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'Defection-Proofed' Militaries and Authoritarian Regime Survival

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'DEFECTION-PROOFED' MILITARIES AND AUTHORITARIAN REGIME SURVIVAL

by

HISHAM SOLIMAN

Under the Direction of Michael Herb, PhD

ABSTRACT

The question of loyalty in autocratic regimes has drawn a sustained scholarly interest, especially with the resilience of many of these regimes over most of world history and over the past few decades in particular. Autocratic leaders need to secure the support of their militaries to survive in office and to minimize the risk of a coup. Among the commonly employed mechanisms in this regard is the extension of extra-budgetary financial rewards, including 'Military-Owned Businesses (MOBs).' Nevertheless, under the increasingly significant threat of an uprising from below, military defection remains the key for the success of the revolution. The question then becomes: under what conditions would a military defect from an autocratic ruling alliance? Although many answers have been proposed to solve this puzzle, an increasing number of cases are proving them insufficient. Alternatively, this project presents one novel answer to

this question, which is: militaries are "defection-proofed" in the face of mass uprisings when they develop financial dependency on the regime. By contrast, when the management of the extra-budgetary resource for the military, i.e. MOBs, becomes the exclusive domain of the military and independent from the regime, the military is expected to defect. This proposed hypothesis represents a contribution to the democratization literature, both its installation, i.e. underlining a 'pro-democracy' capacity of the military in removing the dictator, as well as its consolidation, i.e. handling the legacy of the autocratic regime after the transition. This hypothesis is tested comparatively against the cases of mass protests in China (1989), Indonesia (1998), Thailand (2006), Iran (2009), and Egypt (2011). This comparative analysis represents another contribution of this study, bringing together a diverse array of cases unexpected to have much in common. Analysis draws on a mix of both primary resources collected from the field along with secondary materials. The comparisons are made considering the type of civil-military relations in each case, the size and type of financial rewards controlled by the military, and their effect, if any, on its decision to repress or defect based on the interaction between the military and the dictator.

INDEX WORDS: Autocracy, Military-owned businesses, Repression, Mass protest, Dictator

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HISHAM SOLIMAN

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree of

Doctor of Philosophy

in the College of Arts and Sciences

Georgia State University

2017

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August 2017

DEDICATION

To my beloved family…

ACKNOWLEDGEMENTS

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LIST OF ABBREVIATIONS

CCP—Chinese Communist Party

CMC—(Chinese) Central Military Commission

EAF—Egyptian Armed Forces

FM—Field Marshal

GLD—(Chinese) General Logistics Department

GPD—(Chinese) General Political Directorate

IRI—Islamic Republic of Iran

IRGC—Iranian Revolutionary Guard Corps

NDP— (Egyptian) National Democratic Party

MOBs—Military-Owned Businesses

PLA— (Chinese) People's Liberation Army

SOEs—State-Owned Enterprises

TMB—Thai Military Bank

TNI—Indonesian Armed Forces

1   INTRODUCTION

This project engages the question of why it did not take long for militaries that have shown few signs of protest in their relationship with a durable autocrat, as in Suharto's Indonesia and Mubarak's Egypt, to defect when the regime was faced with mass protests. It also answers to the question of what would have happened had the People's Liberation Army of China or the Revolutionary Guard Corps in Iran grown more financially independent from the regime and defected during the political crises of 1989 and 2009 respectively. Put differently, the issue at hand in what follows is what is the effect of the financial independence of the military on its political behavior during political crises in authoritarian regimes?

While a growing body of literature has engaged the question of military defection, very few studies have tackled the issue of financial independence of the military. Numerous studies investigated the political economy of authoritarian breakdown especially in relationship to the military's patronage payments by the dictator. As this body of research remains inconclusive about the amount of financial rewards that may trigger defection, this project moves beyond the question of 'how much' to the questions of 'what' and 'how' in treating regime patronage for the military. The project's focus on the rewards received by the institution engages the question of 'what' through identifying the extra-budgetary resources for the military. The example of these resources employed below is military-owned businesses (MOBs). The project also engages the question of 'how' by differentiating between two different modes of military control over these resources: regime-dependent and regime-independent.

The argument proposed here is that the chances for military defection from an authoritarian regime faced with mass protests are much higher when it controls its own extra-budgetary resources, i.e. MOBs, independent from the regime. The rationale for this argument is that when militaries secure their financial independence from the regime, they become less

motivated to defend it given that their independent financial resources can seal the institution off pressures during the crisis and provide it with resource for action during and after the transition. Given that much has been done on the techniques for coup-proofing in authoritarian regimes, this argument establishes the case for the need to consider the risk of defection by autocratic leaders. As much as they need to minimize the risk of a military uprising, i.e. coup-proofing, they need also to consider ways to minimize the risk of a military defection during a popular uprising, i.e. defection-proofing. One proposed technique here is to keep the military financially dependent on the regime.

Therefore, delving into the question of financial autonomy of the military in authoritarian regimes, this project aims to initiate a discussion on the different types of financial resources, other than the budgetary ones, and how they are controlled by the military and/or the regime. This discussion aims to shed more light on how the military would react during moments of political turmoil so as to include financial autonomy to the factors currently highlighted in the literature, such as organizational structure, political or financial grievance, ideological or ethnic affinity, and international reactions to mention only a few.

To make a case for the impact of extra-budgetary resources on the decision of the military to defect, this project will investigate five case studies where the military institution controlled sizable MOBs at the time of mass protests that were aimed at changing the non-democratic regime. Two of the five cases, China in 1989 and Iran in 2009, followed the regime-dependent, and eventually repression, causal mechanism; while the remaining three cases represent the regime-independent, and eventually defection, version of the hypothesis. While these cases have been investigated much in the literature, their previous treatment excluded a

systematic examination of the impact of the degree of financial autonomy on the military's decision during the crisis.

In what follows the manuscript will be divided into six chapters and a conclusion. The first chapter provides a general, theoretical overview of the proposed MOBs' causal mechanism. It begins with a discussion of the politics of authoritarian durability, highlighting the role of the military in particular. The political impact of the economic role and resources of the military is underlined, especially the economic involvement of the military in civilian (i.e. non-military) economic activities. Such an unconventional role serves as the explanatory variable for the decision of the military to defend or to abandon the authoritarian leader and consequently the survival or breakdown of the regime. Militaries that own and run MOBs as an institution and independent from the regime will have stronger motivations for defection. The chapter ends with a sketch of the research plan, case selection, and data sources.

The remaining five chapters present the case studies and proceed chronologically staring with the cases of repression followed by the cases of defection. The first case study is the Chinese military's repression of the 1989 Tiananmen Square protests. Despite the fact that it has been almost three decades since the outbreak of the protests, they remain significant as the most serious challenge to the communist regime in China since its establishment. It remains also the case where a communist military repressed the people, rather than stood by them, during this turmoil period for the then-communist bloc. The chapter investigates the impact of the party's decision to allow the military to establish and run MOBs to make up for the cuts in defense spending applied starting the late 1970s on the behavior of the military during the crisis. With the party maintaining control over the management of both the military and its institutionally-owned MOBs, despite initial signs of growing financial autonomy by the military, it was

possible to keep the military in line and to defend the party's survival in power against the protests. This case of large scale internal repression came as a precedent for the military, which was trying to stay depoliticized after the negative impacts the Cultural Revolution had on its professionalism in the early 1970s. With a mixed record of achievement, PLA's MOBs were eventually divested in the late 1990s by the party.

The third chapter presents the second case of repression, which is the Green movement protests following the Iranian presidential elections in 2009. These protests came to challenge the legitimacy of the religious authority in the regime of the Islamic regime. The supporters of the losing reformist candidate, Mir-Hossein Mousavi, were repressed by the Revolutionary Guards after days of occupying the streets. The guard corps, a parallel and a powerful military organization founded in the early 1980s to defend the Islamic revolution, is indoctrinated by the religious leadership of the regime. In addition, the corps' economic involvement in the civilian domain has been increasingly growing with the blessing of the religious authorities. The defense of the regime, to which the interests of the IRGC are fundamentally tied, was therefore not unexpected. This powerful status of the organization, with its growing social, economic and political capacities in the regime, can enable the guards to eventually take over the core of the regime, and not only to serve in its defense.

Moving to the cases of defection, chapter four discusses the case of Indonesia. With the military enjoying a constitutional duty to participate in national development and with a tradition of financial self-sufficiency, the creation of MOBs by the Indonesian military reinforced its financial autonomy. Upon assuming power in mid-1960s, Gen. Muhammad Suharto, who himself had some experience developing and running MOBs, expanded on the MOBs' practice as he tried to use the military as a development agent while diverting the defense burden off the

national budget. Nevertheless, the democracy protests of 1998 were detrimental to the survival of Suharto regime as well as to the loyalty of the military to him. Although there were reports of conflicting positions to defection within the institution, especially by the presidential guards, the military stood together as an institution and defected in return for the president's safe exit from politics. The subsequent move towards democracy installation, despite slow, came to divest most of the MOBs as well as to pave the way for improved accountability and transparency by the military towards civilian authorities.

Chapter five presents for the more 'ambivalent' case of defection in Thailand, a country that has been democratizing since the end of military rule in 1992. As protesters took to the streets by the turn of 2006 against the increasingly authoritarian policies of Prime Minister Thaksin Shinawatra, political life was paralyzed. With a record of ruling over the country, control over independent MOBs and clear loyalty bonds to the Palace, which was critical of Thaksin's policies, the military sided with the protesters and took over the government until new elections were held. The instability of the political scene and the desire to block the return of Thaksin's party to power fueled two further military takeovers in 2008 and in 2014. The Thai military, with its political legacy and economic potential, continues to manipulate the political sphere, bringing more challenges for the democratization process.

The last and most recent case of defection considered here is the case of Egypt. By contrast to the perceived apolitical attitude of the military under Mubarak, its defection in the face of the January 2011 protests came to uncover a different reality. The argument for defection presented here is that the military being highly institutionalized and one that owns and runs a conglomerate of MOBs, independent from the regime, was able to opt for defection from Mubarak's ruling alliance. With sufficient resources for survival, the military turned into a

powerful political player that aims at defending its institutional interests. This left the military in a dominant political position, adding another challenge for the successful installation of a civilian democracy.

The concluding section at the end of the document provides a comparative summary of the main findings of the study and a number of cross-case analytical patterns. It also identifies two areas for further research.

2   CHAPTER 1: ABANDONING THE PRINCE?! MOBS AND AUTHORITARIAN REGIME SURVIVAL

2.1   Introduction

Maintaining the loyalty of the military, the repressive tool of last resort, has usually been a key challenge in autocracies. One common strategy employed to accomplish this goal is the provision of private goods or rents to the military, both as an institution as well as to some of its individual officers. The purpose is, at least, twofold: to secure the loyalty of the institution in the face of challenges from the opposition and from the masses, and to coup-proof the military, itself a source of threat to the dictator. While these private goods have arguably worked quite well towards the second goal, the record has been mixed regarding the first, especially considering the recent experiences of the Arab Spring. It is, therefore, the concern of this project to discuss the conditions under which the military defects from an autocratic ruling coalition in the face of mass protests.

One specific type of private goods and of extra-budgetary resources of concern here is Military-Owned Businesses (MOBs). As will be detailed below, the management of economic

assets by the military, while securing an additional financial resource for the institution, may put their protection during political upheavals in conflict with that of the incumbent's presence in office. In addition, these resources can also enable the institution to provide for itself and for its own members during these times of unrest. Therefore, the research question becomes: *what is the effect of the presence of MOBs on the political behavior of the military institution during political crises in autocratic regimes?*

In trying to answer this question, this project will survey cases in which the military has been involved in managing civilian economic activities, i.e. non-defense industries, so as to determine its influence on the behavior of the military during times of challenge to the power of the incumbent, namely mass protests. The aim is to explore the effect of the way in which these resources are managed on the fate of the autocratic regime. The hypothesized argument is that *in the face of mass uprisings, institutionalized militaries are more "defection-proofed" using MOBs when they establish financial dependency on the incumbent.*

The question at hand can be claimed to be of relevance to the study of democratization where the role of the military was not sufficiently explored in the existing theories of transition from autocratic regimes, except for Latin America (Serra, 2010: 25). The purpose is, therefore, to highlight the role the military plays during these transitions while taking the discussion a step further by exploring one type of extra-budgetary resource and how it influences the political position of the military. The presence or absence of MOBs and the style of their management can be indicative, together with other factors identified in the literature, of the outcome of the transition process. This study's relevance can also be established empirically against the recent cases of the Arab Spring, where the process of political change initiated by mass protests in a 'durably-authoritarian' region uncovered the indispensable position the military enjoys in

bringing about or blocking change. That is why tracing the 'defection' behavior of the military, both inside the region and beyond, can help fill in some of the gaps in the democratization literature.

