

THE ROLE OF THE MILITARY IN DEMOCRATIZATION PROCESSES:
THE CASES OF EGYPT AND TUNISIA

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THE ROLE OF THE MILITARY IN DEMOCRATIZATION PROCESSES:
THE CASES OF EGYPT AND TUNISIA

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DECLARATION OF ORIGINALITY

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ABSTRACT

The Role of the Military in Democratization Processes:

The Cases of Egypt and Tunisia

Why do some militaries allow institutionalization of democratic reforms, whereas others disrupt them? By process-tracing the critical processes in Tunisia and Egypt, this research examines why the Egyptian military intervened in the democratization process and ended democratic reforms, whereas Tunisia military avoided acts that would undermine the democratization. The main argument is that if the transitional government threatens the material corporate interests of the military, the military may intervene in politics to disrupt democratic reforms. The author argues that one of the important keys to understanding the military's impact on the outcome of the democratization process is to analyze changing trends in military's corporate material interest, which are conceptualized in three variables: Military budget, the privileges of the military-owned enterprises, and the disbursement of the foreign military aid. The study finds that if the transitional government fails to increase military budget, the military is more likely to disrupt the democratization. Conversely, the appeasement of the military by increasing military budget is a useful strategy in reducing the military's willingness to end democratization. The study also finds that if the transitional government threatens the privileges of the military-owned enterprises, the military is more likely to involve in politics to disrupt democratic reforms. Finally, the transitional government's bilateral relations with the donor countries have an impact on the outcome of the democratization process. Findings indicate that if the military is dependent on military aid, it is more likely to disrupt democratization if such transition threatens to disrupt the flow of aid.

ÖZET

Demokratikleşme Süreçlerinde Ordunun Rolü:

Mısır ve Tunus Vakaları

Bazı ordular neden demokratik reformların kurumsallaşmasına izin verirken bazıları bu reformlara karşı çıkıyorlar? Bu çalışma, Tunus ve Mısır'daki kritik süreçleri izleyerek, Mısır ordusunun neden demokratik reformları sona erdirdiğini, Tunus ordusunun ise demokratikleşmeyi engelleyecek eylemlerden kaçındığını açıklamaktadır. Bu tez, demokratikleşme dönemindeki hükümet ordunun kurumsal çıkarlarını tehdit ettiği takdirde, ordunun demokratik reformları sonlandırabileceğini savunmaktadır. Çalışmada, ordunun demokratikleşme süreci üzerindeki etkisini anlamının önemli anahtarlarından birinin, üç değişkende kavramsallaştırılan- askeri bütçe, ordunun sahip olduğu ticari işletmelere verilen imtiyazlar ve dış askeri yardım- ordunun kurumsal çıkarlarındaki eğilimleri analiz etmek olduğu belirtilmiştir. Çalışmanın bulguları, geçiş hükümetinin askeri bütçeyi artırmadığı takdirde, ordunun demokratikleşme sürecini sonlandırmasının daha muhtemel olduğunu göstermektedir. Buna karşılık, askeri bütçenin artırılmasının, ordunun demokratikleşmeyi sonlandırma isteğini azaltmada etkili olduğu gösterilmiştir. Ayrıca, geçiş hükümetinin orduya ait ticari işletmelerin ayrıcalıkları tehdit etmesi durumunda, ordunun demokratik reformları sonlandırmasının daha olası olduğu ortaya koyulmuştur. Son olarak, geçiş hükümetinin bağışçı ülkelerle ikili ilişkileri, demokratikleşme sürecinin sonucunu etkilediği saptanmıştır. Çalışmadaki bulgular, ordunun ekonomik açıdan askeri dış yardıma bağlı olması durumunda, söz konusu geçiş süreci dış yardım akışını tehlikeye soktuğu takdirde ordunun demokratik reformları sonlandırmasının daha muhtemel olduğunu göstermektedir.

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CHAPTER 1

INTRODUCTION

Why do some military institutions allow institutionalization of democratic reforms, whereas others intervene in politics to disrupt democratic transition process? To put the question in another way, why do some military institutions favor the democratic transition process, whereas others oppose it? The objective of this research is to answer this question. Democratic transitions are complex with many contingent factors. The democratization may result in success or failure without any influence of the military institution, depending on the other political dynamics of the democratizing country. Instead of investigating the factors that influence the democratic transition, this study examines the effect of the military institution on the outcome of the democratic transition process. The military institution as a prominent social actor in the society may have significant power to determine success or failure of the democratic reforms. Sometimes the military officers may prevent ongoing reforms through extralegal means such as coups or coup threats. It is not a rare phenomenon as such a democratically elected government is overthrown by the military junta. Yet, this observation does not indicate that military institutions are intrinsically undemocratic. Some military institutions allow the democratization process and do not interrupt the democratic reforms.

These questions become relevant after the Arab Uprisings in 2011 for the Tunisia and Egypt which aroused expectations for democratization in the Middle East. The long-standing authoritarian leaders of Tunisia and Egypt were removed from their offices after the intense popular protests in 2011. Even though such development cheered both domestic and international observers of democratization,

the road to democracy in Tunisia and Egypt ended up in two different destinations. According to reports published by Freedom House, both Tunisia and Egypt were led by authoritarian governments in 2010. But in 2017, Tunisia was listed as a "free" country whereas Egypt's democratic transition process was an utmost failure (Freedom House, 2010; 2017). During the democratization period, the Egyptian military intervened in the democratic transition process, whereas the Tunisian military avoided the acts that would undermine it. This dissertation examines the differentiating behaviors of military institutions in the process of democratization. More specifically, the Tunisian military allowed democratic reforms to be institutionalized, whereas the Egyptian military caused the democratic transition process to fail. Why?

In this research, the author claims that the key to understanding different behavior of the military towards the democratization process in Tunisia and Egypt is to analyze changing trends in the military's corporate economic interests. This research argues that as the military institution perceives their material corporate interest are threatened due to political reform, it may intervene in politics and disrupt democratic transition. The military's material corporate interests are conceptualized through three variables: Military budget allocated for the armed forces, the privileges which are given to military-owned business enterprises, and the delivery of foreign military aid. The main argument in this research is tested through three hypotheses. Firstly, it is argued that there is a negative relationship between the amount of military budget delivered and the military's willingness to disrupt democratic reforms. The military institution would intervene in politics to disrupt the democratization process if the military institution regards that the transitional government's policies threaten the amount of military budget received from the

government budget. Second, in terms of privileges given to military's business enterprises, the claim of the research is that the military institution would intervene in politics to disrupt the democratization process, if the military institution considers that the transitional government's policies as a threat to its business ventures which are an important constituent of military institution's economic interests. Finally, it is argued that when the transitional government shows a non-cooperative stance to the country which donates military aid, the military institution may intervene in politics. The outcome would be the termination of the democratization process. It has been theorized that the changes in the institutional interests of the military play an important role in determining the outcome of the democratic transition process.

This research is significant for several of reasons. First, the process of democratic transition is an important field of political science through which the researchers have introduced different explanations to indicate how democratic regimes have emerged. In this regard, variables such as the level of economic development, equality of income per capita, presence of an autonomous bourgeoisie class, presence of strong middle class, presence of certain norms and values in society and a political environment that nurture elite negotiations examined with respect to their influence on emergence and consolidation of the democratic regimes (Acemoglu & Robinson, 2006; Almond & Verba, 1963; Boix, 2003; Lipset, 1959; Moore, 1966; Przeworski & Limongi, 1997; Rustow, 1970). However, the theoretical approach which focuses on the conditions that maintain and reproduce authoritarian regimes is more recent and still developing. Second, although there are studies that examine the effects of the military on the democratic transition process, there are not many studies examining the effects of the change in the institutional material interests of the military in the democratic transition process. This study breaks down

the institutional material interests of the military and examines the possible effects of each component on the democratic transition process. Thus, the study aims to contribute to the literature which attempts to conceptualize the material interests of the military institution.

This research is comprised of five chapters. The second chapter includes a literature review of democratic transition theories, the theoretical framework of this study and employed methodology. The third chapter present civil-military relations before the 2011 Arab Uprising in Egypt, then reflects on changing trends in Egyptian Military's economic interests to understand its opposition to democratic reforms. The fourth chapter present the military's role in Tunisian politics before 2011, then attempts to explain why the Tunisian military allowed the democratic reforms to take place by analyzing its changing economic interests during the transition process. The fifth chapter summarizes the main findings of the study and concludes by discussing the policy implication of the study and presents some future research ideas.

CHAPTER 2
THE LITERATURE REVIEW, THEORETICAL FRAMEWORK,
AND METHODOLOGY

2.1 Literature review

The literature on democratization is quite enormous and multidimensional. The scholars who contributed to the literature focus on different explanatory variables and suggest various causal mechanisms in order to constitute logical pathways from their distinctive theories to the final outcome, which is democracy. However, it seems there is no universal consensus on a single theoretical framework or a methodological approach which may appropriately be applied to every single case. Some theoretical frameworks may succeed in offering a better explanation in specific contexts but may fail in others. The author believes that this is related to the tentative, multi-faceted and context-dependent nature of the democratization process, rather than deficiencies in the theoretical frameworks which is brought forward by distinguished scholars. In this sense, the author agrees with Barbara Geddes (2007) who commented on the recent efforts on building a universal theory of democracy:

I suggest that it would be useful to consider the possibility that processes of democratization might be different in different contexts, that these differences might be systematic, and that developing a theoretical understanding of these differences would lead to useful empirical results and a better understanding of how transitions really take place. (p.329-330)

This study examines related literature under three categories. The first group of research focus on structural determinants in society and highlight the importance of certain economic, cultural and social traits as the prerequisite for the democratic transition. This research tradition regards that presence of certain traits in society as a

precondition for the democratic transition. The study examines literature that focuses on structural elements under three subgroups according to their dominant emphasis on economic, social and cultural aspects. The second category focuses on strategic interactions among the political actors and the role of their behaviors on the democratic transition process. Rather than concentrating on the role of structural variables, the democratization research emphasizes on the importance of strategic interactions to determine the crucial actors in certain political systems, and they analyze how actor's strategic interactions and decisions such as cooperation, competition or coercion may influence the course of regime change from authoritarianism to democratization or vice versa. Finally, the research in the third category studies conditions that prohibit transitions, and sustain authoritarian governance.

2.1.1 Structural determinants of the democratization

2.1.1.1 Economic factors

The research that seeks preconditions of democratic transition in economic factors is deep-rooted and can be acknowledged as the avant-garde of empirical transition literature. As one of the prominent figure in 'modernization theory', Lipset (1959) argued in his pioneering article that the independent variable of economic development which is conceptualized mainly in terms of GDP per capita, level of industrialization, urbanization, and education facilitates and maintains the democracy. High-levels of economic development is regarded as the worst enemy of authoritarian regimes since dictators are more likely to be removed from their offices in economically developed countries. Boix & Stokes (2003) support Lipset's findings

and present a causal mechanism for explaining economic development's positive influence on the democratization. Accordingly, as countries experience an economic development, income distribution among citizens attains a more equal scheme. Income equality leads to the transfer of some wealth to other segments of the society, and especially, it enriches the median voters. As the wealth became less concentrated in the hands of few and diffused to many individuals, the rich become more inclined to prefer democracy over the dictatorship since redistributive policies of a democratic government will be in their economic interests (Boix & Stokes, 2003, p. 521, 540).

The modernization model of democratization implies that those countries with higher economic wealth are more likely to democratize than the poorer countries. However, this argument has been challenged by various theoretical grounds and empirical findings. Przeworski & Limongi (1997) found out that economic welfare has no effect on democratic transition. Dictatorships with a higher level of economic development measured in GDP per capita are less likely to experience a transition to democracy. Rather, most of the transitions occur in countries with middle-level economic development (Przeworski, 2004, p.303). Nevertheless, Przeworski & Limongi (1997) note that wealthy political regimes are more likely to consolidate democracy than poor ones. Furthermore, Acemoglu et al. (2008) claim that other studies do not eliminate the risk of reverse causality which means democracy may contribute to an increase in income level. They conclude that there is no positive relationship between income level and democracy levels. Rather, most of the correlation can be explained by distinct historical developments and economic institutions established in the countries (Acemoglu et al., 2008, p. 836).

Even though scholars who emphasize the role of economic development on facilitating democracy can find some empirical support for their theoretical frameworks in certain contexts, there is no consensus about its universal validity. In this dissertation, the economic development variables are not sufficient to explain the variation among our cases. When we examine the gross domestic product per capita data which is adjusted to purchasing power parity (GDP per capita PPP), we can observe a similarity in Egypt and Tunisia. Both countries experience a constant increase in GDP per capita between 1990 and 2015, and as Figure 1 indicates there is not much significant difference in income level between Tunisia and Egypt, 11595 USD and 11128 USD respectively according to 2016 data. However, Tunisia is performing better in consolidating democracy while Egypt is swinging into severe authoritarianism. Also, the data indicate that the economic development which is operationalized in terms of personal income is not sufficient to make inference on both the democratic transition and democratic consolidation process since it seems there is not much significant change before and after 2011.

Furthermore, the inference does not change when a distinct index is used in analyzing the systemic differences between Tunisia and Egypt in terms of economic development. To illustrate, Human Development Index (HDI) does not only include income level indices which measure economic welfare of the individuals but also it includes education quality indices and standard of living indices which could be good predictors of economic development. By examining Figure 2 which indicates the HDI data of Tunisia and Egypt between 1990 and 2015, a similarity with GDP per capita PPP data can be observed. The difference among the HDI values of Tunisia and Egypt does not seem to substantively change in the course of the democratization process in these countries.

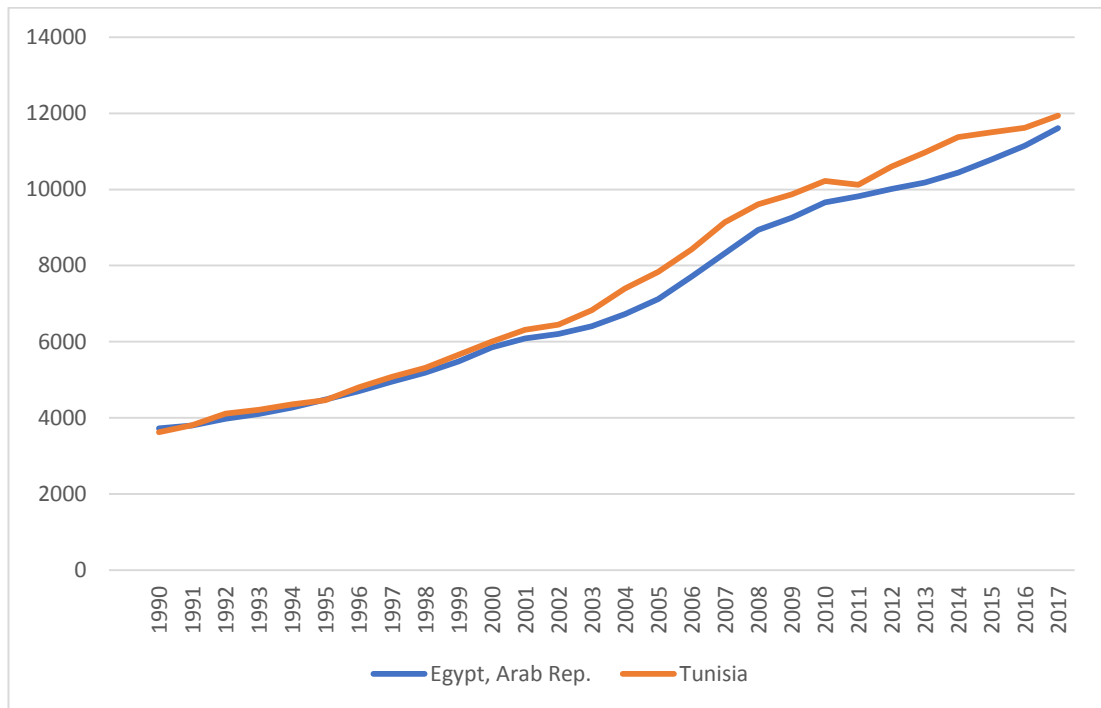


Fig. 1 GDP per capita (PPP, current \$) in Tunisia and Egypt between 1990-2015
Source: World Bank

Another perspective which links economic conditions to democracy focuses on the influence of income equality rather than the mere increment in economic wealth. This approach regards that equality in the distribution of economic wealth among the citizens may influence the fate of democratization in specific contexts. In this perspective, one may expect that countries with a higher level of economic equality to be more successful in democratic transitions. Boix (2003) attempts to explain the causal mechanism behind the role of economic equality on democracy. Accordingly, Boix (2003) theorizes that a society is comprised of the rich and poor people, where rich people prefer an authoritarian government in order to protect its economic interest, and poor people struggle for democratic reforms. In this polity, the redistribution of the income depends on the level of taxation which is set by the government. The rich

people in a society prefers a lower level of taxation in order to keep their assets intact, but "the median voters, who are poor, prefer high taxes and redistribution of wealth" (Geddes, 2007, p. 322). Boix (2003) asserts that the economic equality eases redistributive tensions among the rich and poor people by "curbing redistributive pressures from non-capital holders" because the median voters demand a more moderate level of taxation as the income become more equally distributed (p. 3). Thereby, the rich become more inclined to accept the level of taxation demanded by the poor and become less inclined to maintain the authoritarian regime through repressive methods when facing off democratization demands. Such structural condition makes the rich elites more likely to accept particular democratic procedures such as the application of universal suffrage (Boix, 2003, p. 10). However, this argument is not free of criticism. Houle (2009) challenges Boix's (2003) theoretical framework by putting forward two arguments. First, Houle (2009) claims that highly unequal countries may experience a democratic transition such as Turkey and Peru. Second, he argues that inequality may increase the redistributive demands of the poor, and can make them more prone to start a revolutionary struggle in order to overthrow the incumbent (Houle, 2009). Therefore, the rich elites in an unequal society can still initiate democratic reforms since rampant inequality in society increase the threat of a revolution from the poor and "increase cost of maintaining a dictatorship" (p. 3). On the other hand, Acemoglu & Robinson (2006) claim that there is a U-shaped relationship between inequality and democracy. In this sense, democratization is less likely in the very low and very high level of inequality whereas countries with a moderate level of inequality are more inclined to democratic transition (p. 37). Both Acemoglu & Robinson (2006) and Houle (2009)

empirically indicate that equality has no effect on democratic transitions but strongly correlated to the consolidation of democratic regimes.

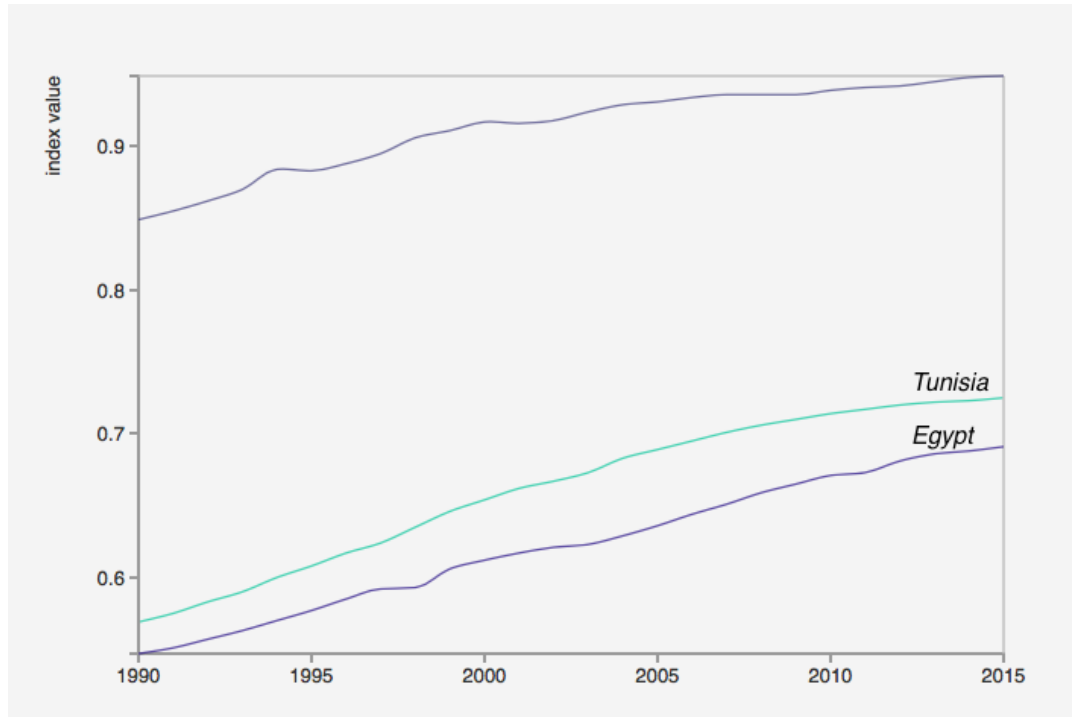


Fig. 2 HDI Data of Tunisia and Egypt between 1990 and 2015
Source: UNDP Human Development Reports

Similar to variables related to economic development, there is no theoretical consensus on the influence of income inequality prevailing in society on democracy. In the scope of this study, the level of income inequality variable may lead to interesting inferences when the GINI index of Tunisia and Egypt are examined. According to World Bank definition, GINI index "measures the extent to which the distribution of among individuals or households within an economy deviates from a perfectly equal distribution" (Ferreira & Walton, 2005, p. 286). The level of inequality in the GINI index is usually indicated with a scale from 0 to 100 in which 0 indicates perfect equality whereas 100 indicates perfect inequality. Figure 3

indicates that Tunisia's level of inequality is higher than Egypt in every single year in which data is collected. Even though GINI data is not available for Tunisia after 2011 in which the revolution erupted, 2010 data indicates that Tunisia's inequality indicator is slightly higher than Egypt, 35.80 and 31.50 respectively (World Bank, 2016). Regarding this data, it can be said that there is no notable difference between the levels of inequality in the Tunisian and Egyptian societies. In this case, the theories explaining the relationship between the level of inequality in society and democratization are insufficient to explain why the democratic transition process of Egypt and Tunisia resulted in a different outcome.

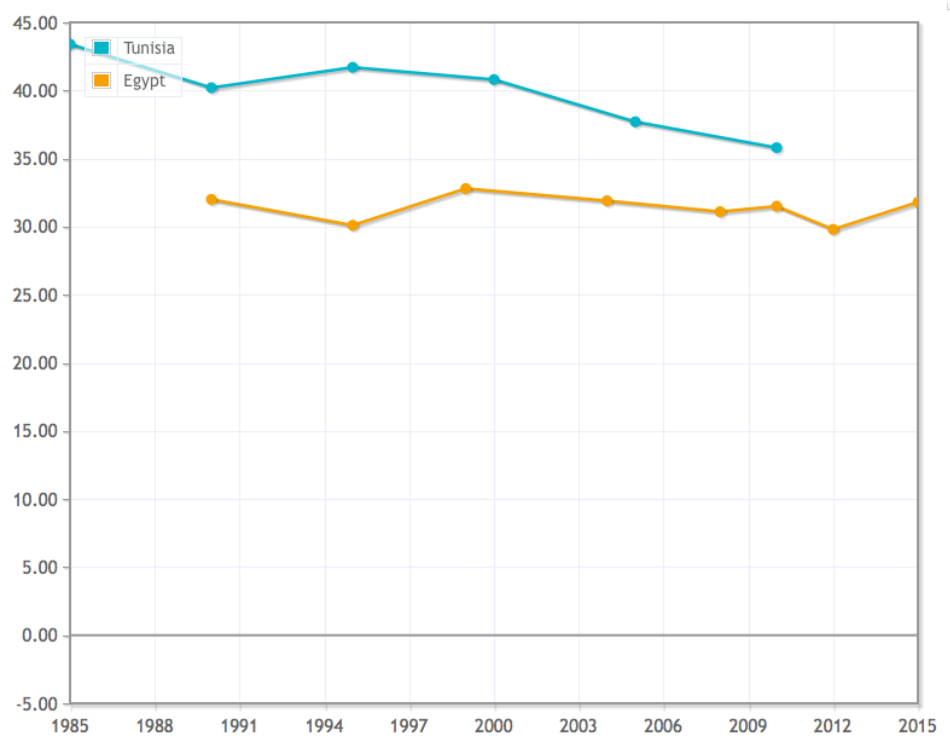


Fig. 3 GINI index of Tunisia and Egypt
Source: indexmundi.com/World Bank Graphics

2.1.1.2 Cultural factors

The Culturalist theories imply that nurturing particular cultural values stand as a crucial prerequisite for the democratic transition, and some cultures are not appropriate to democratic transition (Fish, 2002; Huntington, 1991). Lerner (1968) indicates a correlation between modernization and democratization and asserts that the former can be achieved by the economic development which changes the character of society in favor of secular norms, civic values and high level of political participation (p. 386-387). Almond & Verba (1963) criticize theories which only focus on economic elements to explain democratization and regard that the political culture, which is intrinsic to society, is necessary for the democracy. Accordingly, the political culture contains crucial psychological implications which bound individuals to society through some civic values. The absence of civic values may deteriorate the democratic transition process even though the democratizing country experiences economic development. Inglehart & Welzel (2005) revise the argument of Almond & Verba (1963) by emphasizing the role of economic growth in improving human development, which is important for obtaining emancipatory values. Inglehart & Welzel (2005) challenge with the perspective that democratic transition becomes merely possible with elite pacts, or drafting constitutions. Instead, they claim that cultural values are crucial for the emergence of democratic regimes (Inglehart & Welzel, 2005, p. 2).

However, the researches which emphasize the role of cultural variables on democracy is challenged by various empirical grounds (Przeworski, 2003; Przeworski & Limongi, 1997; Teorell & Hadenius, 2006). Przeworski (2004) found no or at least weak relationship between variables such as the dominant religion of the country, ethnic heterogeneity, colonial past and democratic transition (p. 310).

Nancy Bermeo (2003), in her analysis on the regime breakdowns in the interwar period in Europe, finds out that most of the democratic downfalls are not related to people's embracement of non-democratic populist values. Rather, most of the democracies in the interwar period collapsed because political elites willingly or thoughtlessly allied with non-democratic forces (Bermeo, 2003, p. 37).

Furthermore, in his study on the prevalence of democratic values in the Middle East, Tessler et al. (2005) find that there is prominent support for democracy in Arab countries. He argues that "there is little evidence, at least at the individual level of analysis, to support the claims of those who assert that Islam and democracy are incompatible" (Tessler, 2002, p. 245). In their research on the social background and the demands of those participating in protests in Egypt and Tunisia during Arab Spring, Beissinger et al. (2012) assert that most participants in Egyptian and Tunisian revolutions prioritized public good provision over Islamic concerns. According to research, 71 % percent of the subjects pointed out that their most important reason for participating in the protests was related to the provision of public goods such as the improvement of the economic situation, civil and political liberties and the fight against corruption. Furthermore, Beissineger et al. (2012) found out that civil society membership was not a significant characteristics of those participating in the 2011 revolution in Tunisia, rather the role of civil society was limited.

