



The state has absorbed the political effects of mass immiseration, distributing subsidies to popular classes to absorb social unease. Its primary role has been to contain the discontent by the carrot of subsidies and the stick of state violence while serving as a mechanism for increasing integration of Tunisia into the international division of labor: by increasing subjugation to the global law of value through currency devaluation, deepening trade agreements with the EU, and opening agriculture for foreign investment.⁶⁸ Unrest has intensified. The government has become almost entirely a mechanism for ever-continuing accumulation.⁶⁹

Unlike Egypt's and Tunisia's uprisings, Syria's was, from early on, deeply penetrated by regional and international allies and foes, shattering national social reproduction and accumulation, and reconstituting state/market/class relationships. Less than two years after the Syrian uprising exploded, new opportunities for capital accumulation and class re-formation, such as oil; smuggling; trade in archeological, military equipment, and other commodities; idiosyncratic taxation; and racketeering emerged, increasing the power of new business actors: warlords in rebel-held areas and various entrepreneurial interlocutors in regime and Kurdish-controlled territories. They are emerging as the strongest prop of the new "business community" and quickly overtaking their pre-uprising predecessors. There are, of course, notable remnants of the pre-uprising order such as the president's business mogul cousin, Rami Makhlouf.

With the Syrian regime deserving ultimate responsibility, an embryonic new Syria, damaged

and disfigured, has begun to take shape. The evolving relationship forged after 2013 among the state, market, and the class of new "entrepreneurs," let alone neighboring and faraway states, prolonged the conflict and obstructed peace and reconciliation. For all the main players—the regime, the opposition, ISIS, neighboring states—the war economy was simply too lucrative to dissolve. The formation and consolidation of new groups of capitalists across political and territorial divides is in progress among the residual mayhem. The extent to which these might find common cause in any future political configuration is unclear. The new capitalists are unlikely to yield illicit wealth flows as the embattled regime recovers territory and resources. These new "entrepreneurs" may become a social anchor facilitating medium-term stability, amid growing resentment, destitution, repression, and the return of refugees.

Despite efforts of remnants of Tunisia's old regime to stifle class politics and return to Washington Consensus economic policies, the existence of the UGTT has put some limits on its freedom of maneuver. Military totalitarianism and the continuing repression of public politics has delayed the reemergence of class politics in Egypt in Syria. But the popular uprisings in Sudan, Algeria, Lebanon, and Iraq in 2018–20 and Morocco's Hirak Rif of 2016–17 demonstrate that the structural crisis of the regional form of capital accumulation and governance manifested in the popular uprisings of 2010–11 has not been resolved.



crative and guaranteed investments. Until the mid-1990s, the development of informal economic networks with their attendant shadow institutions suited both state strongmen and enterprising business actors without having to answer publicly to the growing contradictions between the regime's "socialist" discourse and the drift toward neoliberal-like policies.

After the mid-1990s Syria began to resemble Egypt and Tunisia: only state-approved business interests, in many cases in partnership with leading state personnel, could flourish beyond a certain threshold of capital accumulation. The regime shaped the market; policies served particular business interests, mediated by the government's Guidance Committee and Higher Investment Council. By then, the structural power of capital had developed sufficiently so that the state was no longer the only means to achieve wealth, power, and status.

In 2005 Hafez al-Asad's successor and son, Bashar, adopted a Social Market Economy model to guide Syria's "modernization," which eventually sounded the death knell of the pre-2011 social order. Three major factors produced unprecedented discontent and social polarization from 2005 to 2011. Neoliberal policies dried up the last vestiges of redistributive policies at a time of high unemployment and an expanding labor market. In contrast, the state provided ample support to the private sector—including various networks close to or dominated by regime social circles—by establishing a new private banking system, high-end commercial and communications ventures, and holding companies. Finally, there was the near decimation of the agricultural sector, due to decades of neglect and poor management and debilitating waves of unprecedented drought, causing the migration of more than 400,000 families to urban areas already overburdened by underemployment and poor living conditions.⁵⁶ On the heels of the devastation in Iraq and neoconservative drumming to bomb Syria, 2005–2011 saw no appetite for public protest. Nonetheless, discontent reached the highest and broadest level in Syria in almost three decades, encompassing, for the first time, the dwindling middle classes, who could not benefit from the glittery new cities or the new commerce-based job market requiring mostly unskilled or semi-skilled labor. This discontent, aided by the Egyptian and Tunisian examples, erupted into protest in 2011.

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In the mid-1980s, Tunisia moved to a carefully modulated neoliberalization. Due to the social power of the UGTT and entrenched familial-business networks, breaking direct state control of the economy was more complex and contested than in than Egypt or Syria. So Tunisia's transition was earlier but lighter. Nevertheless, by the early 1980s, the exploding costs of commodity subsidies stressed the current accounts balance, which no longer became manageable with the collapse of oil prices in 1986 and the decline in migrant worker remittances.