2.2   Literature Review

2.2.1   *Politically-Interventionist Militaries*

In non-democracies, political neutrality, a prerequisite for the military profession, can rarely be found. Rather, loyalty to an autocratic leader or some political ideology is present, undermining military professionalism and competence, and even risking the organizational integrity of the institution (Huntington, 1985: 71, 74). This politicization of the military results in the inability of the officers to effectively undertake their apolitical capacities vis-à-vis civilian politicians, which are: *representative* of the military institution against the politicians, *advisory* to inform decision making by the politicians, and *executive* of the decisions taken by the civilian politicians (Ibid: 72). These three roles for the military are largely expected in politicos-dominated regimes where the chances for military intervention in politics are low, both in terms of frequency and duration. This is in comparison to the fully or partially military-dominated regimes where the military oversteps its domain as a result of the incapacitation of or dissatisfaction with the political regime or for the aim of creating an environment that supports the "corporate integrity of the organization" (Nordlinger, 1977: 49; Linz and Stepan, 1996: 67; Perlmutter, 1982: 310-2). This implies that the military aims at having a say or a degree of influence in the political and policy processes, especially those concerning political and social stability as well as security issues (Kuehn, 2016: 10).

While it remains one of the bureaucratic pillars of the state, the military institution occupies a unique position due to its "relationship to violence" given its assignment of protecting the state and society from external aggression and domestic disorder. This makes political interventions by the military in autocracies as the norm, rather than the exception, and, therefore, should be framed in terms of their degree and not their presence or absence (Welch, 1987: 1, 4).[1] The political, social, and economic roles the military plays in domestic politics can also be motivated by a perception to a privilege (or prerogatives according to Stepan (1988)) that it should control and maintain (Kramer, 1998: 133). Koonings and Kruijt (2002) classify the literature on what they call "political armies" into three successive generations in the post-second World War era. The first generation focuses on the study of the role of the military in nation-building in the newly-independent countries. This role was legitimized in light of the modernization process that developing societies were undergoing and by the need for the organizational resources of the military, at a time where many state institutions were still lagging behind. The motivation for this involvement becomes less, however, the more modernized both the military and the society become (16-17). In reaction to this first generation came the second, neo-Marxist in nature, which define the political involvement of the military using a ruling-class perspective, implying either that the ruling group in the society uses the military to defend and to maintain its privileged position or that the military moves against a ruling elite it sees blocking the road for the proper development of the society. The importance of the political role of the military can be defined as a function of the extent to which it is involved in domestic coercion for the continuous domination of the ruling elite, a task that becomes more visible at times when civilian authority is contested (Koonings and Kruijt, 2002: 17; Alagappa, 2001a: 4).

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[1] Feaver (1999) argues that there is always some degree of political influence by the military, even in democracies, and it varies along a continuum and is hard to capture.

Still a more recent approach is one that goes beyond the military as the main actor of intervention and defines the relationship in dyadic terms according to the type of civil-military alliance in place. While acknowledging the significance of the problems of modernization and class relations, the study of these alliances is claimed more helpful in explaining the timing, motivation, and nature of specific political interventions by the military in civilian politics (Koonings and Kruijt: 18; Alagappa, 2001a: 3-4). The political role of the military can, therefore, be judged in light of both its scope (military's role in domestic coercion, institutional autonomy, socio-economic role, and civilian control) and the jurisdiction for such a scope (Alagappa, 2001b: 31-39). Finer (1962) classified political regimes according to the degree of military provenance, or the contribution of the military to the installation of the regime, making rule of the junta only one form, albeit the most common in practice. Another form is one where a duality in the governing structure exists, where both the army and the civilian government coexist, whereas the military's position vis-à-vis the civilian government can be one of displacement, blackmailing or supplement (164-6). In-between these types, there are varieties of civilian control/military partnerships or military control/civilian partnerships (Dekmejian, 1982: 29). That is why civil-military relations in non-democracies can be best described as sliding over a continuum, ranging from military direct or indirect rule with a degree of civilian influence (which Nordlinger (1977) describes as praetorianism), to professionalism (i.e. civilian rule with military influence) (Dekmejian, 1982: 28).

2.2.2   Autocratic Rents and Regime Survival

According to DeMesquita and Smith (2011: 1, 8, 11), typical components of a polity are: the nominal selectorate (interchangeables); those with a de jure say in the selection of

leaders; the real selectorate (influentials): those with a de facto say in choosing the leader; and the winning coalition (essentials): the core group of powerful allies. The difference in their relative combinations is what makes different regime types. In non-democracies, leaders aim at maintaining the loyalty of the tiny but indispensable group of essentials. Dictators need the elite, and especially the military, as they cannot rule by themselves but they try not to over-power them so that they do not eventually turn against them. This is because the elite will always have a motivation to overtake the leader's position or to cooperate with the opposition towards his replacement (Lee, 2015: 28; Ezrow and Frantz, 2011: 81-2; Magaloni and Wallace, 2008: 26).

Weak dictators tend to 'selectively' co-opt the most powerful in the polity, while stronger ones would diversify their base of support and get cheaper agents in the coalition, i.e. random cooptation, all with the aim of accumulating more power for the cost of rewards extended to the co-opted. While these rewards should remain higher than offers from challengers, they would go down the more loyal these agents become and/or as the offers they receive from the opposition get smaller (Sekeris, 2011: 238-241). That is why dictators work to establish a "loyalty norm," i.e. affinity between the incumbent and the members of the winning coalition that grows with "learning" about their secure position in the regime and whose strength depends on the "relative value" of rewards and "probability of inclusion [and] exclusion" from the coalition. This affinity gets stronger in "small-winning coalitions and large-selectorate systems" (DeMesquita et al, 2003: 286), a situation that eventually develops as winning coalitions accumulate more power and control – known as the "narrowing effect" (Geddes, 2006: 156-7). The dictator aims at keeping the number of the essentials small and that of the interchangeables large to control who gets what and to be always aware of the risk of getting replaced "if their reliability [becomes] in doubt" (DeMesquita and Smith, 2011: 18, 62).

In other words, dictators need to assure their allies that they will stay in the alliance in return for their continued loyalty, a challenge that is hard to live with in authoritarian settings given the dearth of information about actors' intentions and the absence of an external arbiter (DeMesquita and Smith, 2011: 29). Perceiving that a threat would also come from within their main clique; dictators raise the stakes for the members of the ruling coalition for defecting from the coalition through threats of punishment, and not only through incentivizing staying onboard, increasing the members' commitment towards the power-sharing arrangement in the autocratic regime (Magaloni, 2008: 718-719, 722). This is especially true as challengers' offers to the members of the winning coalition suffers from credibility problem, making defection less attractive as an option, especially if the size of the winning coalition is small relative to that of the selectorate (DeMesquita et al, 2003: 59-60; 66). In turn, members of the coalition cannot make promises not to turn against their fellow coalition members, who together decide on the distribution of resources in the society (Acemoglu et al, 2008: 987-8). Coups or defections, therefore, can take place to advance the interests of some of the members of the winning coalition (DeMesquita et al, 2003: 400). This risk of the essentials "deserting," or defecting materializes when they expect better rewards from another competitor, or when the incumbent is no longer capable of or *needed* for providing them with the rewards they expect (Mesquita and Smith, 2011: 14, 199; Feaver, 1999: 226). This especially holds for stronger members, or agents, who are aware of their significant position in the ruling alliance that makes them also of particular interest for the opposition (Sekeris, 2011: 254). That is why Svolik (2012) distinguishes between established and contested autocrats with the autocratic leader in the latter much less capable of accumulating power to counterbalance the threat of rebellion from his allies and/or the public. In addition, non-personalist dictators are often more successful at nurturing the

loyalty of their militaries, while defection and splits happen under personalist ones as they are more dichotomous for the military officers in terms of competition for patronage and other benefits (Lee, 2015: 4-5, 43).

Furthermore, defection can take place as a result of the accountability of the dictator by his coalition (Marcum and Brown, 2016: 256). Boix and Svolik (2013) define the threat of rebellion that it holds the dictator, who has an incentive to break his promises, accountable to the promise of power sharing. As the dictator accumulates more power relative to the ruling coalition, the latter may retaliate by removing him from power. Yet, such a move may fail, especially in light of the imperfect information about the political game. That is why the move against 'established' autocrats would take place in the midst of some extra-ordinary event, such as mass protests (Svolik, 2009: 478). This is especially the case for the dictators with smaller coalitions, given the elite's large share in private goods and because of its continuous monitoring of the dictator due to the fear of replacement by other members of the selectorate. That is why Amegashie (2015) differentiates between the loyalty and the no-coup constraints on the military; whereas the first works towards suppressing the dictator's competitors and the masses, the second is about the cost of abandoning the dictator, which can be mitigated during civil wars and civil protests. The coalition in the latter case, and not the dictator, acts as the principal and it is the policy competency of the dictator for the coalition that keeps him in office (Marcum and Brown, 2016: 257, 259-260). This mechanism becomes more evident the more the dictator relies on security institutions, making the regime his regime more vulnerable to them, considering that their loyalty to the dictator does not take away their self-interests (Ibid: 261).

As far as the power of the military is concerned, it plays a dual role in the political game in autocracies: it is required to stay apolitical while being ready to intervene in defense of the

status quo against challengers. Having a strong military works best towards the second goal by deterring and repressing the opposition and the masses, yet it comes at a high cost to maintain its loyalty, risking even an overly powerful military turning into a challenger that commands enough power to unseat the dictator. The more competent and powerful the military becomes the harder and the costlier it gets to keep it under control (Mcmahon and Slantchev, 2015: 298-9). Even in the cases where the dictator does not have an interest in building a strong military for repression but the external threat environment necessitates the buildup of one, a capable and a powerful military will eventually be threatening on the domestic front (Talmadge, 2016: 112). Egorov and Sonin (2011) argue that military competence in autocratic regimes works politically against the officers as they represent a challenge to the dictator, who would aim at undermining their positions, if not the organization as a whole. In such cases, dictators may try to institutionalize the regime to help balance the risks posed by the powerful military, such as the development of institutionalized and efficient bureaucracies and/or civilian political platforms (Talmadge, 2016: 122-3). This is because institutions create more incentives for the elite in regime continuity, as opposed to centralizing and personalizing power in which case chances for defection increase (Lee, 2015: 37-8).

Gandhi and Przeworski (2006) highlight two mechanisms for the maintenance of ruling alliances in autocracies: policy concessions and distribution of rents. Depending on the institutional development of the regime, availability of rents, and the severity of the threat of rebellion by the opposition, autocratic leaders will generally tend to rely more on the latter (i.e. rents) as the stakes get higher. DeMesquita et al (2003) and Lee (2015: 3) argue that the leader's ability to stay in power is a function of her ability to extract revenues that finance spending to buy-off the loyalty of supporters, including the military, to keep the coalition intact. Buying-off

the military, however costly it becomes, is important not only to keep it loyal but to make it harder for competitors to buy off. Wintrobe (1998) also underscores the need for the dictator to overpay security forces in return for loyalty, while creating competing security institutions to guard against and to counter-balance each other. The amount of these gifts may expand over time until they become "demanded payments" (90), which remain constrained, however, by the amount of resources available. In addition, Conrad et al (2013) argue that as the dictator ages in office, especially in regimes lacking the loyalty norm, security spending increases as he gets more concerned about maintaining power. Underpaying the military may lead to disobeying orders to repress protests and may even end up in alliance with them against the dictator (Acemoglu et al., 2010: 2). Nevertheless, the private goods extended to the military carry in themselves the potential to be used against the regime. While coup-risk goes down for militaries that receive large financial incentives from the regime, this does not take away its ability to act in a concerted manner against the regime, i.e. to defect (Powell, 2012: 1036). This is because, as an institution, the military has an interest in maximizing both the amount of private goods received while preserving its own autonomy.

While dictators try to nurture the loyalty of the elites and repressive institutions, they try also to create a sense of loyalty among the citizens realizing that repression cannot be applied all the time. It might also be the fact that nurturing a sense of loyalty can be less costly than the creation and maintenance of a repressive institution(s), in terms of both the direct and the indirect cost of risking a coup. Thus, it can be said that both the military and the citizens move along a continuum of loyalty and disobedience regarding their relationship with the dictator. Defection by the citizens, i.e. protest, may trigger a defection by the military to follow (Magaloni and Wallace, 2008: 2-3).

This foregoing survey highlights the fact that securing the loyalty of the military is no guarantee that it is 'defection-proofed,' especially in light of domestic political contestation and economic downturns. Defection is more likely during times of crises, especially when the incumbent is no longer able to pay his officers. For example, the pressures to economically liberalize autocracies in economic crisis situations usually come at the expense of payments and other forms of patronage extended to members of the ruling coalition. That is why there is a strong motivation for the regime to try to safeguard the military and to maintain its support by allowing it to undertake commercial activities to make up for the cuts in its budgetary allocations (Mora and Wiktorowicz, 2003: 88-89).