Although the role of cultural values and norms in democratization is complex, the scope of this study is on the role of a specific actor -the military- in society. This study investigates the influence of the military institution on the democratic transition process. The author posits that the ideologies and organizations associated with political Islam do not affect the decision-making mechanism of the military institutions in the examined cases. Accordingly, the Egyptian army has prevented the

recruitment of people associated with political Islam as military officers and conducted purges to eliminate the officers who embrace Islamist ideologies (Arafat, 2017, p. 187). Similarly, the Tunisian military did not allow political Islam to be organized within the armed forces as the Egyptian military, and it defined itself as the protector of the secular order (Sayigh, 2011). Due to these similar approaches of the Tunisian and Egyptian military to political Islam, the role of political Islam will not be considered in this study while examining the effect of the military institution on the outcome of the democratization process in Egypt and Tunisia.

2.1.1.3 Social factors

The social class based explanations of the democratization are skeptical to inferences of modernization theory. Instead of focusing on the variables related to economic development as a prerequisite of democracy, class-based analysis emphasizes the role of economic social class formations in democratic transitions. In his comparative historical study, Moore (1966) contends that the democratic bourgeoisie revolution was only one of the three possible results of the modernization. In his explanation, the bourgeoisie class was regarded as a crucial social element in the road to parliamentary democracy which fulfills the political and economic class interest of the commercial classes, yet landed classes mostly stand as an inhibitor of democratic systems since landed elites' class interests are satisfied in non-democratic forms of political systems. Moore (1966) claims that a weakening bourgeoisie and still-powerful landed class facilitates aristocratic-bourgeoisie political coalition which may lead to fascism. Therefore, Moore's (1966) insight is that presence of a bourgeoisie class is an indispensable element of democratization as he sums up with his famous words: "No bourgeoisie, no democracy" (p. 418). More specifically,

Moore (1966) asserts that an autonomous and strong bourgeoisie class is necessary for the emergence of democratic regimes since only a bourgeoisie class which is independent from the state can strive for institutionalization of the democratic reforms such as the right of representation in permanent parliaments, the right to vote, implementation of the private property rights which prevent arbitrary confiscation of the privately-owned assets, and implementation of the rule of law.

Among the social class based explanations of the democracy, the influence of a strong and autonomous bourgeoisie is not the only explanatory variable. Huber et al. (1993) highlighted the role of strong middle-class opposition in the democratization process. Accordingly, economic development is a crucial element to be integrated into the theoretical framework of the democratization. However, it is not that the economic development leads to a rising middle class with its tolerant values to democracy as Lipset (1959) argues, or because of a rising bourgeoisie which challenges non-democratic institutions in the society as Moore (1966) contends (Huber et al., 1993). Rather, the economic development may change the class balance in society in favor of the subordinate classes such as working class and middle classes which plays a prominent role in the democratization. They claim that economic development may weaken the major counterforce against democracy which is the landed classes, and tend to favor the subordinate classes who eventually start a struggle for democratization (Huber et al., 1993). In a similar understanding, Zak & Feng (2003) contend that upward or downward changes in wealth level of middle class determine the pace of democratization since "transformation of economic environment changes the incentives to protest against the ruling regime" (Zak & Feng, 2003, p. 19).

In this perspective, the role of the middle class is crucial since it triggers protests against the authoritarian leaders, and prompts demands for democratic reforms. Also, the middle class contributes a smooth transition to democracy by striving for civil and political rights. Nevertheless, there are some counter-arguments which claim that the presence of the middle class is not a precondition for democracy. This argument is twofold. First, there were successful or failed democratization attempts after the 1970s in countries where the middle class did not flourish, especially in post-Soviet states and African states (Jeong, 1998; Lancaster, 2008). The second argument follows that the presence of the middle class does not guarantee a return to authoritarian rule or development of democratic governance. O'Donnell refers to the collapse of democracy through military coups in Argentina and Uruguay which were the richest countries of Latin America in the 1960s (as cited in Acemoglu & Robinson, 2006). Furthermore, scholars emphasize that democratic governance may not be in the interest of the middle class in some regimes, and they may either favor an illiberal culture or support an authoritarian status quo (Chen & Lu, 2011; Hadiz, 2008; Jones, 1998; Jones & Brown, 1994; Stelgias, 2015).

By examining Tunisia and Egypt cases, the social class-based explanations that regards the presence of middle class or a strong bourgeoisie as a prerequisite for the democratization process can only claim some empirical validity. In both cases, it was the middle class that predominantly participated in protests against authoritarian leaders. One may argue that democratic transition only succeeds in Tunisia since country consists of a considerable middle-class, whereas Egypt's middle-class is equivalent to only 10% of the population (Beissinger et al., 2015; Dang & Ianchovichina, 2016).

Nevertheless, the social class based explanations of the democratization have several theoretical problems. The autonomous role of the state institution on the course of regime change is underestimated. The class-based explanations analyze the conflicting and compatible interests among the different classes, and emphasize how empowerment or decline of certain classes can affect the establishment of democracy in certain policies, yet the state apparatus is regarded as "nothing but an arena in which conflicts over basic social and economic interests are fought out" (Skocpol, 1979, p. 25). In her critical reflection of the Barrington Moore's (1966) study, Theda Skocpol (1973) asserts that:

The fatal shortcoming of all Marxist theorizing (so far) about the role of the state is that nowhere is the possibility admitted that state organizations and elites might under certain circumstances act against the long-run economic interests of a dominant class, or act to create a new mode of production. Here and there in the literature Marxist scholars recognize that royal absolutisms or bureaucratic states have established the conditions for primitive accumulation, or forced industrialization by lagging nations. But no writer has unequivocally accepted the notion of fully independent, non-class-conditioned state action even in these instances. (p. 18)

The state matters as an autonomous actor because it has leverage stemming from its bureaucratic and coercive apparatus. The economic and political strength of the coercive apparatus of the state has great theoretical importance since in certain contexts democratic transition can only be successful when the coercive apparatus of the state yields to democratization demands which are coming from certain actors in the society (Bellin, 2004).

Therefore, the state should be integrated with the theoretical framework in order to obtain a better sense of regime change. For this purpose, a class-based analysis of democratization is not emphasized in this thesis. Furthermore, it is not sufficient to rely only on structural variables and to assume the presence of certain

classes or economic traits as a precondition of democracy. Strategic interactions among the major actors in society with their conflicting interest, domestic struggles, and strategic cooperation should be analyzed in order to have a better grasp of democratization phenomenon. Thus, the author presented crucial studies in strategic interaction literature and discussed its relevance to the theoretical framework of this study.

2.1.2 Strategic interaction theories

In this research, it is argued that the theories which associate the structural variables with the democratization have two main setbacks. First, the structural approach took human agency as a black box (Teorell, 2010). In other words, the strategic behaviors of the political actors are taken for granted. Although the structural elements such as economic development, the robustness of civil society and education level can determine the rules of the game, it is the political actors who move the chess pieces. Secondly, even if the structural approaches may present some empirical evidence for democratization, they tend to envisage a process of democratization in the long run. They give them less explanatory power when accounting for democratization in the short run. To illustrate this, theories that regard nurturing particular democratic values as an indispensable element of democratization analyze the process of transition in longer periods, because the cultural transformation of societies can be observed in decades. The same argument can be asserted for the theoretical framework which assumes that economic development facilitates democratic transitions. However, democratic transitions have a tentative nature, and they could occur unexpectedly in a shorter period of times, as we can observe in the Tunisian case which has a history shorter than a decade. Therefore, analyzing strategic

behaviors of the political actors have theoretical importance to offer a comprehensive account of democratization in certain contexts.

The research agenda which traces roots of the democratization in strategic elements was revived by the path-breaking article of Rustow's "Transitions to Democracy: Toward a Dynamic Model". Rustow (1970) argues that the democratic transition is more likely to occur after a struggle in a unified nation, but it is "not a lukewarm struggle but a hot family feud" (p. 355). His model implies that the democratic transition is "conscious decision on the part of elites" when they come to a reciprocal compromise after an inconclusive struggle (p. 361).

The ideas brought forward by Rustow inspired many scholars, especially those who are excited by the wave of democratization in the 1970s. To illustrate, Lijphart (1977) posited a new model of democracy referred to as 'consociational democracy' which is built upon the premise that elite cooperation contributes to democratic stability and smooth transitions. In their influential study, O'Donnell & Schmitter asserted that the roots of democratic transitions could be found in fissure within the authoritarian regime (2013, p. 20). For them, transitions have emerged out of strategic behaviors of elites in "a brief window of opportunity" (Khachaturian, 2014, p. 7). They divide political elites who hold power in two different categories: hardliners and softliners. Hardliners are not responsive to democratization demands and do not give any concessions to the political opposition. What distinguishes the softliners from hardliners is that softliners believe that "the regime cannot wait too long before reintroducing certain freedoms, at least to the extent acceptable to moderate segments of the domestic opposition" (p. 16). Accordingly, transitions are less likely to be observed in regimes where softliners and hardliners are in harmony. The opposition is not powerful merely in itself to force for a transition, yet they must

take advantage of a break up in the authoritarian rule (p. 22). In this context, the most provocative inferences of their study were twofold: impact of civil society on transitions was limited and indirect, and it is possible to reach a democratic equilibrium without any Democrats around (Schmitter, 2010, p. 18). In their study on Latin American democratization, Linz & Stepan (1996) agree with the implication of O'Donnell & Schmitter's work by claiming that democratic consolidation is possible when "democracy becomes the only game in the town" (p. 5). In this sense, political elites in society should reason that democratic reforms are the best way to pursue their collective interests.

In this theoretical point of view, attributing democratization process merely to initiatives of political elites with their pact making capacities constitutes a top-down approach to the regime change. In this perspective, the power of the masses with their revolutionary capacities and organization skills are not integrated into the democratization models. Yet, top-down approaches of the democratization can be criticized in two focal points. First, it can be argued that intensity and capacity of mass mobilization may influence the strategic choices of the elites (Haggard & Kaufman, 2016, p. 19; Teorel, 2010). Second, in certain contexts, political elites are intrinsically constrained by the aspirations of the masses that they represent.

In another theoretical modeling of the democratization in strategic interaction approach, scholars integrate intensity and capacity of mass mobilization into their framework. To exemplify this, Acemoglu & Robinson (2006) split society into two actors, namely elites and citizens, the former prefer non-democracy and latter prefer democratic regime for fulfilling their best interests. For them, the elites will allow democratization when they face a threat of revolution from the non-elites, and repression of the revolution is regarded as costly (p. 29). In this case, elites would

offer particular political concession to citizens, but commitment problem between elites and citizens on the sincerity of political concession can only be solved through the establishment of political institutions which "allocate de jure political power" (Acemoglu & Robinson, 2006). In a similar institutional perspective, Bueno de Mesquita & Smith (2015) regards that democratization occurs due to some institutional changes which are arranged by the incumbents in order to dissipate revolutionary threats. In this logic, in order to survive from a revolutionary threat from the masses, incumbents establish a more inclusionary polity and commit to providing more public goods in the future such as key political freedoms, implementation of rule of law, judicial reforms, transparency of the government, etc. (Bueno de Mesquita & Smith, 2015).

2.1.3 Reproduction of authoritarianism

A third perspective studies conditions that prohibit transitions, and sustain authoritarian governance. Instead of focusing on the circumstances in which democracy occurs, the studies which focus on authoritarian resilience focus on the mechanisms or structures that keep incumbents in power and maintain the authoritarian status quo. In this perspective, the democratization is analyzed with respect to conditions that maintain the autocracy. In other words, such theories assert that democratization is possible when conditions that produce autocracy melts away (Olson, 1993). In the literature, scholars examine the role of different conditions that contribute to the resilience of authoritarian regimes. One of the common scientific subject is the correlation between the presence of natural resources and democracy. Natural resources have been thought to give leverage to incumbents to allocate resources for the repressive apparatus of the state, and it may have a strong anti-

democratic effect on democratic transition process (Andersen et al., 2014; Dunning, 2008; Haber & Menaldo, 2011; Ross, 2001). Diamond (2015) claims that the rentier states are less likely to democratize since government use rents such as revenues of the natural resources or foreign aid in order to keep taxes and market activity low and use funds to strengthen repressive institutions. Some scholars emphasize on the suppressive role of security organizations in the transition process and claim that democratization depends on the defection of coercive institutions such as military, police force and intelligence services, because authoritarian incumbents would have no choice but step back when facing social unrest (Bekaroglu & Kurt, 2015; Bellin, 2012).

The author argues that the theoretical frameworks which emphasize the importance of examining conditions that reproduce the authoritarian government has more power to answer the research question in this study. Both Tunisia and Egypt have a long history of autocracy where incumbents established an institutionalized state mechanism with a robust coercive apparatus comprised of the military, police force, intelligence services, and extra-legal coercive units. In both countries, the robustness of the authoritarian regime was tested by social protests which were organized for demanding political reform (Abdalla, 2012). In this regard, variables such as the presence of oil income, foreign aid, clientelistic business network, and loyalty of coercive apparatus of the state to the incumbent can be related to elements of authoritarian resilience.

To begin with, the transition theories that stress upon the contribution of rentier state configuration on authoritarian resilience regards that political leaders may strengthen their repressive apparatus through financial funds allocated from the sources such as oil rents or foreign aid (Bellin, 2012; Diamond, 2015; Ross, 2001).

Yet, this approach is not sufficient to understand political developments concomitant to 2011 uprisings in Egypt and Tunisia. The reason for our argument is twofold.

First, the author argues that funds extracted from natural resource extraction or foreign aid allocation may not necessarily lead to the deterioration of democratic governance, but the influence of rents on democracy may depend on other macro-level variables. To illustrate, Dunning (2008) argues that natural resources may also promote good governance and democratic stability in less resource dependent countries (p. 21). In similar logic, Bueno de Mesquita (2014) contends that leaders in small coalition governments may distribute aid money as private goods to her supporters, yet large coalition governments may invest in the public good and promote good governance (p. 413). Second, as Goldstone (2015) argues, oil rents were not the major engine of Egypt economy, and most of the oil income melts away with government subsidies on fuel. Also, oil rents had a small contribution to the Tunisian economy since it constitutes only 5 % percent of the GDP (p. 61).

On the other hand, some studies emphasize on the negative relationship between the rent-seeking behavior of the military and success of the democratic transition (Bellin, 2004; Diamond, 2015; Kimenyi & Mbaku, 1996). In this perspective, the rent-seeking behavior of the military can damage the transition process in two major ways. First, the incumbents who are not genuine in committing to democratic reforms may obtain the support of the military in order to consolidate its power and suppress democratization demands from the political opposition. Thereby, the incumbents can buy off the military through the transfer of rents to command chamber of the army in order to garner support for achieving its political goals (Bueno de Mesquita et al., 2003; Diamond, 2015; Kimenyi & Mbaku, 1996). Second, the military as an autonomous coercive apparatus of the state can

independently oppose to the democratic transition process if it perceives such democratic reforms as a threat to the rentier structure which ensures military's wealth (Bellin, 2004; de Smet, 2014). In this regard, the fiscal health of the coercive apparatus is not necessarily maintained by funds transferred by the incumbents, but the military also could be granted economic privileges which enable it to possess its independent funding sources. In this study, it seems the second insight reflects a picture which is closer to Egypt's reality. In Egypt, the military built its autonomous economic wealth thanks to the economic privileges that were bestowed upon by the government. Some of these privileges can be exemplified as the exemption of its companies from supervision of the state, privileged access to state procurements, exemption of its companies from taxation, right to make investments in economic projects without government's approval and signing business contracts with foreign investors without consulting to the government (Abul-Magd, 2016; Marshall, 2015; Sayigh, 2012; Springborg, 2011a). Furthermore, the Egyptian military's fiscal revenue is not only supported by the domestic sources, but also it obtained foreign aid from its international support network. Since 1979, Egypt received more than US\$ 1.5 billion every year, and US\$ 1.3 billion of such fund is given as military aid (Brownlee, 2012). Dunne et al. (2011) indicate that only US\$ 250 million of the foreign aid which is allocated by the United States was given in terms of economic assistance while US\$ 1.3 billion transferred to the military in 2011. Thus, the military institution of Egypt constitutes a beneficial field in analyzing the role of economic privileges granted to the military on the democratization process.

2.2 Theoretical framework

The democratic transition process is utterly complex, and it seems there is no universal causal mechanism which may explain all the transitions that occurred in history. Different explanatory variables can be utilized in order to study failure or the success of the democratization process in different political contexts. Nevertheless, the democratic transition can be regarded as "two-step process" as Bellin (2011) argues:

First, you must bring down the authoritarian regime; second, you must build the basis for democracy. These are quite independent processes, and success in one does not necessarily spell success in the other. Bringing down an authoritarian government often requires some sort of economic, military, or other crisis that makes the coercive apparatus collapse or abandon the regime in power. (p. 6).

In this regard, the overthrow of an authoritarian incumbent does not necessarily lead to the installment of a democratic regime. The military institutions may intervene in the democratic transition process, and military officers may revive another authoritarian regime. Therefore, the relevant question in line with this observation is that: Why do military institutions oppose the institutionalization of democratic reforms? This question becomes relevant for two important countries of North Africa which stepped in a new era after shocking political developments of Arab Uprisings in 2011: Tunisia and Egypt. In 2011, long-standing authoritarian leaders of Tunisia and Egypt were overthrown after unexpected popular uprisings. Removal of the incumbents brought about revival of democratization hopes in both the domestic population and international audience. However, the fate of democratic reform initiatives differed significantly after six years from the 2011 uprisings. As can be seen in Figure 4, according to Freedom House data, both Egypt and Tunisia

were not democracy in 2010, but in 2017, Tunisia was listed as 'free' country whereas Egypt is regarded as "not free' due to its failed transition (Freedom House, 2010; 2017). Although Egypt and Tunisia prepared a roadmap for democratic reforms and showed some signs of progress, as can be seen in Figure 4, Egypt performed quite poorly in the transition period with respect to Tunisia.

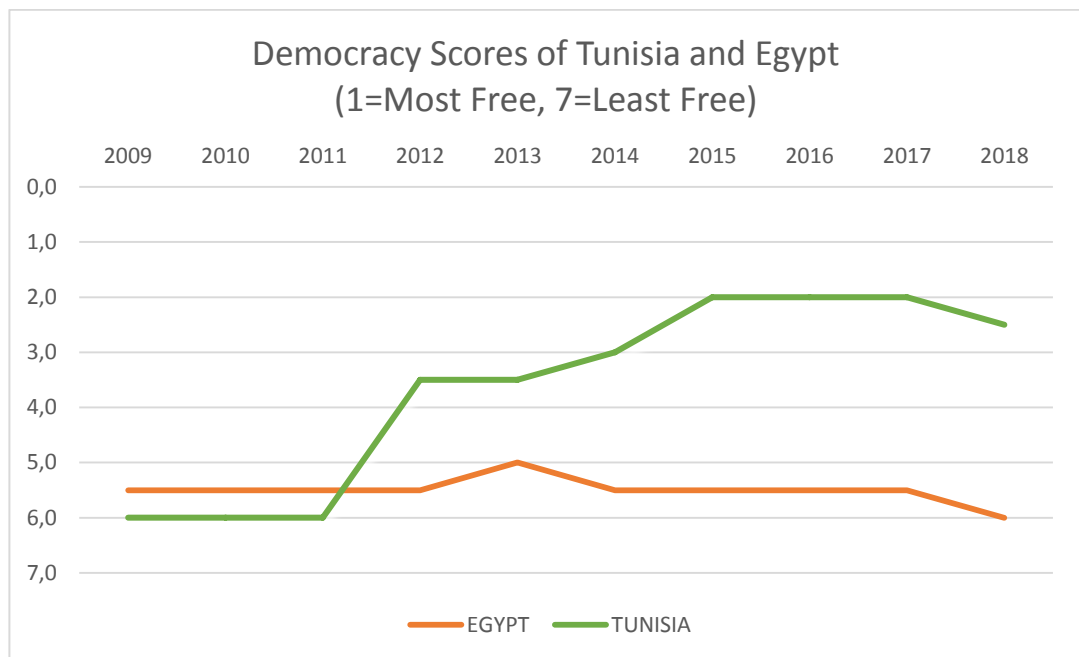


Fig. 4 Democracy scores of Tunisia and Egypt; Source: Freedom House

Existing democratic transition literature come up with various explanations in order to explain how democratic regimes come to life. In this regard, variables such as the level of economic development, equality of the income per capita, presence of an autonomous bourgeoisie class, presence of a strong middle class, presence of the certain norms and values in society and a political environment that nurture elite negotiations are examined with respect to their influence on birth and consolidation of the democratic regimes. However, the theoretical approach, which focuses on the conditions that maintain and reproduce authoritarian regimes, is more recent and still

developing. In this research, it is not argued that theories which study preconditions of democracy or elite negotiations are irrelevant to explain the history of democratic transition in Egypt and Tunisia after 2011, rather the argument is that presence of the conditions which maintain and reproduce authoritarian governments have more power to explain why Tunisia institutionalized democratic reforms after the overthrow of its autocratic leader whereas Egypt reversed to autocracy due to its failed transition process.

In this dissertation, the author develops the theoretical framework by examining the works and arguments of Eva Bellin (2004, 2012) as a starting point. Eva Bellin (2004) argues that factors such as geographical remoteness from the Europe, poverty prevailing in the society, the level of inequality, state's domination of the domestic economy, the presence of a weak civil society are not sufficient to explain the failure of democratic transition in the Middle East. Rather, Bellin (2004) analyze the reasons behind the authoritarian resilience in Middle East countries by focusing on the influence of a single unit of analysis, which is the coercive apparatus of the state. Nevertheless, the coercive apparatus of the state is not comprised of a single actor, but it may refer to the military institutions, the police force, intelligence services or paramilitary organization which holds some degree of coercive power. This research focuses on the most significant unit among the coercive apparatus of the state by studying the impact of the military institution on the outcome of the democratic transition process. The reasons behind the concentration on the military are twofold. First, after the overthrow of authoritarian leaders in both Tunisia and Egypt in 2011, military institutions assumed control over the key positions in both states and initiated the transition to civilian rule. The second, in democratic transition

periods of Tunisia and Egypt, the military institutions are the only coercive apparatus that have the power to disrupt democratic reforms that took place.

Eva Bellin offers a theoretical framework to explain why Middle East countries are extremely resilient to initiate the democratic transition. She refers to Skocpol's argument on the coercive capacity of the state and claims that lack of the democratic regimes in the Middle East can be explained by focusing on the conditions that foster authoritarianism rather than studying necessary conditions for democracy. In this regard, Bellin (2004) regards that "the will and capacity of the state's coercive apparatus to suppress democratic initiative have extinguished the possibility of transition. Herein lies the region's true exceptionalism" (p. 143).

Bellin (2004) asserts that variables related to the capacity of the coercive apparatus could explain why authoritarian regimes are resilient to democratization demands coming from society. In this regard, she emphasizes on factors such as maintenance of the fiscal health of the coercive apparatus and maintenance of the international support networks which consolidate robustness of the military institution with respect to other political groups who demand political reform. Nevertheless, Bellin's (2004) arguments should be reinforced with another theoretical framework in order to explain the behavior of the military in transitional democracies. Although Bellin shares the idea that the coercive apparatus of the state could be an important prohibitive force to democratic reforms in nascent democracies, her theoretical framework is not sufficient to explain the role of the military during the transitions due to two reasons. First, despite the fact that Bellin (2004) explains why the military institutions protect authoritarian regime by suppressing advocates of democracy and annihilate possibilities of the democratic transition, she does not answer why the military institution oppose democratic

reforms in transitional countries and instead favor re-establishment of the authoritarian regime. Secondly, Bellin explains that the material interest of the coercive apparatus is a crucial factor which determines the capacity and the will of the apparatus to maintain authoritarian status quo, but her framework does not allow us to analyze whether such material interests of the coercive apparatus also endanger democratic transitions. In other words, although Bellin (2004) operationalizes institutional interest of the coercive apparatus to explain authoritarian resilience, same operationalization should be modified to explain why coercive apparatus reproduce conditions for the revival of authoritarian regimes.

Therefore, this research dwells on another theoretical framework which investigates the relation between the corporate interest of the military and stability of political regimes in order to explain in which circumstances material interests of the coercive apparatus endanger democratic reforms (Needler, 1975; Nordlinger, 1970; Thompson, 1980; Zuk & Thompson, 1982). This theoretical line of reasoning regards that the military institutions may intervene in politics if it perceives that its corporate interest is at stake. In other words, military officers could spoil the political stability of the regime if they feel their institutional and personal interests are endangered due to the incumbent's policies (Needler, 1978). In this regard, military institutions "maintain or increase their wealth and prerogatives" against the interests of the other actors in the society, and corporate interests would be a crucial element of the rational calculation when military decide whether intervene in the politics to disrupt democratic reforms (Nordlinger, 1970, p. 1134). In Nordlinger's explanation, the military government tolerates the political reforms "only if the military's corporate interests are first satisfied, the costs of the latter thereby detracting from the extensiveness of the former" (1970, p. 1136).

The corporate interest of the military can be operationalized in two ways by focusing on its non-material and material aspects (Needler, 1975; Thompson, 1980). The non-material aspect of the corporate interest is related to military's institutional integrity and legitimacy which includes obtaining some degree of autonomy from the political influence, holding the monopoly of being an armed force of the state and ensuring institutional honor, self-esteem, and prestige (Needler, 1975; Thompson, 1980). On the other hand, material aspect of military's corporate interest refers to all source of revenue for the military institution which is used for both consolidating fiscal health of the institution and improving material wellbeing of its personnel. This research focus on the relationship between the material aspect of the military's corporate interest, and the military's willingness to intervene in politics to disrupt the political reforms. The material aspect of the corporate interests is operationalized in three variables: Allocation of military budget, the state privileges to military-owned business enterprises, and foreign military assistance. These three variables represent the changes in the three most important sources of revenue of the military institution. Military budget is essential for the military to remain functional. Besides, military budget is necessary for the payment of salaries, pension funds and premiums that must be distributed for the military personnel to provide a certain level of wealth. On the other hand, the economic resource of the militaries may not be limited to the resource allocated by the government. Military institutions can create their economic resources by owning business enterprises. The functioning of these institutions and their commercial gains may depend on the privileges that the government recognizes to these institutions. Finally, the militaries benefit from foreign aid that international donors deliver under certain conditions. Foreign aid may constitute a crucial part of the military's economic interests. The author builds a line of reasoning for each

variable and produces different hypotheses and causal mechanisms to explain the military's attitudes toward the democratic reforms in transitional democracies.

