis. Firm employees did not know the amount of money that was given, of course, but they often had fairly accurate information about which parties their firm would support. One of the best examples of this phenomenon occured at an interview at a major appliance distributor with a salesperson who had only been on the job for a week. When I asked him about his firm's political activities, he turned to his coworker and said, "We are with President Beji Caid Essebsi, aren't we?"

His coworker nodded vigorously, and also mentioned a political party that the firm's owner was affiliated with. I was pleasantly surprised to hear that even a brand-new employee had a fairly clear idea of his firm's political connections. Thus while a firm's employee is acting as a proxy for the firm, I argue that this is the best source of information on firm's political activities aside from having confidential interviews with firm owners, many of whom will refuse interviews with Western researchers. Relying on employee reports will increase measurement error compared to interviewing firm owners directly, but I have reason to believe that these reports will still be informative on firm activities in the aggregate.

Part of the reason for my assertion is the fact that for many North Africans, holding formal employment is a difficult to obtain proposition and one that comes with certain responsibilities, such as abiding by "correct" political norms. Because holding "incorrect" political beliefs may put themselves on the wrong side of their firm owner, employees have a vested interest in learning at least some of their owner's political connections if for no other reason than to avoid sanction. The oft-cited line between business and politics in Western, developed democracies is more myth than fiction in the Middle East, whether in more liberal societies or more autocratic ones. To be an employee of a firm is to become a part of that firm's political connections that help sustain it during good times and bad.

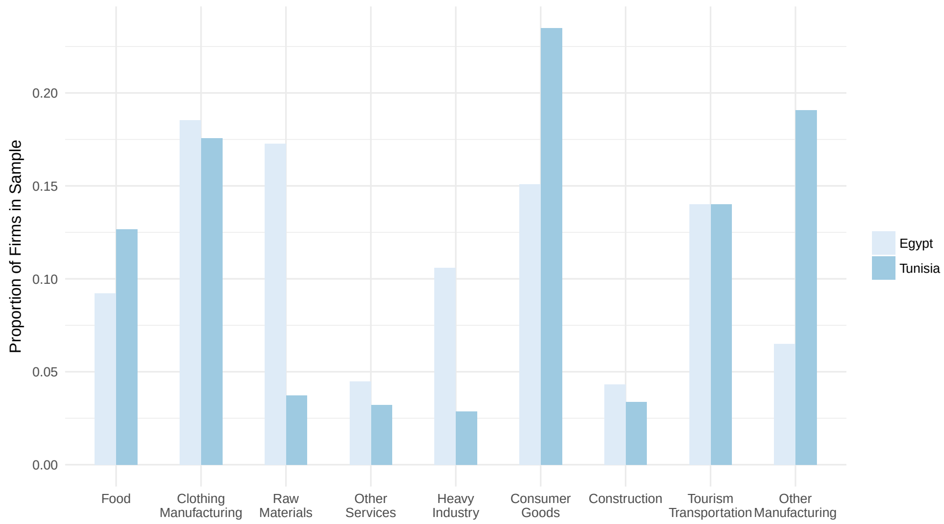
Existing Firm Survey Research

Firm surveys are relatively new to the Arab world, and the best currently available resource are the International Finance Corporation (IFC)'s Enterprise Surveys, which began in the 2000s. Currently Egypt, Algeria and Tunisia have these surveys, although only Egypt and Tunisia within the past few years. These surveys attempted to provide nationally-representative samples of firms within these countries, although both surveys encountered significant sampling difficulties. The Tunisia survey documented these in its 2013 methodology report, which showed that nearly 30 percent of the firms in their sampling frame were "impossible to contact" because their contact information proved to be inaccurate (*Enterprise Surveys: Tunisia 2013 Implementation Report*, 2013). Given the problems in the survey frame and the probability of a firm refusing to participate, the Tunisia study was only able to conduct an interview with one firm for every four selected from the sample frame despite being able to interview the firm managers in person (*Enterprise Surveys: Tunisia 2013 Implementation Report*, 2013).

Nonetheless, given the ability of the IFC to field enough interviewers to cover a nationally-representative sample, these surveys represent the best available information about the population of interest. Figure 1 shows the distribution of firms across sectors in both countries, a distribution which I expect my survey to also reflect, although given the sampling frame issues there should be room for additional variability in these distributions beyond standard sampling error.

This chart shows how manufacturing firms tend to be over-represented in the sample compared to their share of GDP. For the last twenty years, manufacturing has remained at a steady 20 percent

Figure 1: Sectoral Distribution of Firms in Egypt and Tunisia



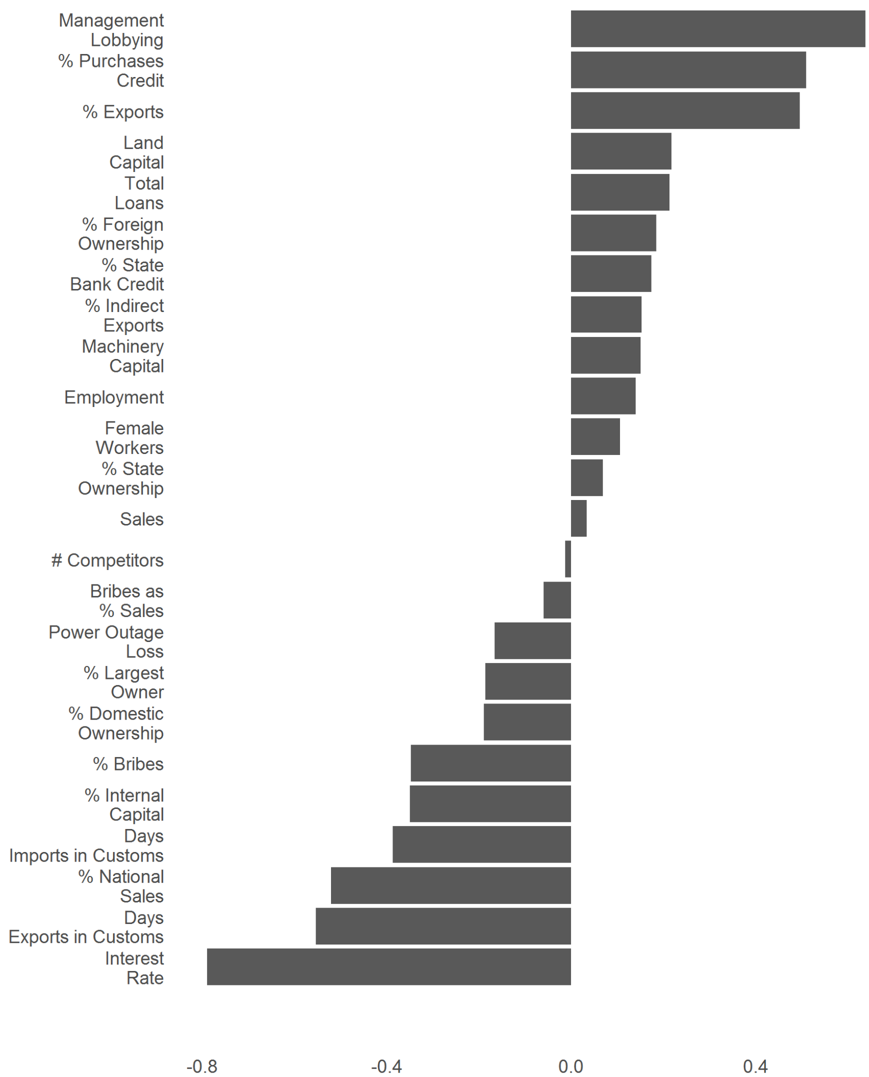
Data from the International Finance Corporation Enterprise Surveys 2013

of value added to GDP, according to World Bank data, while the distribution in these surveys show manufacturing firms comprising a majority of all firms. This difference reflects the bias towards informality in both Egypt and Tunisia. A large number of people are employed in small, informal service establishments, such as shops and restaurants, that usually do not formally incorporate. Manufacturing firms, on the other hand, require significantly more capital and resources and for that reason are much more likely to be represented in a firm survey.

These surveys also provide a helpful baseline for pre-treatment covariates. In particular, we can see to what extent sectoral membership and other indicators correlate with perceptions of corruption and also ability to secure government contracts. These surveys do not ask questions about direct political involvement, but they do ask some general questions about perceptions of corruption that can be used as a proxy for firm political connections. To examine these connections, I used 59 variables from the combined Egypt and Tunisia surveys for an open-ended two-dimensional factor analysis. As can be seen in Figure 2, the first dimension of variation in the survey dataset captures the difference between firms with high access to credit from firms with poor access to credit and high interest rates on existing loans[3]. Management lobbying, an indicator for the amount of time that managers spend complying with government regulations, is also very high for dimension 1, which implies that these firms with high access to credit are also firms that are successful at navigating the web of bureaucracy required to obtain credit. These firms also tend to have higher levels

[3]I only report factor loadings for continuous variables because the categorical variables are much more numerous.