Tunisia adopted a structural adjustment package meant to "open" the economy, shrink subsidies, and force agriculture to compete with global production. The opening was partial, with

mafia-type sectors securing substantial slices of national wealth.⁵⁷ This partial *infitah* included "industrial upgrading": select firms gained access to state assistance in modernizing production processes. Substantial capitalist sectors operated informally to evade restrictions and bribes. Ultimately those close to the Ben Ali dictatorship controlled much of the economy, especially the Trabelsi clan, the family of Ben Ali's second wife, Leila.⁵⁸

Women laborers spread from previous concentration in textiles to call centers and the rural sector.⁵⁹ Preferential investment codes for capital-holders set the stage for a renaissance of agricultural capitalism.⁶⁰ A burgeoning rural bourgeoisie profited from the late 1970s to 2010, especially intensive olive producers.⁶¹ Because capitalism is inherently polarizing, it also rested on widespread land alienation for smallholders.⁶² In the phosphate mining regions corruption in job allocations led to serial social explosions. A six-month-long riot/uprising erupted in the Gafsa mining basin in 2008, as people revolted against poverty and lack of opportunity, amid unemployment rates dwarfing the national average. Among the participants were the unorganized unemployed dissident UGTT members. The rebellion roiled the country, a foretaste of the 2010–2011 uprising that directly targeted political authoritarianism.⁶³

UPRISINGS AND AFTER

The self-immolation of Mohammed Bouazizi in Tunisia was the spark that set the region ablaze in 2010–11. Uprisings of various size, pacing, and penetration and manipulation by outside forces cascaded across the region.⁶⁴ In most cases, discontent was partially due to neoliberalism. Commodity subsidies declined, wages stagnated, and poverty rates increased region-wide. While the uprisings swept the political order in the three countries around the same time, the state-capital relationship in Egypt has taken a new turn, setting it apart from the war economy in Syria or continued neoliberalism in Tunisia.

Since former general Abdel Fattah al-Sisi assumed the presidency of Egypt in 2014, military entrepreneurs have replaced private capital as the leading force in the government and the market. The state apparatus is increasingly constituted of retired officers who also occupy top government positions controlling the economy. They foster the military institution's monopolies in sectors of civilian production and services. As the new military regime pursues drastic neoliberal measures, the old business elite is reduced to either subcontracting for military business or being sidelined completely.⁶⁵

As in Egypt and Syria, relationships of exclusion gave birth to a substantial dispossessed sector in Tunisia. It partook in a revolution, spreading from poorer and drier regions and only later arriving to the coast. Recalling that generally the working class has propelled political democracy, the 2011 uprising fits the pattern of classic bourgeois revolutions.⁶⁶ Subsequently, democracy has been an instrument for the further integration of Tunisia into global capitalism, amid pervasive "counter-terrorist" militarization.⁶⁷



Meanwhile, in the 1970s, the UGTT broke through its corporatist bridles, initiating a decade-long strike wave. Fearing the UGTT was once again out of control, the state bloodied it severely following a January 1978 general strike, hoping to contain wages.

OIL BOOM, OIL BUST, DEBT CRISIS

Between rising internal debt and the oil bust of 1986 that reduced export revenues and remittance incomes, two pincers closed on the Arab developmentalist states. Those with large-scale debts were suddenly faced with an offensive from the IFIs to restructure their economies and make them ever more open to foreign capital while diminishing state regulation and social protections. The IFIs deployed loan conditionalities and an ideological assault on the legitimacy of developmentalism. Tunisia buckled and restructured its economy in the mid-1980s. Egypt resisted until the 1991 invasion of Iraq created the political space to undertake economic restructuring. Syria was prepared to follow a similar path, as it served the class interests of the leadership and its networks, but would not succumb to IFIs conditionalities nor to a formal relationship so as to preserve nationalist credentials.

Egypt's fourth military president, Hosni Mubarak (r. 1981–2011), maintained *infitah* policies. But fearing a repeat of the January 1977 bread uprising, he resisted US-IMF pressure to fully liberalize the economy. At the time of the 1991 Gulf War, Egypt had nearly US\$50 billion in foreign debt. As a reward for supporting the US-led military campaign to oust the Iraqi occupation of Kuwait, Egypt's Western creditors cancelled half this debt. This political intervention made it possible for Egypt to conclude an Economic Reform and Structural Adjustment Program agreement with the IMF and World Bank and to begin to privatize the public sector in earnest.

An important symbol of the reversal of Nasserist policies was the abrogation of controls on agricultural rents established when land reform was instituted in 1952 along with a new rural property code. Hundreds of thousands of peasants were evicted from lands on which they could no longer afford rent or that the state returned to the elite families of the pre-1952 era. Police violently backed the returning agrarian capitalists against evicted farmers.⁴⁷

Another emblem of the transition to Washington Consensus policies and the close entanglement of the state and private enterprise was the installation of the “government of businessmen” headed by Ahmad Nazif in 2004. Gamal Mubarak, the president's younger son, took over the ruling National Democratic Party by forming a Policies Committee composed of his coterie of business cronies who profited from the accelerated privatization of public assets and the removal of agrarian rent controls. A former banker and a true believer in the policies promoted by the IFIs, Gamal was groomed to succeed his father. His allies dominated the parliaments of 2005 and 2010. Large-scale capital could not do business in Egypt without connections to Gamal's cronies, the various state security apparatuses, or the NDP.⁴⁸

During the mid-2000s Egypt received substantial foreign direct investment, and GDP grew at

about 7 percent annually. Gulf capital flooded the market with investments in commercial agriculture, beach resorts, and luxury housing. Cairo's upper-class suburbs, initiated in the Sadat era, grew rapidly. Gated communities catered to an expanding, globalized new bourgeoisie.