2.2.1 Independent variables and explanatory hypotheses

2.2.1.1 Changing trends in military budget

Hypothesis #1: There is a negative relationship between the amount of military budget allocated and the military's willingness to disrupt democratic reforms.

The military institution would intervene in politics to disrupt the democratization process, if the military institution thinks that the transitional government's policies will reduce the military budget. To clarify further, if military officers observe a pattern of decline in military budget, they may make future projections that military budget would decrease further in following fiscal years. Such perceived threat in allocation of military budget may increase their fears that the incumbent would not increase the amount of military budget which is a vital source of the military's economic interests. The transitional government's reluctance to increase the military budget could result in military's intervention in politics and prevention of the ongoing democratic reforms.

Causal Explanation: Military establishments strive for protecting the economic interests of the institutions by ensuring that their revenue sources are intact (Bellin, 2012). One of the important sources of revenue is military budget.

Governments allocate some share of state's income for funding military institutions to fulfill certain expenditures such as salaries of military personnel, maintenance of the military assets or renewal of the military inventories etc. Amount of military spending as a percentage of GDP is subjected to the incumbent's decision in accordance with its policy goal. Furthermore, studies indicate that regime type also

has an influence on the military spending: democracies are inclined to spend less on military spending as a percentage of GDP than authoritarian regimes since democracies are more likely to allocate such funds for social spending (Brauner, 2015; Töngür, Hsu & Elveren, 2012). Democratization leads countries to spend more on social spending in accordance with popular demands (Avelino, Brown & Hunter, 2005; Brown & Hunter, 1999). Therefore, democratizing countries may decrease their military spending as a percentage of GDP in order to raise more funds for social spending. However, such condition may incite the military institution to involve in politics and disrupt democratic procedures in order to protect its economic interests. Acemoglu et al. (2010) contend that a strong military in democratizing countries can create perils for the democracy since the expectations of future reform in economic policies may prompt military officers to organize a coup to protect its interests (p. 36-37). Huntington (1991) asserts in agreement with Acemoglu et al. (2010) and suggests that military institutions must be placated with more military spending for a successful transition to democracy (p. 252). This relation between the military coups and military spending is also coherent with the empirical observations which indicate that low military spending as a share of GDP may increase the risk of coup d'etat, especially in countries with a history of coups (Collier & Hoeffler, 2007; Leon, 2014).

In this study, the argument related to military budget and the failure of democratic transition is that military may intervene in politics in order to disrupt democratic transition process if it thinks that democratization would threaten to amount of military budget received from the government budget. Two causal mechanisms can be suggested to explain the relationship between the allocated military budget and the failure of the democratic transition process.

The first framework focuses on activities of the individuals within the military rather than analyzing institutional preferences of the military. This framework regards military spending as 'rents' that incumbents deliver to the military institution not only for purposes related to maintaining security but also for political purposes. Mbaku (1994) contends that especially in sub-Saharan Africa, the military organization holds a comparative advantage in using coercive force within the state, and as a rent seeker, it may use its power to claim resources produced in the country (p. 250). Kimenyi & Mbaku (1996) assert that military elites in authoritarian regimes are rent-seeking actors, and they endanger incumbents rule with the threats of military intervention. In exchange for the military's support, the incumbent delivers military spending, which is used by the military elites as a means of personal enrichment (p. 701). Yet, they argue that even if intervention threats against the government decrease, the military budget cannot be cut down since such decrease in military expenditures may create dissatisfaction among the military officers, and may lead a political crisis that destabilizes the government (Kimenyi & Mbaku, 1996). In this regard, military elites who seek their self-interests may intervene in politics in order to install a government which serves its economic interests, if the incumbent cannot deliver necessary rents in form of military spending (Mbaku, 1994, p. 258). Thus, rent-seeking military elites threaten the stability of political regimes. The political regimes in democratic transition may decrease their military spending in order to allocate more funds for social spending. However, the military elites may intervene in nascent democratic government if such government fails to deliver economic benefits in terms of military budget.

Another perspective developed by Bueno de Mesquita et al. (2003) can be helpful to understand interactions of the incumbent and military institution and

analyze the latter's influence on the democratic transition process. But, rather than studying the military as an entity comprised of rent-seeking oriented military officers, this framework allows studying the military as an institutional entity. Bueno de Mesquita et al. (2003) contends that political survival of the incumbent depends on the loyalty of a 'winning coalition' which can be defined as the group of essential backers of the incumbents "without whose support an incumbent cannot be sustained in office" (p. 79-80). In order to maintain his office and dissipate political threats which may come from a challenger, incumbents must cleverly use its material resources and deliver sufficient resources to its winning coalition in order to sustain their loyalty (Bueno de Mesquita et al., 2003). People in the winning coalition obtain exclusive treatment in exchange for its support for the incumbent. If sufficient member of winning coalition defects to a challenger, the incumbents would be removed from the office by any means whether democratic elections or coup d'états. In this theoretical approach, military coups may increase the economic welfare of the winning coalition as Bueno de Mesquita et al. contends "in a coup, they can displace the incumbent with someone from their own ranks in the hope that the newly installed leader will promote their interests" (p. 392). One implication of this theory is that if the military institution is included in the winning coalition, they may also favor military coups in order to convey its discontent to the government. In this perspective, the military budget can be seen as a resource which incumbents deliver to military institutions in order to maintain its loyalty as a coalition member. This condition makes allocation of the military budget an appeasement strategy which decrease willingness of the military to intervene in politics. Yet, failing to deliver such vital funds may ignite discontent within the military, and may lead to a military

coup which may establish a different regime that pledges more commitment to delivering the military's interests.

In this regard, failure to protect the economic interest of the military institution may endanger the stability of the political regime since the military may install a new incumbent which deliver sufficient benefits to the military institution. Such motivation of the military institution may also endanger nascent democracies since military coups may establish military junta governments which are the extreme form of authoritarian government, or install an incumbent who protects the interest of the military institutions rather than implementing democratic reforms. Thereby, the following working hypotheses are formulated in this study:

Hypothesis #1a: If the transitional government decrease the amount of military budget, the military institution is more likely to disrupt democratization.

Hypothesis #1b: If the transitional government increase the amount of military budget, the military institution is less likely to intervene in politics to disrupt democratic reforms.

2.2.1.2 Changing trends in privileges given to military-owned enterprises

Hypothesis #2: The military is more likely to disrupt the democratic reforms if the transitional government harms the privileges of the military-owned enterprises.

Causal Explanation: In Bellin's (2004) theory, the fiscal health of the coercive apparatus of the state is a crucial element of its 'robustness'. However, in Bellin's theory, military institutions maintain their fiscal health mostly through funds received from the incumbent in terms of military spending (p. 144). Yet, apart from the funds which are allocated from the government in the scope of the 'military budget', military intuitions can create their own revenues through their own business initiatives. However, the phenomenon of military-owned business enterprises is not

sufficiently studied neither in terms of civil-military relations nor its influence on the democratization process. As Prina (2017) contends:

In literature dominated by the idea of military professionalism as a key driver of stability within civil-military relations, military control of business enterprises is an anomaly. Most conceptions of civil-military relations envision an armed force that receives its funding from a central governmental source, which means that the study of military-controlled business enterprises lies somewhat outside of even the most modern theories of state-military relations. (p. 2)

Militaries may run its independent conglomerates, industrial factories or they may invest in business projects which are operated by domestic or foreign firms.

Furthermore, militaries may involve in state's infrastructure procurements as an independent business actor. In this regard, the military does not only stand as a coercive apparatus of the state, but also a business corporation which has autonomous economic revenue collection mechanism independent from the state.

Nevertheless, the entrepreneur identity of the military brought about a new dimension in the development of civil-military relations with respect to the functioning of the democratic government (Mani, 2011). In this regard, the presence of military-controlled enterprises is conceived as a threat to the functioning of liberal democracy (Cruz & Diamint, 1998; Mani, 2011; Stepan, 1988). One argument is that the presence of the military-controlled enterprises may undermine democratic civilian control (Cruz & Diamint, 1998; Mani, 2011). In democratic regimes, military apparatus is legally responsible to democratically elected bodies in terms of accountability of its financial assets, and its actions related to national security.

Legislative or executive civilian bodies determine and audit budget of the military institution in accordance to the rule of law. Yet, Mani (2011) argues that military's independent sources of revenue may give clear autonomy to the military apparatus,

and such empowerment may lead the military to undermine civilian efforts to keep military accountable to government. Another argument is that military entrepreneurship may deteriorate political and economic reform in order to protect its privileged position in the market and its patronage links with the state (Cruz & Diamint, 1998). Economic assets of the military can be subjected to some privileged benefits with respect to non-military business corporations (Cruz & Diamint, 1998). Such benefits could be tax exemptions of the all revenue collected from business activities, immunity of the economic activities from state supervision, privileged access to the state's business procurements, special treatment in the legal problems which may be born with other actors in society, etc. The military institutions may oppose democratic reforms since democracies are more interested in implementing the rule of law and transparency of government, and the democratic regimes are more inclined to enforce economic reforms such as equity in access to markets, fair competition, and resolution of economic privileges which are inefficient for business overall (Cruz & Diamint, 1998, p. 118). These reforms could deteriorate the prerogatives of the military as a business actor.

However, even though these theoretical frameworks explain why the military would be interested in a non-democratic form of government, they do not refer to the circumstances in which the military institution intervene in politics to disrupt democratic reforms. Prina (2017) suggests another framework which allows linking the military's desire to intervene in politics to the failure of the democratization process. Accordingly, the military-controlled enterprises do not merely exist for providing necessary resources to strengthen the fiscal health of the military institutions, but also the military enterprises are crucial assets that incumbent should consider for his own political survival "to limit the likelihood of the most disruptive

military behavior in politics: the coup d'etat” (Prina, 2017, p. 3). By providing necessary prerogatives to the military institution to conduct business activities, governments aim to prevent military intervention which may lead to political instability. Prina contends that when then-incumbent face critical budget crisis, and cannot directly deliver resources to military institution, providing business privileges to the military institution is an alternative method to keep military to loyal and economically satisfied (2017, p. 13). In this regard, governments make concessions from civilian control over its coercive apparatus for sustaining political stability. Therefore, government's failure to provide such prerogatives to the military in conducting the autonomous business activity, or implementing political-economic reforms to subdue such military enterprises to civilian control could endanger the political stability since such acts could ignite a military intervention against the civilian government. This framework is also coherent to nascent democratizing countries in which incumbents should use its resources wisely to maintain both political stability and social reforms which is necessary to satisfy the general population. Providing necessary privileges to military-controlled enterprises could be crucial for maintaining political stability in nascent democracies. Otherwise, militaries may involve in the democratic transition process and disrupt the democratic reforms through strategies such as collaborating with an incumbent who has a mutual interest in reviving autocracy or directly ruling through a military junta. Thereby, the following working hypotheses are formulated in this study:

Hypothesis #2a: If the transitional government threatens prerogatives of the military-owned business enterprises, the military is more likely to involve in politics to disrupt democratic reforms.

Hypothesis #2b: If the transitional government maintains prerogatives of military-owned business enterprises, the military is less likely to involve in politics to disrupt democratic reforms.

2.2.1.3 Changing trends in foreign military aid

Hypothesis #3: If the military is dependent on military aid, it is more likely to disrupt democratization if such transition threatens to disrupt the flow of aid.

Causal Explanation: The dependence on foreign military aid is another crucial variable which may influence the ongoing democratic transition process. In addition to military budget and the business profits derived from military-owned corporations, the allocation of foreign military aid is another component of the military's source of revenue. However, the military budget and privileges on military's business activities are mostly domestic phenomenon since military institutions interact with domestic actors to negotiate its individual or institutional material interest. Whereas the allocation of foreign military assistance brings a new element to stage that military institutions should consider: international donors.

The motivation behind the donor country's decision to provide the material fund to foreign militaries is complicated. However, it is asserted that foreign military assistance is a political phenomenon since donor countries allocate foreign aid to the recipient countries in order to obtain some political concessions (Ali, 2009; Morgenthau, 1962; Rowe, 1974; Sislin, 1994). In other words, donors give military assistance in accordance to the principles of realpolitik and attempt to build "ties and attitudes among the military in the aided country" that would facilitate donor's foreign policy goals (Rowe, 1974, p. 240). Yet, even though foreign military aid is given in order to stimulate particular desired behavior in the recipient country, the question still remains: How does the allocation of foreign military aid influence the democratic transitions? In this research, it is argued that delivery of the military aid could be related to outcome of democratic transition since military institutions may regard foreign military aid as one of crucial component of its corporate interests, and

it may intervene into politics if it perceives that incumbent's policies threaten the maintenance of the foreign military aid.

This argument can be formalized in two steps. First, the political motivation of the donor country should be taken into consideration. In this regard, the military aid is not given in order to promote democratic governance, rather donors use military aid as political leverage to "induce a recipient to confirm particular policies or actions" in accordance with donor's foreign policy goals (Sislin, 1994, p. 667). To illustrate, donor countries can disburse military aid in order to induce recipient to participate in the military alliances, cooperate in military operations against the hostile states, provide access to donor's military on recipient country's soils or follow particular foreign policy which is consonant with donor country (Brownlee, 2012; Morgenthau, 1962; Muller, 1985; Sislin, 1994). In this regard, donor countries bind some conditionality to foreign military assistance to foster certain political goals (Ali, 2009; Morsy, 1995). However, in order to understand the influence of military aid on the democratic transition process, preferences of the military institution should be considered. Thus, the second pillar of the argument is that foreign military aid constitutes one of the important aspects of military institution's corporate material interest, and it is used to satisfy military's core institutional demands (Nordlinger, 1977; Wang, 1998; Zimmermann, 1978). In this case, the military institution treats foreign military assistance as military spending, and use such funds for different purposes such as upgrading weaponry system, distributing bonuses to military personnel, developing combat capacity and so on (Zimmermann, 1978). However, contrary to the military budget which is distributed by approval of incumbent, allocation of the foreign military aid depends on the donor country's decision. In this

regard, the donor countries stipulate that the recipient country must pursue policies in line with the foreign policy goals of the donor country for the maintenance of military aid. In other words, donor countries allocate military assistance to the receiving country as long as cooperation is maintained in line with specific political objectives. This logic may change the military's attitude towards democracy during the transition period. The military apparatus, which has unilateral interest in the maintenance of military aid delivered from particular donors, can oppose to democratically elected incumbents who have a non-cooperative stance to donor country's political demands (Brownlee, 2012; Rowe, 1974, p. 241). In this context, the military institution, which fears suspension of the foreign military aid due to incumbent's non-cooperative policies, may disrupt democratization process through the military intervention in order to install a government which commits to fulfill the donor's political demands. Thereby, the following working hypotheses are formulated in this study:

Hypothesis #3a: If the recipient country is dependent on military aid and the transitional government implement policies that threaten the flow of such aid, the military is more likely to intervene in politics to disrupt democratic reforms.

Hypothesis #3b: If the recipient country is dependent on military aid and the transitional government refrains from policies that would harm the flow of such aid, the military is less likely to intervene in politics to disrupt democratic reforms.

Table 1. Summary of the Variables and Hypothesizes

Summary of Variables and Hypothesizes		
CONCEPT: Material Corporate Interest of Military Institution	PROPOSITION: As the military institution perceive their material corporate interest are threatened due to political reform, it may intervene in politics, and roll back democratic transition	CONCEPT: Democratic transition process
VARIABLE 1: Military Budget	HYPOTHESIS: There is a negative relationship between the amount of military budget allocated and the military's willingness to disrupt democratic reforms.	CONCEPT: Military Intervention to disrupt democratic reforms
INDICATOR 1: Amount of military budget delivered to the military institution	WORKING HYPOTHESIS: If the transitional government decrease the amount of military budget, the military institution is more likely to disrupt democratization.	INDICATOR: Regression in Democracy Scale following the military intervention
VARIABLE 2: Privileges to Military-Owned Enterprises	HYPOTHESIS: The military is more likely to disrupt the democratic reforms if the transitional government harms the privileges of these enterprises.	CONCEPT: Military Intervention to disrupt democratic reforms
INDICATOR 2: Incumbent's policies on military-owned enterprises	WORKING HYPOTHESIS: If the transitional government threatens prerogatives of the military-owned business enterprises, the military is more likely to involve in politics to disrupt democratic reforms.	INDICATOR: Regression in Democracy Scale following the military intervention
VARIABLE 3: Incumbent's relations with the donor country	HYPOTHESIS: If the military is dependent on military aid, it is more likely to disrupt democratization if such transition threatens to disrupt the flow of aid.	CONCEPT: Military Intervention to disrupt democratic reforms
INDICATOR 3: Incumbent's political position to the donor country	WORKING HYPOTHESIS: If the recipient country is dependent on military aid and the transitional authority implement policies that threaten the flow of such aid, the military is more likely to intervene in politics to disrupt democratic reforms.	INDICATOR: Regression in Democracy Scale following the military intervention

2.2.2 The dependent variable

The dependent variable is the military's intervention in politics to disrupt democratic reforms. In this regard, the research explains the military behavior that aims to interrupt the democratic transition process. Therefore, the dependent variable is comprised of two components: Military intervention and failure of democratization. This study utilizes Brian Taylor's (2003) definition of military intervention: "Military intervention is the use, actual or threatened, of force by members of the military, either alone or with civilian actors, in an attempt to change the executive leadership of the state" (p. 7). By this definition, military intervention is operationalized as military behaviors of "(i) coups, (ii) attempts/threats to coups, (iii) direct intervention in electoral processes or exercise of a veto-power over electoral results, (iv) the military assuming governmental positions, and (v) the military's responsiveness to the government or at least to a faction of the civilian elite" (Senagani, 2017, p. 26). The author argues that the military disrupt democratic reforms in order to protect its material corporate interests when such interests are threatened by the transitional governments. In this context, if the military institution chooses not to intervene in politics, it will risk their corporate economic interests. However, the military intervention also includes some risks for the military officers such as failing to achieve targeted goals, expulsion from the army, long prison sentences or even death. Therefore, the absence of these five indicators of the intervention suggests that the military prefers not to intervene in politics since non-intervention is a less costly option than military intervention.

On the other hand, this study traces democratic transition through annual reports published by Freedom House for each case. Progress reports of Freedom House is based upon improvements or regressions in civil and political rights which

specifically includes "fairness of electoral process, political pluralism and participation, functioning of government, freedom of expression, associational and organizational rights, rule of law, and personal autonomy and individual rights" (Freedom House, 2016). Therefore, the democratic transition in each country is monitored through Freedom House's democracy indicators.

2.3 Methodology

This research adopts a Most Similar System Design and utilizes the method of process tracing in order to explain the causal mechanism behinds the impact of the military's institutional economic interests on the outcome of the democratic transition process. The Most Similar System Design is helpful to rule out similarities in two cases under examination, and enable the researcher to focus on "points of divergence" in the cases (Senagani, 2017, p. 23). On the other hand, as George & Bennett (2005) explained process tracing aims to "identify the intervening causal process between an independent variable and the outcome of the dependent variable (p. 206)". By utilizing process tracing methodology, the research examines historical cases and attempts to identify the "critical moments" in which policy changes in explanatory variables affect the dependent variable (Senagani, 2017, p. 23). More specifically, by studying the Tunisia and Egypt in a historical sense, the author aims to detect the critical processes in which changing trends in variables related to military's economic interests may have an impact on the course of democratization.

This research reflects on the Most Similar System Design (MSSD) as case selection strategy. The countries examined in this study are similar in certain aspects. But, they differ in terms of the dependent variable which is the military institution's impact on the outcome of the democratic transition process. Tunisia and Egypt share

certain similar characteristics. Most importantly, Tunisia and Egypt are the only countries where removal of the dictators resulted in the establishment of successor governments through popular elections after 2011 uprisings. However, Tunisia achieved considerable progress in democratization and implemented remarkable institutional reforms. However, the outcome of the democratic transition process in Egypt is an utmost failure. Nevertheless, MSSD is useful to rule out certain explanatory variables. As indicated in Table 2, the examined countries share similarities in terms of some cultural, economic and social/political aspect: Colonial history (declared independence in 1953 and 1956 respectively), GDP per capita, similar Human Development Index score, the total natural resource rents as percentage of GDP, the level of inequality prevailing in society according to GINI index, dominant religion of the population, being located in North Africa, proportion of youth population to total population and ethnic homogeneity (CIA Factbook, 2017; Worldbank, 2017).

Examining the democratic transition period of Egypt and Tunisia that initiated in 2011, it can be seen that Egyptian and Tunisian militaries' attitudes towards the democratic reforms substantially differ. While the Egyptian army intervened in politics to end democratic reforms, the Tunisian army opted not to intervene in the democratization process. Nevertheless, one can argue that the militaries of Egypt and Tunisia had different military, economic and political power capacities at the beginning of the transition period. Egypt has one of the most powerful armies in the Middle East and North Africa region. The Tunisian army is relatively small and poorly equipped compared to the Egyptian military (Military Balance, 2016). In addition, the Tunisian military does not have the economic privileges of the Egyptian military at the beginning of the transition period.

However, the logic of comparison in this study makes it necessary to compare the relative power of the two armies in domestic politics, rather than comparing the two militaries with each other. From this point of view, both the Tunisian military and the Egyptian military have the power and competence to influence the course of the transition period in their countries. The two militaries were regarded as important actors by the transitional governments and have influenced the decision making of the politicians.

Table 2. Similarities of Tunisia and Egypt

Similarities		Egypt	Tunisia
Economic Variables	GDP Per Capita	√	√
	HDI Score	√	√
	GINI Score	√	√
	Natural Resource Rents as Percentage of GDP	√	√
Cultural Variables	Dominant Religion	√	√
	Dominant Nationality	√	√
Social/Political Variables	Colonial Past	√	√
	Ethnic Homogeneity	√	√
	The proportion of Youth to Total Population	√	√
	Civilian Autocracy Before the Democratization	√	√

2.3.1 Alternative hypothesizes

In this research, it is argued that if the military institution perceives their material corporate interest are threatened due to political reform, it may intervene in politics, and disrupt the democratic transition. Yet, other factors could be asserted to explain the military's attitude toward the ongoing democratization process. In this regard, five different arguments and hypothesizes can be analyzed as an alternative to the framework which focuses on the material corporate interest of the military. First, one

may argue that military institution is devoted to national interest rather than pursuing its own interest. In other words, the military institution constitutes an autonomous body form the other organs of the state, and it obtains an understanding of national interest which should be protected against the incumbent's transgressions. This argument follows that military intervenes into democratic regimes since it believes national interests are threatened due to policies of the incumbent in office (Johnson, 1964; as cited in Needler, 1975, p. 64). On the other hand, another perspective does not regard the military as an autonomous entity but regards as a representative of the middle class (North & Nun, 1978; Zirker, 1998). The argument is that since the military officers are recruited from the middle class in the society, they favor and protect the interest of the middle class (as cited in Needler, 1978, p. 32). In this perspective, the military elite can step in and disrupt democratization if it perceives that democratization is not in the interest of the middle classes (as cited in Zirker, 1998, p. 67). Then, the study discusses two alternative hypotheses related the impact of western donor countries on the decision of the military to intervene in politics. First of these states that the military is less likely to organize a military intervention if the country is dependent on Western foreign aid. Then, the study examines the other alternative hypothesis related to the western donors which states that if a coup d'état occurs in a country dependent on western aid, the coup leaders are more likely to support democratic reforms. Finally, the last alternative hypothesis discusses whether professionalized militaries are less likely to intervene in politics. In the fifth chapter of this study, the validity of these five major alternative frameworks is discussed by referring to data compiled from the studied cases.

2.3.2 Sources and time period

The study relies on detailed examination of secondary resources, ranging from scholarly works on historical and political developments of each case, news items, democracy progress reports of the notable organizations, the reports on constitution-making process and the constitutional text itself. In accordance with the purpose of the study, the author analyzes its dependent and independent variables by mainly focusing on the time period from 2011 to 2017.

CHAPTER 3

EGYPTIAN MILITARY'S OPPOSITION TO DEMOCRATIZATION

3.1 Introduction

Why did the Egyptian military interrupt the post-Mubarak democratic transition?

This chapter studies the impact of the Egyptian military on the democratic transition process which initiated after the 2011 uprising. By examining crucial trends in Egyptian military's corporate economic interests, and making comparisons with military's economic outlook both before and during the democratic transition process, the author attempts to explain the military's acts that oppose to democratization. In this chapter, the author argues that Egyptian military intervened in politics because the military perceived the democratic transition as a threat to its material corporate interests.

The first section of this chapter addresses the policies of the Egyptian governments on the military before the 2011 Uprising by focusing on policies of Nasser (1954-1970), Sadat (1970-1981) and Mubarak (1981-2011) periods. Thereby, the section aims to present a financial and political outlook of the Egyptian Military before the democratic transition. The following sections of the chapter explain the causal mechanisms –the changing trends in the military's corporate economic interests- on the prospects of a successful democratic transition process.

3.2 The Egyptian Military during the Nasser, Sadat and Mubarak's rule

3.2.1 Military's hand in economy before the Mubarak: Nasser (1954-1970) and Sadat era (1970-1981)

Even though Nasser was the former military officer and one of the masterminds of the military coup that has overthrown the monarchy in Egypt in 1952, Nasser had to rely on earning fidelity of military institution in order to ensure his political survival. Nasser increased the military budget and military spending in order to guarantee endorsement of the military institution. Also, he established close relations with principal military officers. Nasser offered economic assets to military officers and put them in charge of the state-owned enterprises in order to keep the military on his side (Prina, 2017, p. 59). In his first years in power, Nasser used this strategy to eliminate his political opponents. He was facing a crucial political challenge from his opponent, Mohamed Naguib, and thereby, Nasser relied on promising economic benefits to military officers in order to guarantee the loyalty of military institution to set aside his political challenger and consolidate his power.

In Nasser's rule, the industrial complexes were the state-owned enterprises, but the operational management was given to the military. The state had the constitutional right to audit and oversee the military's management of these industries. In contrary to Nasser who directly transferred government funds to military institutions in order to keep it satisfied and loyal, Sadat utilized a different strategy for endorsing the military's loyalty. Facing a severe budget constraint and high level of military spending, Sadat allowed the military institution to establish and operate commercial enterprises under specific privileges bestowed upon by the government (Prina, 2017). The military had the right to establish industrial conglomerates (such as National Services Production Organization which is found in

1979) and legally possessed such industries. The military institution no longer depended on civilian workers for production, but military conscripts were used as cheap labor (Prina, 2017). Furthermore, since military institutions obtained legal right to possess such economic enterprises with Sadat's Decree, the military conducted a business partnership with the other private sector companies (Ibrahim, 2018). In Sadat's calculation, transferring state assets to the military institution was a less costly way of sustaining military support since the government did not need to allocate funds for the military from the government's annual budget. Therefore, Sadat's strategy brought less burden on the state treasury.