Figure 2: Continuous Variable Loadings for Dimension 1



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of foreign ownership and higher levels of exports.

The second dimension in Figure 3 helps to further break down which firms have outstanding issues with government corruption and poor infrastructural performance versus those that do not. On one side of this scale are firms that tend to export but also tend to pay a significant share of bribes and are vulnerable to power outages. On the other side of this scale are firms that focus primarily on the domestic market. Thus market access would appear to be the primary factor discriminating in the second dimension.

For these reasons, it would appear that the first dimension of variation measures access to credit while the second dimension of variation measures access to foreign markets. It is not that other factors do not load along either dimension, but rather that both of these dimensions are primarily driven by either credit or relative levels of exports/foreign ownership. Reports of bribes do not cleanly break down along either dimension because these other factors, credit and foreign market access, have much higher discriminative properties along the two dimensions. However, given these two dimensions, I can use corruption perceptions as a potential proxy for political connections to understand how these two dimensions can explain possible political connections.

By plotting additional covariates, such as willingness to report corruption and sectoral affiliation, I can use these dimensions to triangulate those firms that are most likely to have political connections, even if those political connections cannot be observed directly in this data. Figure 4 plots firms along both axes, the first dimension, access to credit, along the x axis, with the second dimension, access to foreign markets, on the y axis. The points are colored by whether the firms reported that corruption is an obstacle to doing business (blue if it is, red if it is not). This question yields interesting variation because country-wide corruption surveys such as Transparency International inevitably place Egypt and Tunisia at dismal levels of corruption, so it would seem strange at first that a sizable number of firms would report no obstacles in terms of government corruption.

Figure 4 shows how this empirical phenomenon helps confirm my theoretical priors. In particular, firms that do not report corruption as an obstacle will tend to be those with either strong political connections, enabling them to benefit from corrupt networks, or firms with strong outside autonomy, particular through access to export markets and international finance (Osgood et al., 2017; Markus, 2015).

Firms that report no major obstacles to corruption tend to be in the lower-right quadrant of Figure 4 where foreign market access is low but credit access is high. These firms do not face credit constraints but also operate mainly within the small domestic market. These are the firms that are likely to have strong political connections because their market access is limited but they also do not seem to have major troubles operating in a credit-constrained environment. Firms in the top left corner are those firms that tend to export but face serious credit constraints. Unsurprisingly, these firms almost universally report corruption as a severe obstacle to doing business. These firms are those that lack either political connections or a sufficient level of exports/foreign ownership to be able to transcend the biased nature of domestic financial institutions, whether private or state-run. Firms in the top right corner are those firms that export but do not face credit constraints, probably

Figure 3: Continuous Variable Loadings for Dimension 2

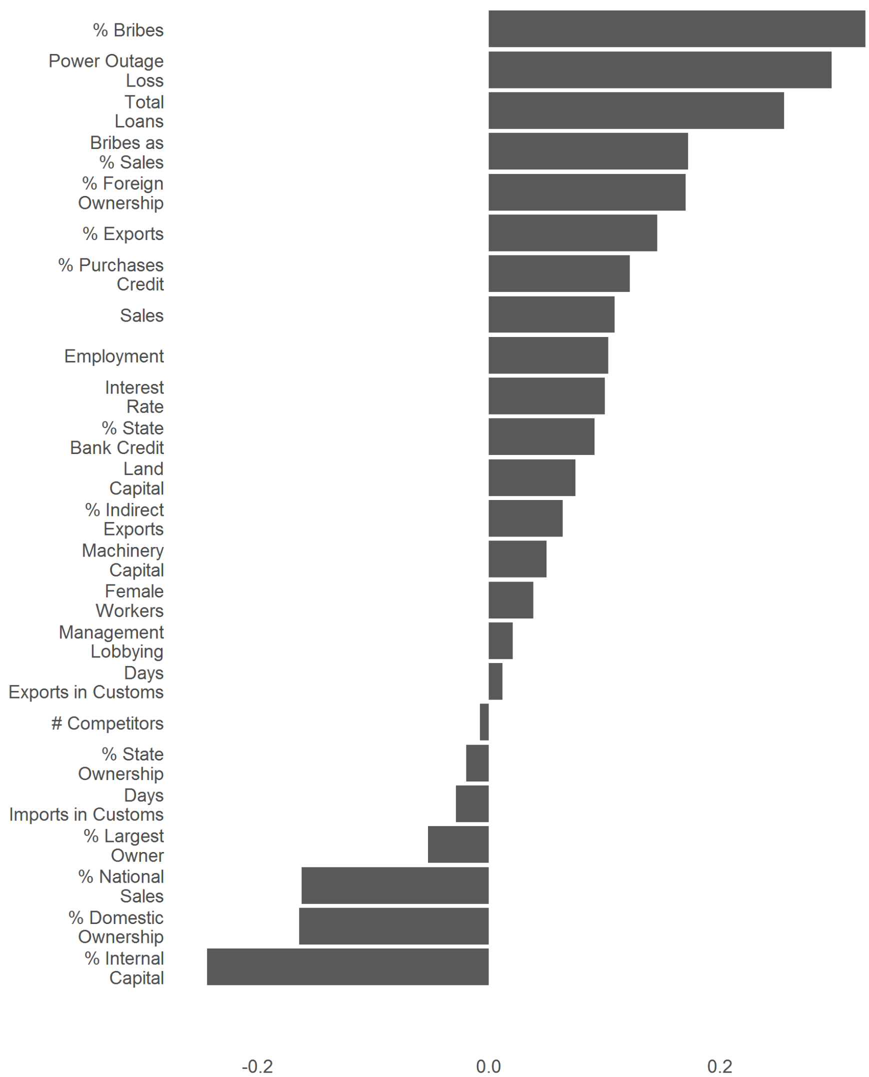

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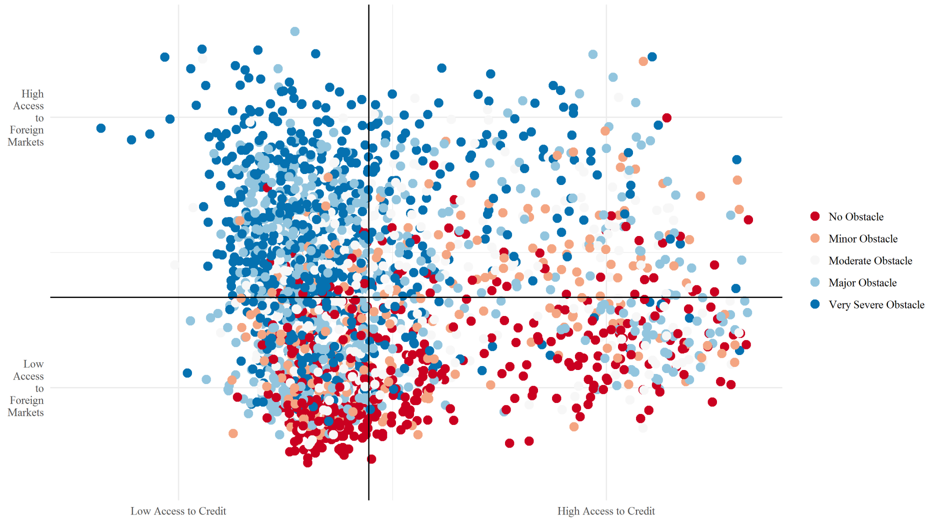
Figure 4:

Is Corruption an Obstacle to Current Operations?



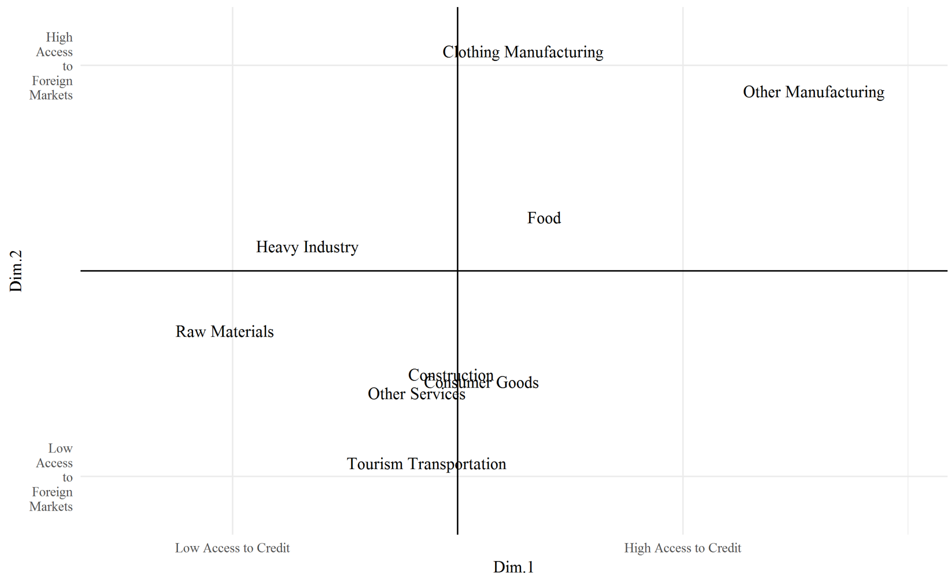
IFC Enterprise Surveys for Egypt & Tunisia (2013)

because they are larger and also more likely to be foreign-owned. These firms see corruption as a middling barrier–it is a problem, but not one that is very serious or threatening to their operations because their high export levels and foreign ownership insulate them to some extent from the vagaries of domestic political connections. Some firms in the lower left corner also report corruption as not being a problem, but these firms tend to be small domestic firms that may be able to fund themselves as limited partnerships and for that reason are not in need of credit or other kinds of rents to stay in operation.