2.2.3   *Military-Owned Businesses as an Extra-Budgetary Resource*

Militaries are typically expected to act in defense of the nation against external aggression and in some cases to maintain internal control during times of unrest and/or crises as well as to be used for repression in non-democracies. There are, however, some atypical roles that include an economic one, especially the one that falls outside the scope of strategic military industries. While theories on military-owned businesses remain underdeveloped (Singh, 2001: 8), they fall largely under the title of 'military entrepreneurship,' a term that denotes "*the innovative creation of resources and new means of production by commissioned military officers acting in an institutional capacity as formal owners, managers, and stakeholders of enterprises that generate financial resources or goods directly benefiting the military*" (Mani, 2011: 29).

In this project, the type of businesses of interest is military civilian-oriented industries undertaken by active duty officers. This type generally includes non-defense military production that develops as a result of the insufficiency of the military budgetary allocations in many of the

developing countries and because of the use of the military institution towards infrastructure projects during times of peace (Brommelhorster and Paes, 2003: 1, 10). The engagement of the military in such business activities results in an additional source of revenue for the institution (Ibid: 2, 13-15). Autocratic regimes varied in their degree of control over this resource ranging from sponsoring its development and growth to controlling access to markets and business opportunities. While the military is entitled to the provision of defense as a public good, its involvement in civilian businesses results, however, in the creation of a private good that it works to maintain (Ibid: 11). This turns the military, in a sense, into an economic actor, concerned with maintaining a favorable business environment, making it more dependent on the market and quite less on the regime and/or state budget (Mani, 2010: 2).

It is usually difficult to track the businesses owned or run by militaries due to the secretive nature of the military institution and the weakness of civilian oversight in developing countries in general. This is also because the economic role of the military was thought for long to be primarily into military-related industries (Hunter, 2000: 105). However, the little information available on MOBs reveal that they vary across countries in terms of their existence and type by the level of economic and political participation by the military in civilian affairs, structure of the armed forces, the capacity of the state, and changes in the security environment of given countries (Brommelhorster and Paes, 2003: 4; Mani, 2007: 595).

Latin America stands out as an example of institutionalized MOBs with its legacy of the extended periods of military rule and political influence. The Argentinean military used to be heavily involved in business operations but divested most of them following the end of the military regime in 1989 (Mani, 2010: 1; Brommelhorster and Paes, 2003: 5). This is as opposed to the still-thriving military businesses in many Central American countries including Honduras,

Nicaragua**,** Guatemala, and El Salvador that are managed through military banks and pension funds with the aim of securing a decent post-service life for the officers (Brommelhorster and Paes, 2003: 5). MOBs in these four Central American countries are considered an extension of the influential role of the military in domestic politics and because of the weakness of political elites. It is projected that the size of these businesses will decline the increased consolidation of democracy (Castro and Zamora, 2003: 36-37).

In neighboring Cuba, following the collapse of the Soviet Union and with a stagnant economy, the military, under the 'business improvement system,' was allowed to undertake civilian economic activities that ranged from managing medical services' provision to the production and export of tobacco products. The target was both to lead a process of quasi-liberalization of the Cuban economy as a role model institution while at the same time maintaining the loyalty of the military in the face of the cutbacks in both its size and budget in the early 1990s (Mora and Wiktorowicz, 2003: 99-101, 109). This, however, resulted in increased corruption within the institution and more leverage for the military over the regime (Ibid: 102). A similar experience exists in Vietnam with the major difference that the military is expanding its civilian business projects with no sign of unease from the Vietnamese communist party (Brommelhorster and Paes, 2003: 6). These military businesses grew from agricultural investments into developmental and other civilian activities that put military investments on equal legal status with those of state-owned enterprises and even the creation of economic-defense zones. This has coupled with the decline in the military confrontations of the country with its neighbors and the political divisions within the ruling party, allowing the army a more independent say on how to define and to undertake its mission (Thayer, 2003: 75, 92).

This is while in Pakistan, the deep political involvement of the military has allowed for and was also motivated by the quest to develop and to protect its civilian businesses, owned mostly through military pension funds while a few are officially mandated as state corporations. Ironic as it may seem, while claimed to be economically productive, these businesses have depended on contributions from the defense budget to survive, which raises questions about the utility of these businesses for the military (Brommelhorster and Paes, 2003: 7). In Turkey, the investment arm of the military is a pension fund, known as OYAK, which depends on mandatory contributions from its members and invests the proceeds in different business activities. Though these businesses are not officially run by the military, there are concerns about unfair competition especially given the employment benefits officers enjoy in the enterprises OYAK owns and runs (Cook, 2007: 21, 111).

Criticisms of MOBs come from concerns of unfair competition due to: tax exemptions, lower operational costs as a result of the use of conscripts and public resources, and government favoritism (Brenes and Casas, 1998: 159). In addition, the accumulation of off-budgetary allocations most often leads to eroding civilian control and the spread of corruption, negatively influencing military preparedness and capabilities (Brommelhorster and Paes, 2003: 16). Lastly, engagement in business activities makes military budget more vulnerable to economic shocks which can be very devastating at times (Scobell, 2000: 18).

It remains that most of the literature on MOBs focuses on corruption and the effect of their presence on the military institution rather than on their political impact. Alternatively, the discussion in what follows aims at engaging this special type of resources and assessing its impact on the political role of the military in non-democracies, particularly the issues of loyalty and regime survival.

2.2.4   Military Defection and Regime Change

Svolik (2013) summarizes the relationship between the autocratic leader and the military during times of crises as either one of three types: the military *completely loyal* to the dictator for fear of penalties; *not fully loyal* but will stand by the regime, especially when organized along ethnic lines; or the *military defects* when its interests may become at risk while not necessarily accounting for their future losses under a more democratic regime, as defection, the author argues, will undermine the position of the military in any future political configuration anyways. The chances for military defection remain high until it reaches the point where it has accumulated so many resources that it will not risk going against the status quo and the dictator.

Military defection is located somewhere in the middle between total subordination (loyalty) and total insubordination (rebellion or coup). It is a function of the degree of military autonomy, i.e. the degree of independence in the political behavior of the military (Pion-Berlin, 1995: 158). This independence ranges from *defensive*, i.e. protecting the immediate interests of the institution and its individual officers, observing its legally assigned roles and doctrine, and maintaining the organization integrity of the corps (Pion-Berlin et al, 2014: 231-232) – and therefore the military "stay[s] quartered"; to *offensive*, i.e. expanding the zone of its prerogatives and inducing a coup at the extreme (Pion-Berlin, 1995: 159). In Feaver's (1999) analysis of military coups, defection may be a sign of both military strength and weakness, with the latter reflecting its inability to achieve its interests though normal channels.

McLauchlin (2010) and Nepstad (2013) define autocratic regime collapse as a function of military defection and alignment with rebellions against the incumbent, making defection the most significant factor in autocratic breakdown (Lee, 2015: 3). The chances for military defection are believed to be highest during mass protests against the installed regime and with the lack of a clear constitutional exit for the political crisis faced (Pion-Berlin and Trinkunas,

2010: 397). In fact, mass demonstrations are increasingly recognized as a significant factor in bringing down dictators and have set the pretext for political interventions by the military since the Second World War (Lee, 2015: 12). Put differently, military defection is a key factor in the success of protest campaigns and is the main reason behind a dictator's departure from office (Chenoweth and Stephan, 2011: 46, 48, 56; Barany, 2016; 2013; Egorov and Sonin, 2011: 904). This comes in line with the logic that for military's political interventions to happen, they require not only a "motive," interest, and/or grievance as a push factor, but also an "opportunity" or a pull factor. In this case, the opportunity that comes during times of "social unrest" provides a needed cover for intervention against an increasingly perceived illegitimate civilian government (Ezrow and Frantz, 2011: 63; Belkin and Schofer, 2003: 597). Even in the case when there is no immediate threat from the elite, the opening up/opportunity by the threat from below may instigate the elite, particularly the military, to defect, especially in personalist regimes (Lee, 2015: 47; Nepstad, 2013: 156; Casper and Tyson, 2014: 548-9, 563). Even in the cases where the military would like to stand by the regime, repression will come at higher costs for the institution (Kricheli and Livne, 2009: 5; Lee, 2015: 2). While "accommodations signal weakness" on the dictator's side, enforcing repression depends on the move of the military, who in this case is better positioned to decide what steps to be taken (Ginkel and Smith, 1999: 304).

In line with the pacted or strategic transitions approach (O'Donnell and Schmitter, 1986), looking into the mechanisms of autocratic regime collapse should focus on the calculations of risks and gains by the members of the autocratic elite. Lehrke (2012: 147), using the term military arbitration, describes defection as the situation where *"the military is drawn into politics against its will to arbitrate between "dual sovereigns""* during popular uprisings, leading to either a repression of the masses by the military or a removal of the autocrat from

power. This role of the military on this occasion is a function of its resources, organizational characteristics as well as its relationship with the regime. Barany (2011, 2016) and Bellin (2012) argue that military defection to mass protests can be understood in light of the way in which the regime structured and manipulated the military establishment in the first place. Six indicators are especially important which are: the internal cohesion of the military, its recruitment method, the regime's treatment of the military, the military's perception of the legitimacy of the regime, how big, representative, and fundamental are the protests, and lastly the chances of success for military intervention to back either side (Ibid: 40). Depending on the internal cohesion of the military institution as a whole and the satisfaction of individual officers with material incentives provided as well as their calculations of the chances of regime survival and its ability to punish defectors, a decision on defection is made (Egorov and Sonin, 2011: 903). The decision to defect, especially in militaries not ethnically engineered, becomes less costly when the decision is believed to be shared by other members of the elite as well (McLauchlin, 2010: 333). In addition, Pion-Berlin et al (2014) trace the roots of military disobedience to orders to repress mass protests and eventually defection to three reasons: *rational calculation of gains and losses* including dissatisfaction with incumbent's policies and material grievances, *ideational attitude* resulting in rejection of internal political involvement, and *structural concerns* so as to maintain the internal integrity of the military.

Other factors that may come into play while taking the decision of repressive intervention by the military are that the price of both a failed intervention, such as death or imprisonment after the dictator is gone, and of a successful intervention, such as negative impacts on the organizational integrity of the military institution. While Svolik (2012: 132) sees that coup-proofing is effective when applied before militaries turn into powerful agents only, Lee

(2009), Macara (2013) and Dahl (2014) argue that coup-proofing strategies, while minimizing the risk of a coup, increase the chances for military defection and disobedience in the face of mass protests. The chances for defection are highest where the military is fragmented (as a result of the dictator's divide and rule policy), not ethnically engineered, and where the regime is more personalist. Defection, Dahl concludes, irrespective of the conditions under which it takes place, usually sets the military in a weaker position. Lee (2009), by contrast, argues that the recurrence of defections under successive regimes establishes the military as a major holder of political power in the system. This echoes the 'military centrality theory,' which implies that militaries with sufficient resources and higher levels of professionalism and organization are more politically engaged, and once an interventionist military, it is likely to stay so - the "coup trap" (Ezrow and Frantz, 2011: 35).

It can therefore be said that military defection does not automatically imply its support for the cause of the protesters or the end of the autocratic regime (Ezrow and Frantz, 2011: xv). It rather establishes the military as a political player with economic, among other, interests it wants to protect. The presence of such an interventionist military may have a negative impact on the installation and consolidation of any type of successive regime. The remedy may even initially lie in the provision of more financial rewards as wider range of prerogatives for the military to minimize the threat of further intervention in civilian politics (Tusalem, 2014: 483).

2.3   Proposed Theoretical Argument: Independent Financial Resources (MOBs) as a Defection Mechanism

Taken together, the literature, however limited it is on military defection (McLauchlin, 2010: 334), offers a long list of explanations for whether and why the military may defect in an

autocracy. For example, it is less likely for ethnically-engineered or ideologically-indoctrinated militaries to defect from a regime they consider legitimate. Also, fragmented militaries are more expected to defect especially when faced with mass protests that are costly to quell. Militaries with fewer material incentives or private goods may defect out of grievance. The literature remains short, however, of providing plausible explanations for why would a military decline to defend a dictator while receiving sizable private goods under him. This project aims at adding to this growing literature by considering the dynamic through which these private goods or resources extended to the military are managed. The resource employed to establish this case is military-owned businesses. This resource is claimed in what follows as a "contributing condition" or factor in the military's calculation on defection (Mahoney, 2015: 203).

