

Crony Capitalism and Corruption in the Middle East and North Africa*

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ABSTRACT

This paper provides a perspective on the political economy of crony capitalism and corruption in Egypt, Libya, Tunisia, Syria, and Yemen, severely affected by the Arab Spring, to propose that these factors triggered the uprisings. The crony capitalism in Egypt shows military dominance and its conglomerates in various sectors. Tunisian capitalism was around President Ben Ali and his wife, Leïla Ben Ali, who controlled about 30-40% of the economy. In Syria, President Assad and his cousin Makhloufi's families controlled 60% of the country's GDP, whereas the Qaddafi family controlled the economic paradigm in Libya. Lastly, in Yemen, certain tribes, families, and acquaintances of Saleh dominated the Yemeni economy. After the Arab protests, all of these countries changed their regimes except Syria, where the demonstrations ignited a civil war. However, the pre-existing powers continued their dominance, heavily in Egypt and partially in Libya and Yemen. The so-called successful example is Tunisia, which struggled with the democratic transition that hindered its systematic economic development. The analysis elucidates dominant state-class relations pre- and post-Arab Spring and stipulates the channels through which crony capitalism and corruption may be eliminated.

Keywords: Capitalism, Corruption, Political Economy, Arab Spring, MENA

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1. Introduction

Corruption and its impacts on micro and macroeconomic indicators have been widely researched over the past few decades. Although some studies in the literature have found positive and non-linear relationships (Mironov, 2005; Podobnik et al., 2008; de Vaal and Ebben, 2011; Ahmad et al., 2012) between corruption and macroeconomic indicators, most research demonstrates the consensus that corruption lowers economic growth (Mauro, 1995), increases income inequality (Glaeser et al., 2003) and unemployment (Dimant et al., 2013; Pappa et al., 2015), and hampers trust among citizens (Rothstein and Uslaner, 2005). The Arab Spring, the chain of protests in the Middle East and North Africa (MENA), exemplifies how corruption could lead to major societal incidents. The incidents in Tunisia in 2011 that were the catalyst of the Arab Spring resulted from rampant political and bureaucratic corruption (Feldman, 2020). Therefore, examining the level of corruption regarding the political economy of countries in the MENA region is essential to understand to what level a homogenous understanding of the region is inaccurate.

When it comes to the phenomenon of crony capitalism, scholars have also concentrated on everyday business transactions in the MENA region. There is a correlation between the macroeconomic indicators and crony capitalism. For example, Diwan (2012) argues that crony capitalism increased inequality and diminished the share of the middle class. Crony capitalism also failed to produce sufficient job opportunities. In another study, Chekir and Diwan (2014) show how connected firms employ fewer people even though they benefit more from government procurements and profits than non-connected firms in Egypt. There is also a connection between the state's role (i.e., government expenditure) and crony capitalism. When government expenditure decreases, crony capitalism rises, as in the MENA (Cammatt and Diwan, 2016). This shows the relationship between crony capitalism and corruption as well as the level of interconnectedness in how they reinforce each other. That is, more crony capitalism leads to more corruption and vice versa. This is common in the MENA region, where although crony capitalism is experienced in different formats in each MENA country, the essence is analogous.

This study sheds light on the heterogeneity of the magnitudes of the Arab protests, especially in Egypt, Libya, Tunisia, Syria, and Yemen (henceforth, severely affected countries) from a comparative political economy methodology. First, it analyzes each country's pre-Arab Spring political-institutional setting and then explains how the prevalence of crony capitalism combined with corruption reinforces the political-economic framework. Different institutional frameworks of corruption might help explain the distinctive experience of the Arab Spring across the countries. However, a phenomenon like the Arab Spring entails further research from the political, social, and economic perspectives due to the intertwined and complex structures of these spheres. Therefore, this paper neither claims to comprehensively explain the sole reason behind a multifaceted series of events that led to the Arab protests nor is it sufficient to be certain of all the causes. It instead advocates that the phenomena of crony capitalism and corruption are the channels that may explain the fundamental cause of the Arab protests in severely affected countries. To the best of our knowledge, no other study in the literature comprehensively examines the political economy of cronyism and corruption in severely affected countries altogether.