I can also plot the average locations of different sectors as in Figure 5. Sector affiliation on its own gives us some information about firms. On average, firms in construction, consumer goods and travel & transportation tend to be closest to the low access to foreign markets/easy credit quadrant, as would confirm my priors that these industries tend to cater to domestic markets. In particular, my field research in Tunisia revealed that many hotels were financed by state-owned banks and tended to be run by entrepreneurs with strong political connections, a finding that was supported in my interviews in Egypt as well. Firms in the clothing industry, food (agricultural processing) and other manufacturing (including high-tech manufacturing) tend to have more exporters and foreign investment. Thus on its own, sectoral affiliation does provide some clues as to whether a firm is likely to have strong political connections (or need for them).

However, combining sectoral affiliation with other pre-treatment covariates, such as ability to export, provides even better evidence of firms that are likely to have strong political connections. I

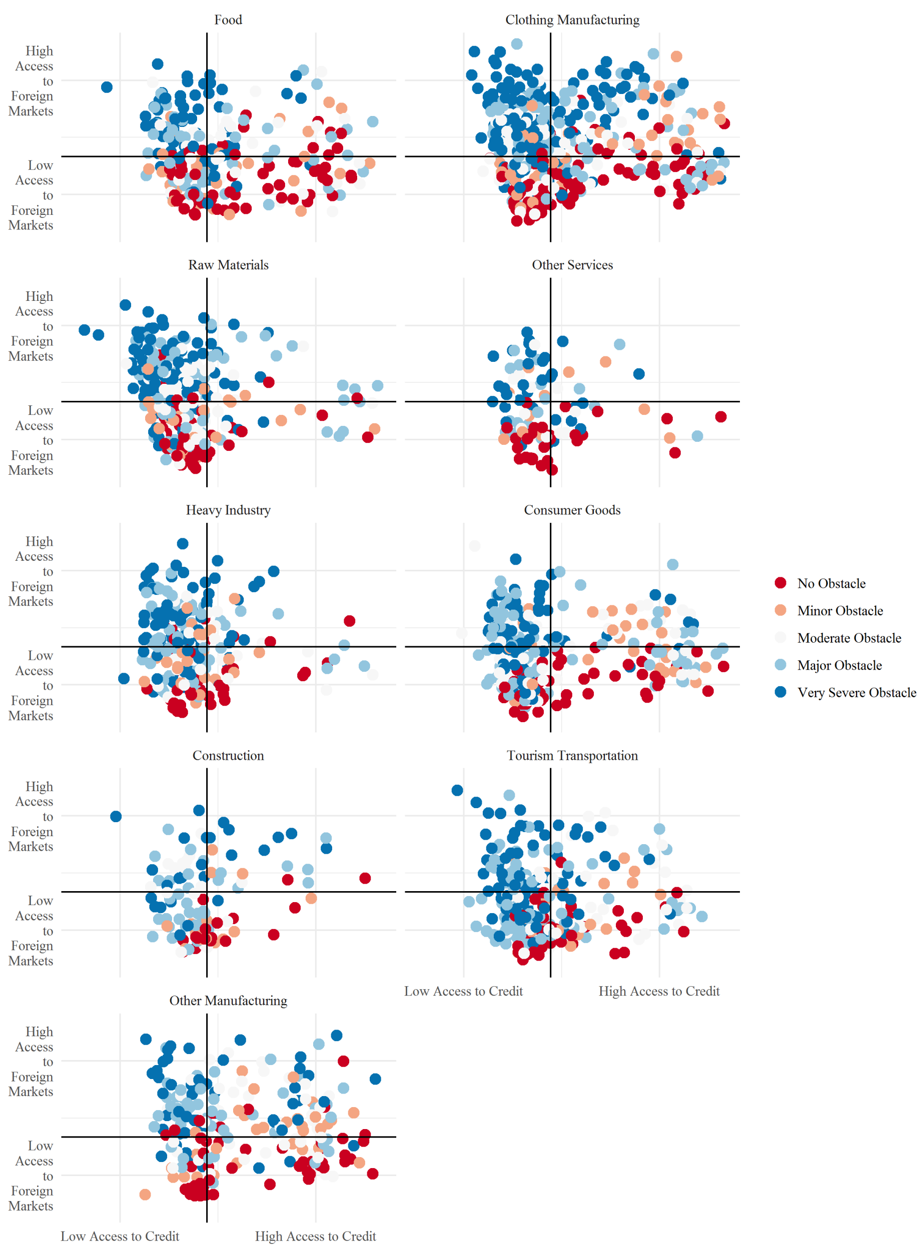
Figure 5: Average Sectoral Placement



Data from IFC Enterprise Surveys for Egypt and Tunisia (2013)

break down the question about perception of corruption as an obstacle to doing business by sectoral affiliation in Figure 6. As can be seen in this figure, the aggregate relationship of corruption perceptions holds for most of the sectors as well. However, sectoral affiliation still adds information: for example, firms in construction that have easy access to credit almost universally report that corruption is no barrier to doing business. For these reasons, using these pre-treatment covariates in combination should enable me to adequately measure those firms that are most likely to require political connections from those that do not, as expressed in my hypotheses.

Figure 6: Is Corruption an Obstacle to Current Operations?



Data from IFC Enterprise Surveys for Egypt and Tunisia (2013)

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Research Design

Sampling

Respondents to the survey are to be recruited through Facebook advertisements. Facebook permits advertisements to be targeted at different kinds of users and has a wide variety of options. Three kinds of targets are of particular interest: 1) location targets of cities and industrial areas, 2) demographic targets at those users over 30 with employment at firms with more than 20 employees and 3) Facebook page targets for those who like pages related to politically influential businesspeople. The Facebook advertisement will mention the survey and offer the user a chance to participate in a cash reward raffle. There will also be a Facebook page that the Facebook user can view to learn more information about the survey.

The ad link will redirect the user to a Qualtrics survey, where questions will filter out those respondents who do not fit within the sample frame. In particular, users must be able to list employment at a firm with more than 20 employees. Otherwise, they will be directed to leave the survey. Finally, the user will be able to select Arabic, French or English versions of the survey.

Properly understood, the survey uses non-random quota sampling, albeit with powerful targeting abilities that should attract quality respondents. The sample frame is, however, still limited by the fact that it only includes those who are willing to click on a social media ad. Facebook penetration is near 90% across the Middle East (Dennis, Martin, & Wood, 2015), particularly among higher socio-economic strata who are the target population for this survey. It is still likely, however, that the sample frame will not include some older respondents who do not have Facebook accounts.

The respondents will be randomly assigned to read an experimental vignette that is generated from a range of appeals that a political party could make and a range of actors that could offer a benefit to the firm. The construction of a vignette is based on random selection of one type of appeal combined with one type of actor. For ease of application and interpretation, there are seven types of appeals and seven types of actors, which are shown in Table 2. As a result, there are forty-nine possible vignettes.

It is of course likely that some respondents will fail to complete the survey. The Qualtrics program will facilitate the analysis of this missing data by recording exactly when respondents stopped completing the survey. This will enable a clear analysis as to whether survey attrition is due to ignorable factors, such as unforeseen interruptions (Ansolabehere & Schaffner, 2015), or due to non-ignorable factors, such as high attrition rates at particular questions. I will explore imputing data for users that finish the treatment but do not finish the remaining questions in the survey so that these observations are not lost.[4]

[4]It is difficult to know a prior whether multiple imputation methods can be used to account for survey attrition because the credibility of multiple imputation assumptions, such as missing conditionally at random, are difficult to validate in advance of the experiment.

Table 2: Treatment Profiles for Conjoint Survey Experiment

Number	Types of Actors	Types of Appeals
1	military	does not try to take control of your firm
2	Ministry of Interior	does not try to take your firm's profits
3	President	helps your company secure permits from regulators to do business
4	Ministry of Justice	helps your company secure contracts to supply goods
5	parliament	helps your company export its goods & services
6	municipality	helps your company import necessary materials
7	government	will implement reforms that encourage economic growth and lower unemployment.