While the literature suggests that militaries that are both institutionalized and that are receiving sizable rewards from the regime are expected to repress the protests and to stand by the regime (as was the case in China (1989) and Iran (2009) for example), reality may suggest otherwise, as became clear in the cases of Indonesia (1998) and Egypt (2011). This project, henceforth, suggests that the difference between these two groups of cases can be accounted for by factoring in the style of managing the extra-budgetary resources of the military. If these resources are managed by the military *independent* from other regime institutions, their protection will more likely come in conflict with the protection of the regime itself. They will also provide the institution with a resource for action beyond the life of the regime. Therefore, the *independent* management, i.e. the governing boards and operations of MOBs are exclusively controlled by active-duty officers, of the resources by the military institution contributes to the decision to defect as there is no financial dependency of the military on the regime. Conversely,

when the military is financially dependent on the regime for its management of these extra-budgetary resources, the military will be more inclined to defend the incumbent.

While the proposed MOBs theory applies to institutionalized militaries, they may represent the minority among militaries in non-democracies. This is because many dictators would aim at undermining the institutional autonomy of their militaries in their effort to minimize the coup-risk. Therefore, the study of the larger issue of financial autonomy of the military may require some further exploration of the types of rewards extended by the dictators to their military and/or officers so as to arrive at comparable patterns across cases. This way, the exploration of the subtypes of military organization and their financial autonomy can be taken as 'building blocks' that would eventually contribute to a more overarching theory of the political behavior of the military (George and Bennett, 2005: 78).

The benefit of this exploration of the MOBs causal mechanism is to include a previously overlooked causal factor influencing the calculations of the military on whether to defect from the dictator or to defend him and repress the protests. For example, this project challenges the idea that institutions will be more tempted to preserve the status quo than be the broker of change as both the Indonesian and Egyptian militaries did in 1998 and in 2011 respectively. This comes also as the project answers to the question of why these two militaries defected from two regimes under which they financially prospered (off the budget). Stated differently, imagine the reaction of the Indonesian or Egyptian militaries had their sizable MOBs been dependent on the regime or conversely how would the PLA in China respond to the Tiananmen crisis in 1989 had it enjoyed a higher degree of independence and control over its own budget and MOBs.

Therefore, this project investigates more closely the economic and financial aspects in the calculation of the military's decision to defect from or to defend the authoritarian leader. A

key point here is that not only does the presence and size of MOBs matter for the institution and for the fate of authoritarian regimes, but also does the way in which the military manages them. This in departure from the literature that largely considers the decision to defect or defend as a function of how much the dictator offers his officers, without necessarily differentiating among these rewards. This project focuses on one particular type of rewards, i.e. MOBs, and is concerned with the degree of control the regime/the military has over it. This way this project argues that not all authoritarian payments or gifts should be treated the same. With its focus on MOBs, this project also establishes a link between two largely disconnected bodies of literature on both MOBs and authoritarian regime breakdown/survival. In addition, this project aims to contribute to the growing literature on the indispensability of military defection and intra-elite splits during democratic transitions for the success of revolutions. Therefore, there is a need to move the discussion beyond 'coup-proofing' to make a case for the need to discuss 'defection-proofing'. This is because, while coup-proofing may prove effective in minimizing the risk of a military uprising against the dictator, it offers no guarantee to keep the military under the dictator's control during an uprising from the masses. This project engages this 'beyond-coup' risk by focusing on the political economy of loyalty in authoritarian regime. It argues that the military will stand by the regime in the face of threats from below in the case it establishes financial dependency on the incumbent. Therefore, militaries are 'defection-proofed' when they lose their financial independence vis-à-vis the dictator. Expanding the debate to include the discussion of defection risk can help provide better assessment and expectations of the behavior of the military during political crises in non-democracies.

2.3.1 *Institutionalized Militaries*

Despite all what may differentiate military officers, one thing they generally share is a 'corporate' interest in the survival of the institution itself. This interest may be implanted during "socialization" or due to rational calculations and generally demands political stability. Institutionalization, corporateness, or professionalism can be translated into maintaining the organization with "hierarchy, discipline, and cohesiveness," independence from "civilian interventions," and securing "sufficient budgets to acquire weapons, trainings, and recruits" (Geddes, 2003: 54; Geddes et al, 2014: 148-9). "Professionalized" militaries are also rule-bound (Geddes, 2006: 158) making them more "predictable and meritocratic" (Bellin, 2005: 28). Although these interests provide a motivation for intervention in politics in cases where the civilian government is seen inefficient or going against the interests of the institution (Geddes, 2003: 55), they can also lead to defection when the protection of the regime can come at the price of protecting the institution and its resources and/or interests.

While it is difficult to clearly come across pure types of the different analytical categories used in what follows, their definition can be guiding for analysis. In this project, a military is *institutionalized* when it acts as a bureaucratic organization that has a clear corporate identity, that is merit-based with regard to appointments and promotions, and that observes the chain of command. By extension, MOBs are *institutionally-owned* when they are managed by the military as an institution, i.e. controlled through the military's headquarters or through the ministry of defense either directly or indirectly through some affiliated foundations. They are managed by active-duty officers and their proceeds are channeled directly to the military.

MOBs are *regime-dependent* when the regime is involved in the management of these MOBs, e.g. through assigning non-military regime agents on the boards of the MOBs. This type is usually found in cases where the decision-making in the military involves civilian regime

elements. By contrast, MOBs are *regime-independent* when the regime is not involved in the management of the businesses and they fall completely within the military's exclusive domain of control. This type can be found in the cases where the military enjoys a high degree of autonomy vis-à-vis the civilian leadership. The presence of civilians on board of these MOBs takes place upon the approval of the military rather than as a result of regime direction. Institutionalized and regime-dependent MOBs tie the power of the purse to regime survival in power by contrast to institutionalized and regime-independent MOBs which, along with other factors identified in the literature, are left with much more to protect and to survive on beyond the regime. The military in the latter case, therefore, has a little motivation to stand by the regime while also being able to act in an independent manner during the crisis.

Defection by the military means its disobedience to orders to shoot protesters, or the military's declaration of neutrality and distancing itself from the incumbent during the crisis. By contrast, *repression* means the military's intervention during the crisis to the defense of the dictator and against the protesters

The proposed theory, displayed in the chart below, works as follows: the military in a non-democracy, and more generally in a bureaucratic sense, is interested in protecting its organizational integrity and chain of command, preserving its reputation as the savior of the nation, securing the safety of its individual officers from charges, and protecting its material interests as well as other prerogatives. In the cases where the military is more institutionalized, the interest becomes much higher in maintaining its organizational integrity and defending its prerogatives. The extension of MOBs can be taken as the result of the limited capacity of the regime (Mani, 2007: 594-5), or largely as part of a balancing act to keep the military in check. In such cases, ownership of these economic assets is expected to be more both institutionalized

(owned by the institution and managed by its top leadership) and independent from the dictator

(who extends it for once while granting the military a free hand in running its activities). This

partial giving up on the power of the purse may also signal that the dictator's de-politicization of

the military as well as its detachment from domestic repression. With mass protests threatening

the dictator, chances for military defection are highest in this case. This can also be because

institutionalization, while enhancing the corporate nature of the military, has at its core an

entitlement to a national mission that goes beyond national defense to the protection of the state

and its citizens, especially considering that large scale repression of mass protests is counter-

productive in most cases (Bellin, 2005: 28-9). With the institutionalized military resourceful,

especially in the presence of MOBs, and autonomous from civilian control, it may eventually

find defection the least risky strategy to pursue.
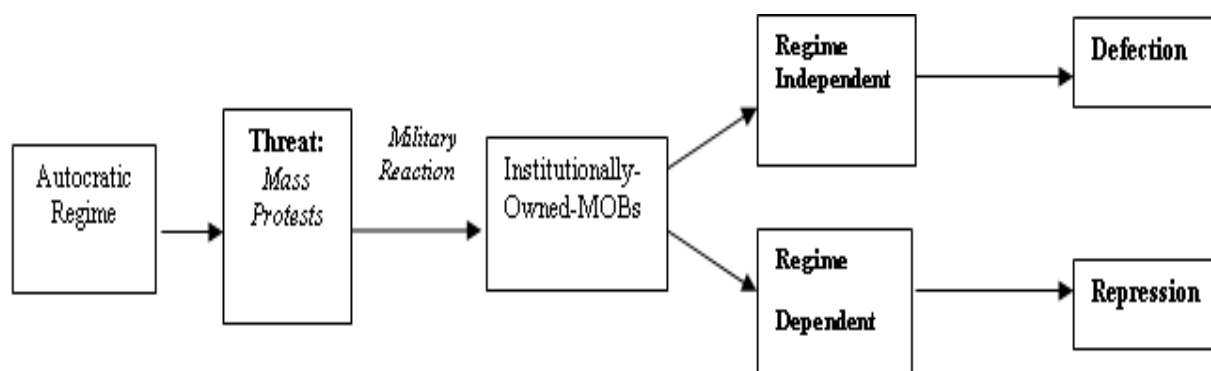
Figure 1: Presentation of military reactions to threats to authoritarian leaders accounting for MOBs

By contrast, repression is more expected in cases where the regime maintains full

control over the military, including its financial resources and the management of its MOBs. In

such cases, dictators tend to centralize command authority in their hands (Talmadge, 2016: 118-

9). The presence of MOBs becomes dependent on the consent of the dictator and ultimately his

stay in office, with the military institution representing only one part of a larger network of

patronage, subordinate to the authority of the leader. In such a case, the military's standing by the regime conforms to the literature in defending the status quo rather than acting as an agent of change.

The study of loyalty, defection or insubordination, while ultimately tested during popular uprisings, can also be seen as a dynamic process that works in the opposite directions of both loyalty and accountability. The accountability of the military plays out towards its twin principals, the dictator and the people. This underlines some level of strategic interaction or interdependence between the military and the dictator and which is a typical pathway of political transitions (Marks, 1992: 398). Such intra-elite splits are especially expected when faced with a threat, with each member of the alliance concerned with not only maximizing its interests given its capabilities, but also minimizing its punishment, considering the goals and capabilities of the other side(s). The military would weigh in its punishment by the dictator if he survives or his lack of legitimacy following the protest against protecting its interests if it abandons him. The military, especially professional and large-sized ones, realizes that the dictator cannot survive the challenge without its backing. The military may come out as a soft-liner in the game when it decides not to repress, while the dictator as a hardliner when he presses for punishing the protesters and is concerned about his own fate (Scharpf, 1997: 12, 21; Kuehn, 2016: 11-2). The more the military accumulates resources and power, the more protective it gets. In opposition to Huntington's the professional soldier, "corporate autonomy and submission to civilian control may be inversely related to one another" (Pion-Berlin, 1992: 85). That is why institutionalized militaries may not resist moves of political liberalization in autocracies and may even tolerate regime change by opting for defection (Campbell, 2009: 31, 34).

2.4 Methodology

Analysis of this hypothesized relationship will be done using comparative case study. This methodological choice can be justified on theoretical grounds since this project is concerned with tracing how the causal factor of interest (management of MOBs as a proxy for financial autonomy) can be linked to the expected outcome (defection) in the autocratic regimes that experienced mass protests. This choice comes not only because case studies "are the major source of evidence" in comparative politics (Geddes, 2003: 172) but also because the in-depth knowledge of the cases can bolster our understanding of and even predicting the specific courses of action in which such critical situations eventually unfold (Barany, 2016: 5). According to Croissant et al (2016), cross-case studies are also particularly helpful in bringing more focus to the still-largely active political role of the military against the misleading suppression of such a role in large-N studies that focus on incidents of coups and military governments.

The universe of cases for this study will be drawn from the pool of post-WWII countries that both experienced mass protests demanding the ouster of a dictator and had a professional military endowed with *institutionally-owned* MOBs as an independent variable[2]. Geddes (1990, 2003) argues that there are multiple ways to select cases and that each influences the results one comes up with. Given the concern of this project with the political impact of MOBs, it departs from the case selection techniques in the literature on MOBs which surveys all the cases where MOBs are known to exist since this project concerns itself instead with the impact of these holdings on the military as an institution and with the civilian control over the military. As investigation covers the different outcomes of defection and repression, case selection comes as representative as possible of the causal process (Seawright and Gerring, 2008: 295-296).

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[2] Personalized gifts are excluded because they are difficult to trace, against the limits of time and funding for the current project, and in addition they switch the level of analysis from institutional to individual calculations, but they are considered for a further research as will be highlighted in the conclusion.

According to Thelen and Mahoney (2015: 13), it is significant in cross-case comparisons to clearly specify the scope conditions where the proposed causal dynamic is considered valid. In line with this, the starting point for this project is located in transitional moments or critical threats for authoritarian regimes, operationalized here as mass protests. The cases of mass protests in the post-WWII period were compiled using two sources. The first is the "Nonviolent and Violent Campaigns and Outcomes (NAVCO) 2.0" dataset (Chenoweth and Lewis, 2013) which surveys the incidents of mass protests in the world since 1946 through 2006, classifying them by regime type, campaign target and size, and the defection behavior of the repressive institutions of the regime, among other factors[3]. In addition, the project supplements the first dataset using the world protests report (Ortiz et al, 2013) which lists the occurrences of mass protests by type of grievance, size of protests, and reaction of the government. Military governments were excluded from the list since it is hard to decide on the scope of MOBs against the military's control over the state. The remaining cases were individually surveyed against the MOBs literature for which is reported to have MOBs. The five case studies that fit the criteria and are the focus in what follows are China (1989), Indonesia (1998), Thailand (2006)[4], Iran (2009), and Egypt (2011) as shown in the following table. With such a small number of cases, the use of the comparative method becomes more recommended on empirical grounds since cross-case comparisons help maintain a clear focus on the hypothesized casual explanation given that diversity in both the context of each case as well as in the weight of the other relevant causal factors in each (Rueschemeyer, 2003: 320; Della Porta, 2008: 202).