As part of his efforts to attract capital investment and promote a counterweight to the Nasserist forces, in 1972 Sadat invited members of the Muslim Brotherhood who had escaped the Nasser regime and become wealthy while living in exile in oil-producing states to return to Egypt. From the 1980s to the 2000s, the regime allowed the Muslim Brothers to win parliamentary seats and establish lucrative businesses but periodically repressed them when they exceeded the regime's vague political and economic limits. For example, Mubarak mostly welcomed Islamic enterprise but broke up Islamic investment companies and jailed some of their owners in 1988 when he believed they posed a political threat.⁴⁹

Beginning in the early 1990s, Mubarak allowed the army to create profitable business enterprises with legal and financial privileges not enjoyed by the public and the private sectors. Military entrepreneurs collaborated with foreign capital, especially from the Arab Gulf states, to expand investments in heavy industries such as manufacturing cement, steel, and vehicles. They ventured into land reclamation for commercial agriculture activities and dominated the public construction sector.⁵⁰

The security apparatus generally supported the business elite against discontented peasants and workers who lost out in liberalization. Private capital created new jobs, but mostly at inferior conditions than the public sector, which dismissed hundreds of thousands of workers or compelled them to take early retirement. A wave of strikes erupted in the 2000s.⁵¹ The labor movement did not directly cause the 2011 popular uprising, but did popularize a politics and culture of protest, delegitimizing the regime.

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The tipping point for Syria's more aggressive departure from developmentalism was the severe balance of payments crisis in 1986.⁵² The regime saw no other option, especially given the embourgeoisification of the political class.⁵³ As state officials and their partners in the “private”⁵⁴ sector accumulated capital, their structural power in Syria grew. By the early to mid-1990s the private sector started to rival the state's economic power, making it another anchor of power for the state and select social strata, including the “state bourgeoisie”—state officials who enriched themselves through corrupt business practices.⁵⁵

After the late 1980s the gradual unraveling of the central command economy and the expanding liberalization produced a transformed Syrian ruling class and severe social polarization. Popular classes suffered as state social safety nets frayed, dramatically decreasing social welfare and public sector employment. Regime officials' and private actors' alignment in capital accumulation was originally underwritten by the former's dirigisme and the latter's search for lu-



“October Working Paper” announced an *infitah*—an “open door” to domestic and foreign private investment. Recognizing that his envisioned economic reorientation required capital only available from the West, Sadat switched Cold War camps from the Soviet Union to the United States and, in 1979, signed a peace treaty with Israel. In exchange, since 1978 Egypt has received over \$50 billion in military aid, making it the second largest non-NATO recipient of US military aid after Israel, and nearly \$30 billion in economic aid.³⁸ Sadat invited the return of exiled local capitalists, including wealthy Muslim Brothers who accumulated capital in oil-producing Gulf states, and foreign investors. Saudi Arabia and other Gulf Arab states invested heavily in Egypt until relations were frozen for nearly a decade by the peace treaty with Israel. On the advice of an IMF delegation, in January 1977 the government announced a sharp cut in consumer subsidies. The response was a “bread uprising,” which came close to toppling the regime, compelling it to walk back the cuts and to proceed more slowly to reverse Nasserist policies than both it and the IFIs desired.

The same technocrats who managed the public sector enterprises welcomed the transition to the new model as long as it did not undermine the public sector sufficiently to diminish their power. Alongside them, pre-Nasser capitalists who returned to Egypt and those associated with new money made in Libya or the Gulf (many of them, Islamists) benefited from the new business opportunities.³⁹ *Infitah* inaugurated an era of new consumer goods, crony capitalism, and corruption, as ascendant capitalists deepened business and familial ties with the regime. Those with old and new money were no longer embarrassed to display it lavishly. Consequently, they were commonly viewed as a “parasitical” capitalist class that thrived on patron-client relations with corrupt state officials, similar to Syria’s experience.⁴⁰

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Syria proceeded more cautiously than Egypt in rolling back Arab Socialism because the regime feared full-scale incorporation into the global market might threaten its power. The regime also needed to retain some mass support while it plunged into a more aggressive regional role. Furthermore, to make its actions reversible and unchecked, Syrian liberalization was informal and avoided the putative benefits and constraints of dealing with IFIs.⁴¹ Like Egypt, Syria sought rapprochement with conservative domestic social forces as well as with Arab states it had previously deemed reactionary. Until the late 1980s, Asad opted for a more incremental, informal, and limited approach to liberalization,⁴² while jailing or containing the Ba’th’s left and communist critics.

Asad introduced a mixed economy combining public sector dominance with broadened space for select private business/public sector partnerships. He expanded the regime’s social base by building a new class of entrepreneurs and informal economic networks whose fate and success were beholden to the regime’s security. The allegiance of important business sectors stabilized

the regime and allowed it gradually to shed socialist claims and its labor-peasant social base, but without ever restoring lost public sector jobs. Workers lost many rights and gains of the 1960s as well.⁴³ The regime’s legitimacy among the working classes eroded even faster than public sector productivity rates.

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In Tunisia, the block that led the country to independence and ruled it since 1956 was shattered by 1969 due to austerity and dissatisfaction with the government. Cooperatives were perceived as top-down and had little support from former small farmers, who disliked what had been done to their lives. The threat to expand them nationally alarmed large farmers, who worked back channels, while the World Bank refused to fund cooperative expansion to the Sahelian olive groves. Protests erupted in 1967/1968 at Bourguiba’s pro-US foreign policy, silence on Palestine, hosting of Hubert Humphrey amid US aggression against Vietnam, and the austerity and command-and-control rural policies.⁴⁴ At the end of 1969, amid wildcat strikes in crucial primary-extractive industries, unrest in the student and labor sectors, and unease among the landed elite, with its sub rosa relationship to the ruling party, since 1964 renamed the Socialist Destourian Party (PSD), the cooperative experiment collapsed.