Following this introductory section, the next section of this paper reviews the literature. The third section elaborates on the political and institutional heterogeneity in corruption in Egypt, Libya, Tunisia, Syria, and Yemen. The fourth section explains the structure of crony capitalism and corruption after the Arab uprisings. The fifth section makes a cross-country comparison of the two extreme cases (Tunisia-Yemen) after the Arab protests. Finally, the sixth section talks about limitations and presents the conclusions of the research.

2. Literature Review

The MENA region was characterized by a more sophisticated economic system, intellectually improved judicial and legal areas, and more advanced culture than the West from medieval times until the mid-19th century (Springborg 2020). Many Arab countries, including Egypt and Syria, were known for their accomplishments through commercial activities using the coasts and railways, which constituted higher GDP than East Asian countries and Japan during the 1950s and 60s (Springborg, 2020). Nevertheless, since the early 19th century, colonialism and imperialism shifted the dominance from the MENA to the West (Springborg, 2020).

Today, long-lasting political instabilities, cruel dictatorships, social contract breakdown between the governments and citizens, and economic problems, including high youth unemployment, inflation, and public debt, are shared among the MENA countries (Springborg, 2020). These issues are the accumulated outcomes of the deteriorating relations between the state and citizens after the 1980s and the neoliberal policies of the International Financial Institutions (IFIs) (Hanieh, 2021).

Due to the policies of the IFIs (e.g., deregulation, privatization, and liberalization) combined with lower government

expenditures, crony capitalism has become more embedded in Egypt, Libya, Tunisia, Syria, and Yemen. The disrupted systems changed the structure of crony capitalism after the Arab uprisings due to the lack of the rule of law and political instability but mostly maintained the crux of it. Douglas North refers to crony capitalism as a “limited access order” where political elites appropriate the economic resources and provide privileges by preventing outsiders (Springborg, 2020). MENA countries underperform with limited access order and authoritarianism (Springborg 2020) since small elites concentrate the wealth, preventing systematic entrepreneurial development and the providing of goods and services to the public (Wahab, 2019).

Moreover, the absence of inclusive institutions (Acemoglu and Robinson 2012; Wahab 2019; Noha and Jhonsa 2014) and social mobility limits sustainable economic growth (Wahab, 2019). The private sector’s slow growth and government dominance worsen institutional quality, reducing the incentive for investment and private activity (Kandil, 2009). According to World Governance Indicators (WGI), which measures institutional quality with six indicators (voice and accountability, political stability and absence of violence and terrorism, government effectiveness, regulatory quality, the rule of law, and control of corruption), the MENA received lower scores compared with the rest of the world on five out of six indicators between 1996-2017. Only regulatory quality remained unchanged (Springborg, 2020).

Further evidence for the deterioration of the economies of these countries is the globalization of the world. Most MENA countries, including Egypt, Syria, and Yemen, came at the bottom of the world globalization index in 2018. The lack of integration with the rest of the world has adverse effects on the economic performance of the MENA countries. On the other hand, the Arab region is the largest financial aid recipient on a per capita basis (Springborg, 2020). This changes regional politics and helps current dictators permeate their authoritarian policies and crony capitalist mindsets. Over that last four decades, the MENA region has suffered from crony capitalism, rampant corruption, and lower institutional quality. However, the impacts of these problems are not homogenous across the five countries examined in this study.

3. Crony Capitalism

The term crony capitalism (or cronyism) is linked or interchangeably used with rent-seeking (Krueger, 2002) or corruption (Haber, 2002). Technically, crony capitalism is conceived to be an economic process (Aligica & Tarko, 2014) that is a type of social and cultural system that works under certain conditions, such as trust, family or kinship ties, and lobbying. It is a systematic trend that functions under weak institutional settings where the rule of law, government effectiveness, and regulatory quality are largely absent, and only a small group of elites economically benefit due to clientelism and other social, political, and economic ties. Cronyism describes an economic culture likely to exist in a weak institutional framework and where class-state formations are shaped by certain clientelism and networking. The system produces elites who have more access to resources than the general public, exacerbating this feature with rampant political corruption.