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[3] The goal of the protest was set to leadership change and the campaign size was set to the (100k protesters or more).

[4] While Thailand has been coded 'free' continuously since 1999, its Freedom House coding was moved to 'partly free' in 2006 as a result of the increasingly polarizing policies of the ousted Prime Minster, Thaksin Shinawatra. Its coding remained in the same category through 2014 (except for the year 2008 as a result of military takeover) and was downgraded to 'not-free' starting 2015 (https://freedomhouse.org/report/freedom-world/2006/thailand). This made the case to be relevant to the purposes of this project as a country that has shown clear signs of authoritarianism during its democratic transition.

Table 1: MOBs Matrix

Management Style of Institutionalized MOBs	
Regime-Independent	*Regime-Dependent*
Defection *(Indonesia, Thailand, and* *Egypt)*	Repression *(China and Iran)*

Although this may seem too limited a number of cases as compared to those where the military is (or was) in charge of sizable MOBs (as in many developing countries), confining the scope of analysis to these five countries, which represent the 'population' for the causal dynamic of concern, can be justified on multiple grounds. First, the study does not aim at analyzing MOBs presence per se but rather to explore their influence on the political behavior of the military during mass protest. Therefore, it will be difficult to diagnose and separate the influence of MOBs on the political behavior of the military in regimes where the military is the government for example[5] or when the threat is a militarized insurgency rather than a mass protest. The puzzle of concern lies rather with autonomous militaries that can outlive the dictator drawing on their own extra-budgetary resources. Second, these five cases come to represent different regime types and dynamics as well as outcomes of the protests which can contribute towards establishing the theoretical validity of the proposed hypothesis. This way, analyzing these five cases, being a subset of the larger pool of MOBs' countries, can become instrumental in understanding how the other cases would fare should they undergo similar conditions.

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[5] Geddes et al (2014: 148), for example, make the case that military regimes are the shortest in their life spans because they are the most vulnerable to coups and also because they usually incline to make their way back to the barracks instead of repressing protests.

Third, given the growing body of literature on military repression of mass protests, and that much has been done on these five cases already, there is little need to compare these cases with non-MOBs cases since the analysis expands on the existing discussion to a new area that was excluded from analysis before, i.e. including MOBs to the causal list. While this small number of cases may also limit the generalizability of the theory, as typical of the inherent tension between scope and generalizability of causal claims (Goertz and Mahoney, 2012: 214), it may help lay the foundation for an expanded analytical space that engages the wider issue of extra-budgetary resources of the military by far and large and the degree of their financial autonomy as a result. Therefore, the hypothesized causal explanation will be presented in relationship to how it departs from or conforms to the other explanations established in the literature, such as financial and political grievances against the incumbent, protecting the integrity of the institution, cost of the application of violence, ideational and ethnic links to the incumbent and the role of the military in internal repression, as relevant to each case. Stated differently, this project undertakes a parsimonious approach to the study of the casual factors of military defection while acknowledging the 'equifinality' of the phenomenon (George and Bennett, 2005: 85).

Analysis of each case will begin with tracing the causal mechanism (George and Bennett, 2005: 206-207) underlying the military's reaction to the threat posed by mass protests to the incumbent, focusing on the political structure of the regime, the type of civil-military relations in place, the type and ownership style of MOBs, and the nature of the protests campaign. The changes in the type and ownership of MOBs after the protests will be the last step in analysis and should provide evidence on whether they contributed, or not, to the move by the military. While not aiming at establishing MOBs as an alternative causal mechanism, they are

argued to function in addition to, rather than instead of, the other causal factors identified in the literature.

It is needless to mention also that data availability is a big concern while undertaking such a type of projects. Primary data collection was feasible in the case of Egypt given the researcher's knowledge of the language and was even needed given the few systematic studies conducted on the subject. Secondary literature was employed in the analysis of the other four cases.

3   CHAPTER 2: CHINA'S 'INTERTWINED' MODEL: THE 'PEOPLE'S' ARMY IN DEFENSE OF THE 'PARTY'

3.1   Introduction

Militaries in communist regimes are generally expected to undertake civilian economic roles out of pragmatism, ideological role modeling, and/or fiscal necessities (Scobell, 2000: 6-7). Such an involvement, however, may bring about negative effects on the civilian, or party, control over the military, leaving it more vulnerable in the face of threats, particularly mass protests (Ibid: 4). The dual controls of the party over the military, the power to appoint and the power of the purse, may get much weakened, especially the second, as making profits can become a priority for the military, eventually increasing the chances for disobedience to orders from the political establishment and/or the top leadership of the military (Ibid: 10-11). A relevant case in this regard is the Chinese military (People's Liberation Army-PLA), which used to run a large business empire up until the late 1990s. These MOBs developed starting the late 1970s for the aim of self-sufficiency and to relieve some of the defense burden from the national budget with

the onset of the economic reform program, which came also at a time when a pressing need was felt to modernize the PLA. This economic activity negatively affected the readiness of the military and eventually made the PLA less 'politically reliable' in the eyes of the leadership of the ruling Chinese Communist Party (CCP) (Cheung, 2003: 52). That is why, especially following the 1989 crisis, the CCP aimed to restructure this empire and divested it from PLA's control into a few holding State Owned Enterprises (SOEs) (Brommelhorster and Paes, 2003: 6; Lee, 2006: 439). Though criticized for being slow, the CCP's extended process to de-commercialize the PLA has been maintained even under the pressures of the 1997 financial crisis (Cheung, 2001: 46).

This chapter aims at highlighting the impact of the presence of PLA's MOBs, as an extra-budgetary resource, on the PLA's relationship to the CCP, especially during the Tiananmen Square crisis in 1989. The argument is that with the PLA institutionally and financially subordinate to the CCP, it acted along the party's orders and repressed the protests. Although MOBs gave the PLA some financial autonomy at various points, paralleling also a weakness in political indoctrination by the CCP, the party reacted quickly and re-centralized its institutional oversight and re-activated its ideological penetration of the PLA. This left the PLA, as an institution, dependent on the CCP for their 'intertwined' survival.
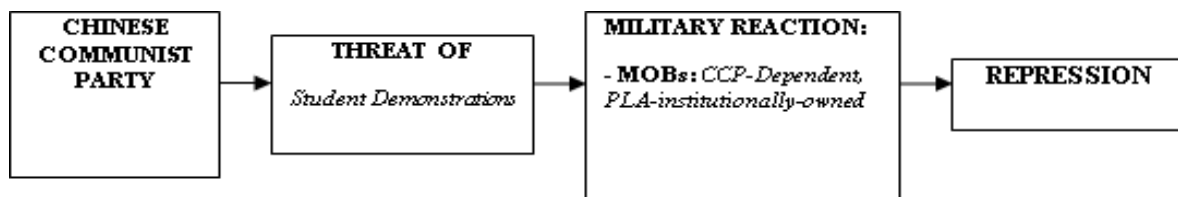
Figure 2: MOBs in PLA's Repression of Tiananmen Square Protests

As will be shown below, the PLA as an institution enjoys a high degree of corporate identity despite its penetration by party membership and channels of ideological control. While the relationship has largely been marked by the supremacy of the CCP, there were incidents of the PLA taking the lead in the relationship as well. PLA's MOBs were largely owned by the institution, despite some businesses that were owned by some of the local units. The centrally owned MOBs were the most profitable as they were the ones able to achieve economies of scale and provided up to two thirds of the military budget by 1990. Despite owned and run by the military, the presence of the party in different forms throughout the military's chain of command granted it a role in the management and supervision over MOBs. In addition, PLA's loyalty was not only to the CCP as an institution, but was directed also towards its revolutionary leader and the 'godfather' of its MOBs, Deng Xiaoping. Nevertheless, as the expansion and growth of MOBs resulted in some financial empowerment for the PLA vis-à-vis the CCP, some restrictions by the latter were placed on the economic behavior and performance of MOBs to keep the PLA firmly under control. The protests in 1989 came as these restrictions were at their initial and relatively loose stages of implementation (which, if where not present, it can be argued, might have led to cases of defection, at least on small-scale). The restrictions were eventually tightened and firmly applied through the mid-1990s until the complete divestment of PLA's MOBs was announced in 1997. Since the PLA had no independent control over its finances and with a dual identity, i.e. the 'communist' soldier, it was forced to intervene and to repress the enemies of the regime.

3.2   Evolution of Party-Army Relationship in Communist China

The influence of the military in Chinese politics comes not only from its possession of the gun but also from its loyalty to the political elite and acting as one of its executive tools (Mulvenon, 2001: 317). Such loyalty was maintained as the military was "penetrated from top to bottom by a political work system," making the PLA claimed to be "the party in uniform" (Scobell, 2003: 58). This system came as an extension of the tradition of the "revolutionary soldier," one that is entitled to undertake political tasks alongside carrying the gun. This tradition developed as a result of the assimilation of the political and military leadership in the early fight for state domination through the 1940s. This assimilation was later transformed as 'the political' and 'the military' became more institutionalized and professionalized following the establishment of the republic in 1949, yet both stayed highly interconnected at the top levels. This has allowed particularly for personal influence of the revolutionary leaders over the military, in addition to party's control over military budget and appointments (Mulvenon, 2001: 318-322). This "dualistic" relationship reflected a power structure with two arms and at the top of which is a dominant leader. These two arms ranged in their interaction from cooperation to occasional contention, with the latter manifesting itself as an intra-party conflict given the intertwined nature of their membership. This is because army-party relations have generally abided by supremacy of the CCP.

The differentiation between the CCP and the PLA has fluctuated over time. At the turn of the communist era, the PLA acted as an executive tool for the party: helping with the administration of the countryside and maintaining control over remote and rural areas in the wake of the civil war. This differentiation, however, came to a historical low towards the end of the Cultural Revolution (1966-1967) when the military stepped in and dominated the central

structures of the CCP and took over the administration of the provincial and lower levels of state bureaucracy during the "power seizure campaign" (Zhu, 1998: 9). This came as the revolutionary leader Mao Zedong (1949-1976) identified the CCP then as a liability rather than as an asset and used the PLA as a role model institution even for the party itself. Nevertheless, these fusions were temporary, never happened at the national level, and took place only during moments of 'political crises in the party.' Moreover, at the end of the Cultural Revolution, the PLA retreated to the barracks without hesitation, despite the fact that it declined once to abandon its power and authority to Mao's sponsored revolutionary guard militias in 1967, a move he later approved. Therefore, this direct political involvement of the PLA came only to maintain the party and the state moving along the path envisioned by the revolutionary leader, to whom loyalty was "automatic, unlimited, and unconditional" (Joffe, 2006: 9-11; 13). The PLA also acted as a political arbiter when it gave its support to the modernizing leader, Deng Xiaoping (1981-1992), during the Mao succession crisis against the more conservative CCP wing. This made PLA's behavior to combine a "praetorian tendency with ultimate submission to party authority" (Ibid: 1-2, 10-11). This falls in line with the logic of Communist regimes that when the party is unified and the society is stable, the military acts in a *bureaucratic* sense. But when the party, in this case the CCP, is split or when the society is experiencing some instability, the military acts as an arbitrator to restore stability (Shambaugh, 2002: 18).

The PLA is a highly "cohesive organization" and its top leadership is appointed through the Central Military Commission (CMC), one of the organs of the CCP,[6] located right below the Politburo and on equal standing with the People's Congress in the configuration of the Chinese political structure (Scobell, 2005: 233). CMC is instrumental to PLA's subordination to CCP since it puts CCP leaders on top of PLA's chain of command (Ji, 2006: 98). This resulted at

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[6] There is a state-CMC, but it remains powerless in this regard.

times in a tension between the ideological and professional characteristics of the PLA, with the latter struggling against the dominance of the former (Murray, 1991: 30). In such cases, the PLA would bring its complaints to the leadership within the CMC but would rarely protest the CCP openly (Ji, 2006: 98). Even during the few times when the military leadership came out critical of the policy direction of the CCP, it was purged without much trouble in the PLA (Zhu, 1998: 1). On the other hand, this political penetration of the PLA by the CCP can be seen also matched back by PLA's involvement in the recruitment and the political struggles in CCP, while standing always by it. That is why the PLA is said to be "party-controlling itself" (Ibid: 38). For example, leaders of the key military regions in the PLA are also members of the politburo of the CCP and the majority of CMC members are military officers (Ji, 2006: 102). In addition, some military leaders would undertake political roles, drawing on their personal legacy, but not in their occupational capacity (Scobell, 1992: 194-5, Joffe, 1997: 36-7; Lan, 1996: 60).