By 1972 the state shifted gears, moving to state-guided capitalism. Various private sectors benefited, enjoying the fruits of the 1960s’ social infrastructure investments.⁴⁵ A mini oil boom, remittances from migrants in Libya and France, and phosphate exports underpinned massive hydraulic investments, setting the stage for an agro-export boom. The agrarian bourgeoisie benefited from state support for input subsidies, mechanization, input-intensive crop varieties, and a Green Revolution—all oriented to northern large-scale capitalist cereal growers, who accelerated previously sluggish moves to intensify production.⁴⁶ The subsidy system encouraged the growth of medium-scale farms using family labor. Floor prices for olive oil, but not olives, allowed oil producers but not olive growers to concentrate profits. Olive oil production remained crucial for capital accumulation, particularly around the southern port of Sfax.

Much like Syria’s controlled opening to foreign capital, a 1972 law established a virtual “off-shore” platform in Tunisia, stimulating a boom in ready-to-wear clothing assembly. The textile factories were primarily turn-key. The cloth was imported, and the final products were marketed in Europe. Consequently, clothing assembly had fewer backwards and forwards linkages and was less socially embedded than the metallurgical and primary-processing industrial plants created during the 1960s. In the services sector, tourism became a central vector for accumulation. Oil partly enabled a subsidy system that compressed the costs of social reproduction, by reducing the prices of basic consumer food items like pasta and bread, and thus allowing for lower wages.

guishing in prison and established the contours of the Syrian regime, which endured in one form or another until 2011 and beyond. This “change within continuity” approach contrasts with the more resolute and explicit rupture in political-economic direction in post-Nasser Egypt.

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As in Egypt and Syria, during the immediate postcolonial period Tunisia’s leadership demurred from extensive planning or immediate nationalizations. The UGTT was allied to but somewhat autonomous from the Neo-Destour. It had an advanced workerist ideology, a wage-workers’ analogue to Hawrani’s peasant-based (pre-Ba’th) Arab Socialist Party in Syria. But Bourguiba’s wing of the party, which took power with independence in 1956, was pro-Western, Francophile, liberal, and anti-Arab Nationalist. It focused on state formation and political consolidation and bet on an entente with private capital. The ruling bloc included the UGTT, which was strongest among state functionaries and workers, weakest among the rural proletariat, and by far the most combative in the mines.³² After Bourguiba quashed the union’s stirrings toward independent political activity and Ahmed Ben Salah’s ambition for a party-union fusion, it became the Neo-Destour’s junior partner under the more compliant leadership of Ahmed Tlili. The UGTT lacked the social strength in the countryside to force through its agrarian program—an equivocal commitment to agrarian reform, and a massive investment fund for the center and the south—and was unable to penetrate and organize the rural regions adequately, in part because the Neo-Destour continually preempted such attempts.³³

From 1956 to 1959 Tunisia experienced massive capital flight. While private capital was terrified of what independent Tunisia might do to its wealth and refused to invest in industry, the United States, and to a lesser extent France, were terrified of what might happen to the entire system of domestic capitalism if the state failed to promote economic development. In the rural sector, low-intensity absentee farming prevailed over labor-intensive cultivation, leading to crises of rural employment and low levels of production. Unemployment was rampant in the cities.

Bourguiba did not personally favor the kind of land reform, economic planning, and nationalization of private enterprises adopted by Egypt and Syria. But, by 1962 the regional and global moment of *dirigisme* (state-led development), which Egyptian and Syrian policies had helped to constitute, pushed him to adopt these policies. By 1964, Tunisia toyed with Destourian Socialism, a limited degree of developmentalism without radical redistribution that would threaten the interests of large olive growers of the Sahel or the larger cereal farmers of Tunisia’s north. The socialist experiment became an ideological terrain over which planners, trade unionists, and politicians struggled to determine the role of private capitalism in Tunisia.³⁴

As in Egypt, US Public Law 480 permitted the sale of American grains to Tunisia, paid for in soft local currency. This food aid simultaneously subsidized American farmers, contained radical pressures in Tunisia, and held open the political space for the government to carry out a sub-

stantially externally oriented planning regime, relying on massive external capital infusions and technological imports. Tunisia became one of the world’s largest per capita recipients of food aid.

From 1962 to 1969, planning rested on several policies: (1) a cooperative movement, (2) massive state investment in ISI, (3) infrastructural development, (4) liquidating commercial channels to entice capitalist investment in productive and job-creating enterprises, and (5) wage austerity.³⁵ As in Egypt and Syria, ISI established a massive, state-owned industrial base.³⁶ By the late 1960s, the large portions of private capital invested in a state-assisted tourism industry became a substantial base for capitalist accumulation. However, unlike Egypt and Syria, there was no serious agrarian reform. The cooperatives provoked cross-class unease, since they radically changed the living and labor environments of the smaller farmers while threatening the wealth of the larger ones. But they managed to absorb much of the smaller peasantry and some of the medium peasantry, especially in the north, and gave decent jobs to the landless. Landholders were less happy, as the smaller farmers in effect became a rural proletariat, working for the state. In the final phases of the cooperatives, the smallest farmers sold off their working capital, especially animals, in effect foreclosing the possibility of a return to private farming. Meanwhile, the landed bourgeoisie substantially increased its holdings throughout the country from 1956 to 1969, through a variety of methods: purchase of land from smallholders and departing French and Italian settlers, or somehow grabbing ahold of former settler land that passed into state possession during the 1956–1964 period of agrarian decolonization. Meanwhile, private accumulation continued apace, leading to concentration of wealth within the Tunisian ruling class.³⁷

Throughout this period, in line with the regime’s Francophilism and its alliance with US imperialism, Bourguiba’s policies on the Palestine question were even to the right of the Gulf Arab states. This led to conflict with Nasser and other avatars of Arab Nationalism and anticolonialism. Ultimately, the regime’s open support for the US regional agenda undermined the state’s capacity to act as the guarantor and architect of the framework for private accumulation, as events in Vietnam and Palestine activated domestic social unrest.