The goal is to select 1,000 users from each of the three countries to comprise a total sample of 3,000 respondents. I assume for the purposes of power calculations that there will be a 10% attrition rate for those users who choose to take the survey. There are three important categories of respondents (i.e., Egypt, Algeria and Tunisia), so the 2,700 participants will be divided equally among the three groups. Traditional types of power analysis cannot be used to estimate the $AMCE$ because of the complex nature of overlapping treatments. Instead, I performed a simulation power study in the attached Rmarkdown document. I simulated the conjoint experiment using actual treatment combinations and correlated errors within respondents. For each simulation, I recorded the estimated effect of a binary interaction with one of the treatment variables. The interaction variable represented 20% of the sample.

From these simulations, I calculated traditional quantities such as the average significant effect of the conditional $AMCE$ and the power of sample sizes[5] from 100 to 2,700. I also calculated Type-S errors, which occur when a statistically significant effect is the wrong sign compared to the true effect, and Type-M errors, which are the ratio of the estimated significant effects to true effects. Type-S and Type-M error rates are useful because they help determine what errors of inference may occur in small sample sizes beyond determining statistical significance (Gelman & Carlin, 2014). The results in Figure 7 show that Type-S and Type-M errors all decline for the $AMCE$ once sample sizes reach approximately 1,000 respondents; thus, 1,000 is the threshold for the results of the survey experiment to be considered properly informative of the true $AMCE$ and to minimize inferential errors.

From the same simulation I also examined the unconditional $AMCE$ effects assuming that they came from a mean-zero normal distribution; thus, in expectation exactly 95% of the effects should be statistically significant at the $p = 0.05$ level. Although this upper limit is only reached with the full (2,700) sample, samples as small as 500 respondents will still reach an acceptable 70% level as can be seen in Figure 8. The lower sample sizes and higher power of the unconditional effects occur because the treatment interaction reduces the total number of respondents in the treatment cell. In the simulation, only 20% of respondents were assigned to the pre-treatment condition, so the interaction would correspondingly have no more than that number of respondents.[6]

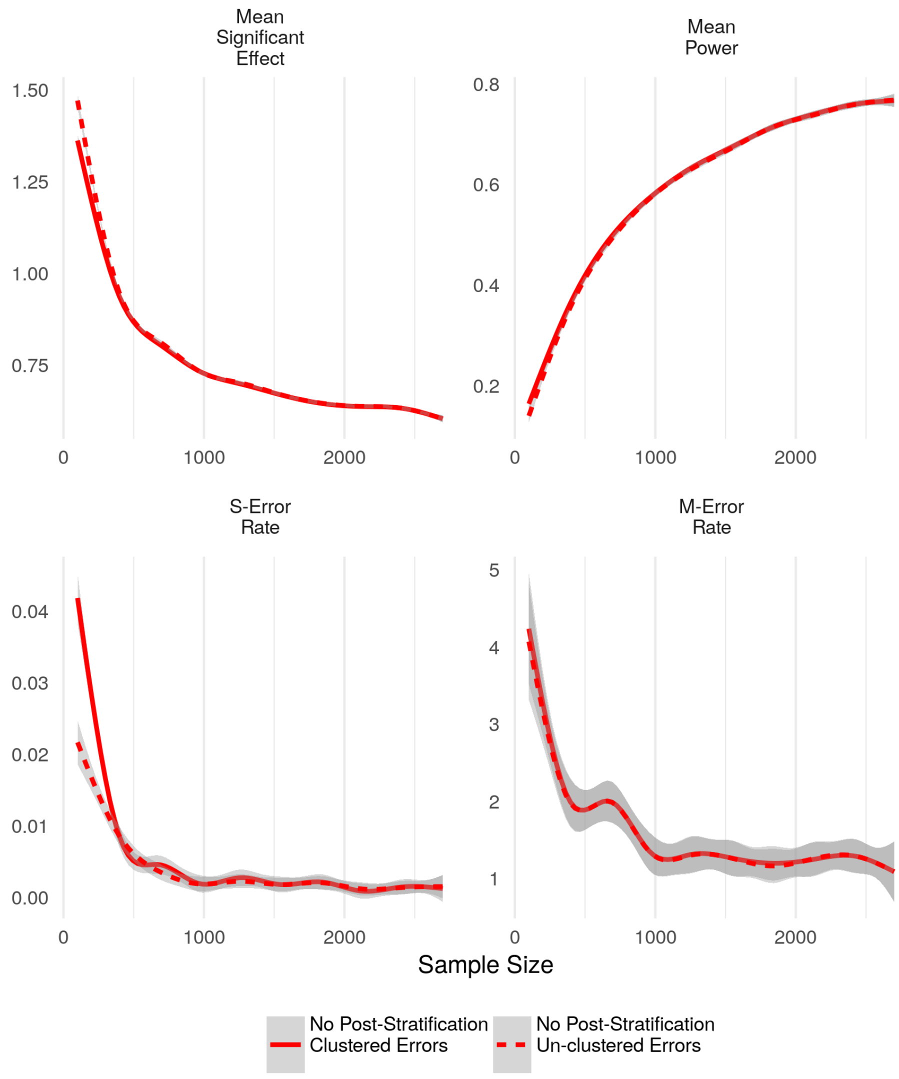
Survey Instrument

The proposed survey instrument will capture a variety of demographic and other pre-treatment variables about the respondent and the firm. For the respondent, data collection will include region of origin, education, position type and years of experience in current position. For the firm, the respondent will be asked to provide aggregate levels of revenue and employment, relative importance imports/exports in firm's revenue, relative importance of government contracts in firm's revenue, reasons for and relative level of firm performance, composition of a firm's suppliers and

[5] In the simulation, the true effect was given a population distribution to represent measurement error. For that reason, the power curve is conservative compared to traditional power curves that use a fixed true effect.

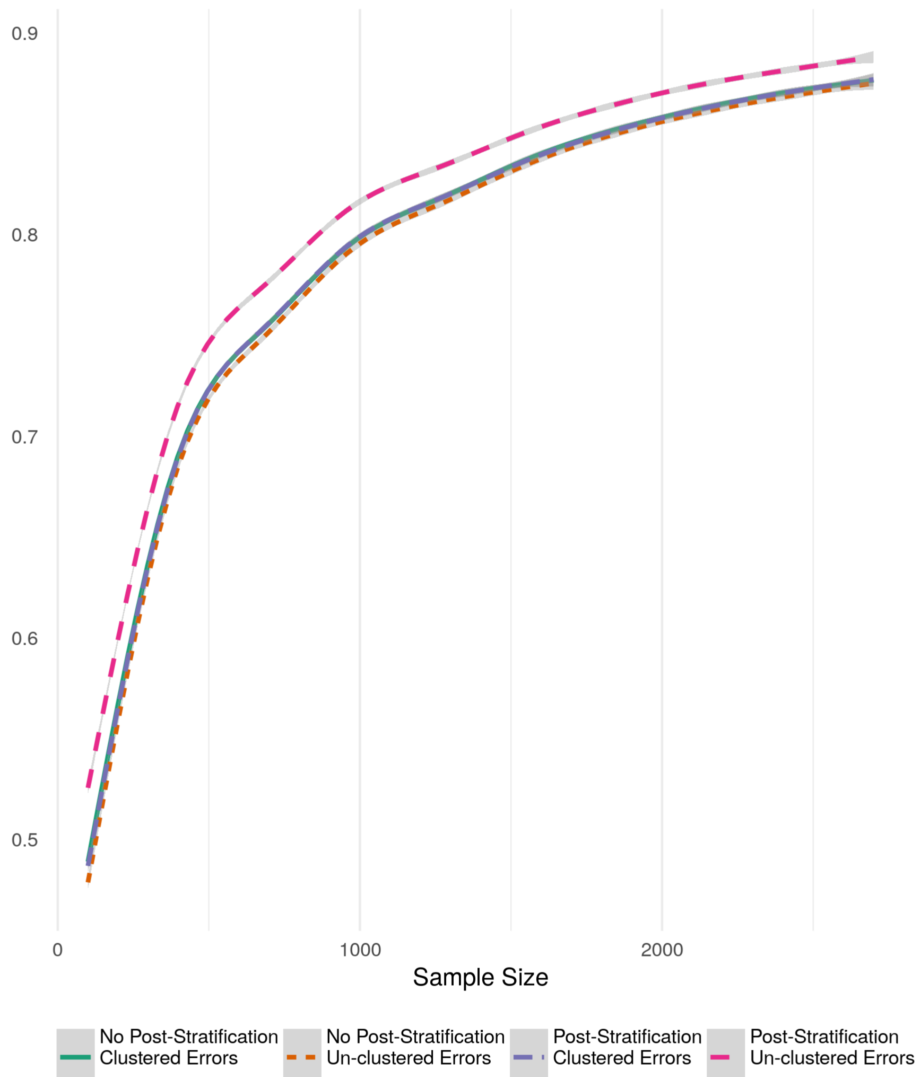
[6] For a full discussion of the simulation, see the attached simulation study.