In 1975, Sadat established Arab Organization for Industrialization (AOI) with leaders of Saudi Arabia, Qatar, and the United Arab Emirates in order to create a mutual scheme of arm and military equipment production. AOI helped the political goals of the Sadat in two important ways. First, Sadat could draw funds and capital investment from Gulf countries which may invest in Sadat's projects for Egypt's modernization. Second, by allowing the army to obtain its own source of income, Sadat restricted the amount of spending allocated to the army from the government's budget. Thus, Sadat invented a less costly strategy to maintain the military's political support (Prina, 2017, p. 205).

3.2.2 Military institution during Mubarak's rule

Mubarak also sustained patronage network with the military. He transferred resources and gave privileges to the military institution in order to curb discontent against him inside the military, and aimed to ensure his political survival. Mubarak bestowed upon new privileges to Military-owned enterprises (MOE) such as exemption from taxation and customs tariffs, privileged access to public

procurements, easy access to state lands and state-owned enterprises (Prina, 2017, p. 59). Mubarak contributed military institution to expand its business capacity. In the Mubarak era, the state initiated privatization of the state-owned enterprises in accordance with the IMF's structural adjustment programs (Abul-Magd, 2013). The government allowed the military institution to buy these state-owned enterprises below the market value (Prina, 2017, p. 214; Sayigh, 2012). Furthermore, the military institution bought cheap state lands and exempted them from paying property tax (Abul-Magd, 2013). To illustrate, the government privatized Alexandria Shipyard in 2007, and the military institution bought it under its market value. Thanks to the transfer of the shipyard in the military's properties, the military could produce marine vehicles for civilian use. In addition, the military bought whole shares of General Egyptian Company for Railway Wagons and Coaches which produces railway vehicles for civilian use (Marshall & Stacher, 2012).

During the Mubarak era, the military business becomes more entangled with global economic relations. Mubarak government allowed the military to be a partner to foreign companies' investments in Egyptian soils or abroad. For instance, the military institution becomes the business partner of a Kuwaiti company in Egypt –M. A. Kharafi and Sons - which produces computers and electronic tools. Also, the Egyptian military own shares in International Pipe Industry Company which is a notable firm specialized in the oil transportation business in the Middle East Region (Marshall & Stacher, 2012). Military invested in Gulf-based farm company named Tushka and established a transportation company inside Egypt in order to transport Tushka's products into the Egyptian market (Abul-Magd, 2016). Thanks to companies like Tushka, Egyptian military built its own agriculture business inside the country to not only supply the food requirement of military personnel but also to

sell in the market. Accordingly, the Egyptian military controls the largest commercial agricultural facility in the country which owns approximately 20% of the total market value of the food production in the Egypt (Tarouty, 2015, p. 51). In 1986, the military companies partnered with General Motors and agreed upon producing civilian passenger cars in Egyptian soils. Moreover, the military achieved to obtain funds from USAID in order to finance its joint investments with General Motors (Tarouty, 2015, p. 51).

Furthermore, Mubarak's privileges to the military institution are extended to the military's foreign partners in specific projects. For example, the Mubarak government provided substantial privileges to the military institution in one of the most significant construction project in Egypt's history, which is the Southern Valley Project. Military and his foreign partners signed high-valued contracts with the Egyptian government in the construction and operation phase of the project.

According to Frisch (2013):

The project involves canal construction, massive irrigation, agricultural infrastructure, the establishment of six large-scale cities and four free-trade zones, at a total estimated cost of 300 billion Egyptian pounds. About 35 percent of investment was to be allocated to agriculture, with the remainder going to tourism and industry, especially the metallurgical and mineral sectors. (p. 185)

The military institution benefited from the government's decision to privatize critical public initiatives. To illustrate, after the privatization of the Egypt maritime activities, foreign companies heavily invested in Egyptian ports and obtained most of the shares in Egypt maritime transport business. Yet, the military continued to hold small but strategic shares of the companies, and it appointed military officers to executive boards (Marshall & Stacher, 2012).

Egyptian military used every possible source to build the capacity of its extensive military initiatives. The military used foreign military grants from donor countries in order to build commercial centers. For example, in the 1990s, U.S provided Egyptian Army with funds, medical devices and logistical support for the construction of a large-capacity military hospital in Cairo. One of the significant purposes of the U.S's grant was to overhaul the health care standards of the Egyptian soldiers. However, it was reported that the Egyptian Army was using the military hospital for commercial purposes by providing paid services to civilians (Taylor, 2014). The Egyptian military reaped substantial profits from medical tourism, and Egyptian soldiers were mostly excluded from the services of the hospital (Roston & Rohde, 2011).

Military owned enterprises had already obtained certain legal privileges and protections before the Mubarak era, but Mubarak further extended such legal privileges and contributed in deepening of the military's prerogatives on industrial enterprises in legal terms. As Morsy (2014) explains: "profits of military enterprises are exempt from taxes and business licensing requirements according to Article 47 of Egypt's 2005 income tax law. In addition, Article 1 of a 1986 law on custom exemptions stipulates that imports of the Ministry of Defense and Ministry of State for Military Production are exempt from any taxation".

Furthermore, the government allows the military institution to use conscripted soldiers as cheap labor in the daily operations of the military enterprises. Military service is mandatory for male citizens aged between 18 and 30, and its duration is one to three years depending on the conscript's education level (Boukhari, 2017). Military institution is authorized to use conscripted soldiers as cheap labor in its economic initiatives such as factories, supermarkets, and hotels. It

is reported that these conscripted soldiers are subjected to monthly salaries lower than \$17 (Boukhari, 2017). Thereby, the military institutions had a considerable advantage in terms of production costs over the other companies in the private sector. In addition, the military businesses strictly control the labor force, and restricts workers' rights to establish syndicates or organize strikes in certain conditions (Marshall, 2015; Prina, 2017). To illustrate, the military did not hesitate resorting to violence in order to suppress labor strikes in military-owned enterprises after the military takeover in 2011 with a pretext of protecting national interests and Egyptian economy (Abul-Magd, 2012). The managers of these military businesses called military police to repress organized labor, which demanded improvement of their salaries and working conditions. Some of the protestors were put into trial in military courts and sentenced to long years in prison (Abul-Magd, 2012).

Furthermore, Mubarak granted legal privileges to retired military officers. He recognized the military officer's privilege to be appointed to the administrative positions in business and public sector. Mubarak appointed the retired military officers to high administrative positions in state offices and the manager positions in state-owned enterprises with generous salaries quite higher than the military's regular pensions (Nassif, 2013, p. 40). To illustrate, before the Arab Uprisings spread to Egypt, Mubarak had appointed 18 out of 27 governors among the retired top military officers (Abul-Magd, 2013).

Mubarak relied on nurturing good relations with the military institution and tried to keep top officers beside him as a survival strategy. Therefore, Mubarak used different strategies to keep the military satisfied and loyal to himself. However, the Egyptian military was not completely satisfied with Mubarak's policies, especially with the policies related to management of the national economy. Most importantly,

military officers were uncomfortable with the process of privatization that Mubarak had initiated in line with the International Money Fund's (IMF) economic liberalization plans. Some officers regarded privatizations as a process that is detrimental to state's power, and they conceived Mubarak's decision to privatize the state assets as a political move for enriching his son, Gamal Mubarak, and Gamal's business cronies (Abul-Magd, 2016; Prina, 2017, p. 220). According to some Wikileaks reports, General Tantawi, who was the head of SCAF in Mubarak's rule, and the other top military officers harshly criticized the privatization program (Abul-Magd, 2011). The military feared that the privatization process would not only cover the state-owned industries but also the process would be extended to the military's industrial assets (Marshall & Stacher, 2012; Said, 2012). Moreover, the military officers were not only concerning about Gamal's economic power and his business activities but also concerned about the rise of Gamal in the political arena. Gamal's business cronies had reaped the substantial share of the profit derived from the privatization of state assets (Marshall & Stacher, 2012). The economic empowerment of the businessmen in connection with Gamal Mubarak led these businessmen to have more power in politics. In 2004, prime minister Ahmed Nazif established a cabinet of ministers which dominantly comprised of Gamal's capitalists (Kandil, 2012). More than six industrialists had been appointed as ministers (Kandil, 2012). It was evident that Gamal and his business cronies were accumulating economic power to increase their political power. However, the officers detested the idea that Gamal would succeed his father one day (Brownlee, 2012). In the 2011 uprisings, military officers' reservations about Gamal Mubarak's political ambition were revealed. In an "orderly transition" scenario where Mubarak withdrew from power and hand over the presidency to another, military officers supported Omer Suleiman, the chief of

intelligence of Hosni Mubarak, to become the new president rather than the Gamal Mubarak (Brownlee, 2012, p. 148). However, intensification of the protests against the Mubarak regime showed that an 'orderly transition' scenario was not possible, and the military institution seized power in February 2011.

3.3 Military institution during the democratic transition process

The protests in Egypt, which started on 25 January 2011, spread throughout the country. After 18 days of protests, Mubarak resigned. After Mubarak's removal from power, the Supreme Council of the Armed Forces (SCAF) took control of the country and pledged transition to civilian rule. The parliament was disbanded and the constitution was suspended. With a referendum held on March 19, a temporary constitution was proposed which would guide the transition to civilian rule. Also, SCAF made some judiciary reforms in order to regulate the election system, the rules on oversight of the elections by independent judges and the rules on the re-election of the president. Most importantly, the political parties that had been banned during the Mubarak period allowed to participate in elections during the transition period.

The final round of parliamentary elections, which started in November 2011, ended in February 2012. With the election results, the Muslim Brotherhood's Freedom and Justice Party came as the first party, taking almost half of the seats in parliament. International observer organizations stated that the elections were consonant with international standards (Freedom House, 2012). However, despite the parliamentary elections, the executive power was represented by SCAF. In addition, the Supreme Court of Egypt issued a resolution to dissolve parliament immediately after the elections. The court stated that the election laws, to which the parliamentary elections were subjected, were unconstitutional. Despite this negative development,

the presidential elections were held in two rounds in May and June. Freedom and Justice Party nominee Mohamed Morsi won the presidential election with the election results. International observers said the election was in line with international standards. Thanks to the presidential election, the transition period has taken a step forward. Morsi, representing civilian management, took over executive power from SCAF. In this period, Freedom House updated Egypt's "not free" democracy rating as "partly free" (Freedom House, 2013).

Morsi ruled that the decrees issued by the SCAF were invalid, and aimed to increase his authority in the country. In the meantime, after the Supreme Court of Egypt disbanded the first constituent assembly, the second constituent assembly began working on drafting a new constitution. However, the Supreme Court of Egypt issued another decision that disperses the second constituent assembly. Against this decision, Morsi issued a decree which made his decrees immune from judicial review, and he prevented the Supreme Court from dispersing the constituent assembly (Freedom House, 2013). The opposition, which perceived this decision of Morsi as a signal of authoritarianism, took to the streets and organized large-scale demonstrations. After the demonstrations, Morsi withdrew his decree, but he did not make any concessions of the referendum scheduled for voting the new constitution which was drafted by the second constituent assembly. With the referendum held in December 2012, the constitution was approved with a 33% turnout rate and 64% approval rate (Freedom House, 2013). The opposition, however, has intensely criticized the new constitution on the grounds that it is not representative and has led to the political empowerment of the Muslim Brotherhood (Freedom House, 2014).

A petition campaign demanding Morsi's resignation in the spring of 2013 turned into demonstrations with the participation of large masses. Demonstrators

demanded Morsi to withdraw from power. A few days after the start of the demonstrations, the army intervened in politics and removed Morsi from power. SCAF seized the control of the government and declared that the 2012 constitution is void, and initiated drafting a new constitution (Freedom House, 2014). After the coup, the Muslim Brotherhood was banned, and demonstrators who were protesting against coup were intervened by the military with a deadly force. Considering the military intervention as a step back from democracy, Freedom House considered Egypt as “not free” nation in 2014 (Freedom House, 2015).

Until May 2014, the military institution controlled Egypt's politics alone. Former president of SCAF Abdel Fattah al-Sisi, who won 95% of the vote in May 2014, took office as the new president of Egypt. However, the election was not regarded as fair and free by international observers (Freedom House, 2016). Sisi held both executive and legislative power until a new parliament was elected in 2016. Along with Sisi, who was supported by the military, the military institution transferred power to a civilian government. However, with the intervention of the army, the prospects for democratization were inflicted enormous damage. According to the reports of the Freedom House, the military intervention of the military emerged a government which is authoritarian at least as much as the Mubarak administration (Freedom House, 2017). Sisi still rules Egypt at the time of this work.

3.3.1 Changing trends in military budget

This section tests the first hypothesis (H1) which states that there is a negative relationship between the amount of military budget delivered and the military's willingness to disrupt democratic reforms. The military institution would intervene in politics to disrupt the democratization process if the military institution regards that

the transitional government's policies threaten the amount of military budget received from the government budget. In the context of Egypt, the working hypotheses are: (H1a) If the transitional government decrease the amount of military budget, the military institution is more likely to disrupt democratization. In other words, if the government pursues a policy that would lead to a decline in military budget during the democratization period, the military institution may be involved in politics to replace the provisional government with a regime protecting the economic interests of the army. The outcome would be the termination of the democratic transition process. On the other hand, the second working hypothesis (H1b) states that: If the transitional government increase the amount of military budget, the military institution is less likely to intervene in politics to disrupt democratic reforms. In other words, if the transition government pursues a policy that increases military budget on the military, the military would not involve in politics to replace the ruling government. Since the military will refrain from overthrowing a government whose interests overlap, and the outcome would be a continuation of the democratic reforms.

One of the essential sources of revenue that maintains the fiscal health of the military institution is military spending. Governments allocate some share of the state's income for funding military institutions for enabling it to fulfill certain expenditures such as salaries of military personnel, maintenance of military assets or renewal of military inventories, etc. The amount of military spending as a percentage of GDP is subjected to the incumbent's decision in accordance with its policy goal.

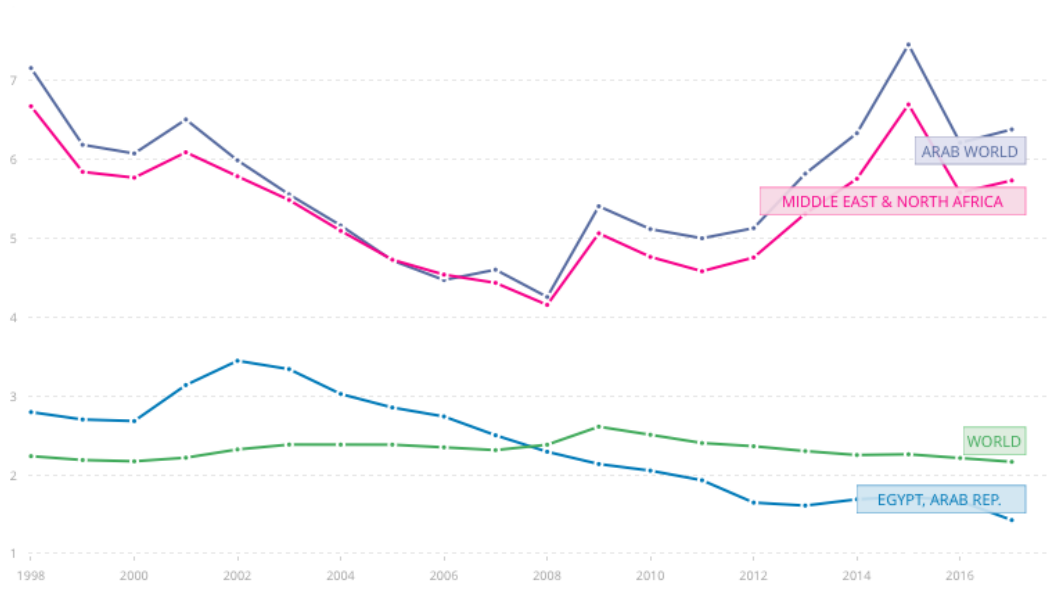


Fig. 5 Military budget as percentage of GDP; Source: World Bank

As can be seen in Figure 5, the share of military budget in the total GDP of Egypt had been moderate in years when compared to other countries. The military spending as a percentage of GDP in Egypt had been below 2% after 2010, and Egypt's military spending is lower than the world average since 2008. Furthermore, Egypt's military spending as a percentage of GDP is lower than both countries in the Arab World and the Middle East and North Africa Region which oscillates between 4% and 7%.

Also, as can be seen in Figure 6, the total amount of the allocated military budget in Egypt only slightly changes between 2010 and 2016. At first glance at the recent data and graphs, one may argue that military budget is an irrelevant variable since it is moderately allocated and its amount does not much change in the last decade. However, the figures related to Egypt's military budget can be misleading due to the presence of an informal economy in Egypt, and severe transparency problem regarding budgetary issues. Therefore, Egypt's military budget should be discussed by considering three crucial issues: The problem of transparency and presence of an informal economy in Egypt; military's appointment of the retired

officers to civilian jobs as compensation of low wages; and finally, so-called “loyalty allowances” which refer to extra and out-of-book payments to the loyal officers by the government.

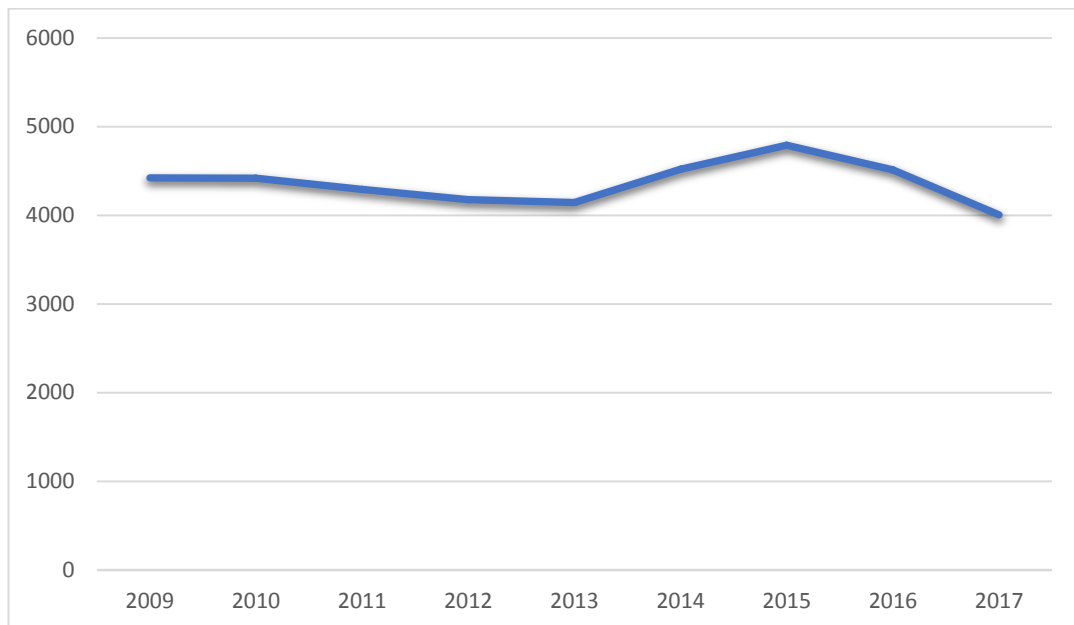


Fig. 6 Military budget of Egypt (Constant 2016 US \$, in million)
Source: SIPRI

The first issue is that the data on Egypt's military spending and total military budget may not reflect the real figures. According to a report published by the Transparency International in 2015, Egypt's defense budget is estimated approximately \$4.4 billion, yet exact figures cannot be known since it is classified and regarded as a national security issue (Transparency International, 2015). It is forbidden to reveal comprehensive data related to both financial revenues of the military institution and its expenses. Those who reveal any data may be put into trial in military courts for exposing the military secrets (Noura, 2016).

Second, military pensions and salaries constitute an essential part of the military budget. The government should allocate sufficient military budget to ensure that both retired and on-duty military officers were paid. In Egypt, rising the military pension payments had been one dominant strategy of the government in the transition process. In 2011, the interim government, which was appointed by the SCAF, increased military pensions 10%. In 2012, Morsi's government further increased military pensions 15%, and after the 2013 coup, Sisi's government increased pensions another 10% (Abul-Magd, 2016). However, the Egyptian military embraces a unique method to increase living standards of military officers after their retirement: Appointments to post-retirement jobs in private and public sector.

In Egypt, military salaries were assigned according to ranks of the retired officers. Military pensions are low, and it falls between \$400 and \$500 for a retired mid-rank Egyptian military officer. Yet, it is reported that military pensions are not sufficient to cover rising living expenses in Egypt, and retired officers need extra funds in order to sustain a certain standard of living (Abul-Magd, 2012). Therefore, the government and military institution offer civilian jobs with substantial salaries to retired officers in order to compensate the low military pensions (Abul-Magd, 2012). The military institution may bring retired officers to prominent positions in their military-owned businesses and the state-owned companies, or the military may cooperate with its civilian partners to place retired officers to jobs in the private sector. To illustrate, retired officers had been placed in management positions in companies in the tourism sector, food industry, car factories, public service firms, textile industries, farms and so on. However, these retired officers are not randomly assigned to civilian jobs, or they are not assigned in accordance with any military

law. Instead, loyalty to the SCAF and patronage relations with the top officers are crucial factors for the appointments to civilian jobs after the retirement (Abul-Magd, 2012).

Furthermore, the loyal retired military officers are not only assigned in the business sector, but they are also appointed to high-level administrative offices in the state. These retired officers are granted reportedly high salaries in these official posts in addition to their retirement pensions (Abul-Magd, 2012). Before the 2011 uprisings, 18 out of 27 governors had been appointed among the retired top military officers (Abul-Magd, 2013). During the Morsi government, it seems the trend was reversed since 11 of 17 freshly appointed governors had the civilian background, and only 6 of the new governors had a military background (Aboulenein, 2013).

However, after the overthrow of the Morsi, the military restored its domination in administrative posts. In 2016, Sisi appointed six new provincial governors. Only one of these freshly appointed governors had civilian background whereas five of them were retired from the senior positions in the military institution. Thereby, 19 out of 27 provincial governors had been appointed among the retired military officers (Reuters, 2016).

Thirdly, during the Mubarak era, the Egyptian government developed unusual payment methods for the military officers. Besides the official budget, Mubarak regime distributed military officers direct cash to their accounts in terms of a payment system which is called "loyalty allowances" (Nassif, 2013, p. 527; Sayigh, 2012). Especially, the top echelons of the military hierarchy benefited from these cash installment system as long as they maintain their support and the good relations with the Mubarak government. This concealed system of payment created robust compliance in the lower echelons of the Egyptian military institution even though

they were not paid adequately. To exemplify, second-lieutenants were subjected to monthly salaries lower than \$300 (Nassif, 2015). These lower-rank military officers had to bear rising living costs in Egypt, and mostly they had to shoulder massive financial costs of housing and healthcare expenses.

Officers in the relatively lower ranks of the military (lieutenant colonels, colonels and brigadier generals, etc.) complied with the Mubarak's rule in expectation of promoting to the higher ranks, and be subjected to this loyalty payment system. For instance, high-rank generals were subjected to retirement salaries approximately \$500 per month, but with extra payments, it is reported to be at a range of \$16000 and \$166,000 (Sayigh, 2012, p. 5). Yet, is hard to estimate the exact figures. Although such practice was common during the Mubarak's rule, political authorities did not scrutinize the system, and the amount of money allocated in this payment scheme was not revealed (Nassif, 2013).

By examining the Egyptian case, it can be seen that military budget is not composed of a single body. It cannot be examined only in terms of the resources allocated by the central government for the military institution. Due to prevailing informal economy in Egypt, the military budget should be analyzed by revealing its hidden components: The loyalty allowances which are deposited to military officers on basis of fidelity; post-retirement job opportunities in privately or publicly owned business enterprises in top positions; and appointments to top bureaucratic positions in the government. However, in order to test the hypothesis in this section, it is necessary to demonstrate the causal link between increasing military budget and the military's attitude of non-interference in politics. As stated in the theoretical framework, one of the reasons why the military did not intervene in politics and allowed democratic reforms was that the incumbent use military budget as a tool for

preventing military involvement in politics. One way to examine this causal relationship is to identify the government's military budget policy in critical processes and to explain how these policies affect the democratic transition process.

The most important critical process in the democratic transition period in Egypt is the Morsi's rule, which for the first time SCAF transferred power to a civilian administration. Throughout Morsi's one-year government, his policy on military budget does not constitute a clear trend. According to the data, there is a small decrease in military budget allocated from the central government budget during Morsi's rule (SIPRI, 2016). However, an increase in military salaries and retirement payments have been reported (Abu-Magd, 2016). Besides, there is no data that indicates whether Morsi implemented a policy change on the off-the-record loyalty allowances. Nevertheless, the most important trend change in the Morsi period was the appointment of former military members to the business enterprises and bureaucratic tasks. In this context, Morsi refrained from appointing former army members to administrative positions in the public and private sector (Aboulenein, 2016). Instead, Morsi opted to appoint politicians linked to the Muslim Brotherhood as regional governors (BBC, 2013). This policy change, which caused discontent in the army, has reversed in favor of the army members again after Morsi's removal from the power (Aboulenein, 2016).

In summary, the obtained empirical evidence partially supports the examined hypothesis. On the one hand, military budget allocated from the central budget has not increased, and the military officers are less frequently appointed to cadres in business ventures or bureaucratic tasks. Following the overthrow of Morsi, SCAF reversed these two trends. This development can indicate the military's dissatisfaction with the Morsi's policies on military budget. On the other hand, Morsi

has increased the military salaries and pensions, and apparently, he has not changed the system of loyalty allowances. Thus, it can be said that the hypothesis under examination is partially supported by the process tracing results.

3.3.2 Changing trends in military-owned enterprises

This section tests the second hypothesis (H2) which states: The military is more likely to disrupt the democratic reforms if the transitional government harms the privileges of these enterprises. To put it differently, the military institution would intervene in politics to disrupt democratization process, if the military institution regards that the transitional government's policies threaten its business ventures which is an important constituent of military institution's economic interests. In the context of Egypt, the working hypothesizes: (H2a) If the transitional government threatens prerogatives of the military-owned business enterprises, the military is more likely to involve in politics to disrupt democratic reforms. The outcome would be the termination of the democratic transition process. On the other hand, the second working hypothesis (H2b) states that if the transitional government maintains prerogatives of military-owned business enterprises, the military is less likely to involve in politics to disrupt democratic reforms. The outcome would be the continuation of the democratization process. In order to test this hypothesis, this section examines changing trends in the transitional government's policies on military-owned enterprises and attempts to reveal its causal link with the military's involvement in the democratization process.