THE ROLLBACK OF DEVELOPMENTALISM, PLANNING, AND IMPORT-SUBSTITUTION INDUSTRIALIZATION

Israel’s massive defeat of Egypt and Syria in 1967 delegitimized their official ideologies of Arab Nationalism and Arab Socialism and exacerbated prewar economic crises. The March 30, 1968, Program indicated Nasser’s intention to reorganize Egypt’s political economy. But the War of Attrition and his death deferred the task to his successor Anwar al-Sadat (r. 1970–1981). Tunisia abandoned its socialist experiment in 1969. Syria took another decade to follow this trend.

Sadat signaled a radical policy shift with the May 15, 1971, “corrective revolution” and the arrest of leading Nasserists. But no substantial changes occurred until after Sadat established his competence and legitimacy by Egypt’s partial victory in the 1973 Arab-Israeli War. His 1974

relations promoted by the Dulles brothers during the Eisenhower presidency preceding the Suez War of 1956 drew them closer to the USSR. Egypt accepted Soviet arms and financial and technical assistance to construct the largest state-led project of the era, the Aswan High Dam.²⁵

From 1958 to 1961, the era of the UAR, Egypt governed Syria as a province. The Ba'th had a more elaborated version of Arab Socialism and Arab Nationalism and expected to become Nasser's political tutor. Nasser's unwillingness to accept this role alienated his strongest potential allies in Syria. In 1960, with the nationalization of Bank Misr, the Egyptian state took more control over economic activity and adopted more extensive redistributive measures. The Syrian business class and elements of the army rebelled and dissolved the UAR when Nasser tried to impose the nationalization of major private enterprises on Syria.

Nasser deployed his charismatic persona to take bold political initiatives—participating in the 1955 Bandung Conference of Asian and African states and the nonaligned movement that emerged from it. An arms purchase agreement from Czechoslovakia that year broke the Western monopoly on arms sales to the region. Egypt's nationalization of the Suez Canal in 1956 prompted the tripartite aggression of Israel, Britain, and France. Despite Egypt's military defeat in the Suez War, British forces evacuated Egypt, and Nasser became a symbol of anti-imperialism throughout the global South.

Building on his expanding popularity, in 1960–62 Nasser nationalized all Egyptian private enterprise. The 1962 National Charter proclaimed the regime's official ideology as Arab Socialism and established the ASU as its sole party. Subsequently, the regime embarked on an ambitious industrialization scheme with centralized planning. Industrial investment went into previously marginalized Upper Egypt. Textile spinning and weaving enterprises were scattered throughout the Nile Delta to provide jobs and educational uplift for the peasantry. Workers in public sector enterprises benefitted from a living wage, job security, public housing, subsidized food, and health care. Boys and girls from peasant and working-class backgrounds had access to free public education through university. Women benefitted from “state-feminism,” which sought to give them equal access to education and public employment without challenging the patriarchal family.²⁶ The state encouraged good socialist families to practice birth control. Many urban working and middle-class women and most university students stopped wearing the headscarf.²⁷

Despite gaining important economic rights, workers and women lost political freedoms under Nasser. The ASU assimilated their unions and associations.²⁸ Peasants were never fully liberated from the oppression of the old landowning classes.²⁹ The construction of the Aswan Dam to generate electricity for factories and regulate the flow of the Nile for farming displaced numerous Nubian villages. Nubians were resettled in urban areas and assimilated into the educational and employment systems of the state, as their ethnic culture and native language were marginalized by Arab nationalist ideology. Army officers appointed themselves managers of government enterprises and grew into a new elite. Additionally, a new social group of middle- and upper-middle-

class bureaucrats grew in the public sector and enjoyed financial advantages and top positions within the ASU.

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The drive to restore Syria's capitalist order after the UAR's dissolution cemented the ruralization and radicalization of the Ba'th party. Based among the minority 'Alawi and Druze populations and other poor rural elements, the Ba'th set Syria on a path of development more radical and more repressive than Egypt's due to the precarious rule of formerly subjugated populations who had not yet become the dominant social forces. Between the 1963 coup that brought the military committee of the Syrian Regional Branch of the Ba'th to power and 1966, its rural-minoritarian leadership struggled to free Syria from the legacy of domination by Sunni large landlords and urban notables.

A second coup brought Salah Jadid and the Ba'thist military committee to power from 1966 to 1970. Under his direction, Syrian Arab Socialism adopted its most radical form. ISI accelerated in an effort to achieve economic independence and nurture domestic industry. The state nationalized even more industry, eliminated middlemen in the rural sector, and put in place a more far-reaching agrarian transformation than in Egypt and certainly Tunisia.³⁰ In theory, aspirations for socialist transformation might have united the victims of land-owning classes, but Jadid's team was unable to maintain the unity of the Ba'th party.