As previously mentioned, crony capitalism has become common in the MENA region after the decrease in government spending (e.g., public jobs, social safety nets, subsidies) and the policies offered by the IFIs to be the conditions to accomplish the developmental improvements of the 21st century. As the state capacity and institutional quality could not handle the policies conditioned to get funds from IFIs, crony capitalism and corruption have become prevalent. The dictatorships and their iron-grip ruling benefitted certain families and their relatives, or only the ruling elites. The fostering of affluence among the elites, combined with the wealth and income gap between the richest and poorest quantiles, ignited certain social uprisings. As the countries examined below are the first five countries inflamed by the Arab Spring, this comparative political economy analysis offers a new understanding of how crony capitalism might have been the reason behind the uprisings.

3.1. Egypt

In Egypt, public expenditure declined to 25% from 62% between the 1970s and 1998. Further, government services decreased since the 1970s, with neo-liberal policies accelerating during the 1980s and 1990s, eventually leading to higher unemployment and inequality. Egypt has the highest population in the MENA region, with a military that has a massive impact on the economy. Changing the international order from government interference to a free-market system benefitted the military heavily in Egypt, which controls approximately 30% of the economy (Chekir and Diwan, 2014; Beck and Hüser, 2012). However, since most its operations remain classified, the apparent dominance is expected to be higher than 30%, as it is known that the military controls gas stations, bus operations, factories, and even bakeries.

Besides the army’s economic dominance, evidence has shown that firms which are closely affiliated with the state has had higher access to credits and operationalizing under high non-tariff barriers. The study by Diwan et al. (2013)

has shown that 71% of connected firms were protected with more than one non-tariff measure, whereas only 3% of all other firms were protected. Affiliated firms operate primarily in energy and infrastructure because corruption is more accessible in these sectors. However, they employ only 11% of the labor force, despite receiving 60% of net profits and 92% of total bank credits (Diwan et al. 2013), which caused the size of the informal sector to grow. Assad (2014) mentions that the informal sector employed 40% of the total labor force in 2005, which was 5% in the 1970s, and the share of the private sector declined in that employment rate. Diwan et al. (2015) found that 30 businessmen on the board of 104 firms controlled 385 companies directly or indirectly, which indicates the magnitude of this concentration.

Most connected firms were operated by family members of Hosni Mubarak or his wife, Suzanne Mubarak. The president's sons, Gamal and Alaa, have obtained discounted land from the Ministry of Housing for investments but were not held accountable for how they received these shares. During his 30 years tenure, Mubarak was reported to have earned between forty and seventy billion dollars putting him in the same rank as Bill Gates (Combating Corruption 2014), which demonstrates that few families control the colossal public wealth by suppressing opponents and rivals. Another symptom of crony capitalism is the extraction by the Egyptian government of around \$23 billion from Saudi Arabia, the United Arab Emirates, and Kuwait in the name of oil shipments, cash grants, and deposits within 18 months of Mohamed Morsi leaving office (Hanieh, 2018).

Thus, it is easy to see that crony capitalism is deeply embedded into the political economy of Egypt by observing the limited government role in social developments (e.g., low public expenditure, privatization, and liberalization of the markets). Such a situation led to unrest during the Arab Spring, as cronyism increased youth unemployment, income, and wealth inequality, all of which lowered living standards (Sika, 2012).

3.2. Tunisia

Tunisia shares similar characteristics with Egypt in terms of public expenditure. In Tunisia, government expenditure decreased from 45% to 29% from the 1970s to the 1990s, lowering state effectiveness and the quality of public goods and services (Diwan and Akin 2015). Hence, certain families close to the ruling families produced and strengthened the inner circle of cronyism. Even if a revolution occurred and the so-called democratic transition was initiated, the negative impacts of crony capitalism were maintained in Tunisia because it was so embedded into the country's political economy, much like Egypt. The advantage of Tunisian society compared to Egypt could be its lower population and democratic political transition. Also, the difference in Tunisia's institutional quality is mentioned in the upcoming section.