Figure 7: Results of Simulation Study of Conjoint Power Experiment



customers, vulnerability of firm competition, and a comparison of firm-to-sector performance.

Figure 8: Ratio of Significant Coefficients from Simulation Study



Following collection of the pre-treatment variables, the respondent will be two sets of paired vignettes, each of which is composed of a set of actor/benefit combinations from Table 2. The

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vignettes will then have the following composition:

> Vignette 1
>
> A member of a political party calls your CEO's office. The representative says that the party is in need of funding for their upcoming electoral campaign for the parliament. In exchange for support from your firm, the party will ensure that [actor1] [benefit1].
>
> Vignette 2
>
> A member of a political party calls your CEO's office. The representative says that the party is in need of funding for their upcoming electoral campaign for the parliament. In exchange for support from your firm, the party will ensure that [actor2] [benefit2].

Each of the vignettes is followed by these three outcome questions:

> How likely do you think it is that your CEO would provide funding to each of these parties because of this appeal?
>
> How likely do you think it is that your CEO would instruct employees in your firm to vote for this party because of this appeal?
>
> How likely do you think it is that your CEO would use your company's resources to hold rallies or distribute advertisements for this party because of this appeal?

Each of these questions then has a corresponding 10-point ordinal outcome scale from "Very Likely" to "Very Unlikely". In addition, there are open-ended questions at each outcome question to offer the respondent the chance to provide reasoning behind their opinion.

The use of paired vignettes reflects best practices with conjoint survey experiments, as this design encourages the respondent to critically consider both vignettes instead of skimming to finish the survey quickly (Hainmueller, Hangartner, & Yamamoto, 2015).

Following this question, the respondent will be asked further questions about his or her opinions on current parliament and political leaders. The respondent will also be asked whether they are a member of a political party, and which political party, if any, they support. Finally, the respondent will be asked whether his or her firm has supported political parties in the past, and if so, what kind of support has been offered, i.e., material, financial or organizational (including instructing employees to vote for a certain candidate).

As mentioned before, respondents will be recruited to the survey through Facebook ads with the survey's name and offering a chance to win mobile phone credit as an incentive. That link will redirect the user to the Qualtrics survey, where they will answer the survey. At the end of the survey, they will be informed whether or not they have won the phone credit, and given an anonymous form through which they can submit their phone number to receive the credit[7]. The survey will be anonymous, although respondents will be asked to identify their firm. Firm identification will be

[7] The phone credit can be sent via existing international communications companies to mobile numbers without any further information necessary.

useful for post-hoc evaluation of the sensitivity of questions; presumably differences between reports from the same firm are an indication of social desirability bias. In addition, the final analyses will need to be clustered if multiple respondents from the same firm reply to the survey as their answers would not be considered to be statistically independent.

Before the survey is officially launched, a pilot run will be conducted a month prior to ascertain whether the survey instrument is working as intended, and also whether randomization is successful. The amount of the phone incentive will be determined during the pilot study, as well as whether the incentive will be offered in small amounts to all respondents or only raffled in larger amounts to a smaller subset of users. If no significant changes are made to the survey instrument or design, the pilot data will be kept as a useful second point of reference for the full survey. An indicator for the pilot data will be included in the final dataset to ensure that no results are robust to pilot versus full-sample data.

Empirical Analysis

The outcome variable of the experimental treatment is whether or not a respondent's firm will provide financial support to a party. This variable will be coded on a 10-point Likert scale from Very Likely to Very Unlikely with a midpoint of Neither Likely nor Unlikely. Refusals and "I don't know" will be recorded as missing data.

The values of the treatment, i.e. the particular realization of the actor and benefits for each profile, can be estimated parametrically or non-parametrically as the conditional $AMCE$ mentioned earlier. Following Hainmueller et al. (2014), we have treatment sets $t_{ijk} \in T$ where i reflects the respondent, j the particular value of the profile attribute in the vignette, and k the particular set of paired vignettes (each respondent views two sets of paired vignettes each). Certain assumptions are required to estimate the $AMCE$, including that the order of vignettes does not matter and that the treatments do not influence each other (Hainmueller et al., 2014, pp. 8-9). These assumptions can be examined after the administration of the survey by looking at differences in mean treatment values given different combinations of profile orders and treatment assignment (Hainmueller et al., 2014, pp. 22-25). For my purposes, I can either use a non-parametric estimator or a linear regression model as these two estimators are identical for conjoints with simple randomization, and for ease of use I intend to use the lm() function in R.

The actual estimation involves two sets of dummy variables, one set for all the actor types and one set for the appeal types. One category for actors and one category for appeals must be used as a baseline. I intend to use the "government" actor as the baseline category for actors and the "economic reform" appeal as the baseline category for appeals because these categories are more general and thus serve as useful reference points.

Estimation of the conditional $AMCE$ depends crucially on randomization of treatment profiles and the outcome, which in this case is whether a respondent believes her firm would support the party making the appeal. More formally, we can assume that

$$T_{ijkl} \perp\!\!\!\perp \{T_{ijk[-l]}, T_{i[-j]kl}\} \text{ for all } i, j, k$$

Because I am interested in subsets of my respondents as defined by pre-treatment variables shown in Table 1, I will include these variables in specifications as interactive effects so that I can see how the conditional $AMCE$ varies by levels of the pre-treatment variables. However, that does not mean that I have causally-identified the pre-treatment variables' effect on the outcome. There could be another confounding variable connecting the pre-treatment variable and the outcome that obfuscates the relationship. What I can say is that the pre-treatment variables are causally prior to the treatment variable, and thus I do not have to be concerned over reverse causality. Removing reverse causality is still a useful advantage as it is entirely possible that businesspeople with strong political connections to parties start firms that become successful, which could cause endogeneity between the outcome and the pre-treatment variables in a non-experimental setting.

Table 1 shows the operationalization of these pre-treatment variables as mentioned in the hypotheses. The best way to use these indicators is via interactive linear models in which the indicators are interacted with the treatment variable for the type of party appeal received. If possible, I will include three-way interactions between appeal type, indicator for competition/government linkages/military linkages, and firm size/firm revenue. However, reporting this interaction requires an adequate number of respondents in all these categories; otherwise, I will be reporting an effect with very low power. Per my simulation results, I need to have approximately 200 respondents in each treatment-interaction cell[8]. If I have too few observations per cell to trust the results, I will first collapse the firm revenue/firm size categories into three categories each representing terciles (e.g., low/medium/high). If I still do not have enough respondents, then I will include firm revenue & firm size as post-stratification variables to help reduce measurement variance (Miratrix, Sekhon, & Yu, 2012). I will also post-stratify in each estimation on country fixed effects as it is very likely that treatment effects are more homogeneous within countries. Effects will also be reported without using any post-stratification variables for the sake of transparency.

Given that I will be displaying interaction effects, there will not necessarily be a single coefficient to either support or refute the hypotheses, but rather an interpretation as to whether the displayed effects match what is predicted in the hypotheses. For example, if respondents are much more likely to support a party with economic policy reforms when competition is low than when competition is high, it will provide evidence in support of H4.

I do not intend to include additional control variables for these specifications. Rather, I will first look at balance checks to determine whether the randomization within the survey was sufficient for achieving balance among all background characteristics collected in the survey. I will include

[8]My simulation results found that average significant effects were equivalent to the true distribution of effects once the sample size reached 1,000 given that the proportion of respondent in the interaction cell was equal to 20% of sample size, or approximately 200 respondents. The true effect had a population mean of 0.5 with a population SD of 0.3 on a scale of 1 to 10. See attached simulation study for full details and R code.

the full list of the respondent demographic and firm-level variables collected in the first part of the survey instrument, and I will also look at balance between those who complete the survey and those who do not. If the rate of significant variables in the balance check is greater than approximately 1 out of 20 (i.e., the Type I error rate), then I may have to examine whether randomization was correctly administered.

The effect estimated is the treatment effect on the treated, i.e., those who were willing to click on the Facebook advertisement. Within this subsample of the population, the causal estimand will be identified through explicit randomization. However, inference as to the representativeness of the sample to the population of all firms cannot be made through statistical methods. I can only infer the representativeness based on substantive knowledge of companies in these countries and by comparison to firm surveys in other countries.

I will also run additional specifications as I will have numerous other background firm and person characteristics to examine with the treatment. However, these additional specifications are exploratory, not confirmatory in nature (whether via randomization or theory). I do not have strong theory, for example, to predict whether a respondent's education will influence their decision to state that their firm would or would not support a certain candidate. As a consequence, the p-values and other statistics for these tests will need to be reported separately from the main results and interpreted with caution. To that end, I intend to investigate additional effects using the lasso method of Ratkovic and Tingley (2017), which penalizes estimates by using conservative priors for coefficients, along with factor analysis.