The anti-imperialist rhetoric and relatively radical economic policies of the post-1966 radical Ba'th led to its domestic, regional, and international isolation. Within a few years, it alienated some of its natural allies on the left, including ousted fellow Ba'thists and nearly all communists, as well as reactionary Arab states like Saudi Arabia. Relations with Egypt were strained since the dissolution of the UAR. Neighboring Arab states rightly feared that Syria's support for the armed actions of Fatah would destabilize the region. Fatah's attacks from January 1965 were a factor in Israel's decision to launch a preemptive strike in the 1967 war that hit at the heart of the regime. The consequences of the war, augmented by the lack of capital, overly coercive rule, and weak planning capacity established the limits of socialist transformation in the 1966–70 period. The precarious regime was ripe for another coup.³¹

Hafiz al-Asad, then defense minister, supported socialist reform but prioritized national unity and augmenting the state's coercive apparatuses over socialist transformation. He regarded the remains of the regime's social base, the middling classes in rural Syria, as crucial to achieving domestic security. For Asad, their interests established a red line that land reforms could not cross, a principal point of contention between him and Jadid. A reconstituted loyal base within the military and intelligence services served as Asad's vehicle to blocking further socialist reforms. In 1970, Asad launched the so-called Corrective Movement—a coup that left all his opponents lan-



minoritarian coalition, rooted in lower- and middle-level farmers bent on instituting a redistributive state role, captured the helm from 1963 until the present.¹⁵ Their path was characterized by enormous changes in the character of the ruling elites and zig-zagging between the dominance of public and private sectors, governed by the intersection between the evolving interests and exigencies of the ruling classes and changes in the global political economy.

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In Tunisia, formal colonial rule began in 1881. However, already by 1860 France, Britain, and Italy controlled 92 percent of Tunisia's foreign and domestic trade, in the aftermath of reforms engineered to facilitate European engorgement of Tunisian wealth.¹⁶ European lenders extended ever more credit, which the Regency could not repay. By 1869, it was bankrupt. Tunisia lost control of its economy through the imposition of a European-helmed International Financial Commission to take over Tunisia's finances—de facto nonterritorial colonialism. Formal French rule sought to protect large French capitalist interests and preempt British designs.¹⁷ The motives for the French occupation of Tunisia were similar to those of the British in Egypt. But Egyptian colonial-capitalism was based on mercantile or financial value-drain, while Tunisia became a settler-capitalist project. It came to center on land ownership, alongside substantial extractive industry, primarily phosphates. The Gafsa Phosphate and Railway Company was one of French colonial-capitalism's prizes, towering over the world phosphate market until 1930, totaling 20 percent or more of Tunisia's exports from 1910 to 1930, and creating a substantial proletariat, the base for industrial unionism.¹⁸ Colonialism's violent dawn accelerated social differentiation. Absentee *baldi* (city dwelling) Tunisian landowners sold littoral and northern lands to European capitalist farmers. Swathes of collective land were doled out to private Tunisian landowners to ensure a stable workforce near the colonial-capitalist farms and created a collaborator class aligned with France.¹⁹ By the 1930s, a substantial Tunisian landholding class was born, mimicking French capital-intensive and labor-light methods. Meanwhile, dispossession, semiproletarianization, and penury pulverized the people of the countryside and created a mass constituency for the nationalists, but the nationalist movement was led primarily by a well-educated elite.²⁰

In 1934, mainly younger cadres led by Habib Bourguiba split the Destour Party and established the Neo-Destour at a congress in Ksar Hellal.²¹ The Neo-Destour initially sought to take over the state apparatus and arrange for partial sovereignty with the French. Direct control over production was central to the transfer of value from Tunisia to France. France had also created a settler social base for continued colonial control. Tunisian decolonization occurred only in response to an armed struggle fought by the *fellaga*, landless and nearly landless rural fighters, alongside the Neo-Destour and the UGTT. In 1955, some of the same fighters and their ally, Salah Ben Youssef, balked at France's offer of partial independence and launched a second insurrection (1955–56).²² They compelled more complete independence. But because they represented a socially more rad-

ical force than Bourguiba's Francophile wing of the Neo-Destour, oriented toward Arab Nationalism and Muslim culture, French and Bourguibist violence destroyed them, one of many acts that excluded them from the developmentalist pact.²³

INDEPENDENCE, STATE PLANNING, AND “SOCIALISMS”

After independence from British and French colonialism, Egypt, Syria, and Tunisia embarked on ambitious projects of state planning. In Egypt and Syria, this was dubbed “Arab Socialism.” Tunisia in the 1960s embarked on a more limited “socialist experiment.” However, the three social formations each had mixed economies in the 1950s and 1960s, maintaining remnants of colonial capitalism while establishing a limited number of state-owned enterprises—Tunisia later than the other two countries. In the 1960s, they transitioned to more centralized planning and adopted developmentalist state capitalism and import-substitution industrialization (ISI), alongside shifts in land ownership. These policies promoted the formation of new classes who managed postcolonial economics and politics. Urban and rural standards of living improved in Egypt and Syria, whereas austerity combined with improved social services for Tunisians. But narrow internal markets, insufficient access to capital, technological dependency, and delegitimization because of the 1967 war limited ISI's success.

In Egypt, the Free Officers under Nasser (r. 1954–1970) undertook a military coup in 1952 and overthrew the monarch. The new regime forced the final withdrawal of British colonial power after the 1956 Suez War. The coup quickly became a social “revolution from above,” as the new military regime carried out an agrarian reform aimed at undermining the large landholders who had dominated Egyptian politics since the mid-nineteenth century. The properties of the royal family were confiscated. Owners of large cotton and sugar plantations were allowed to sell holdings above the permitted limit (initially 200, eventually 50 feddans; 1 feddan = 1.04 acres). Middle and rich peasants (owning 5 to 50 feddans), not the landless or agricultural seasonal laborers, were its main beneficiaries. Most poor peasants had to rent land to support their families and benefitted primarily from rent controls instituted with land reform.²⁴ The regime later established rural cooperatives, which were fully under the control of the one ruling party—the Arab Socialist Union (ASU).