Two families dominate the Tunisian economy and control a significant share of wealth in Tunisia. The Ben Ali family controlled 220 firms, many of which collected benefits from non-tariff barriers and operated in fields where government approval was needed (Rijkers et al. 2017; Malik 2015). The Trabelsi family, the wife of former President Zine El Abidine Ben Ali, controlled billions in significant sectors, such as telecommunication, banking, tourism, manufacturing, real estate, and construction. The economic dominance of these two families began when Ben Ali came to power in 1987 and dominated all opponents (Malik, 2015). According to the French head of Transparency International, the Ben Ali and Trabelsi families controlled between 30-40% of the Tunisian economy (Lewis, 2011).

Combating Corruption (2014) reports that the Ben Ali and Trabelsi families, known as "the Mafia," by many controlled more than half of all enterprises in the country. The study of Rijkers et al. (2017) showed that although these companies control about half of the nation's wealth, they produce produce 3% of total output and employ only 1% of the labor force. In the anecdote of Alvi (2019), the brothers of Leila Trabelsi found an office to take care of the legal problems of Tunisians for a fee, and the office bribed judges to win the cases. Further, clientelism and petty corruption, where bureaucrats demand bribes even for birth certificates and simple documents, exacerbated adversities for ordinary people in Tunisia. This clearly shows the symptom of deep-rooted corruption.

Besides the deterioration in government expenditure and prevalent corruption, the role of IFIs in producing the system of cronyism in the country should not be overlooked. Tunisia signed its first IMF stand-by agreements in 1986-87 (Malik, 2015). Because of the diminishing middle class and neo-liberal policies, unemployment increased from 3.8% in 1994 to 29.2% in 2011. Tunisia's unemployment rate was approximately 20% in 2020, and youth unemployment was around 36% in 2019.

In contrast to corruption, cronyism, and imposed neoliberal policies, Tunisia made relatively better progress on poverty alleviation, social inclusion, and equitable growth compared to the other four countries. It is also ahead on government effectiveness, the rule of law, and control of corruption (Arab Development Challenges Report 2011). However, these features have been apparently insufficient in solving crony capitalism (Malik, 2015). Since the Arab Spring, Tunisia has also struggled with lower GDP per capita. Matta et al. (2019) found that Tunisia had a lower GDP

per capita after the Arab Spring. Using the synthetic control method, Tunisia had a \$600, \$574, and \$735 less GDP per capita in 2011, 2012, and 2013, respectively. This indicates that even though the protests started in 2011, the GDP per capita shrank more in 2013 than in 2011, implying that the Arab Spring was not a one-year exogenous shock, but rather a long-run phenomenon for the region.

3.3. Libya, Syria, and Yemen

Libya is another country that struggles with corruption and crony capitalism. The middle class in Libya has complained that they do not get any share of the economy since the ruling elites block them. Muammar Gaddafi ruled Libya for almost four decades until his death in 2011, with his close associates controlling the economy. It was reported that “the [Gaddafi] family and its close political allies own outright or have a considerable stake in most things worth owning, buying or selling in Libya” (Combating Corruption 2014). Gaddafi’s regime embezzled public resources, hired only loyalists to higher bureaucracy, and misappropriated funds through them. The Gaddafi family also had billions of dollars of houses and other investments in the United Kingdom (UK), which insisted on not transferring the money to the current administration due to procedural issues (Peachey, 2022).

With sufficient oil resources for a population of six million, crony capitalism detached Libya’s economy. Khan (2014) found that Libya had negative economic growth in 2010 because of the decline in oil production due to the civil war and the United Nations (UN) sanctions on Libyan foreign assets. According to the World Bank (WB) data, low growth (falling 62% in 2011 compared with 2010) and high levels of public resource fraudulence with impunity (Warf, 2015) aggravated income inequality after the Arab unrest. Due to civil war and amplified political instability, Libya grappled with crony capitalism for over a decade after the strife.

Yemen and Syria have had a similar experience as Libya. In Yemen, the central government controlled the country’s oil wealth. It was responsible for distributing this wealth among the tribes and military establishments since their support was necessary for political power and stability (Combating Corruption 2014). The country’s president, Ali Abdullah Saleh, who is no longer in control, established a circle of nepotism, clientelism, and distributing wealth among his family members and other prominent tribes.