Timeframe and Budget

The survey's timeframe depends on the amount of time required to attract a full sample of users. Facebook allows for advertising to be purchased on a daily basis; ads for all three countries will be shown until the full number of respondents have completed the survey in Qualtrics. Given similar efforts to undertake an online survey in Tunisia, I expect that the data-collection period will take approximately two to three weeks. I am planning to conduct this study during June-July 2017 and the pilot in May.

While the data is being collected, I will run preliminary balance tests and also check for higher-than-predicted rates of attrition. If there is evidence after collecting 25% of the sample that 1) randomization is not producing relatively balanced samples among the collected variables or that 2) attrition rates are unusually high, I may suspend data collection and re-initiate it at a later period after examining the survey to determine the cause of the problem. However, if the survey is re-administered, I will remove all previous data from the Qualtrics program so that all data collection will take place during the same time period.

I expect this project to cost approximately \$6,000. \$3,500 of that amount will be for advertising, \$1,500 for cash prizes, \$500 for a survey pilot and \$500 for survey instrument translation (French and Arabic)[9]. The Qualtrics survey itself is provided via a university account.

Conclusion

I expect this survey to answer the questions described in the introduction regarding the particular factors that condition businesspeople to support political parties. This research design is aimed at making a specific trade-off between the ability to select a target population and the bias that comes with using non-random selection. My main argument is that this trade-off is justified because of the unique challenges of surveying firms, and in particular the difficulty in obtaining quality firm responses to questions having to do with political involvement (or even political perceptions). The use of an online survey also permits the recruiting of a large sample relatively cheaply that will provide enough power to test specific interactive hypotheses. The aim of this study is to advance the discipline's knowledge about business interaction with parties both in supporting dictatorship and in helping to build (or undermine) nascent democracies.

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[9] A similar type of targeted survey in Tunisia had an average cost per use of $1.50 per completed survey.

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7.6 Survey Power Study

Simulating Conjoint Survey Experiments

Power Curves, Clustered Errors, Type S and Type M Error Rates

Robert Kubinec

April 10, 2017

Background

Conjoint survey experiments have become more popular in political science since the publication of Hainmueller, Hopkins and Yamamoto (2014) (http://hdl.handle.net/1721.1/84064). However, analysis of the statistical of power of conjoint experiments is difficult using standard parametric techniques because of the use of multiple treatments, interaction effects and paired vignettes. To that end, I have conducted the following simulation experiment to demonstrate the statistical properties of the conjoint experiment for my online survey experiment “North Africa Business Engagement Survey” (see attached pre-analysis plan). I employ both traditional power measures and newer statistics from Gelman and Carlin (2014) (http://journals.sagepub.com/doi/abs/10.1177/1745691614551642) reflecting inferential errors that are particularly apt for experiments in the social sciences.

Simulation Set-up

The following parameters control the range of coefficients tested and the number of simulations. The survey experiment design employs vignettes in which appeals and the actors making appeals are allowed to vary between respondents. Any one vignette has one actor and one appeal. The probability of assignment is assumed to be a simple random fraction of the number of appeal-actor combinations (14). If `run_sim` is set to `TRUE` , the simulation is run, otherwise the simulation results are loaded from an RDS file and plotted. Running the simulation will take approximately 6 to 12 hours depending on the number of cores and speed of the CPU.

I then create a grid of all possible actor-appeal combinations as I am using simple randomization of profiles before presenting them to respondents. There are two vectors of treatments (actors and appeals) that each have 7 separate treatments for a total of 14 separate possible treatments.

```
##      Var1           Var2
## [1,] "military"     "exprop.firm"
## [2,] "MOI"          "exprop.firm"
## [3,] "president"    "exprop.firm"
## [4,] "MOJ"          "exprop.firm"
## [5,] "parliament"   "exprop.firm"
## [6,] "municipality" "exprop.firm"
```

Simulation

To simulate the data, I first sample 14 coefficients β_j (one for each treatment J) from a normal distribution with mean zero and standard deviation one. I then randomly sample from two profile combinations for each of the I respondents in accordance with simple random sampling. Two profile combinations, for a total of four tasks T , are selected to reflect the fact that paired vignettes will be shown to each respondent as in the study design. I also sample a pre-treatment covariate Z_I that is a random binomial vector with probability of 0.2 (thus 20% of respondents will fall into this cell). A treatment interaction effect β_z is sampled from a normal distribution with mean 0.5 and standard deviation of 0.3 to provide a sampling distribution for the true effect that has a probability 0.048 of being zero or less than zero, or essentially $p < 0.05$. Adding a distribution for $beta_j$ reflects additional uncertainty beyond standard sampling distribution uncertainty. In this case, it represents additional measurement error between the true concept and the indicators used in the survey design.

I also post-stratify some estimates with a pre-treatment covariate Q_I from a binomial distribution of probability .5 that has a constant effect on Y_{it} of $+1$ (representing a fixed effect).

I then randomly sample a pair of outcomes, for a total of four tasks T , for Y_{it} in the range of $[1, 10]$ by drawing a number from a multivariate normal distribution. The mean μ_{it} of this normal distribution is equal to a linear model with an intercept of 5, the 14 dummy variables for treatment indicators X_j with associated coefficients β_j , the interaction β_z between the pre-treatment covariate

Z_i and X_{ij} , and a post-stratification covariate Q_i . To simplify matters, Z_i is not given its own constituent term as I am not interested in the unconditional effect of Z_i on Y_{it} , only the effect of X_{ijt} on Y_{it} given Z_i . Finally, I draw correlated errors from a multivariate normal distribution with mean of zero and length of 4 (equal to the number of tasks per respondent) to produce a 4×4 variance matrix Σ_i with a diagonal of 4 and intra-respondent covariation of 1 (correlation of 0.5).

$$\begin{aligned} X_{ITJ} &\sim \mathrm{B}\Big(\frac{1}{J \times 2}\Big) \\ B_J &\sim \mathrm{N}(0,2) \\ \beta_z &\sim \mathrm{N}(0.5, 0.3) \\ Z_I &\sim \mathrm{B}(0.2) \\ Q_I &\sim \mathrm{B}(0.5) \\ \mu_{it} &= 5 + \sum_{j=1}^{J} \sum_{t=1}^{T} \beta_j * X_{itj} + \beta_z * X_{it1} * Z_i + Q_i \\ Y_{it} &\sim \mathrm{N}(\mu_{it}, \Sigma_i) \end{aligned}$$

This process will produce some numbers outside the $[1, 10]$ range; however, it is better to leave these values in as explicit truncation will violate the assumptions of the underlying causal model.

I run 500 simulations for each of 300 sequential sample sizes ranging from 100 to 2700. I then take the mean significant effect and report that as the likely significant effect size for that sample size. I also record the ratio of draws for which the effect is significant (the power). However, given that the true effect is not fixed, I interpret power as the ability detect a true effect greater than zero. I record both unadjusted p-values and p-values adjusted using the `cluster.vcov` function from the multiwayvcov package by clustering around respondent ID to reflect the pairing of vignettes. I also use separate results when post-stratifying on a pre-treatment covariate Q_I .

In addition, I included M-errors (error of absolute magnitude of significant coefficients) and S-errors (incorrect sign of significant coefficients). M-errors provide an estimate of publication bias given that the $p = 0.05$ threshold is a hard boundary and will necessarily result in smaller effects being reported as statistically insignificant when in fact they are greater than zero. S-errors help determine the probability that an estimated effect is the correct sign even if it is significant. S-errors are particularly problematic in small samples when sampling error can produce large negative deviations that may be statistically significant.

This simulation yields a row with the significant effect of the interaction term for that simulation for a total of `n_sims` draws. From this raw data I am able to calculate all of the necessary statistics mentioned above.