At first, the ruling officers lacked a coherent stance toward private capital, partly because they came from varying socioeconomic and political backgrounds. Most, like Nasser, were from the lower-middle classes. Some were from the pre-1952 elite, some close to the Muslim Brotherhood, others close to Marxist parties. Throughout the 1950s, they applied a mixture of economic planning and pro-private-enterprise measures with some attention to social justice. They encouraged local and foreign capital through reforms in business legislation, while establishing state-owned enterprises. The Free Officers were anticommunist and initially sought good relations with the United States. However, their unwillingness to accept the Manichaean terms of international



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Following the occupation, European capital invested more intensively in banks, industrial enterprises, and service companies. The colonial administration coopted local agrarian capitalists who expanded cotton farming in the Nile Delta for the British textile industry.³ Upper Egypt was marginalized. But colonial capitalism still penetrated it through the sugar industry. Peasants in the Delta and Upper Egypt were indebted to European creditors and faced dispossession.⁴

During World War I the British drafted laborers to serve in battles abroad, especially from Upper Egypt. The economic dislocation of the peasantry and a nascent labor movement provided a mass base for the Wafd-led 1919 nationalist uprising and its chief, Sa'd Zaghlul. Workers and peasants participated prominently in the 1919 nationalist uprising through strikes, occupations of landlords' properties, and attacks on railroad and telegraph lines and government buildings.

The establishment of Bank Misr in 1920, which proclaimed itself "an Egyptian bank for Egyptians only," amid the nationalist uprising, embodied the version of economic nationalism its founder, Tal'at Harb, and its Muslim, Christian, and Jewish shareholders advanced. Bank Misr created pioneering enterprises in several sectors, although, as Aaron Jakes and Ahmad Shokr discuss in their chapter in this book, there is debate about how much Harb sought to challenge colonial capitalism. While touting the bank's nationalist aims, Harb and his colleagues on Misr's board of directors kept their distance from the nationalist movement's popular elements, while Zaghlul proudly called himself "a son of the rabble."⁵ Nonetheless, the Wafd adopted socially conservative policies to accommodate its most influential constituency, large landowners.

The nationalist uprising achieved an attenuated independence. From 1922 to 1952 Egypt's ruling bloc contained (1) a newly established autocratic constitutional monarchy; (2) the British occupiers, who retained supremacy over four "reserved" areas (defense, the Suez Canal, Sudan, "protection" of minorities); (3) large landholders; and (4) by the 1930s, an emergent industrialist class including the Misr group and its rivals. The Wafd and the nationalist movement subordinated workers' and peasants' demands to what they considered the larger "national" cause.

The Anglo-Egyptian Treaty of 1936 reduced British power in the country. But it failed to secure the demand for "total evacuation," radicalizing Egypt's political and social movements. Workers organized many major strikes. One of the largest, the 1937 strike at the Misr Spinning and Weaving Company, marked a departure in working-class consciousness, if not yet organization. Trade unions were not legalized until 1942, though federations remained illegal.⁶ Trade unions subsequently became involved in a more organized manner in national struggles.⁷ The nationalist movement mostly ignored peasants' interests, but small farmers and agricultural seasonal laborers engaged in daily acts of resistance against large landowners and the colonial administration. During the interwar period, women began to move beyond traditional occupations into the capitalist job market as factory laborers, salespeople on the floors of luxury department stores, and less "respectably" in the eyes of some, renters of housing to male industrial workers, singers, and prostitutes.⁸

In Syria during French Mandatory rule (1922–46), the relationship between capitalist penetration, the growth of dominant classes—landed notables, commercial landowners, merchant entrepreneurs, and industrialists⁹—and the lure of state power governed the country's development. The leadership of the National Bloc and the nationalist movement was drawn mainly from the anticolonial landed notables, absentee landowners, traders, and professionals, representing dozens of Syria's most prosperous families. Unlike Egypt and Tunisia, no single cash crop dominated Syria's economy, nor did it have a substantial extractive sector like Tunisia or large industrial enterprises like Egypt. The limited flow of capital investment favoring merchants contributed to deeper radicalization within the marginalized and partly determined the conflict between Syria's landowner-bureaucrats and merchants/manufacturers.¹⁰ They vied for power as they expanded, in alliance with the colonial regime. These patterns prior to and just after independence set the stage for five decades of Ba'thist rule.¹¹

Unsuccessful in wresting Syria away from the appeal of Arab Nationalism or the ascendant professional urban classes allied with poor peasants, the old social classes resorted to coups and countercoups in the late 1940s.¹² They introduced reformist accommodations with a growing segment of politicized and marginalized social groups and classes who began to play a political role. These measures did not forestall mass dissatisfaction and mobilization against the poor political, military, and economic performance of the ruling classes. Populist politics, affirming the state's redistributive commitments, overtook all previously warring ruling class factions.¹³

The ascendant Egyptian and Syrian political leadership, owing to more class-oriented and emergent Arab Socialist and Arab Nationalist ideologies, shared similar responses to traditional classes and attempted socialist transformation. Pan-Arab Nationalist appeals, more intrusive forms of capitalist penetration, and fear of communism by the new ruling social strata enabled Egypt and Syria's brief unification (1958–61) as the United Arab Republic (UAR) when developmentalist states were proliferating throughout the global South. In contrast, Bourguiba sought to "indigenize" Tunisia rather than fundamentally transform the colonial order.