In Syria, President Bashar Al Assad entrenched his regime through structures of crony capitalism. In fact, before Bashar Al Assad, his father, Hafiz Al Assad, ruled the country in the same manner for three decades until his death in 2000. According to Syrian officials, the Assad family and their political associates receive 85% of the country’s oil revenue from their bank accounts. Clientelism is increasing in Syria, where successful firms must either share their profits with the regime or shut down their operations. Bribery exists at all levels of society (Combating Corruption 2014).

It is said that Rami Makhoul, the president’s cousin, controls 60% of the Syrian economy through complex company structures in telecommunication, energy, the financial sector, and transportation (Owen, 2012). Many outsiders believe it is almost impossible to conduct business in Syria without contacting Rami Makhoul. The Assad and Makhoul families have monopoly power over the Syrian economy (Borshchevskaya, 2010). Considering the significant repercussions of cronyism in Libya, Syria, and Yemen and their current civil war or political instability, Springborg (2020) calls these three countries “failed states.”

Corruption leads to a drain of resources because the profits are not spent or invested domestically in the MENA, but rather in Europe and/or Asia. Citizens and the domestic economy do not benefit from the earnings of crony capitalists, so the income and wealth gap between families with close connections to the governments and ordinary citizens became enlarged before the Arab Spring. Consequently, youth unemployment rose steeply because of insufficient domestic investment, even if people were more educated than their ancestors. On average, Egypt and Tunisia lost about five and one billion dollars respectively per year due to capital flight from the early 2000s until the Arab Spring. (Diwan, 2012). Billions of dollars were also flown from Yemen, Syria, and Libya (Warf, 2018).

This account suggests that crony capitalism is the primary channel by which the impact of corruption on economic growth and income inequality, unemployment, and lower government spending is mediated in severely affected countries. Crony capitalism and elite capture dominate the economies; therefore, cronyism can be considered the key mechanism underlying the political economy of corruption in Egypt, Libya, Tunisia, Syria, and Yemen. The crony relations also help explain the severity of the uprisings in these countries. In this vein, how these relations have maintained or changed after the uprisings is important as the role of dominant powers or confrontations between groups to take power answer how the embeddedness of cronyism and prevalent corruption are needed to keep the current system in order.

4. Crony Capitalism After the Arab Uprisings

In cronyism, a few families affiliated with the ruling elites are prioritized in government procurements and privileges for investments in transportation, energy, health, tourism, and telecommunication sectors. The economic collapse faced by these five countries after the Arab Spring is key to understanding the impact of crony capitalism. The economic growth of each country decreased after the Arab Spring (World Development Indicators), but Libya, Syria, and Yemen suffered from more severe negative growth rates. The downfall of growth might explain how the shrank size of the economic pie might increase crony capitalism through corruption. This is also because of political instability, which exacerbates all economic indicators.

The institutional framework of crony capitalism for specific groups or families helped to acquire inegalitarian distributions in the wake of the political crisis triggered by the Arab Spring. The immediate destruction in these affiliated families' economic, social, and, most notably, political lives pushed them to do whatever it took to get the biggest share of the pie. Along with the families in question, other groups linked with the government have behaved similarly and attempted to hoard the economic material under complete administrative failure. In other words, the competition between groups allied with the government from the first, second, and perhaps tertiary degrees caused them to get as much as possible from the economic pie.

In the case of Egypt, the army, which controlled approximately 30% of the economy before the uprisings (Chekir and Diwan 2014; Beck and Hüser 2012), became relatively weaker immediately following the unrest. After Mursi became the president, he wanted to change the constitution. He tried to rule the country freely with his party, which was impossible due to the army's political dominance. After the protest grew in Egypt against Morsi, a military coup led by Abdelfattah Sisi began to rule the country and control the economy. This revitalized the role of the army in Egypt. It is much stronger than before as the Sisi government received a large portion of military aid from the US, the second highest after Israel in the MENA region (Reuters 2011), and social aid from other Gulf countries, particularly Saudi Arabia, the United Arab Emirates, and Kuwait. According to the figures, three Gulf countries assisted by giving over \$23 billion to Egypt the 18 months after the military coup (Reuters 2015).