Military owned enterprises (MOE) can be regarded as a crucial source for the military. These enterprises can be thought of as an output of patronage relations between the government and the military where the government extends privileges to

the military institution to possess, operate and reap the benefits of such commercial assets. In order to classify a commercial enterprise as a MOE, it needs to satisfy two conditions. First, the military institutions should have "substantial representation" in the management board of these enterprises (Prina, 2017, p. 51). Second, the military institution should be the major beneficiary of the commercial activities of these enterprises.

MOEs can be valuable for military institutions in different ways such as “providing budgetary assistance for regular operations of the military, providing extra source and subsidies for the military’s pension funds and monthly salaries, providing funds for infrastructure and capacity development of military. Besides, MOEs can also provide opportunities for corruption in individual level” (Prina, 2017, p. 42). Especially, it is vital to analyze MOEs at the individual level since the MOEs can be regarded as an essential element in patronage relations between the government and the military officers. The leader can use MOEs as a political tool to obtain endorsement inside the military by offering such privileges to military officers as a means for personal enrichment. The military leaders who are in charge of such military-owned enterprise can also obtain support from specific troops or units inside the military by using the revenues created in these enterprises (Prina, 2017, p. 50).

In Egypt, ownership of the economic assets by the military industry had become a widespread phenomenon. Providing economic benefits to the military institution had been one of the significant survival strategies of the political leaders. Egyptian military institution conducts widespread business activities throughout numerous industrial or commercial complexes under its own possession. As Hazem Kandil summarizes:

A diversified business portfolio that includes construction, land reclamation, agro-industries, and more than thirty factories for civilian durables and weapons (assembled helicopters, armored vehicles, mortars, howitzers, short-range missiles, and ammunition), which covered 60 percent of the military's needs and left it with enough surplus to run a billion-dollar-a-year export business to developing countries. Officers also enjoyed privileges such as discounted apartments and vacation homes, subsidized food and services, and brief stints in the bureaucracy after retirement. (Kandil, 2012, p.182)

Three significant conglomerates constitute Egypt military's economic enterprises even though military's economic assets are not restricted to these entities: National Service Production Organization, the Ministry of Military Production, and the Arab Organization for Industrialization. Accordingly, 40% to 70% percent of the products manufactured in these industries are sold to the civilian markets (Said, 2012, p. 402). Products of the military industries are distributed widely in every province of the country, and they can be found in regular markets. The major military conglomerates do not sell their shares in the stock market contrary to other private or public companies in Egypt. Rather, their shares exclusively belong to the military institution, and their business operations are not publicly announced (Abul-Magd, 2016).

Among these three big conglomerates, National Service Products Organization mostly focused on manufacturing civilian goods for the internal Egyptian market. It is established by a presidential decree in 1979 after the Sadat signed the Camp David Agreement with Israel. Sadat thought that allowing the military to own business initiatives would compensate military's power which was declining with respect to emerging business class during the market reforms and privatization waves in the 1970s (Abul-Magd, 2011). The rising crony businessmen were not only reaping benefit from marketization reforms of the Sadat government, but they were also increasing their political power in both parliament and the ruling

party. The political power of the military was receding. Also, spending a significant portion of GDP on the military expenses became an unnecessary burden to the government budget after signing a peace treaty with Israel, but the military still needed substantial funds to maintain its operational capacity. The primary aim of the organization was to supply the Egyptian military with the necessary supplies and contribute to the country's industrial development (Ibrahim, 2018). Yet, the aim of production shifted from supplying the military with equipment to the production for the markets. Second, the Ministry of Military Production produces both military and civilian goods in its eight major factories, and approximately 40% of its goods produced for the free market (Abul-Magd, 2013). Finally, the Arab Organization for Industrialization (AOI) operates in eleven factories, and 70% of its products were manufactured for the free markets. AOI has business relations with transnational companies from 12 countries including Mercedes, Mitsubishi, General Electric, Lockheed Martin and Embraer. According to Abul-Magd (2013):

The three bodies produce a wide variety of goods: steel, cement, chemicals, luxury jeeps, butane gas cylinders, kitchen stoves, home appliances, gas pipelines, infant incubators, mineral water, pasta, olive oil, and other foodstuffs. The army owns a large number of gas stations, hotels, wedding halls, supermarkets, parking lots, domestic cleaning offices, transportation and shipping companies across the country. (p. 2)

In addition to these three major industrial conglomerates, the military established various companies including Military Engineering Authority, Military Works Department, and Water Department which sign contracts with the government to conduct civilian public services (Sayigh, 2012). Military's construction companies signed lucrative deals with the government in order to build affordable houses for the

Egyptian middle class. These companies reportedly excluded other private companies from fair competition in government procurements (Abul-Magd, 2016). It is reported that the Military Engineering Authority subcontracts public work projects to the companies from the private sector. These private sector companies are paid relatively lower prices when compared to original contract value, and the Engineering Authority reap substantial profits without working on the field (Abul-Magd, 2016, p. 31).

On June 18, 2012, Presidential Election, Morsi won the presidency in the runoffs by obtaining 51.7% of the votes against Ahmed Shafiq who were the last prime minister of Hosni Mubarak. When Morsi won the presidency, it was anticipated that Morsi and his powerhouse Muslim Brotherhood would embrace a political stance against the supporters of the old regime, which are the military institution and members of Mubarak's National Democratic Party (Kirkpatrick, 2012). Yet, Morsi indicated that he had no intention to clash with the military institution when he came to power. In public rallies, Morsi openly declared his support to the military institution, saying "only God knows how much love I have in my heart for it" (Abul-Magd, 2016, p. 32). During the constitution drafting process, Morsi and his supporters endorsed the article that removes civilian authorities' right to scrutinize the military's budget and its business activities. According to Article 197 of the constitution draft in 2012:

A National Defense Council shall be established, be chaired by the President of the Republic. Its membership includes the Prime Minister, the presidents of the House of Representatives and the Consultative Assembly, the ministers of defense, foreign affairs, finance, and interior, the Director of General Intelligence, the Chief of Staff of the Armed Forces, and the commanders of the air force, navy, and air defense, as well as the Director of the Body of Armed Force Field Operations and the Director of War Intelligence and Reconnaissance. The Council examines all matters pertaining to preserving

the safety and integrity of the country. It discusses the budget of the armed forces. It must be consulted on legislative bills that relate to the armed forces¹.

The article of the constitution draft envisages the establishment of a council to govern the military budget, and it denies parliament's right to oversee the military's institution's expenditures. The military officers explicitly dominate the council. According to Article 195, even the Minister of Defense is appointed by the top military officers. Furthermore, the constitution denies parliament's unilateral right to legislate on issues related to the military institution without consulting to military officers (Abul-Magd, 2013).

Morsi assisted military institution by granting it extensive rights to expand its business. He approved the military's possession of a state-owned factory which is specialized in producing civilian goods. Also, Morsi allowed the military to buy state lands under market values. The military used these lands for merely investing in commercial activities such as building shopping malls, private schools, and hotels (Abul-Magd, 2013). Morsi ensured that military companies still have access to government procurements. To illustrate, the Morsi government arranged a substantial procurement for tablet computers which attracted considerable attention from international investors. Military companies were part of three consortia that made all the biddings in the procurement process (Marshall, 2015). Furthermore, the Morsi government ensured that ministries and other state organs buy these tablets from the consortia in which military participated (Abul-Magd, 2016). Moreover, Morsi authorized Military Engineering Authority to build highways between Cairo and Alexandria and allowed the Authority to earn revenues from the highway's operations (Abul-Magd, 2016).

¹ Egypt's 2012 Constitution Draft. English Translation can be accessed on <http://www.wipo.int/edocs/lexdocs/laws/en/eg/eg047en.pdf>

Although Morsi pledged to sustain good relations with the military and avoided policies which may harm military's core economic interests, the Muslim Brotherhood –which is the political group that Morsi relied on its support- attempted to follow its own business interests apart from the military institution. As Prina (2017) explains:

The Muslim Brotherhood and its associated parties and allies engaged in a number of initiatives that sought to unite disparate business interests in Egypt – excluding the major military-controlled enterprises associated with the armed forces. Several business associations were founded, bringing together foreign and domestic capital into tight networks, including the Egyptian Business Development Association (EBDA), which sought to strengthen small-to-medium size enterprises. In addition, the Brotherhood tried to shift investment away from areas where military enterprises were concentrated, a clear affront to the military's economic investments. (p. 222)

In his rule, Morsi announced his plans to expand the capacity of the Suez Canal through large projects which would be conducted by various companies (Marshall, 2015). The Suez Canal Corridor Development Project was aiming infrastructural development around to Suez Canal in order to transform Suez Canal into both an industrial production area and a logistics center for the produced goods (Marshall, 2015). The general expectation was that the military industry would conduct significant operations in this project with its construction companies. The Suez Canal Project was important for the military for two reasons. First, the military would get a huge source of revenue, and secondly, the military would play a role in future development projects in Egypt, thereby ensuring a future revenue stream (Transparency International Report, 2018).

The economic associations which have close bonds with the Muslim Brotherhood announced their interest in participating projects as military's engineering companies did. However, Morsi did not include the military-owned

companies into Suez Canal projects. Rather he announced that the procurement process would be accessible for all parties including international partners (Prina, 2017, p. 223). Morsi Government announced that the Presidency would directly scrutinize Suez Canal Project, and military companies would not receive special treatment with respect to other actors in the private sector (Marshall, 2015). However, the Suez Canal Project was crucial for the economic interests of the Egyptian Military. When Morsi announced that India would be a significant partner in the Suez Canal Project, Sisi who was head of SCAF in that time, declared that “there will be no title given to land near the Suez” (as cited in Marshall, 2015, p.12). It seems SCAF was discontent of Morsi’s policies on the management of the project and had no intention to be excluded from the administrative and operational level. However, Morsi Government did not step back and declared that the government has full authority in the implementation of the project (Marshall, 2015).

Morsi's decision to agree with non-military companies in Suez Canal's expansion project created considerable discontent inside the military against the Morsi's rule and caused concern among top-level military officers regarding Morsi's commitment to future benefits and privileges transferred to the military institution (Prina, 2017, p. 72). One Major General expressed the military's determination in protecting its interests in Suez Canal Project and implied military's discontent with Morsi's policies on the project:

We will fight for our projects, and this is a battle that we won't withdraw from. We will not give up on our 30-year long efforts for someone else to destroy. We won't allow anyone-no matter who- to come anywhere near the armed forces projects. (cited in Transparency International Report, 2018, p. 8)

Morsi's empowerment of his powerhouse, Muslim Brotherhood, in Suez Canal Project created the danger of exclusion for the military institution not only in Suez Canal Project, but also in other economically important projects that would be implemented in the future (Transparency International, 2018, p. 10). Fortunately, the overthrow of the Morsi in July 2013 through a military coup had eliminated military officer's concerns regarding Morsi's treatment of the military's economic interest.

After the overthrow of Morsi in July 2013, SCAF obtained de facto control of the country and appointed a submissive interim president. On September 2013, Egyptian judiciary outlawed Muslim Brotherhood by declaring it as a terrorist organization and confiscated its financial assets. Thereby, the Muslim Brotherhood had been eliminated from both the political and economic arena of Egypt. On May 2014, Sisi won the presidency with more than 96% of votes and became the new president of Egypt. Sisi's presidency had shifted power configuration in favor of the military. The increment in the Egyptian military's economic power can be observed in Sisi's review of Morsi era business projects. Especially, Sisi's review of Suez Canal Project could tell more about Sisi's treatment of the military's economic interests in the future. After the overthrow of Morsi, SCAF halted Morsi's Suez Canal Project. Yet, after Sisi won the presidency, his administration expanded original plans of Suez Canal Corridor Project. The central authority for managing the project was given to the Suez Canal Authority which is governed by the military. Furthermore, Sisi decided to invite foreign investors to the project whereas he had objected to Morsi's decision to invite India as the foreign investor in the original plan. Companies from Saudi Arabia and the United Arab Emirates affirmed the Sisi's call and involved in the project. Accordingly, the military achieved to sign business

contracts worth more than \$1.3 billion in 2014 over the Suez Canal Project (Marshall, 2015, p. 17).

In August 2014, Suez Canal Authority announced the winning consortium which will conduct the project for the expansion of the Suez Canal. The winning consortium that contains various engineering and construction companies signed more than six infrastructure development contracts in Suez Canal Corridor projects. The primary component of the winning consortium was the Egyptian Army's engineering and construction firms (Trade Arabia, 2014). It is reported that the value of infrastructure development contracts exceeds \$1.5 billion (Middle East Monitor, 2014).

Sisi relied on the military institution in order to consolidate his power after overthrowing the Morsi government through a military coup. Even before he won the presidency in 2014 elections, Sisi signaled that his administration would protect the military's economic interests. In one of his speech, Sisi claimed that top military officers desired Sisi's nomination for 2014 Presidential Elections, and Sisi accepted their proposal on the condition that army will assist Sisi to develop Egypt's economy (Saleh, 2016).

After the overthrow of Morsi, the military consolidated its legal privileges. 2014 constitution of Egypt affirmed the military institution's privileges in the 2012 Constitution, and also leave oversight of military budget to a council which is dominated by military officers (Ashour, 2014). Sisi Government enacted a decree that exempt military industries from paying real estate taxes for its all business activities including hotels, supermarkets and military facilities (Transparency International, 2018). Most importantly, in 2014, Sisi enacted a presidential decree which amended public procurement law and enabled the government to deal with

contractors without arranging public procurements in construction projects (Abul-Magd, 2016). Between 2014 and 2016, it is estimated that the Military Engineering Authority conducted more than 850 public service projects in various sectors such as transportation, public housing and constructing state buildings (Abul-Magd, 2016). The construction companies owned by military institution were granted infrastructure development projects worth more than \$770 million (Ibrahim, 2018). These projects include maintenance of tunnels and bridges, construction of government buildings, bridges and highways.

The military institution used his ability to bypass procurement procedure in order to attract foreign partners to its projects. To illustrate, in 2014, Egyptian military's construction companies partnered with United Arab Emirate's major construction company named Arabtec in order to conduct a construction project for low-income Egyptian citizens which aims to build one million houses in various location throughout Egypt (Ibrahim, 2018). In this regard, foreign partners only reached an agreement with the military institution and avoided bureaucratic procedures enforced by the state.

By examining the Egyptian case, it can be seen that the enterprises owned by the armed forces constitute an important part of the military's economic interests. The Egyptian military has carefully monitored the government's policies towards the privileged position of these enterprises and reacted to the government accordingly. In this context, to test the hypothesis in this study, it is necessary to indicate the causal relationship between the government policies towards the privileges of the military's enterprises and the military's willingness to intervene in politics. As explained in the theory, the policies of the transitional government that harms the privileges of the military-owned enterprises would seriously deteriorate the economic interests of the

military. In this case, the military institution would intervene in politics to disrupt the democratization process, if the military institution regards that the transitional government's policies conflict with the economic interests of the military institution.

When the Morsi' rule, which is the critical process in Egypt's democratic transition, is examined, the conflict between government policies and the interests of the military can be seen clearly. Morsi has given privileged priority to the companies that have close ties with the Muslim Brotherhood rather than the companies owned by the military institution. Especially in large projects such as the expansion of the Suez channel, the companies affiliated with the military were excluded from the procurement process (Prina, 2017). The exclusion of the army from these projects has created great discontent within the military (Marshall, 2015; Prina, 2017). As a matter of fact, following the overthrow of Morsi from power, the SCAF and Sisi administrations left the largest share of the major projects to the companies owned by the military.

In the bottom line, the democratic transition process in Egypt ended with the intervention of the army, and the foundations of an authoritarian regime were laid. Government policies implemented during the democratic transition period were perceived by the military as a threat to their economic interests. As stated in the hypothesis in this chapter, the policies implemented against the privileges of the military's enterprises have laid the ground for the military's intervention in politics. Immediately after the coup, the junta government restored the privileges given to military-owned enterprises.

3.3.3 Changing trends in foreign military assistance

This section tests the third hypothesis (H3) which states that if the military is dependent on military aid, it is more likely to disrupt democratization if such transition threatens to disrupt the flow of aid. The argument is that military aid allocated from foreign countries constitute an important part of military institutions' economic interests. Yet, the delivery of military aid is conditioned on the incumbent's willingness to follow specific policies in favor of the donor country. In other words, delivery of the military aid is conditioned on the donor's perception that the incumbent would deliver some political concession that is demanded by the donor country. Since the foreign aid constitute a crucial part of the military's economic interests, it may not allow incumbents, which are not indicating cooperative stance with the donor countries, to stay in power. Therefore, in case the incumbent fails to deliver political concessions to the donor country, the military institution, fearing termination of military aid, may involve in politics in order to replace the transitional government with a regime that is willing to give specific political concessions to the donor country. This development can cause serious damage to the democratic transition process, because the new incumbent may display an authoritarian tendency. In the context of Egypt, the working hypotheses (H3a) are: If the recipient country is dependent on military aid and the transitional authority implement policies that threaten the flow of such aid, the military is more likely to intervene in politics to disrupt democratic reforms. The outcome would be the termination of the democratization process. On the other hand, second working hypothesis (H3b) in this section states: If the recipient country is dependent on military aid and the transitional government refrains from policies that would harm the flow of such aid, the military is less likely to intervene in politics to disrupt

democratic reforms. To test this hypothesis, Egypt's relations with the United States, which is the major donor of the foreign military aid to Egypt, before and after 2011 was examined.

In Egypt, foreign military aid constitutes another crucial component of the military's revenue. Egyptian military needs foreign military aid for both maintaining institutional integrity of the military by providing necessary tools, and reap incredible benefits in individual level. It is estimated that the United States allocated approximately \$77.4 billion in foreign aid to Egypt between 1948 and 2016. This figure includes \$1.3 billion foreign military aid that the U.S allocated for Egypt after 1987 (Sharp, 2017). Also, this figure does not include U.S weapon transfers under the Excess Defense Articles program which foresee transfer of unnecessary weapons to friendly states from the U.S inventories. As can be seen in Figure 7, the U.S constantly allocated approximately \$1.3 billion military aid to Egypt between 2010 and 2017 each year. These figures make Egypt the third country on the United States' "the most military aid receivers" list (Haynes, 2017). Nevertheless, the political implication of the military aid is more profound than its amount.

The military aid that the U.S allocates for Egypt has political importance. Jason Brownlee argues that \$1.3 billion foreign military aid helped Egyptian presidents to prevent military officers to initiate a military takeover, thereby, military aid help the stability of the ruling regime (Brownlee, 2012, p.11). Yet, foreign aid was not only designed to tame military institution, but also foreign aid aimed to persuade Egypt not to oppose the United States in the region, and required Egypt to adopt a cooperative stance in regional conflicts in accordance to United States resolutions. Especially, maintenance of the peace resolution among the conflicting

parties of Egypt and Israel was regarded as an essential requirement of the United States' foreign aid (Brownlee, 2012; Sharp, 2017).

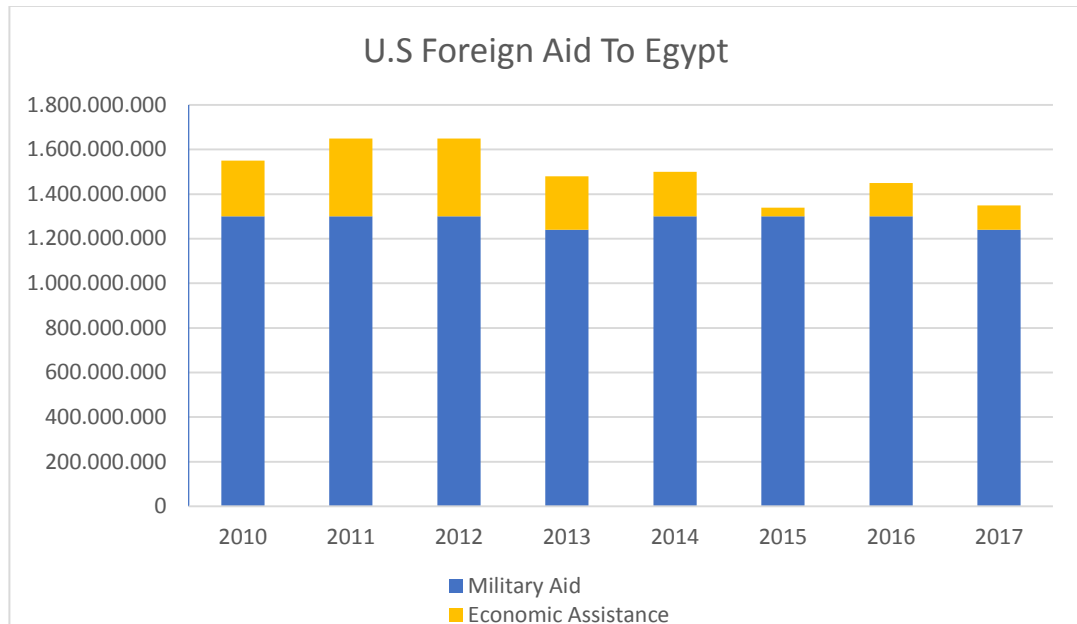


Fig. 7 U.S foreign aid to Egypt; Source: U.S Department of State

The delivery method of the U.S military aid to Egypt is another crucial detail in this study because the delivery of the military aid present some self-enrichment opportunities for the Egyptian generals. In contrary to common belief, United States does not deliver \$1.3 billion military aid to Egyptian Army in terms of cash installment or does not transfer money to the Egyptian government to be used for military expenditures. Instead, the United States allocates the foreign aid on condition that the Egyptian Army should spend foreign aid for buying products of United States defense companies (Sharp, 2017, p. 25). In this regard, foreign aid money may not leave the American soil but transferred to American companies' accounts. However, Egypt's military officers are still able to benefit from such military procurements even if money was not directly transferred to Egyptian

accounts. Because the Egyptian military may unilaterally decide the American companies that will prepare the Egyptian military's order. Accordingly, top military officers in Egyptian army demand commissions from every deal made with the American companies. Nassif (2015) exemplifies that one retired general in Egyptian Army retrieved approximately \$564.000 for intermediating the deal between an American company and Egyptian Army, and these were just minor figures (p. 528). Accordingly, generals demanded more money to sustain business relations with the specific companies that provide military goods to the Egyptian Army.

As previously noted, foreign military aid has political implications, and the donors allocate it in order to persuade recipient countries to pursue a particular policy. In the context of Egypt, U.S demanded Egypt to maintain Egyptian-Israeli Peace Treaty that is signed during Camp David Accords in 1978, to maintain good relations with Israel, and to refrain from policies that may lead to instability in the region (Brownlee, 2012). In other words, as long as the Egyptian government fulfills certain policy demands of the United States in the region, the Egyptian military would not be worried about the maintenance of foreign military aid.

Hosni Mubarak had been eager to maintain requirements of Egyptian-Israeli Peace Treaty during his incumbency. Furthermore, Mubarak's Egypt had burdened responsibility in formal attempts to normalize Arab-Israeli relations by actively participating in diplomatic negotiations to resolve the Israel-Palestine conflict. Egypt had become an essential mediator in the Madrid Peace Conference, and the Oslo Accords held in the 1990s (Khani, 2013). Furthermore, Mubarak had initiated economic relations with Israel. It is reported that Egypt imported \$181 million worth of goods from Israel between 1994 and 2000 (Middle East Monitor, 2014). Egypt also exported oil products, gas and agricultural products to Israel (Khani, 2013).

After 2000, Israel-Egypt economic relations were deepening. In 2005, Egypt and Israel signed a contract worth \$2.5 billion. The countries agreed upon a gas export deal from Egypt to Israel in the 15-year period (Khani, 2013).

Mubarak sustained channels of political cooperation with Israel during his rule. After the Hamas's success in Gaza Strip election, Israel and Egypt agreed upon imposing a mutual blockade on Gaza Strip in 2007. Egypt strictly controlled the border between Gaza and Egypt and took precautions against illegal crossings and arms smuggling case through underground tunnels. In the 2006 Israel-Hezbollah War, Egypt adopted a favorable stance toward Israel by declaring that Hezbollah's actions were inappropriate (Haaretz, 2006). It is reported that Israel was in cooperation with Egypt government during its military campaign against Hezbollah and Hamas (Khani, 2013). Egypt also remained silent during the Gaza War in 2008 and restricted crossing to Egypt. Also, Egypt constructed a wall to Gaza border and contributed to Israel's containment of Hamas government in Gaza.

After the overthrow of Hosni Mubarak in 2011, Israel-Egypt relations become complicated and unstable. Even though Egyptian military's declaration of compliance to Israel-Egypt Peace Treaty had brought some relief to the Israeli side, political empowerment of Muslim Brotherhood was still regarded as a threat by Israel (Sasnal & Wajnarowicz, 2017). During Morsi's rule, Egypt's political attitude toward Israel changed. Even though Morsi claimed that he would fulfill Egypt's all international commitments from previous treaties, his close relations with Hamas and his plans to reopen Gaza border raised Israel's concerns toward Egypt (Blomfield, 2012; Khani, 2013). Israel regarded Morsi's incumbency as a source of instability in the region (Khani, 2013). In an interview, Morsi stated that he wants to initiate a new rapprochement with Iran, and claimed that he might reconsider the Egyptian-Israeli

Peace Treaty (Sasnal & Wajnarowicz, 2017). Furthermore, deterioration of the security in the Sinai Peninsula due to rising Jihadist activity, and Morsi's inability to take necessary precautions against Jihadist groups deepened Israel's doubts on Morsi about his role of ensuring stability in the region (Segell, 2013).

Moreover, Morsi was not successful in sustaining political channels of communication with Israel. His decision to recall Egypt's ambassador from Tel Aviv as a response to Israel's operations in Gaza Strip has strained Egypt-Israeli diplomatic relations. Furthermore, contrary to Mubarak, Morsi did not act as a mediator between Palestine and Israel, rather openly supported Hamas organization and alienated Palestine Authority (Segell, 2013). Such policy changes in the Morsi government has further deteriorated Israel's concerns on the future of Egypt and Israel relations. By supporting Hamas, Morsi had found himself in the painful dilemma of either sustaining support among Egypt population and Muslim Brotherhood, or jeopardizing relations with U.S and Israel (Segell, 2013).

