



The Middle East's Neoliberalism-Corruption Nexus

BY FADHEL KABOUB

Many observers in the West view microfinance institutions and grassroots non-governmental organizations (NGOs) as progressive forces aimed at countering the negative effects of neoliberal economic policies. In the Middle East, however, corrupt regimes have hijacked NGOs and grassroots movements to serve the interests of the ruling party at the cost of corrupting the entire socio-economic fabric. Such organizations are technically not part of the government, but in effect they are controlled by members of the ruling party and infiltrated by the secret police. Truly independent NGOs generally cannot even obtain a license to operate, since government ministries only grant such licenses with secret-police approval.

Of all the autocratic governments in the Middle East, Tunisia's Ben Ali regime (1987-2011) mastered the art of GONGOs—government-organized non-governmental organizations—especially well. In the 1990s, the regime created the so-called “Solidarity Network,” which is comprised of three key institutions: the National Solidarity Fund (NSF), the National Solidarity Bank (NSB), and the National Employment Fund (NEF). Each one of these institutions was created with seed money from the government and was financially sustained through fundraising and “charitable donations.”

The NSF was established in 1992 with the professed aim of eradicating extreme poverty in the most economically disenfranchised areas. The NSB was established in 1997 to promote entrepreneurship, self-employment, and small business through microcredit. The NEF was introduced in 1999 to promote youth employment with a special emphasis on those with college degrees and vocational training.

The Solidarity Network was Ben Ali's magic trick: it was supposed to remedy the negative socio-economic conse-

quences of neoliberal structural adjustment programs without increasing government spending. Technically speaking, the network was (for the most part) not funded by the government. So it was consistent with austerity measures, promoted market-based solutions, and gave the illusion of the existence of a grassroots movement. In reality, however, the Solidarity Network, like all other NGOs in Tunisia, was under the control of the ruling-party elite to ensure that all civil-society movements were funneled under Ben Ali's leadership to prevent the emergence of a real opposition party. The charitable donations that funded the Solidarity Network were in fact forced contributions from businesses and individuals throughout the country. The ruling party rewarded contributors with easy access to government resources, scholarships, employment opportunities for family members, government contracts, commercial licences, and export subsidies.

When the Trabelsi-Ben Ali business empire emerged in the 2000s, it capitalized on the role of the RCD ruling party in policing the economy through GONGOs, quickly transforming this culture of patronage into widespread corruption across all aspects of society. Their mafia-style business model forced many businesses either to join them as business partners (and enjoy the perks), sell their businesses to the Trabelsi family, or face harassment or intimidation. This corrupt business environment forced many entrepreneurs to divest from the real economy and invest in real estate and financial markets.

In addition to the urgent constitutional and democratic reforms that Tunisia is undertaking today, the most significant challenge now is on the economic front. True solidarity cannot coexist with corruption and racketeering. Effective anti-corruption measures



The “caravan of liberation” arrives in Tunis, January 2011.

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have to be quickly implemented to take advantage of the revolutionary momentum, especially after the dissolution of the secret police agency and the RCD ruling party. In the post-Ben Ali era, Tunisians are reclaiming the true meaning of solidarity and creating a genuine grassroots movement that will question the validity of the neoliberal economic model.

Transforming GONGOs into NGOs in the post-revolutionary Middle East is one step toward building a support network for democracy and social justice, but the real challenge is to roll back the neoliberal policies that have dominated the region since the 1980s, and to rid the system of the habits of corruption that GONGOs wove into the social fabric of the Middle East. **D&S**

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