Assistance from the West and its neighbors to solidify the army's dominance in Egypt reinforced the military's control over the country and economy through cronyism. Henceforth, the adverse impacts of crony capitalism metamorphosed into a new circle of relationships due to the absence of law and political instability. The ongoing political instability during the tenure of Mohamed Morsi pushed the army to regain control of the economy. Since the military coup, the Egyptian army has controlled many sectors of the Egyptian economy, including telecommunication, health, transportation, and energy. The cronyism that was present before the Morsi administration returned stronger under the Sisi administration, with the help of Gulf finance capital.

In Tunisia, which has similar crony relations and limited government, the democratization of politics has been relatively smoother than in the Egyptian case. Before the Arab Spring, Zine El Abidine Ben Ali and his wife controlled 30-40% Tunisian economy (Lewis, 2011). After Ben Ali left, the country entered a new phase of democratization. The Islamists led by Ghannouchi joined a coalition with secularists to have a more stable government and transition period. Nonetheless, they could not solve the critical politico-economic problems, administrative predicaments, and uncertainties about the future.

While the current government is dealing with post-revolution ground-level corruption, other types of corruption have been fostered in bureaucracy (e.g., bribing judges and doctors using networking for jobs), which, like in Egypt, transformed into a new form of cronyism (Yerkes, 2017). Although a certain family or relatives do not control the economy, petty corruption is more prevalent than before the revolution. This is substantiated by the polls that Tunisians believe there is more corruption after the Arab Spring than under Ben Ali's regime. (Yerkes, 2017).

According to many sources, the president, Kais Saied, declared a constitutional coup in July 2021 (Aljazeera, 2021) that exacerbated Tunisia's political and economic problems. With that so-called "coup," the cards are being reshuffled in Tunisia, where the first signs of Arab Spring protests were seen. Although crony capitalism changed its form, it is still active in fields where large conglomerates and firms dominate the political economy of Tunisia because political parties need financing to stay in power after the Arab Spring (Diwan, 2019). Nevertheless, their operations and the operations of the previous regime are scrutinized as the government concentrates on the systematic elimination of the concentration of illicit wealth. In other words, during the Ben Ali regime, nobody talked about corruption in the government (Yerkes, 2017), and now everybody can speak about crony corruption, which continues in a quieter format.

A similar link between crony capitalism and corruption between pre- and post-Arab Spring is experienced in Libya, Syria, and Yemen. After Gaddafi's death in Libya, a civil war between rivals to rule the country and an economic collapse occurred. Since Libya has 3% of the world's oil reserves, its money is claimed by the new cronies – with intensifying

rivalries in the country's East and West – as the country struggles with economic growth and has unprecedented levels of unemployment. Levels of inequality fell with the Arab Spring, as the Gaddafi regime cronies' access to the oil bounty was cut off. That said, new crony relations emerged in the country (Marzari, 2020). During his more than four decades of de-facto leadership, Gaddafi misappropriated \$200 billion (Durgy 2011) and provided opportunities only for people who were loyal to him.

After his death, the country entered a political crisis, with a civil war breaking out that continued for several years. The contest between two groups, one based in Tripoli and the other in Benghazi, over control over oil reserves and revenues produced a new cycle of cronyism after the Arab risings, with each group claiming rights to the country's oil (Marzari, 2020). The conflicts continue between various groups, not in the form of war, but as a political confrontation that accelerated the corruption and cronyism in Libya.

Yemen, the poorest country in the region pre- and post-Arab Spring according to the World Bank, has been dealing with a war that is going on between the Saudi-led coalition and the Houthis, a Shia group that is supported by Iran. Yemen was already suffering from poverty and famine under Ali Abdullah Saleh's tenure for more than two decades. Before the uprisings, Ali Abdullah Saleh supported certain tribes and kins, the strongest in population and power. The political crisis erupted after he fled to Saudi Arabia when the protests started in Yemen. Since 2014, the Saudi-led coalition has sought to protect the region from Shi'a dissemination. That war has been continuing for almost a decade now. The war worsened the living conditions of Yemenis, who are dealing with record levels of inequality. The new relations in Yemen are not necessarily a new type of cronyism, but are nonetheless the leading factor in explaining the causes behind the war.