The overthrow of Morsi in 2013 through a military coup has revitalized Egypt-Israel relations. With the presidency of Abdel Fattah el-Sisi, the cooperation between the two countries is maintained. Diplomatic relations -which were deteriorated After 2011 Uprising- resuscitated thanks to mutual efforts. In 2015, Israel's embassy in Cairo was reopened after being closed for four years. In 2016, Egypt appointed an ambassador to Tel Aviv after four years from Morsi's decision to recall the ambassador. Also, Egypt voted in favor of Israel in the United Nations which was also an unprecedented development in Egypt-Israel relations (Tahhan, 2017). Israel and Egypt communicated and reached consensus on the prevailing security interests in the Sinai Peninsula. According to reports, Israel and Egypt conducted joint military operations on hostile targets located in the Sinai Peninsula

(Tharoor, 2018). In order to wage a more effective war against the ISIS, Israel has allowed the Egyptian military to have more troops in the Sinai Peninsula than the number set out with the 1979 Peace Agreement (Hacohen, 2018). Also, two countries also agreed upon the security of Gaza border with Egypt and returned to pre-2011 Uprisings status-quo in terms of securing Gaza Border (Sasnal & Wajnarowicz, 2017; Tahhan, 2017). In addition to diplomatic relations, the economic relations between Israel and Egypt enhanced substantially. Two countries committed to increasing trade volume and economic partnerships (Tahhan, 2017). The most crucial area of cooperation is the energy sector. In 2018, a private Egyptian company announced a contract worth \$15 billion on the import of natural gas from Israel for the ten-year period (Mandour, 2018). As a result of the contract, it was expected that Egypt and Israel would develop cooperation in recently discovered natural gas fields in the Mediterranean Sea (Tagliapietra & Zachmann, 2015).

By examining the Egyptian case, it can be seen that the military aid delivered to Egypt by the United States constitutes an important part of the Egyptian military economic interests. However, in order to test the third hypothesis, the causal link between the incumbent's cooperative policies towards the major donor country and the continuation of the democratic transition process should be demonstrated. In other words, the causal mechanism should explain why maintaining cooperation with donor states leads to a successful democratic transition process. According to the theoretical framework, it is explained that maintaining a cooperative stance with the donor state is significant for dissuading military to intervene in politics. Thereby, the military institution, which assumes that the flow of military aid is ensured, would not interfere in politics to install a regime that protects its economic interests. One way to test this hypothesis is to examine the government's policies towards the

expectations of the donor state. Thus, the response from the government to the incoming demands and the further reaction of the military institution to government's response may help to test this relationship.

As explained in this section, the United States, the most important military aid donor in Egypt, demands Egypt to maintain Egyptian-Israeli Peace Treaty that is signed during Camp David Accords in 1978, to maintain good relations with Israel, and to refrain from policies that may lead to instability in the region (Brownlee, 2012). Nevertheless, during Morsi's rule, which is the critical process in Egypt's democratic transition period, it was suspected that Morsi would fulfill these expectations. Morsi's close relations with Hamas, his policy on the Gaza border with Israel, and his inability to combat the terrorist threat in the Sinai Peninsula have caused Israel to doubt the Morsi's ability to maintain the status quo established by the Peace Treaty (Blomfield, 2012; Khani, 2013; Sasnal & Wajnarawicz, 2017). Morsi's inability to distance himself from Hamas led to fears that Egypt's relations with the United States and Israel could be damaged (Segell, 2013). This concern posed a danger to the democratic transition process, as suggested in this section. Because the deterioration of bilateral relations with the United States could mean that the suspension of foreign aid, an important resource for the military. In this case, a situation in which the policies of the government and the economic interests of the military are in conflict may lead the army to intervene in politics. As a matter of fact, the military, which was not satisfied with Morsi's foreign policy with the United States and Israel, changed the regime by intervening in politics through a military coup. The military institution's discontent with the Morsi's policies in international affairs can be understood by looking at the international relations of Egypt with Israel and the United States after the Morsi's downfall. After the military coup,

Egypt-Israel relations have been revived. The Sisi administration has collaborated with Israel in political, economic and security areas, and he has reaffirmed Israel's trust in the Egyptian government once again (Sasnal & Wajarowicz, 2017; Tahhan, 2017). On the other hand, U.S President Barack Obama did not describe ousting of Morsi as a 'coup' but only said the United States is 'deeply concerned' of the situation in Egypt (Ghattas, 2013). He explicitly refrained from supporting the Morsi or Muslim Brotherhood. After the coup, the US-Egyptian relations paused for a very short time. The US suspended some portion of the foreign aid. However, in 2014 this restriction was removed, and US-Egyptian relations began to improve with a great momentum (Sharp, 2017).

3.4 Conclusion

This chapter explained why the Egyptian Military intervened in the democratic transition in Egypt and did not let the institutionalization of democratic reform that had initiated in 2011. The main argument in this chapter is that the military institutions oppose democratic reforms if it perceives that its material corporate interests are threatened by the reforms that incumbents implement in the transition period. In this chapter, the author examines the crucial trends in Egyptian military's corporate economic interests, which is conceptualized in terms of military budget, prerogatives of military-owned enterprises and receive foreign military aid by focusing on the Morsi's rule, which was the critical process in the democratic transition in Egypt. First, the hypothesis (H1) that is related to the relationship between the change in military budget and the willingness of the military to disrupt democratization, is tested. It is argued that the military institution would intervene in politics to disrupt the democratization process if the military institution regards that

the transitional government's policies threaten the amount of military budget received from the government budget. Consequently, it is concluded that the causal link between the Morsi's policies of military budget and the military's willingness to disrupt democratic reform is partially supported. Morsi's unwillingness to increase the military budget allocated from the central government budget and his reluctance to appoint military officers to bureaucratic or business institutions created discontent among the military institution against the Morsi. However, it can be said that the hypothesis on military expenditures has received limited support since there has been no trend change in other components of military budget which are loyalty allowances and military salaries. Second, the hypothesis (H2), that is related to the relationship between given privileges for the military-owned enterprises and the military's willingness to hinder democratic reforms, is tested. It is argued that the military institution would intervene in politics to disrupt democratization process if the military institution regards that the transitional government's policies threaten its business ventures which is an important constituent of military institution's economic interests. Consequently, it is concluded that the Morsi's policies implemented during the democratic transition period were perceived by the Egyptian military as a threat to their economic interests. Morsi's policies implemented against the privileges of the military's enterprises have laid the ground for the military's intervention in politics to disrupt democratic reforms. Finally, the third hypothesis (H3), which examined the relationship between foreign military aid and military's attitude to democratic reforms, is tested. It is argued that military aid constitutes an important part of military institutions' economic interests. Yet, the delivery of the military aid is conditioned on the donor's perception that the incumbent would deliver some political concession that is demanded by the donor country. Therefore, in case the

incumbent fails to deliver political concessions to the donor country, the military institution, fearing termination of military aid, may involve in politics in order to replace the transitional government with a regime that is willing to give specific political concessions to the donor country. By examination of the hypothesis, it is concluded that the military ended the democratic transition process by overthrowing the Morsi who was doubted to fulfill the political demands of the United States which is the major donor of military aid.

CHAPTER 4

APPEASEMENT OF THE TUNISIAN MILITARY

4.1 Introduction

Why did Tunisia Military allow the institutionalization of the democratic reforms which took place after the overthrow of Zine el-Abidine Ben Ali in 2011? Unlike its Egyptian counterpart, the Tunisia military did not intervene in politics to interrupt the democratic transition. This chapter studies the role of the Tunisian military during the democratic transition process which initiated after the 2011 uprising by examining crucial trends in Tunisian military's corporate economic interests. The focus is the periods before and during the democratic transition process. The main argument of this chapter is that despite its military abilities, the Tunisian military did not interrupt the democratic transition process since its corporate economic interests are not endangered by the governments that ruled the country after the uprising. Transitional governments in Tunisia contributed military institution to increase its economic and political power during the transition period, and the economic interests of the military did not conflict with the implementation of the democratic reforms.

The first section of this chapter examines the financial and political outlook of the Tunisian Army before the 2011 Uprising by focusing on the policies of Habib Bourguiba (ruled between 1957 and 1987) and Zine el-Abidine Ben Ali (ruled between 1987 and 2011) regimes towards Tunisian military. The aim is to clarify the relative position of the military in Tunisian politics. The following sections of the chapter explain the causal mechanisms –changing trends in military's corporate economic interests- on the prospects of success of the democratic transition process.

4.2 The outlook of the Tunisian Military during Bourguiba and Ben Ali's rule

4.2.1 The Military Institution during Habib Bourguiba's rule

Habib Bourguiba ruled the country between 1957 and 1987 as the first president of Tunisia after it gained its independence from France in 1957. He was trained as a lawyer and had no formal links with the military institution. When he came to power, Bourguiba approached the military institution with great suspicion and regarded it as a substantial threat to his political survival. Fearing of a military takeover, Bourguiba followed a strategy of the "marginalization of the military" which aimed to keep the Tunisian Army as a powerless institution in the country (Grewal, 2016). The number of conscripted soldiers and rank and file officers in the military institution was kept small. Bourguiba ensured that military is underfunded and undersupplied, thereby it would not accumulate sufficient power to challenge its rule through military intervention (Henry & Springborg, 2011). His suspicion of the military institution had grown further after a failed coup d'etat attempt which was organized by military officers who supported Bourguiba's political challenger Salah Ben Youssef (Haddad, 2017, p. 213). He intensified the marginalization of the military institution by taking some precautions to prevent the military from becoming a political actor in Tunisia. He denied the military officers' political rights of voting in the general elections and joining in the political organizations (Ware, 1985). Prohibition of the military officers to vote began with 1959 general elections and remained in force until the lifting of the ban in 2017 (Grewal, 2017). The military institution was strictly scrutinized by the civilian government under the authority of Minister of National Defense who was always a civilian bureaucrat (Brooks, 2013). Furthermore, Bourguiba was careful when appointing military officers to important positions

inside the military. He ensured that only loyal officers took responsibility in higher posts in the military institution (Grewal, 2016).

Bourguiba's strategy of keeping the military institution impotent and marginalized had to change due to some domestic threats that he faced in the late 1970s and 1980s. The incompetence of police force and national guards to suppress nation-wide general strikes in 1978, the bread riots in the early 1980s, and Libya-backed insurgency in a Tunisian town named Gafsa had changed Bourguiba's strategy (Grewal, 2016). He ordered the modernization of the army through a steep increase in military budget and massive arms purchase from various countries (Grewal, 2016). As can be seen in Figure 8, military budget had tripled between 1977 and 1983.

Bourguiba's serious concerns for domestic and external security obliged him to strengthen the military institution by increasing military spending drastically and modernizing its outdated equipment. However, this development created a further dilemma for Bourguiba's political survival. The military institution, which Bourguiba had intentionally weakened from the beginning, gained more political influence. The military officers obtained the opportunity to be appointed in civilian bureaucracy and promoted to higher positions in strategic ministries (Grewal, 2016). The increase in the political power of the military institution disturbed Bourguiba. Considering the military as a threat to its regime, Bourguiba later tried to reduce the military's influence in Tunisian politics after the second half of the 1980s, but this was a very late move. Habib Bourguiba was overthrown by a "soft coup" in 1987 by Zine el-Abidine Ben Ali who was a former military officer climbed ladders in civilian bureaucracy and became prime minister eventually. Ben Ali, by garnering the support of national guards, declared that Bourguiba was medically unable to serve as

a president. In 1987, Ben Ali assumed the Presidency, and Bourguiba had lived under house arrest until his death in 2000 (Grewal, 2016).

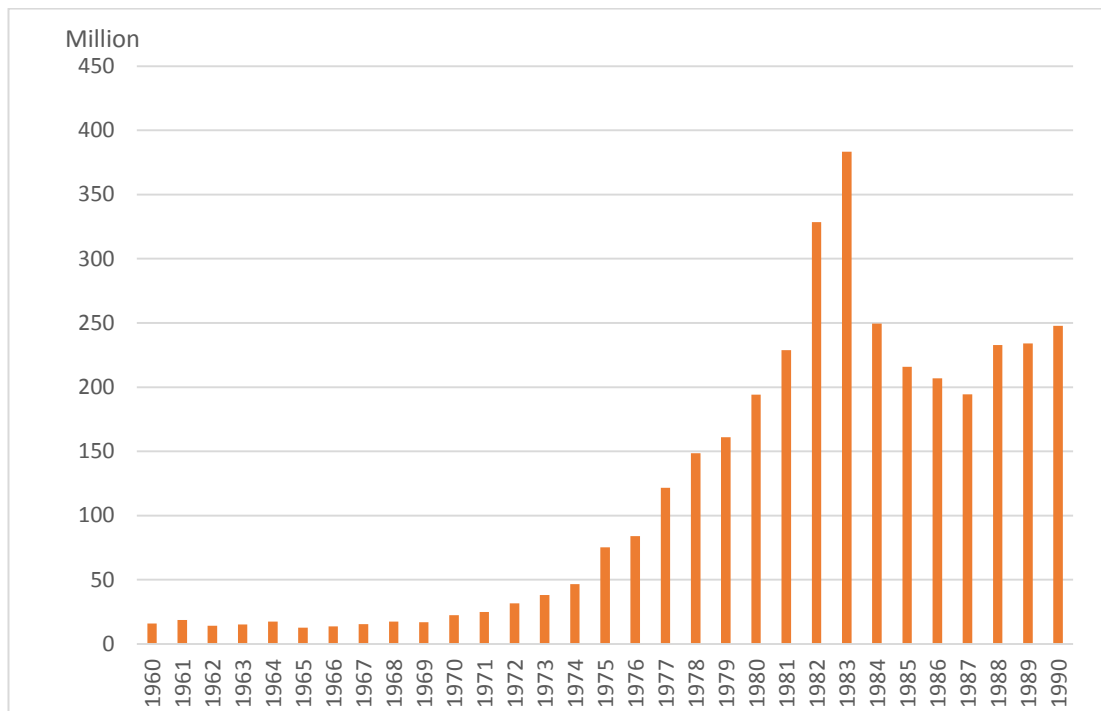


Fig. 8 Tunisia's military budget during Bourguiba's rule (Military expenditure (current USD); Source. World Bank)

4.2.2 The Military Institution during Ben Ali's rule

Ben Ali was a former military officer who was appointed and promoted in the civilian bureaucracy. When he assumed the Presidency in 1987, it was expected that the military institution would gain a more political role in Tunisia. These expectations were partially fulfilled in the first years of Ben Ali's rule. The military institution was becoming a more powerful actor in Tunisian politics. Ben Ali appointed former military officers to the key Ministries and other high posts in

civilian bureaucracy. To illustrate, minister of interior, minister of foreign affairs and minister of justice were appointed from high-ranked officers in the military (Grewal, 2016). Military officers were optimistic about Ben Ali, and his commitment to overhauling the military's political position in the country with respect to other actors (Nassif, 2015). However, Ben Ali's feeling of insecurity and his paranoid distrust of the military institution had turned the tide against the military once again. Fearing of a military takeover as his predecessor Bourguiba, Ben Ali discharged former military officers who were appointed to civilian positions in the state and replaced them with loyal civilian bureaucrats. Once again, the leader of the country decided to keep military institution weak, undersupplied and isolated from the political power in order to ensure its political survival.

Ben Ali aimed to establish direct control over the military institution by attempting to deprive the army of institutional independence. In 1991, after the retirement of military's chief of staff, Ben Ali did not appoint a new chief of staff and demanded military institution to answer directly to him even for internal operations of the army (Grewal, 2016). Furthermore, Ben Ali appointed only loyal military officers to high military positions inside the armed forces in order to disrupt the military's internal integrity. The meritocracy was not a virtue that he could rely on. Having close connections with Ben Ali and his ruling circle was a crucial asset for military officers to be appointed to top-level positions in the army (Haddad, 2017). Besides, the military officers who are from provinces where Ben Ali has high political support had some evident privileges. They were more likely to be promoted than the other officers, and more likely to be appointed to prestigious positions such as military attaches in European embassies (Grewal, 2016).

In political consideration of Ben Ali, relying on a police state was a safer strategy for political survival rather than attempting to obtain the loyalty of the military institution (Droz-Vincent, 2011). Ben Ali relied mostly on the paramilitary corps and the police force which are organized under the authority of the interior ministry in order to dissipate threats that endanger his political survival (Barany, 2011). Ben Ali had more control over the interior ministry, therefore he preferred to establish patronage networks with the security units under the Ministry (Brooks, 2013). Particularly, top-level officers inside the police corps find enormous opportunities for self-enrichment whereas military officers were deliberately excluded from the patronage network (Henry & Springborg, 2011). The marginalization of the military institution had gone so far that, the military was not even allowed to operate in Tunis –the capital city of Tunisia- in ordinary times, instead the security of the capital was maintained by the police corps and paramilitary forces which are controlled by Interior Ministry. Besides, the military was not assigned to maintain the security of the president during Ben Ali's rule. Rather, Ben Ali relied on Presidential Guard unit comprised of approximately 6000 security personnel which was directly responsible to the President himself (Brooks, 2013).

The budget of the Ministry of Interior had overwhelmed the budget of the Ministry of Defense after Ben Ali's decision to marginalize the military institution. In the late 1990s and 2000s, the military spending as a percentage of central government expenditures decreased whereas funds allocated for Ministry of Interior from central government budget reached 10 % of all government expenditures (Nassif, 2015). As can be seen in Figure 9, the military's share from the central government budget began shrinking drastically after the late 1990s, and this

trend continued throughout the 2000s. The underfunding of the military aimed to put armed forces into a "persistent financial distress" which obliged the military to operate with outdated equipment, neglected facilities and low salaries (Nassif, 2015, p.73).

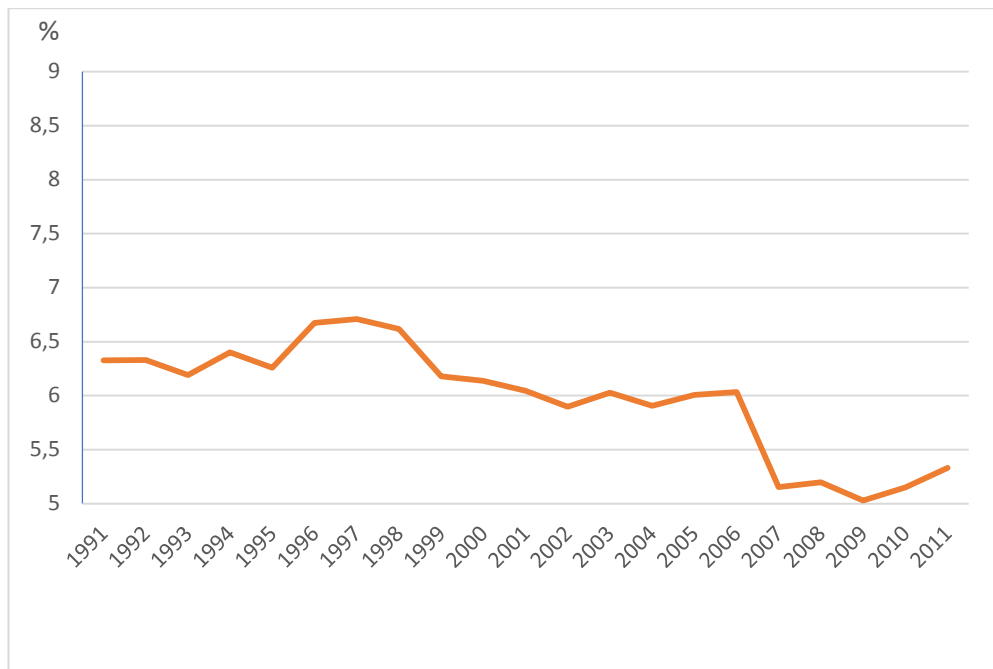


Fig. 9 Military budget in Tunisia during Ben Ali's rule (Military expenditure as % of central government expenditure); Source: World Bank

4.3 Military Institution during the democratic transition process

The popular uprisings that initiated with the self-immolation of a street vendor named Mohamed Bouazizi spread all over the country. Ben Ali's security forces which are mostly affiliated to the Ministry of Interior could not suppress the widespread protests. Less than one month, the uprising obliged Ben Ali to flee the country and demand political asylum from Saudi Arabia. The military institution which was neglected and marginalized during Ben Ali's rule obviously defected to the Ben Ali regime by refusing to disperse revolutionary masses. Chief of Tunisian

Military officially declared its pledge to protect the protestors against the abusive acts and violence of the police (Kirkpatrick, 2011). The defection of the military institution had become the final nail in Ben Ali regime's coffin.

After Ben Ali fled the country, the state of emergency was declared in Tunisia. The military institution assumed control over the key positions in the country's governance. The marginalized and neglected armed forces had suddenly become the most relevant actor in Tunisia politics. The military institution appointed military officers to bureaucratic positions in ministries. Especially, important posts in the Ministry of Interior and Minister of Defense were brought under the influence of the military institution which was previously occupied by civilians loyal to Ben Ali (Grewal, 2016).

Meanwhile, a transitional government led by Beji Caid Essebsi led the country to the election of the Constituent Assembly which was the post-revolutionary parliament entitled to draft country's new constitution (Grewal, 2016). After the election, a coalition government was established by Ennahda, Congress for Republic and Ettakatol political parties. Notably, the Islamist Ennahda Party, which had been repressed throughout Ben Ali's rule, has turned into an important actor in Tunisian politics after the 2011 uprisings. In the new political system, the presidential system evolved into a semi-presidential system in which the prime minister and the president share political power. In this context of new political balance, Ennahda's Hamadi Jebali elected as the prime minister and Congress for Republic's Moncef Marzouki became the president (Grewal, 2016). Thereby, the democratic transition process officially initiated with the establishment of the elected government. According to Freedom House data, Tunisia has made significant progress towards democratization. Tunisia's democracy rating, which was designated

as "not free" in 2010, has been gradually improved to "free " in 2015. Tunisia is still considered as a free country by Freedom House (Freedom House, 2018).

4.3.1 Changing trends in military budget

This section tests the first hypothesis (H1) which states that there is a negative relationship between the amount of military budget delivered and the military's willingness to disrupt democratic reforms. The military institution would intervene in politics to disrupt the democratization process if the military institution regards that the transitional government's policies threaten the amount of military budget received from the government budget. In the context of Tunisia, the working hypotheses are: (H1a) If the transitional government decrease the amount of military budget, the military institution is more likely to disrupt democratization. In other words, if the military institutions perceive the transitional government's military budget policy as a threat to its corporate material interests, it may involve in politics in order to replace the transitional government with an authoritarian regime that protects military's economic interests. The outcome would be the termination of the democratic transition process. On the other hand, the second working hypothesis (H1b) states that: If the transitional government increase the amount of military budget, the military institution is less likely to intervene in politics to disrupt democratic reforms. In other words, if the transitional government placate the military institution with military budget, the military would not disrupt the democratic reforms through military intervention. Since the military would refrain from overthrowing a transitional government who considers its economic interests, the outcome would be a continuation of the democratic reforms.

After the removal of Ben Ali from power, the role of the military institution in Tunisian politics had changed substantially. The military, which is neglected and marginalized during the authoritarian rule of Bourguiba and Ben Ali, became an important actor during the democratic transition period. Military's position in state affairs became more institutionalized. The military staff regularly consulted Prime Minister on security issues as the Security Council of Tunisia began to work actively. The president is also briefed monthly on security issues by top military staff in National Security Council which is a distinct institution chaired by the President. In the context of Tunisia's transition, the military institution became a prominent actor which can influence the course of Tunisian politics. As cited in Grewal's work (2016), one retired Major Colonel explain this transformation: "The army was neglected in the time of Ben Ali, completely. After the revolution, everything has changed. The military has become valued by the authorities. From Marzouki until now, all military interests—equipment, weapons, logistical support, salaries—everything has improved" (as cited in Grewal, 2016, p. 11).

With the initiation of the democratic transition process, the governments devoted more military budget to the military institution. As can be seen in Figure 10, the share of military budget in total GDP was only 1.3% in 2010. However, this figure increased constantly and reached 2.3% by 2016 (World Bank, 2018). In addition, according to World Bank data, the share of military budget in central government expenditures increased drastically by reaching 8.2% in 2016 (which was 5.1 % in 2010). The amount of military budget also almost doubles between 2010 and 2016 such that in 2010, military budget was approximately 572 Million USD and this figure increased to approximately 990 Million USD by 2016 (World Bank, 2018). Furthermore, the rate of increase in the Ministry of Defense's budget is

saliently higher than the rate of increase in the Ministry of Interior's budget. Between 2010 and 2016, the gap between the budgets of these institutions of security affairs closed prominently (Grewal, 2016).

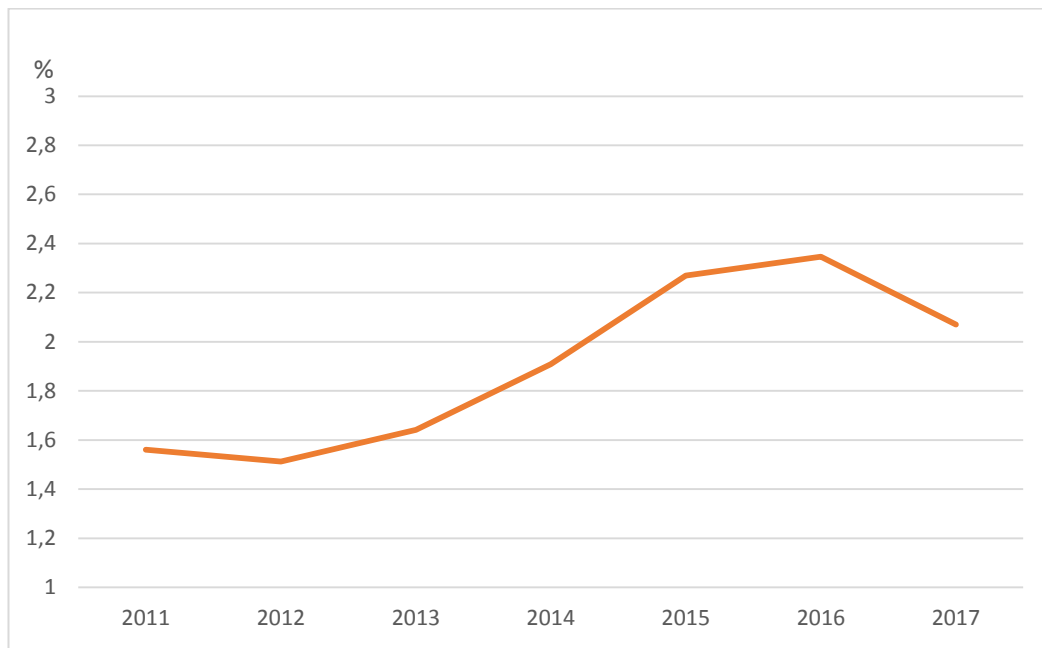


Fig. 10 Military budget in Tunisia after 2011 (% of GDP); Source: World Bank

In explaining increasing military budget in Tunisia after 2011, one may argue that obvious increase in the military budget could be a result of rising external threats emerged by worsening situation in Libya by 2011, and internal threats which are caused by increasing terrorist activities of the factions loyal to Al-Qaeda. Although this argument may reflect a piece of truth, the increase in military budget cannot be explained merely by rising internal and external threats. There is further evidence that proves the end of the military's marginalization in Tunisian politics. The transformation of the army into a significant actor after the 2011 Uprisings has led the Tunisian governments to pay more attention to the military's corporate interests. To begin with, the military institution had more influence on Tunisian politics.