The UAR's few successes and abundant failures were foundational for the two sectors that dominated Syria after its dissolution. The first comprised the old social classes, an amalgam of reconstituted landowners, industrialists, merchants, and associated bureaucrats and army generals. The second was an ascendant rural social group, including long-marginalized minority communities (among them, 'Alawis and Druze), poorer Sunnis, and well-placed individuals in the military, which, as in Egypt, was among the most significant routes for social advancement. In September 1961 these forces backed a short-lived coup that dissolved the UAR.

From 1961 to 1963, Syria's "liberal" social forces capitalized on Egypt's insistence on dominating the UAR. Subsequently, the historically marginalized bloc resurrected the UAR's ideology and redistributive policies, while maintaining a rivalry with Egypt (and Iraq).¹⁴ This largely rural-

Chapter 2

STATE, MARKET, AND CLASS

Egypt, Syria, and Tunisia

Max Ajl, Bassam Haddad, and Zeinab Abul-Magd

COLONIAL RULE AND CAPITALIST PENETRATION IN EGYPT, SYRIA, and Tunisia (re)shaped the state and, in turn, remolded class structures rooted in the Ottoman period. But the particularities of colonial capitalism structured these countries' place in the world capitalist market, the forms and class compositions of their national movements, and their capacities for postcolonial planning and redistribution. These authoritarian populist republics with only modest petroleum reserves exemplify the rise and fall of developmentalism in the Middle East and North Africa. Israel's defeat of the Arab armies in the 1967 war, for which the United States gave a green light (alternatively, a yellow light that President Johnson knew Israel would ignore), fatally destabilized their developmentalist projects. But their transition to state-assisted private accumulation, beginning in the 1970s and eventually regulated by Washington Consensus neoliberal policies, was not solely due to external pressures from Israel, the international financial institutions (IFIs), Washington, and Europe. Nor was it determined primarily by Cold War allegiances. Prior histories and internal configurations of class forces informed their trajectories. The tensions and contradictions of state-managed-and-softened capitalism of the 1950s/1960s and the limits of the versions of *infitah* (economic open door, or liberalization) adopted in the 1970s—a decade later in Syria—combined with external shocks and delegitimization, including the global ideological discrediting of socialism and developmentalism, led to the redeployment of the states in relation to their class structures in the 1980s and 1990s. These policies hollowed out large sectors of what remained of socially embedded capitalisms, creating widespread discontent, expressed in the 2010–2011 popular uprisings.

After more than eight decades of increasing Franco-British competition and European economic penetration of Egypt, British troops invaded in 1882, setting the terms of Egyptian politics until their evacuation was secured after the 1956 Suez War. Egypt's globally prized long-staple cotton and the Suez Canal, which became the main route from London to Bombay and, in the twentieth century, the most important global corridor for petroleum shipping, allowed capitalism to dig deepest into its social formation. Egypt's large population, its pioneering experiments in military and administrative modernization under Mehmed Ali Pasha (r. 1805–1848), the intellectual ferment around the protonationalist 'Urabi revolt of 1879, and its role as a refuge

for Levantine journalists and intellectuals seeking freedom of expression during the despotism of Ottoman Sultan Abdülhamid II (r. 1876–1909) made Egypt a regional center of gravity. From the mid-nineteenth century until recently, it exerted a powerful influence on politics and culture in the Arab world and beyond.

Geographical Syria (*bilad al-sham*) was long connected to Europe through trade. But its borders and the terms of its local identity remained contested into the mid-twentieth century. French ambitions shaped Syria as a modern nation-state—a non-Christian majority strategic rear to Lebanon. France imposed its colonial rule gradually, in the form of a League of Nations Mandate from 1920 to 1923. French colonial divide-and-rule fractured the population in ways encouraging military rule. Consequently, although postindependence Syria adopted the most radical planning measures and the largest leveling of internal inequalities in the Arab world, its ruling coalition could not sustain that project. Its Arab Socialist Ba'th Party, established in 1947 by Michel Aflaq, Salah al-Din al-Bitar, Akram al-Hawrani, and Zaki al-Arsuzi, was a model, ally—and competitor—for Egypt's Gamal Abdel Nasser, who relied more on charisma than ideological consistency.

Tunisia's substantial Italian and French settler population, though fewer and less politically significant than in Algeria, informed a distinct form of colonial capitalism and the nationalist movement's agrarian demands. Partly in response to British designs in Egypt, partly to defend its own capitalists, France occupied and declared a protectorate over Tunisia in 1881. French capital developed Tunisia's most important industrial sector, the phosphate industry, and colonial authorities sought to coopt the Sahel's large olive growers. Tunisia's workforce, eventually organized under the powerful UGTT (Union Générale Tunisienne du Travail), was unique in the region. Tunisia's principal nationalist leader, the Francophile Habib Bourguiba who headed the Neo-Destour, warily deployed the armed struggle required to dislodge settler supremacy. After independence, he turned his pro-Western orientation into state policy. Nonetheless, the Tunisian regime and the international agencies that supplied it with grants and loans carried out their policies subject to pressures from neighboring states professing Arab Nationalism, Arab Socialism, and Cold War nonalignment.

FROM COLONIAL CAPITALISM TO INDEPENDENCE

The application of the 1838 Anglo-Ottoman trade convention (Treaty of Balta Limani) imposed an "imperialism of free trade" on Egypt.¹ Egypt's midcentury rulers, Sa'id Pasha (1854–63) and Isma'il (1863–79), who took the title of khedive, welcomed foreign capital, most fatefully the Paris-based Universal Maritime Suez Canal Company and the first European bank loan to the government during Sa'id's reign. Under their rule, Egypt was integrated into the capitalist world economy dominated by Europe, climaxing in a state bankruptcy in 1878 that provided a pretext for British occupation.²