In addition, the CMC maintains control over the PLA through the trio of: political commissars, party committees, and discipline inspection system (Barany, 2016: 110). Of special significance are the political commissars who work under the General Political Directorate (GPD) and are appointed at the different rank levels to ensure continued loyalty and to maintain the delicate balance between the over- and under-politicization of the 'gun' (Murray, 1991: 29). This, effectively, establishes two lines of command: the military officer command line and the political commissar command line. The aim is to keep the "Red Army" working to serve and protect the people but only under CCP's command (Lan, 1996: 57-8). Nevertheless, most political commissars in the PLA are, in fact, professional soldiers and not civilian CCP cadres. This is the outcome of the 1930s when the so-called civilian "commissar responsibility system" negatively affected the performance of the military and led to its over-politicization, a situation

that was loudly protested by the military commanders including Mao (Ji, 2006: 91, 95). Even though he himself, upon assuming power, relied heavily on the military as his "main power base" to push for his political project, it remained that he argued for the need for the undivided focus of PLA on military performance and only second to it comes political work and indoctrination (Ibid: 93-4). Mao was also keen in his appointment of commanders and commissars to give the upper hand to the former, who remain to be party cadres at the end of the day, to prevent any situations of divided leadership or contestation of authority within the military (Ibid: 102). That said, the relationship between political commissars and military commanders varied across time and by type of unit. For example, the higher the unit level, the more military leaders would act in dual capacities, i.e. representing both the CCP as commissars while serving at the PLA (and they also preside over party committees). Travelling down the chain of command, political commissars, drawn from within the ranks of junior officers, would reciprocate leadership positions with military commanders (Zhu, 1998: 36).

Another tool for CMC control is party committees located across PLA's chain of command, which report to the CMC and oversee the management of the military units' affairs, including the duties of political commissars and political education officers. Members of these committees are drawn from the party secretariats on the regional and local levels as well as members of the political department within the military command (Ibid: 34-5). Under Mao, decisions by the committees were taken by party committees and implemented by both the military commanders and political commissars. With Deng in power and with his vision to professionalize the force, military commanders took the lead at the expense of political work. This dynamic was slightly reversed between 1987 and 1992 during the period leading to the 1989 crisis and until the debate over the modernization of the CCP has come to an end to Deng's

support (Joffe, 1997: 41-2). Therefore, the "primary power base" for Deng remained also to be the PLA (Ji, 2006: 95).

3.3   Development of PLA's MOBs

Since its early creation in 1928, the PLA traditionally adopted a policy of financial self-sufficiency. It acted also as a role model for what the revolution wants to achieve and to generate public support, especially in the country side by not engaging itself in extractive activities but rather by supporting the local economy through occasional employment and selling surplus production, a process that was then controlled by the political commissars (Bickford, 1999: 29). In the 1950s, following the success of the revolution, the military was encouraged to continue providing for itself through the military production complex, with the focus primarily on agricultural production. The PLA was seen as "a big school" setting a role model for other state institutions under the newly-founded communist regime (Ibid: 31; Cheung, 2001: 19-20, 22). This way, the PLA under Mao was seen as both a fighting and a working force. With Deng Xiaoping's ascent to power in 1977, he aimed to fulfill two other important goals: modernization and professionalization of the PLA (Joffe, 2006: 12; 14). This came as part of Deng's program to modernize the Chinese society, especially in the fields of science and technology, the economy, and national defense, setting the context for further differentiation in the CCP-PLA relationship (Scobell, 2003: 54). Therefore, the PLA continued as a working force but with a different title, "free market entrepreneurs" (Ibid: 67).

Under the pressures of the economic crisis in the late 1970s, the cuts in defense budgets (Barany, 2016: 112) and the business-prone infrastructure of the PLA (i.e. demobilized soldiers as cheap labor, manufacturing sites, and distribution networks), it was possible for the PLA both

to set the example for the civilian sector as well as to politically support the controversial proposed reforms at the time. Deng initiated a conversion project of military industries that aimed at removing the barriers between the military and civilian production. He saw in the separation between military and civilian production a legacy of the Soviet Union, which he resented especially as he was re-orienting China towards better relations with the US over the course of the 1970s (Vogel, 2011: 538, 550). His goal was to engage the world and to achieve development rather than to prepare for war in defense of the revolution as was Mao's vision. That is why Deng deliberately decreased military allocations, which was also meant to streamline the force size and to push for its modernization and professionalization. This new policy underlined a new phase in the relationship between the CCP and the PLA from politicization and professionalism to commercialization and professionalism (Shambugh, 2002: 202).

The target of the conversion program was to direct close to two thirds of the military production capacity towards civilian production, a goal that was accomplished by the end of the 1980s, especially with the rise in demand for consumer goods domestically (Cheung, 2009: 55; Joffe, 1995: 26). The PLA, however, was initially slow in embracing the change and it took it until 1985 to fully agree with the new economic direction of the CCP leadership (Cheung, 2009: 53-4). This came also in part to reflect the fact that the CCP was not wholly unified behind Deng's reform program and it was highly contested behind closed doors by the more conservative wing of the party (Baum, 1997: 341). That is why many PLA units initially thought the conversion policy would not last for long and did not take it seriously and they were not motivated to make profits because the government can always step in and provide subsidies to keep them financially afloat, especially during the early years of the program as the concern was

more with the size of the output rather than with its value and/or quality. It also took these MOBs a while to adapt to the needs of the civilian market and to specialize in a given set of products to achieve economies of scale (Cheung, 2009: 70).

Nevertheless, the growth and diversification of the nature and size of these MOBs over the course of the 1980s went far beyond the target of self-sufficiency, with a clear emphasis on profit maximization (Lee, 2006: 438, 440; Cheung, 2003: 53, 70; Joffe, 1995: 24), with estimates of around two thirds of PLA's budget coming from MOBs' revenues in 1990 (Murray, 1991: 33). The military also made use of its control of land assets by leasing it or providing it for joint projects with civilian partners, both national and foreign. It also expanded the range of farming products and made them available in the markets for the public. In addition, starting the mid-1980s, MOBs' products were geared toward the export market, many of which were produced through joint ventures with other units or with civilian national or foreign capital (Joffe, 1995: 27; Mulvenon, 2001: 10; Bickford, 2006: 167). The market share of PLA's MOBs production rose to make up "70 percent of all taxi cabs, 20 percent of all cameras, and two-thirds of all motorcycles" produced in China by mid-1990s (Bitzinger, 2006: 181). The MOBs that fared the best were the ones "located in coastal area, in major cities, and in more technologically sophisticated sectors" (Cheung, 2009: 61, 63). This underlined the fact that while economic production for self-sufficiency was functional, it turned to become utilitarian under conversion (Bickford, 2006: 161, 167).

One of the benefits for the PLA from this conversion process was learning to rationalize and to improve the quality of production processes for the defense economy (Cheung, 2009: 74-5). This came as the management of the military production processes shifted to paying more attention to how and what the market needs when considering what and how much to produce

(Bickford, 1994: 461). Not only that these changes had a positive impact on the livelihood of the officers, they also increased the popularity and support for Deng's modernization project within the PLA (Vogel, 2011: 549). Unsurprisingly, the political indoctrination of the military was also transformed so as to reflect the re-orientation of the economic ideology of the CCP leadership applauding "the positive aspects of business activity … educating troops on the benefits of a socialist market economy". The price, however, came in the deterioration in the status of military mission (Bickford, 1994: 467, 551).

Most of PLA business activities were controlled and supervised by the central command of the PLA (through its General Logistics Department-GLD), yet, some of the small-scale business activities at the region and local unit levels were run independently by the units themselves (Mulvenon, 2001: 66). Supervision was temporarily shifted from GLD to military regions in the early 1980s and some of the better performing PLA enterprises were given a freer hand in running their own production processes under the 'management responsibility system' (Bickford, 1994: 463). Nevertheless, the expansion of commercial activities, GLD re-centralized its control shortly after by the mid-1980s (Cheung, 2001: 23, 28). This came also as the CCP increased party presentation in the PLA starting 1985 (Ji, 2006: 95). The independence of local army units as far as their finances are concerned along with their joint businesses with civilians were among the alarming signs for the central authorities, fearing the negative effects on respect for the chain of command as well as the shifting loyalties away from the CCP and its revolutionary leadership (Cheung, 2003: 65-66).

Overall, the process of MOBs development was about learning by doing and regulatory frameworks were reactionary rather than guiding or preemptive, leaving wide room for inefficiencies and corruption (Cheung, 2009: 56, 65). Bickford believes that MOBs did more

harm than good as they projected the PLA, and by extension the CCP, as a corrupt organization, killing out the competition in the local markets, especially with their discounted access to factors of production and the taxation privileges PLA's MOBs were receiving since 1984 and that were later expanded in 1988 (Bickford, 1994: 463; 2006: 168). Discipline problems became rampant as well, especially among lower level units and personnel (Bickford, 1999: 32-3). Another drawback was that some of the economic competition was actually inter-PLA units, putting at risk the corporate identity of the military institution itself (Bickford, 2006: 167). PLA's MOBs suffered also from the economic problem of a very few profitable organizations and a majority of inefficient loss-making smaller enterprises, mostly at the region and local level MOBs (Cheung, 2009: 58). In addition, the lack of political will on the part of the party leadership occasionally led to ineffective application of regulations. For example, the separation between military and business activities was announced back in 1988 but did not go into effect until 1993 (Joffe, 1995: 34-35).

3.4   The Challenge of Democracy Protests and PLA's Defense of the Party

The 1989 protests came as one last and fundamental episode in a long struggle demanding political opening that developed as a byproduct of the social changes brought about by Deng's modernization program, in effect for a close to a decade at the time (Bernstein, 2013: 55). These protests, and earlier in 1986-1987, were trying to make use of the opportunity of the upcoming power succession in CCP leadership to push for more political freedoms. They took place primarily at Tiananmen Square at the heart of the capital as well as in some other metropolitan centers by mostly university students and middle-class citizens (Scobell, 2003: 96). The protests broke out following the death of the CCP reformist leader, Hu-Yaobang, in mid-

April and later expanded to protest the negative impact of the economic modernization process, particularly corruption and inflation. The conciliatory attitude towards the protesters by Prime Minister Zhao Zyinag (who was believed to be enjoying Deng's support) raised the bar and made the request rather for a change in leadership and for putting an end to CCP's monopoly over political life.

In the years leading to the demonstrations, the CCP itself was getting increasingly concerned about the course of the economic reform program, the cost born by the average citizens, who were getting more dissatisfied, and with the spread of corruption (Baum, 1997: 344). In addition, a serious challenge was expected considering the cyclical pattern of "fang-shou" or relaxation and control that marked the Chinese policies at the time (Ibid: 342). The size and scope of the protests, however, came to set a precedent in communist China, especially as they paralleled the anti-communist protests in Eastern Europe that led to a spree of regime collapses, which made the threat even more existential for the CCP leadership, resulting in the bloody suppression by the PLA in June 1989 (Barany, 2016: 106, 113).

While out of the country on an official visit, the more conservative CCP leadership ousted the prime minister and called on regime supporters in counter mobilization. Yet, the PLA did not involve itself officially until the declaration of the martial law, which came in May, one month after the outbreak of protests (Cheung, 1991: 5-6, 9). Prior to that, there was a sense of reluctance or hesitation regarding the use of force on the part of PLA leadership, which came at some level to echo that of the CCP leadership and to reflect the ideological confusion over how would the "people's army" shoot the people (Scobell, 1992: 199-200). Some of the top ranking military leaders, including those from the Central Beijing region as well as from the ministry of defense, were not in favor of repressing the protesters and were last to support the marital law

declaration (Lee, 2015: 154-155). This may have brought PLA's loyalty into question, alongside the concerns over the growing corruption in the ranks as well as the deterioration of the image of the soldier in society (Cheung, 1991: 9). In addition, the PLA was also not to take the initiative to shoot the protesters, especially given its ethnically homogenous composition (Murray, 1991: 28). Nevertheless, this reluctance did not materialize into actual restraint from eventually repressing the protesters. This is because the resistance of PLA leaders to the use of repression went down as the political leadership became more united and determined on a specific course of action, with Deng's eventual approval of the declaration of martial law (Scobell, 1992: 201-2). In fact, Deng's reform process and the changes the different state institutions were undergoing made his de-facto presence in power more critical to regime "stability and survival." This, in a sense, continued the personalist tradition of Mao, the very tradition that Deng meant to change (Baum, 1997: 341-342). The eventual repression of the protest came in line with the expected behavior of communist militaries that are to stand by the party if two conditions are met: the army helped bring the party to power in the first place and when the party maintains acting in a unified manner, both of which were met in the case of the PLA in 1989 (Segal and Phipps, 1990: 960-3).