During the transition period, it is evident that isolation of the Tunisian military from the political sphere had been reversed, and military officers had more say in politics. With the removal of Ben Ali from power, the military officers were appointed to the civilian posts in civilian bureaucracy. To illustrate, only one military officer was appointed as a provincial governor during Ben Ali's rule. In 2011, 11 governor position was occupied by the current or retired military officers. After 2013, approximately 10 % of the governorates positions were allocated for the military officers (Grewal, 2016, p.11). Another indicator that signals the end of the military's isolation is the increase in military salaries. Although the rising military budget could be used to modernize the military's weaponry and aging facilities, the military salaries comprise an important part of military budget. In this context, it can be argued that military salaries were overhauled during the democratic transition period. Since the detailed figures are not available, it is hard to estimate what percentage of military budget is allocated for military wages. But, there are multiple reports which indicate that military salaries were increased (Assabahnews, 2019; Grewal, 2016).

By examining Tunisia case, it can be seen that there is a clear correlation between the increase in military budget and the success of the democratic transition process. However, in order to test the hypothesis in this section, it is necessary to demonstrate the causal link between increasing military budget and the military's attitude of non-interference in politics. As stated in the theoretical framework, one of the reasons why the military did not intervene in politics and allowed democratic reforms was that the transitional governments could have used military budget as a tool for preventing military involvement in politics. Instead of following the coup-proofing strategy aimed at reducing the army's intervention power and ability, the transitional governments in Tunisia followed a political survival strategy aimed at

reducing the military's willingness to intervene in politics. Opting to this appeasement strategy may be a suitable option, especially if there is a threat of military intervention for the transitional government (Collier & Hoeffler, 2006). According to this appeasement strategy, "short term increases in material or financial incentives send a clear signal to armed forces that their interests are being taken into account" (Powell, 2012, p. 1022). Increasing military budget "reduce incentives" for a military intervention, and may make it less likely (Brownlee, 2012, p.11). In this case, the transitional governments in Tunisia could have utilized military budget to purchase the loyalty of the military institution. One way of seeing this cause-and-effect relationship is to examine the policies of the government towards the military in times of crisis, especially when there is a threat of coup d'etat.

Undoubtedly, Tunisia's road to democracy was not a smooth process. The country in transition had to cope with rising radical Islamist movement which may severely endanger the democratization due to their anti-democratic demands. The political demonstrations of the radical Islamists and their clashes with the police accelerated in 2012, and there was great dissatisfaction with the rest of the Tunisian society against the government because it could not cope with these movements. Violence reached its peak in 2013 with the assassination of two important politicians from the opposition parties. Along with dissatisfaction of the Tunisian people, large-scale political demonstrations were organized to demand the resignation of the government. In demonstrations, the opposition members called for the military institution to organize a military coup to overthrow the incumbent government as Egyptian military ousted Morsi in the same year (Grewal, 2016). The expectations that the military would organize a coup d'etat have risen in both opposition and government side. As cited in Grewal's work (2016), one retired Major Colonel

observed: "The street and conditions were calling for a coup. The people feared Ennahda would install a new type of dictatorship. They wanted a coup, and events in Egypt sent a message that maybe it is possible that our army would do the same" (Grewal, 2016, p. 10). However, the military institution did not intervene in politics in these stormy days for Tunisian politics. Rather, the military stayed in their barracks, and political crisis was overcome by political means (Haddad, 2017). In this context of tense politics, the transitional government followed an appeasement strategy based on two pillars. First, the government increased military spending and allocated more funds for building a more efficient armed force against the rising terrorist threat. Second, the government let the military to become more influential in security bureaucracy. More military officers are appointed to the posts in Ministry of Interior and Ministry of Defense as bureaucrats. In addition, the military obtained more administrative power in provinces where radical Islamist movements are widespread and commanded over police and border security forces (Grewal, 2016).

In the bottom line, the military institution did not inhibit the initiation of the democratic reforms, and also did not commit any act of intervention (coups, coup attempts, coup threats, direct intervention to elections, direct rule of military, etc.) during the democratic transition period. As it is argued in this section, increasing military budget has contributed significantly to the success of the democratic transition period. The political and economic empowerment of the military could have made military intervention a costly option for the military. Even in 2013, when the danger of the coup was the highest, the army's reluctance to intervene in politics may show that the government's policy of increasing military budget to prevent military intervention could be effective. With the alleviation of the threat of military

intervention, the transitional governments could continue its democratic reforms since their political survival was not threatened by the military institution.

4.3.2 Changing trends in military-owned enterprises

This section tests the second hypothesis (H2) which states that the military is more likely to disrupt the democratic reforms if the transitional government harms the privileges of these enterprises. To put it differently, the military institution would intervene in politics to disrupt democratization process, if the military institution regards that the transitional government's policies threaten its business ventures which is an important constituent of military institution's economic interests. In the context of Tunisia, the working hypothesizes: (H2a) if the transitional government threatens prerogatives of the military-owned business enterprises, the military is more likely to involve in politics to disrupt democratic reforms. The outcome would be the termination of the democratic transition process. On the other hand, the second working hypothesis (H2b) states that if the transitional government maintains prerogatives of military-owned business enterprises, the military is less likely to involve in politics to disrupt democratic reforms. The outcome would be the continuation of the democratization process. In order to test this hypothesis, the author intended to examine the policies of the governments regarding military-owned enterprises between the periods before and after the initiation of the democratic transition process. However, the research indicates that the Tunisian military did not own any business enterprise before or during the democratic transition period. Therefore, the study concludes that H2 is not applicable to the Tunisian case. Military-owned enterprises have not existed in Tunisia, and it is not possible to examine a changing trend in transitional governments' policies on them.

When the assets of the Tunisian army were examined before 2011, it is observed that the military does not own any business enterprise. Also, it does not manage any business enterprise directly or indirectly. As a political survival strategy, Bourguiba and Ben Ali opted to keep military out of politics by preventing its empowerment. Before 2011, the military institution was underfunded, insufficiently supplied with weapons and gears, and it was few in the number of conscripts. Besides, during Ben Ali and Bourguiba's rule, no economic role was entitled to the military institution. It never burdened responsibility in economic development plans (Barany, 2011). Furthermore, contrary to the Egyptian counterpart, it was never allowed to operate its business ventures which may contribute to generating revenue independent from the state's budget (Machrouh, 2017). Also, the state-owned military enterprises in Tunisia is governed by the civilian managers, and the military institution did not take a role in the management of these enterprises. Also, unlike the Egyptian case, retired military officers were not appointed to positions in either privately-owned or state-owned companies (Brooks, 2013). The non-security duties of the military institution were limited to disaster relief and humanitarian assistance (Brooks, 2013).

Moreover, when the economic assets of the Tunisian army are examined after 2011, it is observed that there is no significant changing trend in ownership of military-owned enterprises in Tunisia. There is no report indicates that the military-owned any business venture or managed them on behalf of the state. Even in the tourism sector, which is an important cornerstone of Tunisia's economy, there is no report which signals the military's business activity. In contrast to the Egyptian military, the Tunisian military did not have any economic enterprises before the democratic transition period, nor did it own any economic enterprise during the

democratic transition period, nor did it run a business on behalf of the state. In sum, there is no change in the trend. Considering this situation, the study concludes that the second hypothesis is not applicable to the Tunisian case.

4.3.3 Changing trends in foreign military assistance

This section tests the third hypothesis (H3) which states that if the military is dependent on military aid, it is more likely to disrupt democratization if such transition threatens to disrupt the flow of aid. The military aid received from the foreign donor is an essential source of income for the military institution. However, the military aid comes with strings attached to it. The donor countries condition the disbursement of military aid to some political concessions demanded from the recipient country. In other words, foreign military aid could be maintained as long as the recipient governments show a willingness to follow specific policies in favor of the donor country. Since the foreign military aid is a crucial component of the military's corporate material interests, the military may intervene in politics to overthrow the governments who are unwilling to deliver particular political concessions to the donor countries. In this context, the military institutions carefully observe the government's foreign relations with the donor states. Therefore, if the incumbent fails to deliver political concessions to the donor country, it may encounter a serious threat of military intervention. The military institution, fearing termination of military aid because of the government's uncooperative political stance to the donor, may intervene in politics in order to replace the transitional government with a regime that is willing to give specific political concessions to the donor country. In this context, a military intervention poses a serious threat to the democratic transition process, because the government that came after the

intervention could consolidate an authoritarian regime. In the context of Tunisia, two working hypotheses are examined. H3a states that if the recipient country is dependent on military aid and the transitional authority implement policies that threaten the flow of such aid, the military is more likely to intervene in politics to disrupt democratic reforms. The outcome would be the termination of the democratization process. On the other hand, second working hypothesis (H3b) in this section states that if the recipient country is dependent on military aid and the transitional government refrains from policies that would harm the flow of such aid, the military is less likely to intervene in politics to disrupt democratic reforms. To test this hypothesis, Tunisia's relations with the United States, which is the major donor of the foreign military aid to Tunisia, before and after 2011 will be examined.

Before 2011, Tunisia was not regarded as a country of high significance for the United States in terms of U.S's political and military interests (Zoubir, 2009, p. 981). Even though the United States sustained strong diplomatic relations with Tunisia, the U.S's Tunisian policy was limited to fostering cooperation on combating terrorist networks and the development of trade relations between the two countries. Especially after the September 11 attacks, the most important policy of the US in the North Africa region was to obtain the support of the countries in the region in the war with al-Qaeda and al-Qaeda-related terrorist organizations (Zoubir, 2009).

Although military relations between Tunisia and the USA remained limited before 2011, it is clear that there was a certain level of cooperation. The two armies carried out joint exercises, and the US launched a training program for the Tunisian army. In addition, even if the amount is not too much, the Tunisian army was able to benefit from military aid. Between 2001 and 2010, the average amount of military aid for Tunisia was around \$ 10 million annually (USAID, 2018). This amount does

not seem significant, especially when it is compared to military aid delivered to its Egyptian counterpart. The annual delivery of military aid amounted to approximately 3% of the Tunisian military's average military budget between 2001 and 2010 (SIPRI, 2016). But it was an important source of income for the Tunisian military, which was totally marginalized by the government, to perform its vital functions (Brooks, 2013). The military aid provided was used to upgrade the military's aging equipment through arm and vehicle purchases (Arieff & Humud, 2015).

However, 2011 was a turning point for relations with the United States for both Tunisia and the Tunisian military. The reason behind this development is the increasing activities of terrorist organizations such as Al-Qaeda and ISIS increased in the region. Particularly with increasing acts of terrorism, the United States has begun to attach an increasing significance to Tunisia to ensure the security of the region. Tunisia has become an important front in the war against terrorist networks (Arieff & Humud, 2015). Tunisia became a vital base for US's military operations in the region which is conducted by U.S Airforce and Marine Corps (Nsaibia, 2018). In the context of rising terrorism threat in the region, the cooperation on security issues became the most crucial element in Tunisia-United States relations (Profazio, 2017). In parallel to this development, the United States allocated more military aid to the Tunisian military in order to enhance its operational capacities. As can be seen in Figure 11, after 2011, the foreign military aid entered a visible upward trend. In 2011, military aid increased rapidly with respect to the pre-2011 period and reached nearly \$ 40 million (USAID, 2018). After a fall in 2012 and 2013, it almost doubled in 2014 and continued to rise. Also, U.S initiated a comprehensive training program for Tunisia military in which more than 4600 personnel participated (Gaub, 2014). In the bottom line, the Tunisia military becomes a crucial partner of the United States in

combat against terrorism, and the foreign aid allocated by the United States become more significant for Tunisian military's corporate interests

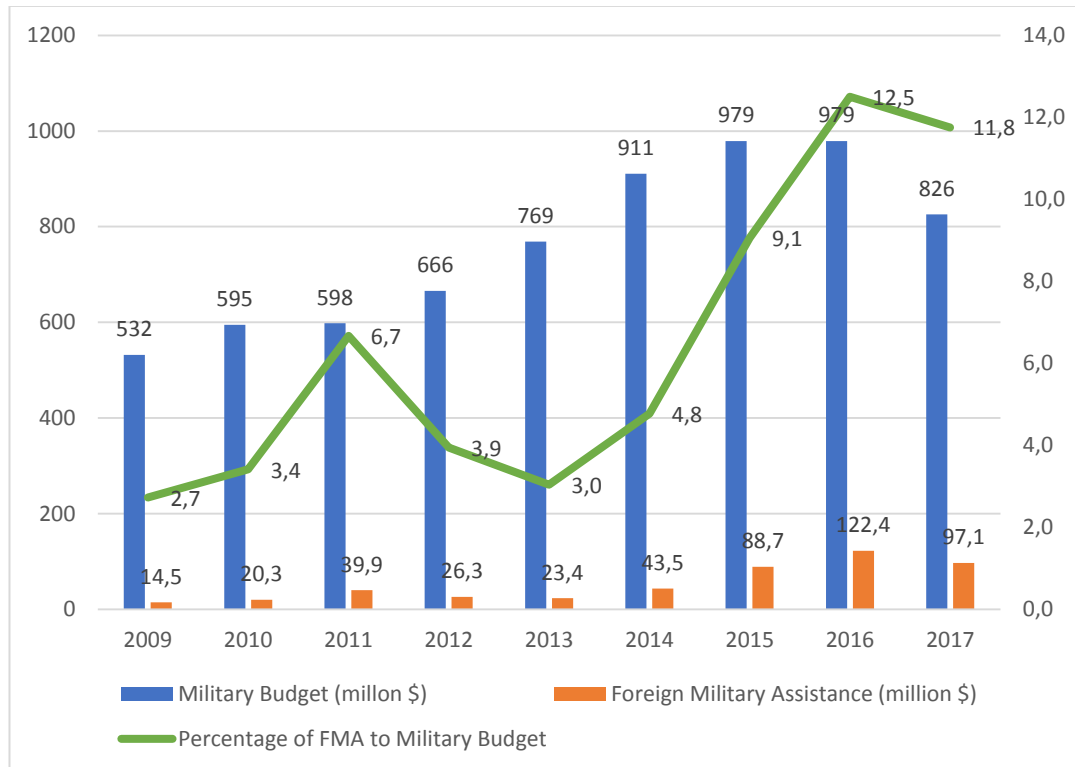


Fig. 11 U.S Military Aid to Tunisia (FMA) and Tunisia's military budget (2009-2017); Source: USAID and Military Balance

When the democratic transition process of Tunisia is examined, it can be seen that the foreign military aid has also increased during the transition period which has been going on successfully. However, in order to test the third hypothesis, the causal link between the transitional government's cooperative policies towards the major donor country and the continuation of the democratic transition process should be demonstrated. In other words, the causal mechanism should explain why maintaining cooperation with donor states leads to a successful democratic transition process. According to the theoretical framework, it is explained that maintaining a cooperative stance with the donor state is significant for dissuading military to

intervene in politics. Thereby, the military institution, which assumes that the flow of military aid is ensured, would not interfere in politics to install a regime that protects its economic interests. One way to examine this cause and effect relationship is to look at the actions of the government when the demands of the donor state are most obvious. Thus, the response of the government to the incoming demands and the further reaction of the military institution to government's response may help to test this relationship.

The rising terrorist acts in the region coincided with the democratic transition period was a major problem for the transitional governments. The Tunisian people put pressure on the government to take effective measures against increasing acts of terrorism. Especially in 2012 and 2013, the radical Islamist threat that manifested itself with political assassinations, shootings and bombings attracted a great reaction from the public, and the large-scale demonstrations were held in Tunisia. These demonstrations demanded the government's resignation and even the military's intervention in the government. But the target of these attacks was not only the Tunisian people and the army. The U.S had been an important target of increasing terrorist attacks. Especially, attacks on U.S Embassy in Tunisia by the Islamist mob and similar assaults on American schools in Tunis, put more pressure on the Tunisian government to take necessary precautions and salient actions against the rising radical Islamist threat (Nsaibia, 2018). As a result of these attacks, expectations of the U.S government that the Tunisian government should take more effective measures to combat terrorism have increased.

Facing certain expectations from both domestic and international actors, the Tunisian government took significant steps in the fight against the terrorist acts. As the United States declared the Ansar al-Sharia – a radical Islamist movement which

operated in Tunisia – as a terrorist organization in early 2014, the Tunisian government followed United States' decision and designated the organization as a terrorist movement (Jebel, 2014). In addition, the Tunisian government pledged more commitment to destroying the terrorist network in the country. It increased military budget and empowered the military institution in a region where terrorist activities were intensified. Tunisia government also strengthened cooperation with the United States on security issues in terms of intelligence sharing, providing military bases for U.S drone strikes in the region and participating in joint operations with the U.S Marine (Nsaibia, 2018). As a result of these positive developments in bilateral relations, in 2015, United States declared that Tunisia is a crucial non-NATO ally, and a significant hub for U.S's counter-terrorist operations in the Middle East and North Africa region (Military Balance, 2016). The decision of the United States to acknowledge Tunisia as a major partner led to the approval of more military aid to Tunisia in U.S Congress (Grewal, 2016, p.11).

In sum, the improvement of the relations between Tunisia and the United States was a desirable situation for the Tunisian military. The development of bilateral relations enabled the Tunisian military to benefit from more military assistance delivered from the United States. As a result, the democratic transition process was continued in such a way that does not undermine the military's corporate interest. Thus, the military was prevented from interfering with politics for the sake of protecting its own economic interests.

4.4 Conclusion

This chapter explained why the Tunisian army allowed the institutionalization of democratic reforms initiated in 2011. The main argument of this chapter, despite its

military capabilities, the Tunisian military did not interrupt the democratic transition process because its corporate economic interests were not endangered by the governments in the transition period. In this chapter, crucial trends in Tunisian military's corporate economic interests, which is conceptualized in terms of military budget, prerogatives of military-owned enterprises and received foreign military aid, is examined. Consequently, it is concluded that the incumbent's policy of increasing military budget contributed to the successful institutionalization of democratic reforms. The transitional governments in Tunisia could have used the military budget for the appeasement of the military institution since increasing military budget could have reduced incentives for military intervention and make it less likely. Secondly, the study suggests that when the incumbent pursued policies compatible with the demands of the military aid donor state, it contributed to the continuation of the democratic transition period with success. Since the transitional governments in Tunisia were responsive to the political demands of the United States, the military institution could not have perceived any threat to the flow of the military aid. Therefore, the political survival of the transitional governments in democratic transition period was not threatened by a military intervention which may disrupt the democratic reforms. Finally, since there is no change in Tunisia military's ownership of business ventures, the hypothesis that examines the relationship between the transitional government's policies on the economic privileges of the military-owned enterprises and the success of the democratic transition process could not be applied to the Tunisian case.

CHAPTER 5

CONCLUSION

This chapter presents the main findings of empirical analysis which is conducted in the second and third chapters. This chapter consists of three sections. The first section, presents and discusses empirical finding on the military behavior during the democratization processes in Egypt and Tunisia. The second section assesses the alternative hypotheses by evaluating their implications in the examined cases. The third section presents some policy implications which can be derived from the conclusion of this research.

5.1 Egypt and Tunisia Military during the democratic transition: The Hypotheses and findings

This study attempts to answer why some military institutions allow institutionalization of democratic reforms, whereas others intervene in politics to disrupt the democratic transition process. By process-tracing the critical processes in democratic transition periods in Tunisia and Egypt initiated after the 2011 uprisings, the research examines the impact of Egyptian and Tunisian military institutions on the outcome of democratization in these countries. The Egyptian and Tunisian militaries displayed two different behaviors during the democratic transition. The Egyptian military officers intervened in the democratic transition process and contributed to the installment of an authoritarian regime afterward. Whereas Tunisia Military avoided acts that would undermine the democratic transition in its country. This dissertation examines why these two militaries adopted two different positions to democratic reforms.

The main argument in this research is that if the military institution perceives their material corporate interests are threatened because of the policies of the government in the transition period, it may intervene in politics in order to disrupt democratic reforms. It is theorized that one of the important keys to understanding the military's impact on the outcome of the democratization process is to analyze changing trends in military's corporate material interest. The military's material corporate interests are conceptualized by changing trends in three variables: The military budget which is allocated for the armed forces, the privileges which are bestowed upon the military's business ventures, and the delivery of the foreign military assistance. Three hypotheses are derived from the main argument of this study.

Hypothesis #1 states that there is a negative relationship between the amount of military budget allocated and the military's willingness to disrupt democratic reforms. One of the important sources of revenue that maintains the economic interests of the military institution is military budget. The military institutions strive for protecting their economic interests by ensuring that their revenue sources are intact (Bellin, 2012). The hypothesis asserts that if the military institution perceives that the government in transition process threatens the amount of military budget, the military officers would intervene in politics and terminate the democratization.

Hypothesis #2 states that the military is more likely to disrupt the democratic reforms if the transitional government harms the privileges of these enterprises. Besides the funds allocated from the government in terms of military budget, the military institution can create its own revenue through possession and operations of its business ventures (Prina, 2017). The incumbent's failure to provide political privileges to military-owned enterprises, or implementing policies that subdue such

military enterprises to civilian control could endanger the political survival of the incumbent since such policies could ignite a military intervention against the government. The governments in democratic transition process also should regard the military's interests in its business ventures; otherwise, the democratization process would be vulnerable to military interventions. In other words, military institutions would oppose democratization if it perceives that policies of the transitional governments undermine the privileged treatment of its business enterprises.

Hypothesis #3 states that if the military is dependent on military aid, it is more likely to disrupt democratization if such transition threatens to disrupt the flow of aid. Apart from military budget and revenues of military-owned enterprises, the delivery of the foreign military aid constitutes another component of the military's economic interests. However, although the policies of military budget and privileges of military's business ventures are related to domestic processes, the delivery of foreign military assistance depends on the decision of an international actor, which is the donor. In this research, it is asserted that foreign military aid has political implication since the donor countries deliver military aid in the condition of some political concessions demanded from the recipient countries (Ali, 2009; Morgenthau, 1962; Rowe, 1974; Sislin, 1994). In other words, Donor countries allocate military aid as long as the recipient complies with the political demands of the donor countries. Therefore, the military institutions, which are the premier beneficiary for the aid, consider that foreign military assistance will be delivered as long as the incumbent sustain cooperation in line with donors' political demands (Brownlee, 2012; Rowe, 1974, p. 241). In the context of the democratic transition process, it is argued that military institutions may intervene in democratic transition process if it

perceives that the incumbent's policies regarding the donor's political demands threaten the disbursement of military aid. To put it in a different way, during the democratic transition process, the government's failure to comply with political demands of the donor countries would prompt the military institution to disrupt democratic reform through a military intervention if military perceives that incumbent's policies threaten the delivery of the military aid.

The dependent variable in this study is the military's intervention in politics to disrupt democratic reforms. This study utilizes Brian Taylor's (2003) definition of military intervention: "Military intervention is the use, actual or threatened, of force by members of the military, either alone or with civilian actors, in an attempt to change the executive leadership of the state" (p. 7). In this regard, the military intervention that disrupt democratic reforms is operationalized as military behavior of "coups, attempts/threats to coups, direct intervention in electoral processes or exercise of a veto-power over electoral results, the military assuming governmental positions, and the military's responsiveness to the government or at least to a faction of the civilian elite" that lead to termination of democratization process (Senagani, 2017, p. 26).

By comparing the Egyptian and Tunisian cases, the study examines the empirical evidence in order to test causal linkage between the variables related to military's economic interests and military's willingness to intervene in politics to disrupt democratic reforms. The summary of the findings is demonstrated in Table 3. Hypothesis #1 indicates that increasing military budget during the democratic transition process is significant for the success of democratization. By examining Tunisia case, it can be seen that there is a clear correlation between the increase in military budget and the success of the democratic transition process. This

relationship is not coincidental. Because, when the critical moments in the democratic transition process of Tunisia are examined, it can be seen that the government uses military expenditures as an appeasement strategy. In particular, in 2013, when the threat of coup was highest, the government followed an appeasement strategy based on two pillars aim at decreasing willingness of the military to intervene in politics. First, the government increased military budget and allocated more funds for building a more efficient armed force against the rising terrorist threat. Second, Military became more influential in security bureaucracy. On the other hand, in the Egyptian case, the empirical evidence partially supports the hypothesis #1. In Egypt, the military budget cannot be examined as a single body since there are other informal channels of delivering funds to the military institution and military officers. The military budget should be analyzed by revealing its non-budget components: the loyalty allowances which are deposited to military officers on basis of loyalty; post-retirement job opportunities in privately or publicly owned business enterprises in top positions; and the appointments to top bureaucratic positions in the government. The critical process in Egypt's democratic transition period is the Morsi government, where the military delegated power to a civilian government. When Morsi's military budget policies were examined, it can be seen that there is no clear trend. Morsi increased the military salaries and retirement payments, and there is no report on Morsi's cancelation of loyalty allowances (Abu-Magd, 2016). On the other hand, Morsi did not increase military budget in his rule, and most importantly, he refrained from appointing former military members to administrative positions in public and private sector (Aboulenein, 2016; SIPRI, 2016). It can be argued that the military was discontent with the fact that Morsi did not increase the military budget and appointed the civilians to bureaucratic posts

which were occupied by the military officers before. Because, after the overthrow of Morsi, post-coup governments both increased the military budget and reinstated the military's privileges in bureaucratic appointments.

In Egypt, hypothesis #2 is strongly supported when the empirical evidence in critical processes of democratization is examined. Morsi's failure to maintain the privileges of the military's enterprises endangered the military's economic interests. This development has been an important driving force for the military intervention that ended the democratic transition process. The military-owned enterprises consist of an important part of the Egyptian military's revenue sources. The military owns large-scale industrial and commercial enterprises, and reap enormous benefits from their business activities. On the other hand, Egyptian governments provided various privileges to military's enterprises in order to ensure military's loyalty to their regime. In other words, the incumbents bestowed upon certain privileges to military-owned enterprises as a political survival strategy.

When the Morsi's rule is examined, the conflict between Morsi's policies and the interests of the military can be detected. In crucial projects on national developments, the Morsi gave privileges to companies affiliated with the Muslim Brotherhood rather than the military's enterprises. In particular, the exclusion of the military enterprises from the gigantic Suez Canal project, which have both enormous symbolic and economic significance, created a great dissatisfaction with the Morsi government inside the military (Marshall, 2015; Prina, 2017). After Morsi was ousted from power, SCAF and Sisi administrations left the largest share of the major projects to the companies owned by the military.