Lastly, the cronyism around the Assad family and their cousin Rami Makhoulf has been solidified in Syria. The Assad regime is currently ruling Syria with even more repressive power than before the Arab Spring, with the support of other countries in the region. Any reduction in the impact of the Arab Spring on income inequality was entirely counteracted due to high corruption levels in Syria. Assad's family controls most of the Syrian economy in one way or another. Without Makhoulf, the cousin of Assad, it is impossible to run a business in the country. By receiving military aid from Russia and China, it is relatively easier to digest the crowd in Syria and continue to control a significant portion of the economy. There is almost no store or shop run in Syria without paying a bribe or fee to the regime. After the attempted revolution, it is much harder for the Syrians to protest and rebel against the regime, as they have no power. Thus, Syria struggles with the regime's extreme dominance over its population.

The investigation of severely affected countries and their battle with cronyism following the Arab Spring is more complex than it seems. A transformation of cronyism can be observed in Egypt and Tunisia. Libya, Syria, and Yemen had or are still experiencing civil wars with two possible outcomes: the consolidation or the transformation of the crony regime. As new reports from prominent institutions (such as Oxfam International and the World Bank) show, the famine and poverty level in Yemen has reached unbearable levels. The condition of the Syrian people is not very different from Yemen. Although Libya's case is relatively better than Syria and Yemen, they also struggle with political instability. Hence, the hopes of these countries swing between cronyism and deadly revolts against the regimes.

5. The Political Economy in Extremes: Tunisia and Yemen

The comparative political economy of Tunisia and Yemen, which are the two extreme cases not only in the severely affected countries but also in the entire MENA region, helps to comprehend how attempts to transform a country may benefit the citizens in the long run. In this context, Tunisia accomplished higher institutional quality and lower corruption and crony capitalism, even if it remains lower than global benchmarks. On the other hand, Yemen skirmishes with civil war after the Saleh regime. According to Looney (2015) and Springborg (2020), it is now considered a failed state due to complete administrative and economic malfunctioning. The comparison helps distinguish different paths consequent to the Arab Spring.

5.1. Post-Arab Spring Tunisia

The corruption scores of Tunisia have been steady according to the World Governance Indicators (WGI) data set since 2011. Considering that WGI data shows both political and bureaucratic corruption, it is an achievement for Tunisia to keep it stable, although the Tunisian society fundamentally disagrees with that (Yerkes, 2017). Tunisia's corruption score fell to 0.06 in 2011 from 0.26 in 2010 and has been around the same level since that time. This clearly illustrates the democratization process of Tunisia, where the Islamists made a coalition with secularists (Amara, 2014). However, it was a short-lived government as the country entered a new crisis phase (Gall, 2013). Despite the country's political crises, Tunisia has the relatively lowest corruption scores compared with the rest of the severely affected groups.

Crony capitalism, which has transformed to be petty corruption and smuggling after the Arab Spring as Tunisian administrations started cases against the Ben Ali and Trabelsi families and new potential cronies who obnoxiously tried to hoard the corruption pie after the revolution, has affected Tunisia and Tunisian society; however, its impact has not been that much considering lower corruption scores and decreasing income inequality levels. This is at least apparently the case for Tunisia because other countries, especially Libya, Syria, and Yemen, have either failed or are heading to be failed states. Below, the Yemeni case is evaluated after the Arab Spring, as Yemen has the highest corruption scores among the severely affected countries.

5.2. Post-Arab Spring Yemen

The corruption scores of Yemen are the lowest in severely affected countries after the Arab Spring. While the pre-Arab Spring corruption score average was 0.95 between 1996 to 2010, it is 1.47 from 2011 until 2020, which is a sharp increase considering the WGI corruption scores vary between -2.5 and +2.5. The decrease signals the political and bureaucratic corruption environment of Yemen after the revolution. This is reasonable, as Yemen is one of the countries most destructed by the Arab Spring in the entire MENA region. The political, social, and, most notably, economic repercussions of Yemen's unrest are now felt as poverty and famine (Al-Akhali, 2021). No functioning administration and bureaucracy are left in the country, which the Saudi-led invasion has exacerbated in their fight against the Houthi guerillas. The war has been ongoing since 2015, although the Houthi attacks began in 2014 (Hubbard, 2022). Thus, the cronies that were around President Ali Abdullah Saleh before the revolution are not around anymore, as the devastating impacts of the war have been felt more severely.