PLA's intervention came after sparing the riot-control forces, the People's Armed Police (PAP), which was overwhelmed during the events, especially in Beijing, given its limited size. Formally founded in 1983, the PAP was meant to be used for internal control under CMC control and separate from the PLA (at least until 1995). The PAP did a better job, however, outside the capital, which made it possible for the military to mobilize many regional units into the capital, reaching a force size of around 200,000 PLA members (Cheung, 1997: 263). This mobilization tactic also gave the CCP leadership the chance to frame this task as a national mission in

response to a threat from the counter-revolutionary forces (Ibid: 201; Segal and Phipps, 1990: 607). In addition, political commissars were heavily involved in directing the troops on the ground during the enforcement of the martial law and the clearing operation (Cheung, 1991: 8-9).

After the operation, the military was projected as a hero against the anti-revolutionary traitors (Ji, 2001: 23). Around only 8% of the participating units had some discipline issues, few of which were believed to be major charges and had mostly to do with performance than with loyalty (Barany, 2016: 111). Despite the fact that some military elements may have shown a degree of sympathy to the cause of the protesters, the PLA did not abandon the government (Scobell, 1992: 203). While resourceful, the PLA remained complaint to CCP's policy positions (Ji, 2001: 115). That is why, considering the collapse of communist regimes in Eastern Europe, maintaining tighter control over the gun became a more pressing task for the CCP, especially with the conservative triumph in the regime that lasted until 1992 (Ibid: 22). This resulted in revitalizing political work and education campaigns in addition to a campaign against "bourgeoisie liberalization" (Ibid: 20-21; Bregolat, 2015: 202-4) so as to reassert the priority of military professionalism and to push the PLA out of the economic domain (Joffe, 1995: 24; Blasko, 2006: 117-118; Kiselycznyk and Saunders, 2010: 21). These campaigns were short-lived, however, because they were resented by some PLA commanders who were pushing for the full de-politicization and complete professionalization of the PLA (Murray, 1991: 32). As a result, Deng, in his capacity as the CMC chairperson, ousted the heads of the GPD and GSD (General Staff Department), or the 'Yang brothers,' in 1992 (Ji, 2006: 101). In return, the PLA reaffirmed its unequivocal support to Deng's leadership and renewed its "promise to 'escort' and 'protect' the reforms" (Cheung, 2001: 170; Joffe, 1995: 31).

To help restore the confidence of foreign investors in the Chinese economic reform program and signal the stability of the political situation, the PLA intensified its involvement with foreign joint ventures; where "the foreign capital in these ventures rose by 230% in 1992" (Bickford, 1994: 467). Although the need for the political and economic support of the military for the reform package gave PLA's MOBs the kiss of life after they shrank by 88% between 1989 and 1990 and continued to shrink until 1992 (Cheung, 2001: 45), their recovery came with centralized administration and with a clear emphasis on separation between the military units and business activities under the 'rectification campaigns' (Mulvenon, 2001: 50-51). New conglomerates were founded by the state, with a central headquarter in Beijing and a web of affiliate holding companies, specializing in production either by sector or geographically for streamlined supervision and profitability (Ibid: 104). Under the new regime, the GLD would assume control of the administrative supervision of all business activities while military units take charge of subsistence agricultural production primarily (Ibid: 71). In addition, party committees in the military units were assigned greater roles in running the MOBs (Cheung, 2001: 65). This new regime came also to reinstate central budgetary allocations as the primary, if not the sole, source of income for military units and he government increased defense spending by 10% starting 1990 (Mulvenon, 2001: 75; 150). Small local military units were entirely banned from engaging in commercial activities in 1993, becoming fully dependent on the central budgetary allocations (Ibid: 156). While the increase in defense spending did not mean much for the PLA in real terms as the annual inflation rate was also rising at almost a 10% rate (Mulvenon, 2001: 77), it signaled that the priority was given to reaffirming the loyalty of the PLA to the CCP through restricting its financial independence, even at the expense of financial sufficiency (Mora, 2002: 189-190, 192; Mulvenon, 2007: 225; Scobell, 2005: 235).

With a firm political will to divest PLA's MOBs, it was possible to bring them fully under state control. Divestiture was also applied because of the negative effect MOBs had on the sought professionalization of the armed forces, and not only its loyalty (Shambaugh, 2002: 184-5). In addition, divestiture came also at a time when the transition in the civilian leadership from the revolutionary to the party-bureaucracy generation was taking place, re-asserting the division of labor between the party and the military and re-establishing the leading position of the former. Alongside, a new program of civil-military integration was adopted for military outsourcing according to which the military was opening up for civilian businesses that were invited to take the lead in technology development and transfer, reversing the trend of military conversion under which PLA's MOBs came into existence (Bickford, 2006: 162; Bitzinger, 2006: 180-181).

3.5   Conclusion

During the protests, the loyalist PLA followed Deng's orders to interfere in 1989 to the rescue of the CCP and repressed the demonstrations, despite the initial resistance some military leaders expressed regarding the nature and timing of such action (Mulvenon, 2004: 11). Although the PLA claims to act in defense of both the people and the party, such a claim came to test during its intervention in Tiananmen Square, with loyalty to the party clearly winning over that to the people, or at least the demonstrators among them who were portrayed as perpetrators and enemies of the revolution (Blasko, 2006: 117-118). That is why the PLA can be generally seen as loyal to the CCP, taking away from its professionalism as an institution, having its prime client the party and its leadership, neither the state nor the people, especially with the top leadership of the regime working as an "interlocking directorate" between both the political and the military (Shambaugh, 2002: 12; Bickford, 2001: 1; 5). Had the PLA managed to develop and maintain its financial autonomy, this could have led to a more independent position for the PLA

vis-à-vis the CCP and could have resulted in a different calculation for whether to interfere on behalf of the regime or not during the crisis.

The PLA was penetrated through a package of loyalty-maintenance-tools. The compliance of the PLA during the 1989 crisis was a clear sign of this deep penetration by the CCP. In addition, the fact that the military was continuously used as an experimentation site reflected the political reliability of the institution and its loyalty to the regime. The centralist penetrative approach of the CCP vis-à-vis the PLA can therefore be claimed the main cause in explaining the repression of the protests in 1989. It is true that this penetrative approach was implemented through different means, one of which was economic using MOBs, the approach has to be taken in its entirety for a more comprehensive understanding of the PLA's standing by the communist party in China during the crisis. In fact, with a history of subordination and following orders, PLA's suppression of the protests can be taken as an act by the regime, executed by the PLA (Joffe, 1997: 43-44). It can be said, therefore, that the business involvement of the PLA has been similar to its political involvement, both of which have been gradually and successfully divested by the CCP.

4   CHAPTER 3: THE IRANIAN REVOLUTIONARY GUARD CORPS: FROM SUBORDINATION TO GRADUAL DOMINATION

4.1   Introduction

However challenging it is to understand the politics of the Iranian regime, the political crisis and the legitimacy challenge posed by the mass protests following the 2009 presidential election came to add an additional layer of difficulty. This is because the regime of the Islamic Republic in Iran (IRI) has been marked, since its creation in 1979, by a duality in terms of the structures of power and sources of legitimacy. Parallel to the typical branches of a modern political system, which are directly elected by the people, there is a parallel clerical structure that checks on the power of the elected offices, controls the range of choices people have, and it is where ultimate power in the system is located. At the top of the power pyramid is the Supreme Guide (or Leader), the highest authoritative office in the system. The representatives of the religious authority are not directly elected and act in accordance with religious teachings (Eisenstadt, 2002: 238-9).

When the protesters took to the streets to denounce what was believed a fraudulent result of an unfair and un-free presidential election in favor of the incumbent, President Mahmod Ahmadinejad (2005-2013) who enjoyed the support of the Supreme Guide, they were challenging also the authority of the Supreme Guide himself. Yet, the leadership of the protest movement, known as the green movement, made it clear that they were not challenging the Islamic Republic as was founded by Ayatollah Khomeini (1979-1989), but were rather opposing what they saw as a deviation from the path envisioned by the 'founding Ayatollah' by the current Supreme Guide, Ayatollah Khamenei (1989-present). To suppress the protests, the president

called on, with the approval of the Supreme Guide, the military of the regime, i.e. the

Revolutionary Guards (IRGC) and its affiliated militia (Basij), to intervene against the protesters.

Since its creation following the establishment of the IRI, the political and economic

power of the IRGC has been exponentially growing, especially during the first presidential term

of Ahmadinejad, who himself is a Basiji veteran. The direct link the IRGC has, primarily with

the Supreme Guide, whom it directly serves, and secondarily with the president, made its defense

of the latter's declared victory in the election less of a surprise. Nevertheless, the concern in what

lies ahead is not with the IRGC's continued defense of the regime in the face of challenges, but

rather in the risks associated with its rising political and economic networks to the point that it

may eventually penetrate back the regime and eventually establish its domination over it.
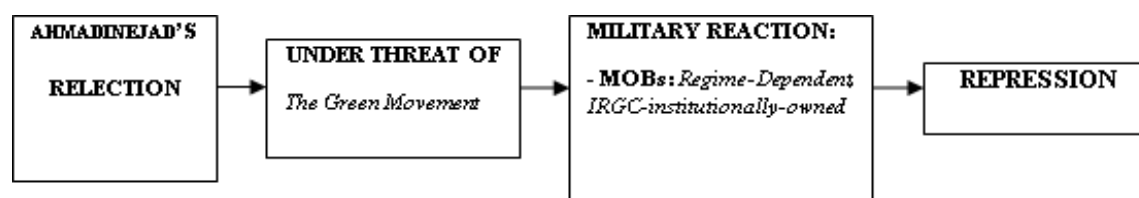
Figure 3: MOBs in IRGC's Repression of the Green Movement Protests

While the IRGC is institutionalized and corporate, it is penetrated by the Grand Leader's

office though indoctrination and religious commissars as well as his steering of the public

policies to the endorsement of the political, social and economic roles of the IRGC and other

revolutionary institutions. Therefore, while IRGC's MOBs are owned and run by the institution,

the Islamic regime enjoys a high degree of control over what and how to do business, e.g. the

grand leader sponsors the rise of the regime's cooperative foundations, including IRGC's, to

assume a leading role in the Iranian economy. The expansion and growth of MOBs empowered the IRGC and introduced a new political class of militant clerics, distinct from the traditional conservative core of the regime. The challenge during the 2009 crisis came at a time when MOBs were on the rise and whose impact was travelling and multiplying into other domains of power as well. By defending Ahmadinejad during the crisis, the IRGC defended by extension both the supreme leader as well as its key position in the regime to which it remains politically and financially tied. IRGC's accumulation of power can eventually lead to its taking over the regime and not only defending it.

In what follows, this chapter aims at underlining how the economic rise of the IRGC contributed to its defense of the power of the clergy in the IRI, especially during the 2009 crisis. It will start off with a layout of the political structure in the Islamic republic followed by a survey of the civil-military relations in Iran. It will then turn to the electoral crisis of 2009 and how IRGC's MOBs played out in the decision of the Guards to defend the 'revolution'.

4.2   The Politics of the Islamic Republic of Iran

The political system of the IRI can be described as an "'electoral' autocracy" since the powers of the elected offices are limited by the powers of those who claim a divine right to office and occupy it by selective appointment while acting as gate keepers through deciding on who can run in the elections in the first place. As can be seen in figure (4) below, the core of the regime is the office of the Supreme Guide, who is chosen for life by the elected Council of Experts from among those that possess certain religious and political qualification. This selection process has been applied only once since the establishment of the republic in the wake of the

death of the founder of the regime, Ayatollah Khomeini in 1989. Yet, lacking the qualifications of his predecessor, more weight was given to the political, at the expense of the religious, competency of the candidates during the selection of Ayatollah Khamenei for the office of the Supreme Guide, turning the position from one that is supposed to stay above politics to one that muddles in politics (Forozan, 2016: 43-44).
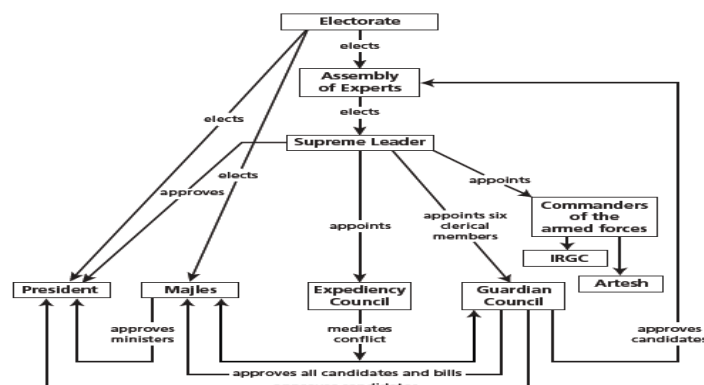
Figure 4: The political system of the IRI[7]

The domination of the clerical parallel structure in the regime is made possible through the Guardian Council, which oversees bills passed by the elected parliament (Majlis) and decides on them at its own discretion[8]. This domination is also established through the role of the Guardian Council in approving the candidates for the all elected offices and councils (except city councils) in the system, to filter out those perceived as enemies of, or at a minimum not loyal enough to, the revolution. In addition, the council has the power to decide on who can run in the elections of the Council of Experts, making it a gate keeper during the process of selecting the Supreme Guide. In return, The Supreme Guide appoints half of the council's members from within the clerical establishment (Ibid: 46; Arjomand, 2009: 250).