In the Tunisia case, hypothesis #2 cannot be applied. It is observed that there is no significant changing trend in ownership of military-owned enterprises in

Tunisia. There is no report indicates that the military-owned any business venture or managed them on behalf of the state either before or after the democratic transition process started. Since there is no change in this trend, hypothesis #2 is not applicable to the Tunisia case.

The main finding for hypothesis #3 reveals that the incumbent's relations with the foreign aid donor country are a relevant phenomenon which influences the outcome of the democratization. The study finds that complying with the political demands of the donor country contribute to the success of democratic transition. In Tunisia, the governments in the transition period responded to political demands of the United States, which postulated active cooperation with the Tunisian government on issues of security and the war on terrorism. The development of bilateral relations enabled the Tunisian military to benefit from more military assistance delivered from the United States. As a result, the democratic transition process was continued in such a way that does not undermine the military's corporate interest. Thereby, the military was not obliged to intervene in politics to protect its material corporate interests. On the other hand, in Egypt case, it is observed that the military ended the democratic transition process by overthrowing Morsi who was doubted to fulfill the political demands of the United States which is the major donor of military aid. The military aid delivered from the United States constitutes an important element of the military's material corporate interests. Historically, US's foreign assistance to Egypt is conditioned to maintain Egyptian-Israeli Peace Treaty that is signed during Camp David Accords in 1978, to maintain good relations with Israel, and to refrain from policies that may lead to instability in the region (Brownlee, 2012). However, the emerging doubts that Morsi would not fulfill these conditions led to concerns that Egypt's relations with the United States could be deteriorated (Segell, 2013). The

study suggests that Morsi's failure to ease concerns over the deterioration of relations with the United States has been the driving force for the military's intervention in politics, which considered that military aid is jeopardized. Military's discontent with Morsi's relations with the United States and Israel can be inferred from the political developments after the Morsi's removal from power. After the military coup, Egypt-Israel relations have been revived. The Sisi administration has collaborated with Israel in political, economic and security areas, and he has reaffirmed Israel's trust in the Egyptian government once again (Sasnal & Wajarowicz, 2017; Tahhan, 2017). To sum up, although Egypt and Tunisia have initiated a democratic transition process after the Arab Uprisings, the outcome of the transition process has been different for the two countries. One crucial factor differed in Tunisia and Egypt in this period was the governments' policies towards the economic interests of the military. By examining the hypothesis #1, a significant difference could be observed between the policies of governments in Tunisia and Egypt during the transition period. It can be seen that military budget, which is an important part of the military's economic interests, is not increased during the Morsi' rule, which is the critical process in Egypt's democratic transition period. On the contrary, Tunisia's transitional governments have increased military budget and responded to the economic demands of the military. Two different policies on military budget in the two countries can explain why the military institutions in the two countries react differently to the democratic transition process. In this regard, it can be said that the first hypothesis can be supported as a result of the comparative analysis of the examined cases.

By testing the hypothesis #2, comparative analysis of the data obtained from the Tunisian and Egyptian cases revealed that the hypothesis is partially supported based on Egyptian case. Morsi's implementation of policies against the economic

interests of the military-owned enterprises seems like a plausible reason behind the military's decision to intervene in politics to disrupt democratic reforms. After the coup in 2013, the Egyptian military installed a new government that protected the privileges of the military's business ventures. On the other hand, when the data on the Tunisian military's economic assets are examined, it is found that the military did not have any business venture either before the transition period or during the transition period. In this regard, the second hypothesis is not applicable to Tunisia case. Therefore, the hypothesis is partially supported in the conclusion of the study.

Finally, the comparative analysis of Tunisia and Egypt indicated that the bilateral relations between the government in the transition period and the donor country were an important variable for the outcome of the democratic transition process. When hypothesis #3 is examined, a significant difference could be seen in Tunisia and Egypt's bilateral relations with the United States, which is the major military aid donor for both countries. In Egypt, the Morsi government was reluctant to respond to the U.S's political demands. Morsi's failure to implement policies in line with the political demands of the United States led to dissatisfaction against Morsi inside the Egyptian Military, which considered Morsi's policies threatened the military aid delivered from the United States. In Tunisia, the transitional government responded to the U.S's political demands, and the Tunisian army did not encounter a contradiction between the ongoing democratic transition process and its economic interests. The analysis suggests that the difference in the transitional government's bilateral relations with the donor have an impact on the different outcome of the democratization process in the examined cases. In this regard, this is sufficiently supported by the case study.

Table 3. A Brief Summary of the Main Findings in Egypt and Tunisia

Hypotheses	Causal Process Observation in Egypt	Causal Process Observation in Tunisia	Support of Hypothesis
There is a negative relationship between the amount of military budget delivered and the military's willingness to disrupt democratic reforms	<ul style="list-style-type: none"> - Presence of informal methods for the delivery of military budget - Morsi increased military salaries and retirement payments - No cancelation of loyalty allowances - Military members are less frequently appointed to administrative positions in the public and private sector 	<ul style="list-style-type: none"> - Increase in military budget during the transition period - The government uses the military expenditures as an appeasement strategy in case a coup threat emerges - Military's economic interest does not conflict with the government's democratic reforms 	<ul style="list-style-type: none"> - In Egypt: Yes (Partial Support) - In Tunisia: Yes
The military is more likely to disrupt the democratic reforms if the transitional government harms the privileges of these enterprises.	<ul style="list-style-type: none"> - MOE's consists of an important part of the Egyptian military's revenue sources - The conflict between Morsi's policies and MOE's privileges - Exclusion of MOE's from crucial development plans 	<ul style="list-style-type: none"> - There is no report indicates that the military-owned any business venture or managed them on behalf of the state either before or after the democratic transition process is started. 	<ul style="list-style-type: none"> - In Egypt: Yes - In Tunisia: Not applicable
If the military is dependent on military aid, it is more likely to disrupt democratization if such transition threatens to disrupt the flow of aid.	<ul style="list-style-type: none"> - The emerging doubts that Morsi would not fulfill the political demands of the donor, US - Military's discontent with Morsi's foreign relations with Israel and the United States - Military's concerns over the suspension of military aid 	<ul style="list-style-type: none"> - The government comply with the political demands of the donor - Increasing foreign military aid allocated by the United States 	<ul style="list-style-type: none"> - In Egypt: Yes - In Tunisia: Yes

5.2 Assessing the alternative hypotheses

This study examines the impact of the government's policies affecting the economic interests of the military institution on the outcome of the democratic transition process. According to the main argument in the study, if the military institution perceives that its economic interests are endangered by the government in the democratization process, the military can intervene in politics and terminate democratic reforms. However, other variables can be proposed as reasons behind the military's willingness to disrupt the democratization process. In this section, five alternative hypotheses related to this research are discussed.

Alternative hypothesis # 4: If the military institution perceives that the government's reforms undermine national interests during the democratic transition, the military officers may decide to intervene in politics and end democratic reforms.

The main argument behind this hypothesis is that military institutions consider national interests more important than their own. In this case, the military officers carefully monitor the compliance of government policies with national interests, and considers military intervention in politics as an option if they perceive that government's policies are in contradiction national interests (Johnson, 1964; as cited in Needler, 1975, p. 64). This hypothesis can be tested in two ways. First, it can be questioned to what extent the military's behavior is consistent with the national interests of the country. In this case, the hypothesis may be falsified if the military institution regards its own interests superior to national interests. Second, this hypothesis can be falsified, if the military criticizes the government's policies before military intervention on the grounds that it is against national interests, but supports or maintain the policies that it criticized after the intervention.

By examining the Egypt case, it can be observed that the military's discourses on the necessity to protect national interests and military's actual behaviors are contradictory. The Egyptian military criticized government's economic policies in the democratic transition period on the grounds that they are contrary to national interests, but after the military intervention, it supported the policies that it had previously criticized. The reason behind the Egyptian military's behavior is that it wants to protect its own economic interests rather than taking care of national interests. For example, in the Suez Canal Project, which still has a very huge economic value, the military institution has criticized the Morsi government's inclusion of Indian companies in the project. Sisi, who was then the leader of the SCAF, regarded Morsi's decision as foreign involvement, and he considered Morsi's decision as a violation of Egypt's national interests (as cited in Marshall, 2015, p.12). However, the military's acts after the coup were in contradiction with these statements. Following the military intervention, SCAF terminated Morsi's economic deals. Nevertheless, the project has been revived with the incumbency of the Sisi, but this time the military-owned enterprises took the lion's share in the project. Moreover, Sisi invited foreign partners to invest in the project. Companies from Saudi Arabia and the United Arab Emirates have invested heavily in the project (Marshall, 2015, p. 17). However, these investments have never been seen by the military as a transgression of national interests. This contradiction in the rhetoric and behavior of the military stems from the fact that he won the privileges in the projects that he could not obtain under the power of Morsi thanks to the post-coup configuration in Egyptian politics.

On the other hand, it would be naive to say that the economic investments of the Egyptian military and activities of military-owned enterprises are in line with

national interests. The Egyptian governments have given great privileges to the enterprises owned by the Egyptian military. Some of the privileges are exemplified in Table 4 Privileges such as tax exemption, easy access to public tenders, prerogatives in export and import of the produced goods, and exemption from supervision have made the military more privileged in the Egyptian economy than other firms in private sector.

Table 4. Economic Privileges of Military Institution

Economic Privileges	Example
Exemption from taxes and duties	Profits of military enterprises are exempt from taxes, customs duties, and business licensing requirements according to Article 47 of Egypt's 2005 income tax law.
Conscripted Labor	The government allows the military institution to use conscripted soldiers as cheap labor in the daily operations of military enterprises.
Exemption from public procurements	In 2014, Sisi enacted a presidential decree which amended public procurement law and enabled the government to deal with contractors without arranging public procurements in construction projects
Access to state lands	the military institution can buy state lands cheaply, and exempted from paying property tax to the government. The military can acquire state lands free in some cases under a pretext of conducting urgent economic projects
Protection of economic initiatives	The military institution can use its military personnel to provide security to its business operations
Oversight of military budget	According to Article 203 of the Constitution (2014), a council which is dominated by military officers is authorized to scrutinize the military budget

The privileged position of the Egyptian military in the economy harms the functioning of free markets and prevents other firms from doing business freely and efficiently (Transparency International Report, 2018). In particular, the privileges such as free access to the state lands, the use of military conscripts as unpaid labor and tax exemptions have enabled the military's enterprises to do business at low costs, but this has eliminated the possibility of other enterprises to compete with the firms belongs to the military institution. This privilege has led the military to build inefficient monopolies in the economy and brought on enormous costs for the national economy (Transparency International Report, 2018, p.11). Moreover, the laws enacted by the Egyptian parliament also provide privileges to military enterprises for unregulated access to public procurements and government contracts. With a law enacted after the 2013 coup, the military-owned firms are entitled to state business projects without following any procurement process. Thanks to the law, other actors in the private sector are excluded from bidding in the procurement process for government contracts. Furthermore, no third party, including the attorney general's office and a supreme court, has the right to oversee these agreements in terms of their compliance with the law. The military-owned enterprises have bypassed the private sector and civil society, and have reaped great profits from state projects (Transparency International Report, 2018, p.13). As stated by Transparency International in its report, only two months after the law's entry into force, companies owned by Egyptian military obtained state contracts which worth approximately \$ 1 billion (Transparency International Report, 2018, p.13). To sum up, the Egyptian army's influence on the economy disrupts the free market, prevents competition and reduces the efficiency of the private sector. In this case, it will not be easy to claim that the economic activities of the army are in line with national interests.

Alternative hypothesis # 5: If the military institution perceives that the government's reforms in the democratic transition process undermine the interests of the middle class, the military may intervene in politics and end democratic reforms.

The main argument behind this hypothesis is that the military officers are coming from the middle-class backgrounds, and it would prioritize the interests of the middle class over the interests of other actors in the society (North & Nun, 1978; Zirker, 1998). In this context, the military carefully monitors how the policies of the government in the democratic transition have affected the interests of the middle class, and considers the military intervention in politics as an option when it regards that the middle class's interests are suffering due to reforms implemented in the democratic transition period (as cited in Zirker, 1998, p. 67).

Although it may seem plausible to argue that the military institution serves the interests of the certain class in society, when the Egyptian military's acts were examined, it can be seen that the military maintained its economic interests rather than serving to the interests of a certain class. First, there is evidence which indicates that the Egyptian military did not act in the line with interests of the certain class in Egyptian society, rather protected its own institutional economic interests. For example, after the overthrow of Mubarak in 2011, massive labor strikes broke out in the factories managed by the Egyptian military. The SCAF denounced these strikes and did not hesitate to use military force to suppress them (Abul-Magd, 2012). Furthermore, it did not support the nation-wide protests and strikes organized by the labor unions which complained of poor working conditions, low wages and ill-treatment to workers (Abul-Magd, 2012). Moreover, the military did not hesitate to use conscripted soldiers in its factories as free labor. These conscripts were obliged to work in extremely hard conditions, their right to establish trade unions were rejected and their attempts to organize were violently suppressed (Transparency

International Report, 2018). Therefore, it can be inferred that military institution did not support the working class in Egyptian society, rather it had been one of the major violators of labor rights. On the other hand, it would not be right to say that the Egyptian military blindly served to interests of the emerging bourgeoisie. To illustrate, the Egyptian military opposed privatization policies during the Mubarak's rule on the grounds that the privatization policies empowers Gamal Mubarak, Hosni Mubarak's son, and his crony capitalist businessmen (Abul-Magd, 2016; Prina, 2017, p. 220). In sum, the Egyptian military considered itself as a distinct economic and political actor in the Egyptian society and challenged the bourgeoisie's economic or political empowerment since it perceived the rise of the bourgeoisie as a threat to its corporate interests.

Alternative hypothesis #6: If a coup d'état occurs in a country dependent on western aid, the coup leaders are more likely to support democratic reforms.

This research explains the military's behavior that aims to interrupt the democratic transition process through military intervention. For this reason, it can be said that the dependent variable is composed of two different observations: military intervention and failure of democratic reform. The study presumes that military interventions will adversely affect the democratic transition process. This assumption is based on the argument that the military officers intervene in politics in order to protect the military's corporate material interests. After the military intervention, military officers may prefer an authoritarian regime to a democratic regime, because small-coalition authoritarian regimes, such as dictatorships and military juntas, can better serve the military's economic interests (Bueno de Mesquita et al., 2003; Derpanopoulos et al., 2016). However, all military interventions may not end with

the establishment of an authoritarian regime. Some military coups can put an end to the authoritarian and may contribute to the transition to democracy (Powel, 2014; Thyne & Powell, 2016;). Thyne & Powell (2016) claim that authoritarian regimes should face a domestic shock for the end of the autocratic regime, and they denote that military coups could provide this shock for the introduction of democratic reforms (p. 3). Marinov & Goemans suggest a more sophisticated theoretical framework, and they argue that international financial support networks could affect the consequence of military coups. They conclude that, in the post-cold war period, "dependence on western aid tends to make countries more likely to hold competitive elections after coups" (Marinov & Goemans, 2014, p. 800). In the bipolar world in the Cold War period, the coup leaders in the search for foreign economic resources could "shop around and play the West off against the Soviet Union" (Marinov & Goemans, 2014, p. 800). In this political context, the western states, who feared that the receiving state would defect to the Soviets as a source of foreign aid, they may not suspend the provided foreign aid. Therefore, the coup leaders could obtain the necessary funding and, they are able to bring an authoritarian regime to power. Western states can tolerate the establishment of an authoritarian regime in the country that has experienced a coup because they fear that it would be under Soviet influence otherwise. However, with the collapse of the Soviets in the post-cold war period, the western states were able to condition the disbursement of foreign aid to the introduction of democratic reforms. For example, according to an act passed in 1997 at the U.S Congress, if a foreign aid recipient country experiences a military coup, the U.S government must suspend foreign aid until democratic reforms are enacted in this country (Aziz, 2013).

According to this theoretical framework, one may argue that coup leaders who undertake military intervention in a country that is dependent on western aid may support democratic reforms rather than an authoritarian regime. This counter-factual argument can be examined in the context of the Tunisian and Egyptian cases examined in the study. Egypt receives approximately \$1.5 billion in foreign aid annually from the United States. In response to Morsi's overthrow, the Obama administration suspended foreign aid in 2014 due to the U.S Congress's foreign aid law. One may think the United States would use foreign aid as an element of pressure against the coup leaders for the implementation of democratic reforms in Egypt (Rampton, 2015). However, the only visible development in favor of democracy in Egypt was limited to the fact that Sisi came to power with a non-competitive election. According to the reports of Freedom House, Sisi's government is at least as authoritarian as the Mubarak administration (Freedom House, 2016). In spite of this, the U.S lifted the suspension of foreign aid in 2015. In this case, the threat of suspension of foreign aid seems not to have produced sufficient pressure for democratization in Egypt. Undoubtedly, Egypt is a strategically important country for the United States, and it needs Egypt's cooperation to maintain regional stability that is established after a peace agreement signed between Israel and Egypt in 1979. For Egyptian coup leaders, who have grasped the strategic importance of Egypt for the United States, the suspension of foreign aid may not be a credible threat. As a result, coup leaders contributed to an authoritarian regime to come to power rather than introducing democratic reforms.

Alternative hypothesis #7: The military is less likely to organize a military intervention if the country is dependent on Western foreign aid.

Examining the Tunisia case, it was concluded that the transitional government turned to the strategy of taking care of the economic interests of the military in order to alleviate the threat of a military coup. It is emphasized that this appeasement of military through protection of its corporate material interests is a useful strategy in reducing the Tunisian army's willingness to intervene in politics. However, one may argue that since Tunisia is a country that is dependent on U.S foreign aid, the military officers would not attempt a military intervention because they fear the suspension of U.S aid. The foreign aid provided by the U.S for the Tunisian military is important for the military's corporate interests. However, Tunisia is not as important as Egypt for the US's strategic interests. Therefore, Tunisian military leaders may not be able to resist the democratization pressure from the U.S after a possible coup, as Egyptian coup leaders did after ousting Morsi from power. Therefore, one may suggest that the threat of suspension of foreign aid would prevent the Tunisian army from military intervention. The validity of this explanation can be tested by examining the views of the military elite on the importance of military aid delivered by the United States. However, this study cannot falsify this alternative explanation by examining compiled data through secondary resources. The author could not reach any data on the Tunisian military elite's evaluation of the U.S aid's significance. The data collected directly from the military elite through in-depth interviews can provide a suitable basis for testing this alternative hypothesis.

Alternative hypothesis #8: Professionalized militaries are less likely to intervene in politics.

In this study, it was emphasized that the transitional governments could appease the military from interfering in politics with the policies aimed at protecting the corporate material interests of the military. Alternatively, one may argue that military professionalism is one of the factors that keep the army away from politics (Huntington, 1957). According to this argument, the professionalized militaries "differentiate civil politics from military tasks", and they respect the rule of civil administration in the country (Finer, 1974, p. 25). Although this argument has been criticized in various studies (Kamrava, 2000; Zimmermann, 1979), this alternative argument may not be ignored. In this context of Tunisia case, it can be argued that the professionalized military refrained from interfering with politics because it respects the civilian rule and the democratic norms. Examining the data on Tunisia, it is not easy to argue that the Tunisian military completely internalized the democratic norms. The Tunisian military was used to suppress the peaceful demonstrations and strikes during the rule of Ben Ali and did not hesitate to shoot the protestors in 2008, as seen in the protests at Gafsa (Signe & Smida, 2016). In addition, a blogger who criticized the military's performance in 2015 sentenced to a year in prison by a military court for insulting the military institution (Amara, 2015). This prison sentence obviously damages the freedom of expression which constitutes an important element of the democratic norms. However, even though the Tunisian army does not seem democratic, the data obtained from the secondary sources in this is not sufficient to refute the argument that military professionalization has prevented the military in Tunisia from intervening in politics. Therefore, a study based on elite interviews aimed at measuring the democratic tendencies of the military elite and the

perception of professionalism may provide a more appropriate basis for testing this counter-factual argument.

5.3 Future research

As this study demonstrates, it is possible to refute three of the five alternative hypotheses. The remaining two is more challenging due to the demanding nature of the data required. This research is limited in two ways. First, the data used in the study substantially consists of secondary sources due to limited financial and time restraints; and the second, was a small-N study with only two cases examined comparatively. To overcome these shortcomings, and to pave the way for future research, this study suggests the inclusion of primary sources, such as elite interviews with military officers and foreign aid officials to examine the validity of unrefuted alternative hypotheses. By increasing the number of cases examined, the validity of the findings would also be bolstered. For the remainder of the section, the author presents some additional ways forward for future research.

This study explains the military intervention aimed at disruption of the democratic reforms. The evidence suggests that the transitional government's policies towards the corporate material interests of the military have a significant impact on the military's decision to intervene in politics and to end the democratic transition process that took place. In this case, it can be said that the material interest of the military is a decisive factor in the military's attitude towards the democratic transition process. In order to better understand the military's attitude towards the democratic transition process, future research can be suggested in two extensions.

One extension is to examine other countries undergoing democratic transition outside of the Middle East and North Africa region context. Employing this theoretical approach in further comparative studies could be important in two focal points. Firstly, testing the hypothesized in different studies may contribute to bolstering the results of this study, and may provide further evidence on their validity. Secondly, further studies may discover other components of the military's corporate interests which are not identified in this study, and thereby, they can contribute to a better conceptualization of the military's corporate interests. In line with these objectives, the author suggests that democratic transitions in certain countries in Latin America after 1970 may provide an important basis for comparative studies. As can be seen in Table 5, the military institutions in some Latin American countries intervened in the democratic transition to disrupt democratic reforms that took place after the 1970s. This fact may suggest that the military institution could also be a significant agent in determining the outcome of the democratic transition processes in these countries. Table 5 includes military coups in some Latin American countries between 1972-2018 and the status of the democratization process in these countries before and after these military coups. Accordingly, in the 1970s, the democratic transition processes were disrupted as a result of military coups in Argentina, Bolivia, Chile and Uruguay, and an authoritarian regime came to power afterward. On the other hand, in Brazil, Ecuador and Peru, the military institution did not intervene in the democratization processes that initiated in the late 1970s and early 1980s (Edgell, 2018; Lehoucq & Perez-Linan, 2014). As can be seen, the differences in the military institutions' attitudes towards democratic reforms in these countries create a similar puzzle examined in this study, and it may provide a suitable basis for testing the hypotheses proposed in

this study. Although my insight on militaries in these countries is speculative, further studies may identify the components of the military's corporate interests and may examine whether military institutions disrupted democratization in Argentina, Bolivia, Chile and Uruguay because of the transitional governments' policies that harm the military's corporate economic interests. Besides, it may also be an interesting research question whether the transition governments in Brazil, Ecuador, and Peru adopted an appeasement strategy and protected corporate economic interests of the military in order to dissuade the military from interfering in politics during the democratic reforms.

Table 5. Coups and Democratization in Some Latin American Countries

Country	Year of the Coup	Democratization Before the Coup?	Does the Coup leads to Democratization?	Year the Country Returned to Democratization After the Coup
Argentina	1976	Yes	No	1983
Bolivia	1980	Yes	No	1983
Chile	1973	Yes	No	1990
El Salvador	1979	No	No	1997
Panama	1989	No	Yes	1989
Paraguay	1989	No	Yes	1989
Uruguay	1973	Yes	No	1985

Source: Edgell (2018); Lehoucq & Perez-Linan (2014)

The second extention is to focus on the factors that appease the military from disrupting democratic reforms. This study suggests that transitional governments may appease the military from interfering in politics by protecting the military's corporate economic interests. Nevertheless, there may be other alternative

explanations that account for why the military did not interfere with the democratization process. For example, as discussed in the alternative hypotheses section, the author cannot rule out whether military officers' fear of suspension of foreign aid delivered by the United States would have discouraged a military intervention in Tunisia. Besides the fear of suspension of aid, there could be other factors such as military professionalization, political ideologies of the military officers and fear of foreign intervention that may why the military does not intervene in the democratization. An examination of the factors that appease the military may contribute to deepening of theoretical knowledge on the military's behavior towards democratic reforms.

5.4 Policy implications

This study includes some policy implications for both domestic and international actors which aim the success of the democratic transition process. First of all, it should not be forgotten that the military institution is an actor that can influence the outcome of the democratic transition process. As a matter of fact, the military has the power to intervene in politics by using extra-legal means. In this study, it has been indicated that the military institution may interfere in politics in order to disrupt democratic reforms if the democratization process harms its material corporate interests. In this context, the civil governments in democratization period should implement policies by considering their effects on the economic interests of the military institution. The democratization is a fragile process, and the civilian governments may not have the power to subordinate the military to civilian rule at the beginning of their incumbency. This study suggests that an appeasement strategy which is based on buying off the military's loyalty is effective in lessening the

military's willingness to intervene in politics. Therefore, a financially satisfied military is less threatening for democratic reforms. However, it is not always possible to satisfy the military financially. When the transition government comes to power, it can find itself in a financial crisis. It is not a rare situation that the overthrown dictator bankrupts the country or flees the country with the state's treasure. Therefore, the transition government who face a serious budget constraint may not have the financial resources to buy off the military's loyalty. In this case, the transitional government may need to end introducing democratic reforms in order to guarantee its political survival. Unlike in authoritarian regimes in which the government need to satisfy a smaller coalition to ensure its political survival, the incumbents in the democratizing regimes need to financially satisfy a larger segment of the population (Bueno de Mesquita et al., 2003; Brown & Hunter, 1999). It means the transitional governments in democratizing regimes should rely on a large amount of public good provision in order to ensure its political survival. Yet, provision of public goods may bring further constraints on the government's budget, and incumbents may deprive of funds which are necessary to appease the military by buying off its loyalty. As the study indicates, this is a dangerous situation for the transitional government's political survival stakes, because an economically unsatisfied military is more prone to intervene in politics. Therefore, for a transitional government that faces budget constraints, the suspension of democratic reforms could be a logical political survival strategy.

On the other hand, this study examines an international dimension of democratization by pointing out that foreign military aid is one of the military's economic interests. During the democratic transition process, the military institution would monitor the relationship of civilian government with the donor state in

consideration of its economic interests. The tense politics between the donor state and civilian incumbents may lead to increased risk perception regarding the suspension of the military aid. Since military aid is a crucial source for the military's economic interest, it may intervene in politics to replace the incumbent with another government that will take care of its economic interests. As can be observed in the Egyptian case, such intervention may lead to the installment of an extremely authoritarian government. Thus, donor states should consider the military's such attitude if they aim at the success of the democratic transition process in the recipient state. As a matter of fact, giving positive signals in relations with the civilian government in the receiving state can reduce these concerns of the military, and may prompt the military to stay at their barracks.

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