Yemen is struggling politically and economically. With its political and institutional character, it was challenging to implement democracy in a tribal society in Yemen, in contrast to Tunisia. After the revolution, people did not know how to rule the political life and economy, as they were under the same regime for more than two decades, and earlier than that, the country was split into two, South and North. Therefore, Yemen has been dealing with political issues for a long time. Ironically, during Saleh's tenure, the country was relatively stable under crony capitalism, especially with respect to the tribes.

Overall, Yemen and Tunisia suffered from crony capitalism before the uprisings of the Arab Spring. However, immediately following the unrest, Tunisia entered a new political phase, albeit a very fragile phase, while Yemen could not manage this, with the ongoing war making it impossible. The crony relations before the Arab protests have transformed into new types of corruption in Tunisia as petty corruption and smuggling. This is less evident in Yemen due to the war which occupies more space in the political and economic lives of the Yemeni people. However, new cronies are likely to appear around the Saudi-led coalition and Houthis who control the oil, who do not have as much poverty as the rest of Yemeni society. These two examples of severely affected countries show that in Tunisia, cronyism was not restored fully after the Arab Spring, whereas strong crony institutions, relations, or war swamped any impact of the Arab Spring in Yemen.

6. Conclusion

Crony capitalism (or cronyism) is common practice in the MENA regions due to the low-quality institutions and socioeconomic and political structure. As a consequence of prevalent corruption, the elite-state relations formed a systematic pattern of cronyism that was hard to break before and particularly after the uprisings. Egypt's elite class and state relations revolved around the Mubarak family and the army before the Arab uprisings. Although there were democratic attempts after the toppling of Mubarak, they did not last long, and the dominance of the state, specifically the army, was strengthened following the 2013 incidents; thus, cronyism continues in Egypt. The same arguments can be made for Tunisia, except that Tunisia's democratic transition is still in progress. The problem in Tunisia is that even though the Ben Ali and Trabelsi families were overthrown, new phases of cronyism have started, and newer parties have attempted to obtain shares of the pie. However, as mentioned above, this is not as massive as it used to be under the Ben Ali regime, which is also proven with relatively better corruption scores in Tunisia.

Regarding Libya, Syria, and Yemen, whose cases are similar in that cronyism occurred around the Gaddafi, Assad, and Saleh families, their cronyism continued with different forms following the Arab Spring, where the worst case is found in Yemen due to the war against the Houthis. In Libya, despite the fall of Gaddafi, cronyism continued with the pie being distributed between different groups. In Syria, Assad was not overthrown; hence, his dominance intensified following the uprisings.

The nature of the Arab Spring has interwoven and complex relations. The incidents resulted from several combined social, political, and economic problems. There are numerous theories around the fundamental causes of the unrest,

with it being challenging to know the exact reason behind the situation, due to the unique experience of each country. Accordingly, a more profound understanding would require case-by-case research. Thus, interpretations of this paper are suggestive rather than exhaustive. In addition, although severely affected countries experience higher corruption and crony capitalism, this does not mean that other phenomena do not play any role. Qualitative and quantitative studies are needed to make better conclusions since it is also challenging to know the precise triggers for the Arab Spring among these complicated structures. However, analyzing the Arab Spring incidents in each severely affected country from cronyism perspective helps to enrich the literature of the MENA region, which has already been understudied.

The difference in the specific institutional form of corruption explains the heterogeneity of crony capitalism in these countries. After a decade since the Arab unrest started, it will be impossible to solve the political predicament without simultaneously finding remedies for social and economic issues (Sika, 2012). Without addressing crony capitalism and clientelist networks, all of which imply rampant corruption with different names, it will be challenging to tackle economic and political problems in the MENA region.

Regarding policy recommendations, problems cannot be solely resolved by having a laissez-faire economic system while preventing social inclusion, egalitarian distribution, and justice (Sika, 2012). Population growth, high youth unemployment, social exclusion, declining middle classes, and widespread corruption caused protests in severely affected countries (United Nations 2018), with the remedy for these problems coming from ameliorating institutions and implementing policies to lower crony capitalism and corruption. These countries also need structural political, social, and economic reforms; otherwise, they will be in a vicious cycle of corruption and cronyism.

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