Show 10 **entries** **Search:**

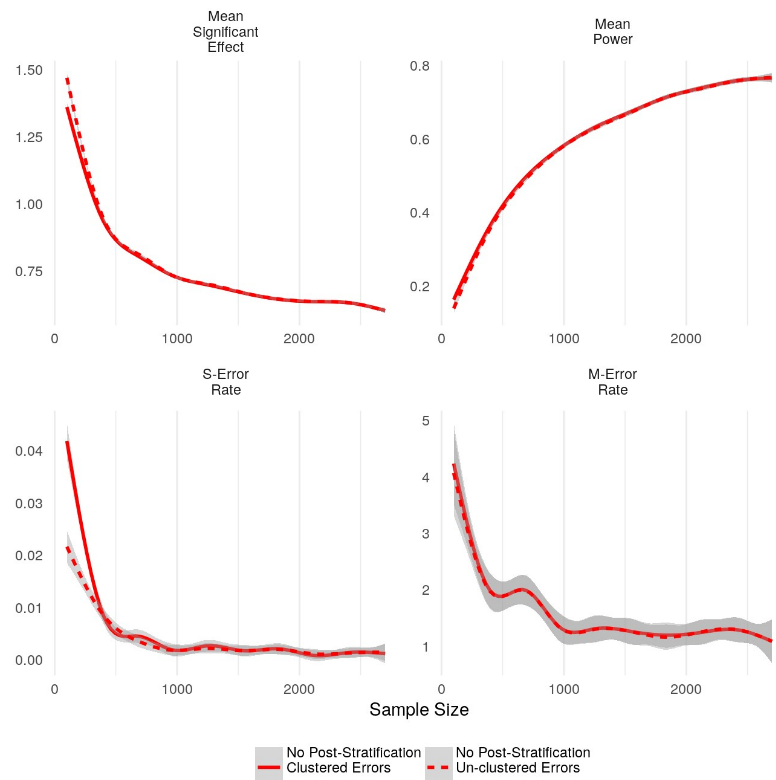
sample_size	iter	estimate	estimation	result
2152.17391304348	24	M-Error Rate	Post-Stratification Un-clustered Errors	1.03392401478606
186.95652173913	253	M-Error Rate	No Post-Stratification Clustered Errors	
500	473	Mean Significant Effect	No Post-Stratification Clustered Errors	
1969.5652173913	458	Mean Power	No Post-Stratification Un-clustered Errors	0
1439.13043478261	252	Mean Power	Post-Stratification Un-clustered Errors	0
1552.17391304348	308	S-Error Rate	No Post-Stratification Clustered Errors	
1021.73913043478	241	M-Error Rate	Post-Stratification Un-clustered Errors	1.03735386333439
1091.30434782609	396	S-Error Rate	No Post-Stratification Un-clustered Errors	0
1039.13043478261	395	S-Error Rate	Post-Stratification Un-clustered Errors	
2413.04347826087	67	Mean Significant Effect	No Post-Stratification Clustered Errors	0.591838827545024

Showing 1 to 10 of 10,000 entries Previous 1 2 3 4 5 … 1000 Next

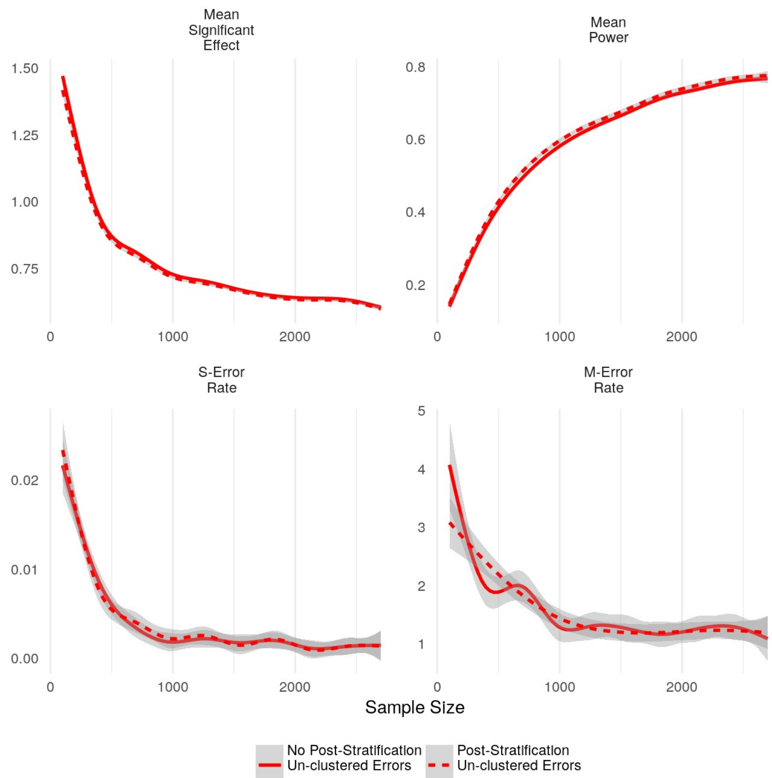
Plotting

I use the `gam` function in the ggplot2 package to plot a smoothed regression line of the simulation draws for each sample size.

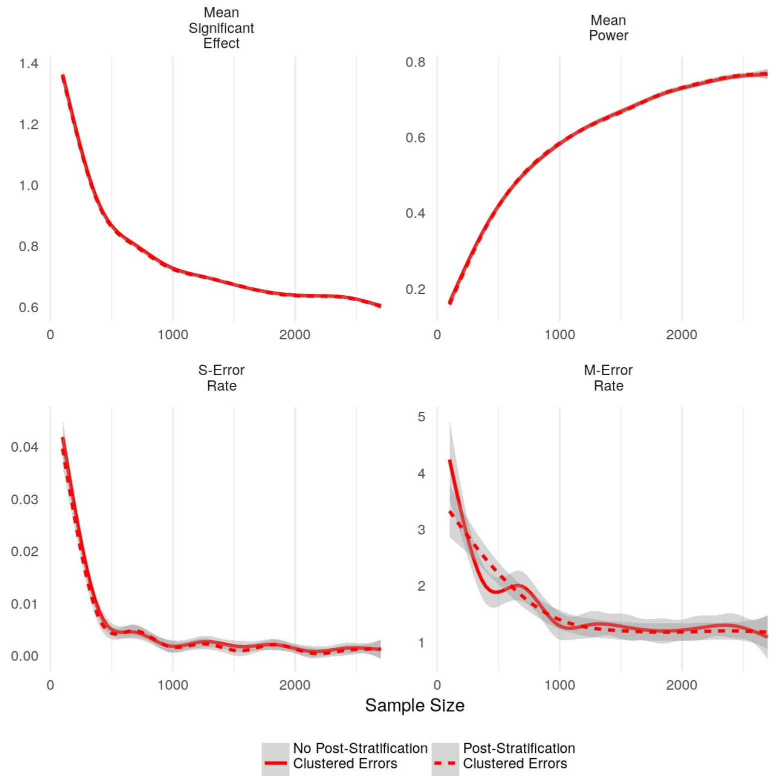
First we can look at the difference that clustered errors makes across the different statistics. The only noticeable differences are at sample sizes smaller than 500. Clustering on respondents tends to result in smaller average significant effects, but it also results in increases in sign errors. This finding differs from the literature that considers clustering important to control for intra-respondent correlation, which in this simulation was fixed at 0.5. At sample sizes larger than 500, there does not appear to be any difference between clustered and un-clustered estimates.



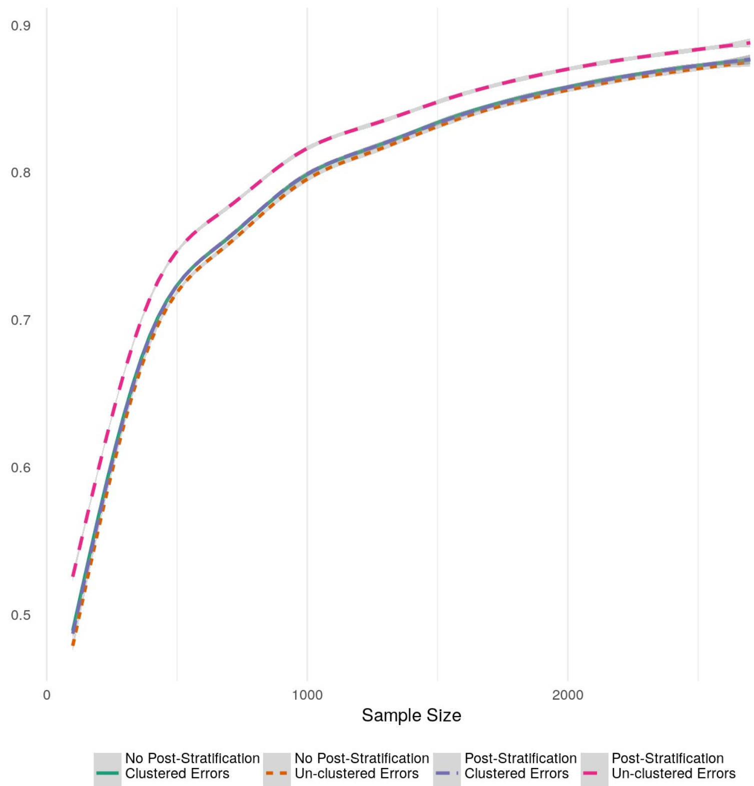
Next I look at post-stratification as an option to improve the precision of estimates. For unclustered errors reported below, post-stratified estimates do have higher power and slightly lower average significant effects, and importantly, the post-stratified estimates worsen neither type S nor type M errors.



Post-stratification appears to have a similar effect on clustered error estimations, although the differences are smaller. In smaller samples, post-stratified estimates do have smaller S-errors.



Finally, I also report average numbers of significant coefficients for the 14 treatments. Given that the 14 treatments were sampled from a normal distribution with mean zero, in expectation 95% of estimates should be statisticall significant. While that upper limit is reached only in high sample numbers, it looks like the ratio for treatment effects reaches an acceptable level of 70 percent at about 500 sample respondents. Also, post-stratifying un-clustered models results in effects that are reported as significant at much higher rates, as would follow from the previous results about post-stratification.



Conclusion

This simulation study shows that a sample size of approximately 1,000 respondents is enough to obtain high power while also lowering both the S and M-error rates for treatment interaction effects in this conjoint experiment. The treatment effects themselves are generally of high quality once the sample size reaches 500 because the total number of respondents in each treatment cell is considerably higher than in an interaction. Post-stratification appears to be a useful strategy to increase precision without inducing S or M errors; at the very least, post-stratification does not appear to have any adverse effects on the estimation.

On the other hand, it appears that clustering errors increases the S-error rate at small sample sizes, a surprising finding considering that clustering methods are designed to inflate, not deflate, standard errors. Given that the S-error rate reveals the likelihood of making an error about the sign of the treatment effect, this is a potentially serious problem. For that reason I intend to report both clustered and un-clustered estimates in my analysis.

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Chapter 8

Conclusion

The aim of this dissertation was to understand the outcome of regime durability through a different lens than is often employed: the role of influential businesspeople. To that end, this research examines the intersections of firms and politics by proposing that firms are an independent variable capable of causing changing in regimes, the dependent variable. The conclusion of this study is that firms are capable of influencing the course of regimes, but that their influence crucially depends on the nature of collective action within pro-authoritarian coalitions.

An important scope condition to this theory is the fact that it is built on states experiencing late development and sharing characteristics with many other postcolonial countries: weak and permeable state institutions that are largely incapable of restraining the hubris and avarice of elites. As a result, dictators and firms in virtually all Middle Eastern and Northern African countries enjoy a close and stable relationship in which economic development is channeled and directed so as to prop up elite families while stifling broad-based innovation. The outcome of this process is that businesspeople in the region tend to be hostile to democratization movements because their firms are built under institutions that are closed to competition and entrants, especially from entrepreneurs without connections within elite circles.

Within the set of countries defined by these scope conditions, business preferences tend to be anti-democratic, as I established through interviews with firms, scholars and activists in Tunisia and Egypt. A powerful selection effect induces the anti-democratic nature of business policy preferences in the region: only those firms with close connections to political elites under dictatorship were able to grow to a significant size, and liberalization was always carefully managed to prevent existing elites from facing competition from external or internal entrants. As a result, the businesses that exist are likely to view dictatorship favorably because their business model was created under these very institutions. The uncertainty of democracy and the potential loss of rents far outweighs any possible benefits from economic growth increasing through reforms.

In addition, no economic reform effort will benefit all businesses equally. Anti-corruption drives will undermine crony capitalists' relationships with bureaucrats that enables them to maintain dominant control over niche markets, especially those that are import-dependent. Trade liberalization could also open these markets to competition from abroad and is unlikely to gain wide approval among the business community. All of these factors combined makes it unlikely that business will push for democratization, even partial democratization as Ansell and Samuels (2014) describe. Because the firms that exist were winners under dictatorship, there is a strong possibility that they could stand to lose under democracy.

However, my argument is that democracy can still survive in this hostile climate because there is no natural unity to business coalitions in a democratic system. Political freedom undermines previous bargains reached under dictatorship, and the collapse of the dictator's party removes a previous institutional mechanism for coordinating elite action on behalf of authoritarianism. Furthermore, the very uncertainty of democracy drives businesspeople to engage with parties, a phenomenon that I found evidence of in both Egypt and Tunisia. Businesspeople generally eschewed ideological stances and negotiated with incoming Islamists, even being willing to serve on business councils with those whom they had formerly tried to jail or imprison. The plethora of new parties forming after democracy in fact offered an opportunity for some business elites to side-line each other by funding rival parties and gaining additional influence. At the very least, businesses tried to maintain positive connections with most major players in the democracy lest their business find itself on the wrong side of the winner.

This chaotic system is not conducive to business organizing around a collective platform, even if their preferences are relatively uniform. The collective action dilemma is difficult to overcome in an emerging democracy for both democratic and authoritarian activists. The greatest difference that I found between Egypt and Tunisia was the internal strength and unity of the pro-authoritarian coalitions that sought to undermine democratic freedoms in both countries. Both of these countries had would-be strongmen who argued that democracy had produced instability and chaos. But only in Egypt did this movement prove effective at undermining democratic institutions. While the main actor in overthrowing democracy was the Egyptian military, a host of other influential elites participated in the coalition that brought tens if not hundreds of thousands of Egyptians into the streets to advocate for the downfall of the democratically-elected regime (Ketchley 2017). The end of democracy in Egypt cannot be understood outside of the social context created by coordinated elite collective action that prompted wider popular protest.

While higher levels of elite unity explain the success of the coalition and the resulting outcome of a strong dictatorship in Egypt, this explanation is not satisfying without understanding why Egypt's business community appeared to be so much more unified compared to Tunisia's. The difference, I argue, has to do with structural political economy, in particular, the massive economic infastructure of the Egyptian military. In Chapter 5 I provide qualitative evidence of the dimensions of the military's ever-expanding economic role, and in Chapter 6 I revealed the depth of this enterprise, which I labeled the military-clientelist complex. This complex touches on firms in a wide variety of industries from agriculture to construction and mining. Across all sectors, firms in Egypt are more likely to depend on military-linked firms as either customers or suppliers.

Thus, the military-clientelist complex constitutes a political-economic institution that can change the incentives of a broad swath of firms that might fear the loss of business relationships with the military. These selective incentives can help these firms overcome the prisoner's dilemma and use their resources to help the military build a new dictatorship by instructing employees how to vote and contributing to parties under authoritarian elections.

Yet these direct linkages are not enough to explain coalition formation. The crucial condition that I identify for coalition longevity is a belief among businesspeople that other businesspeople are supporting authoritarianism, or what is called strategic complementarity (Medina 2007). Businesspeople can become a powerful, unified force when they believe that other businesses are likewise supporting the same movement. This bandwagoning behavior, I argue, is evident in Egypt after the military coup in 2013, and my firm survey in the summer of 2017 provides strong evidence of this. Although the military is not the only agency or institution capable of offering economic benefits to firms, it proved to be the most persuasive at encouraging firm responses to political appeals in the survey experiment in Chapter 5 even for firms that did not have close relationships with military-linked firms. The fact that up to 15 percent of Egyptian firms instructed their employees how to vote is also strong evidence that business collective action is having a profound effect on encouraging social consent to Egypt's dictatorship.

For these reasons, I expect that Egypt's military dictatorship is likely to endure. There remains a low risk of a massive popular movement that temporarily overwhelms the security state, but a more likely result of social unrest is continued political violence. I do not think that at this point a civil war can be ruled out given the way that the military has monopolized political competition and ruthlessly suppressed dissent. But I do not foresee any particular weakness in the military-led regime as it has lasted so far through economic downturn and terrorism. Elites in Egypt, for better or worse, are effectively captured by the military-led coalition and will continue to support it and sideline rivals.

Tunisia, by contrast, remains a democracy, but it is an outcome that has occurred more in spite of elite preferences than because of them. Elites are unlikely to lead any kind of further democratic deepening, and I believe that many would be content with a status quo in which Tunisia slides into some category of hybrid democracy in which civil liberties are not fully implemented. It would also seem likely that politically-connected businesspeople will continue to protect their economic fiefdoms in a way that stifles innovation and inclusive growth. The growing level of external aid and rent given to the country will probably dampen any concrete reforms to diminish corruption in the country, and instead allow big businesses to operate as they have done for the past several decades.

Future Research Agenda

Moving forward, I want to expand the application of this theory to states outside of the Middle East and North Africa. There are powerful militaries in other late-developing regions, and one of the best ways to further test the proposed mechanisms in the theory is to examine episodes of political liberalization in which firms and militaries were potential participants. It would also be helpful to identify other firm-led coalitions involved in undermining democratization from within to see if the causal factors identified in this dissertation also travel across regions.

I expect that the argument will apply to regions that had similar patterns of state development. Weak state institutions are common in postcolonial states in which business and states are often allies that help maintain political stability at the expense of economic inclusion. What is of particular interest is finding countries that share these state institutions where business has in fact led a drive for democratization. The only example that I have so far identified is Kenya as described by Arriola (2012). IMF-led reforms successfully dismantled controls over credit, which Arriola argues led to businesspeople who had no relationship to existing state authorities and instead were willing to support democratizing movements. The lesson from this case study could be that reforms of financial systems are very difficult to implement in postcolonial states, and could be a key precondition to changing both the preferences and actions of business elites with regard to democratization.

In addition, I am currently working on applying my firm survey experiment to more countries. The success of this method in obtaining responses to relatively sensitive questions shows promise for learning about firm political behavior in much greater quantitative detail than has been available to date. Furthermore, an online survey travels much easier to other countries, and it can be delivered in a nearly identical manner across borders. For these reasons, I am interested in providing comparative estimates of firm-state linkages and political behavior among postcolonial states more broadly.

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