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[7] Adopted from: (Thaler et al, 2010: 23).
[8] The Expediency Council was created in 1989 to mediate between the Guardian Council and the Majlis due to the continued blocking of legislations by the former.

With the success of the Islamic revolution in 1979, two political trends were formed: the leftist Islamists (or the Khomeinists and later the reformists) and the traditionalist Islamists (who later became known as the conservatives). These two political wings replaced the old elite associated with the Pahlavi regime, yet both were formed under and continued to reflect the social and political challenges inherited from the era of the Shah including issues of nationalism, the role of the state in the economy, and social justice. The reformists, as opposed to the conservatives, are generally more politically liberal and economically statist (Forozan, 2016: 80). However, by the end of the 1980s, the revolution was able to produce its own elite class, drawing from the IRGC and its veterans as well as from other revolutionary institutions. This new political class, known as the neo-radicals, grew out of the regional and internal conflicts in which the revolution was involved and presented itself as the guardian of ideals of the revolution. In undertaking such a guardian role, the neo-radicals made use of their access to the political, economic, and social resources of the state to propagate their hard-line agenda, with the blessing of the new Ayatollah Khamenei. The demobilization of a large number of IRGC veterans after the end of the Iran-Iraq war (1980-1988) sat the stage for the political and economic involvement of an increasing number of IRGC and Basiji elements. This rising elite is connected as part of the ideological revolutionary networking in the Bonyads (or veterans' foundations) (Hourcade, 2009: 58-60). In their political and economic positions, the neo-radicals make an all-the-way enemy of the reformists and an occasional friend of the conservatives. They also give superiority to the divine over the popular source of legitimacy and are more inclined towards adopting populist and government-interventionist economic policies and a hardliner foreign policy (Sinkaya, 2015: 179).

By the turn of the 2000s, a principalist (Usulghyran, or a revolutionary fundamentalist) political coalition was formed in response to the rise of the reformists over the second half of the 1990s, one that managed to dominate the 2003 local elections, the 2004 parliamentary elections, and eventually the 2005 presidential elections. The re-assertion of the revolutionary ideals and the introduction of new political cadres with military or security career backgrounds,[9] whose focus was on issues of development and social justice, combined with the failure of the reformists in delivering their promised reforms, garnered the principalist coalition wide support, especially among the rural masses (Ibid: 166-7; Forozan, 2016: 87). In addition, the turbulent regional context for Iran and the rising tensions with both its neighbors and with the west made it easier for the retired IRGC officers to run on nationalistic platforms in the elections. The appeal of the IRGC-veterans' candidates to their former colleagues in the corps and in the Basij was also strong and as a result they benefited from the corps' mobilization capacities during their campaigns, especially in the poorer regions of the country, as well as from its control over the polling stations and monitoring during the electoral process (Sinkaya, 2015: 168-9). Therefore, Ahmadinejad's assumption of the presidency in 2005 (and until 2013) came to reinforce the more conservative version of the Islamic republic (Ibid: 171). He worked to consolidate his power base among the poor and in the rural areas through manipulating the privatization program and the adoption of redistributive and populist policies for which he relied on and gained from links to the religious authorities and institutions (Ibid: 175-7). In addition, the first term of Ahmadinejad in office witnessed the largest number of IRGC veterans in the cabinet (9 ministers), as opposed to both the lowest number under reformist president Mohamed Khatami (1997-2005) (1-2 ministers) and the moderate number under the conservative presidents Hashimi

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[9] There was a wave of resignations of a large number of IRGC and Basiji members during the preparations for the elections, since active duty officers are banned from running for civilian positions, leaving the impression that it was a concerted effort.

Rafsanjani (1989-1997) and Hassan Rouhani (2013-2021) (4-6 ministers) (Forozan, 2016: 89, 95).

Even as they lost many of the post-2009 elections, this rise of the neo-radicals gave them control over a number of key positions in the regime, adding much to their political weight. Nevertheless, the difference in policy positions between the neo-radicals and the conservatives resurfaced temporarily after defeating the reformist camp during the 2005 presidential election. The local and parliamentary councils of 2006 and 2008 respectively were dominated by the conservatives, a situation that made the neo-radicals' defense of Ahmadinejad's survival in the presidential office for a second term more fundamental to further consolidate the neo-radicals' position in the system. As the 2009 crisis unfolded, the traditional conservatives decided to join ranks with the neo-radicals against the reformists (Sinkaya, 2015: 179-180). Both the neo-radicals and the traditional conservatives claim a direct connection to the Supreme Guide, who, while welcoming their increased power, makes sure that they remain in check under his control and counterbalances the increased influence of either camp by swinging his support between both so that neither party dominates the political field exclusively by itself.

4.3 'Civil'-Military Relations in Iran

The debate over who controls the military in Iran goes back to the time of the shah and was among those inherited by the Islamic regime. Following the constitutional revolution of 1906 and the creation of a national assembly, the rise of Reza Khan, the founder of the Pahlavi dynasty (1926-1979), to power in 1926 came as conflicts aroused between the elected prime minister (and the parliament) on one side and the Qajari king on the other regarding who has the right to control the military. The growing nationalist sentiment contributed even more to this

conflict which was occasionally settled in the context of induced popular protests to pressure the other side, but largely came out in favor of the palace. Being a military officer himself and whose rise to power came with the support of the military, Reza Shah invested much into and tightly personalized his control over the institution indispensible for the survival of his regime, especially as it helped centralize his control over the country (Cronin, 2014: 162-3; Forozan, 2016: 35). After the assumption of power by his successor Mohamed Reza Shah and especially after the end of the second World War, competition over the control of the military was among: the royalists (led by the Shah), the nationalists (mostly civilian powers with parliamentary representation that aimed at establishing civilian control over the military independent from the palace and against foreign interventions), and the religious leaders (who were mobilizing their followers at the grassroots level) (Sadri, 1996: 212).

The rise of Prime Minister Mohammad Mosaddegh in 1951 can be seen as an outcome of this competition and as one round in which the nationalists succeeded in establishing nationalist civilian control over the military. It, however, did not last for long and the Shah regained control shortly after in 1953. The Shah's authority, however, was seriously challenged as a result, especially with the rising social unrest. This made controlling the military even more pressing for his survival in power, interfering in all military matters and directing the loyalties of senior officers to the palace, a policy that left the Iranian military without an effective sense of corporateness (Hashim, 2012b: 105-113; Cronin, 2014: 135-6, 138, 145). Nevertheless, the junior and non-commissioned officers, who represented the majority of the size of the force and who were excluded from regime patronage, were among the targeted groups by the Islamist religious leaders (Ibid: 169). In the face of the ever-growing protests, a seriously-ill Shah, and its perceived inability to preserve the integrity of the chain of command, the Supreme Council of the

Armed Forces (SCAF) surrendered to the Islamic Revolution on Feb. 11, 1979 as it was no longer able to defend the Shah regime (Sadri, 1996: 214-5).

With the installation of the revolutionary regime, a revolutionary guard corps (IRGC) was founded to make up for the political un-reliability and suspicious loyalty of the national army (Artesh) to the new regime, especially after the attempted coup by a group of middle rank and junior officers in 1980 (Hashim, 2012a: 71). Therefore, the creation of the IRGC came to serve the twin purpose of balancing with the Artesh and also to bring together the different militant revolutionary committees formed during and after the revolution in one integrated institution to facilitate their control by the new ruling class of religious leaders. In line with this, the IRGC was entrusted with the task of defending the revolution from both types of threats: internal, implying its involvement in law enforcement, and external, which did eventually take place during the war against Iraq in cooperation (and sometimes in competition) with Artesh (Ward, 2009: 226; Eisenstadt, 2002: 241). In fact, the presence of external enemies to the revolution has consistently contributed to both the professional and the political rise of the IRGC (Ibid: 59, 71). The guards benefited from their involvement in the Gulf War which helped reinforcing the professional elements in the corps, turning it from a militia to a standing military force without abandoning its ideological orientation (Abedin, 2011: 381-2). Eventually, the IRGC gained the upper hand in the military domain especially after the establishment of IRGC navy and air forces, a status that was reinforced by its improved and better armament over the Artesh (Forozan, 2016: 52). As opposed to the Artesh under the Shah, the IRGC enjoyed a higher degree of corporateness (Sinkaya, 2015: 184). The Basij popular militia is the main tool through which the IRGC was involved in internal control (Golkar, 2012: 627; Forozan, 2016: 50,

53). The IRGC also helped establish a mobilization system for regime supporters, ultimately becoming a "political military" (Forozan, 2016: 47).

Therefore, the new military tool came to reflect the inherent duality in the regime. As can be seen in the following chart, the Supreme Guide, not the president (or the prime minister during the early 1980s), is the commander in chief of the twin entities that make the Iranian Armed Forces. While the IRGC had its own ministry during the war with Iraq, it was jointly put with Artesh under the administration of the ministry of defense and logistics starting 1989, but with the minister of defense increasingly drawn from the IRGC ranks. There is a general staff for both forces but below which there is a separate command structure for each (Forozan, 2016: 52). The corps has also resisted multiple political moves by the two presidents Ali Khameni (1981-1989) and Hashimi Rafsanjani as well as by the Majlis to subordinate the force to the authority of the government and consistently defend their responsibility only to the Supreme Guide (Ward, 2009: 227). The links among the IRGC, clerics, and other politicians are fostered even further by their family links and inter-marriages (Ibid: 304-5).
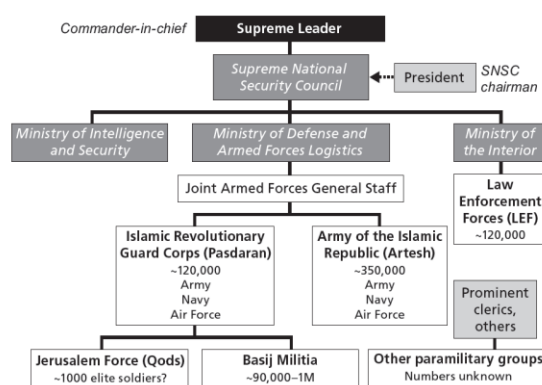
Figure 5: The structure of the Armed Forces of the IRI[10]

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[10] Adopted from: Wehrey et al (2009: 9).

This is not to imply that the Artesh was left unchanged following the establishment of the IRI. On the contrary, deliberate efforts were adopted towards its islamization in the wake of the revolution. This was done not only through purges but also through a newly established 'ideological-political directorate' staffed with "Islamic commissars" of clerics working across all levels of the Artesh, indoctrinating the troops and assessing their loyalty to the revolution (Byman et al, 2001: 32; Ward, 2009: 230, 302). Similarly, there is a representative of the Supreme Guide[11] to the IRGC and underneath him, there is a supervisory bureau and a political bureau, which are not distinguishable much in practice (Alfoneh, 2013: 80). However, these clerical officers remain not part of the decision-making process in the IRGC (Forozan, 2016: 57).

On the domestic front, while the IRGC, relying on the Basij militia, is increasingly involved in regime security (Thaler et al, 2010: 34), the constitution remains ambivalent regarding any political interventions for the IRGC (Alfoneh, 2013: 18). Constitutionally, the IRGC is required to stay apolitical, which is a difficult task to maintain in practice given its ordained assignment to defend the revolution and to stay loyal to it (Forozan, 2016: 73). Nevertheless, IRGC commanders maintain an 'officially announced position' of non-intervention in domestic politics.[12] Yet, this did not stop them from voicing their political positions in different occasions. For example, a number of IRGC commanders expressed their concerns over students' protest under the reformist president Khatami in 1999, criticizing his 'soft' management of the situation, signaling their willingness to interfere instead (Byman et al, 2001: 50; Alfoneh, 2013: 28). Conversely, it also happened once that the IRGC refused to follow president Rafsanjani orders to suppress an incident of ethnic rioting in Qazvin in 1994. The

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[11] The Supreme Guide has representatives to different state institutions to deliver his own directives and monitor their revolutionary performance (Forozan, 2016: 46-7).
[12] http://www.mei.edu/content/io/latest-crackdown-iran-points-irgc-s-meddling-elections

protests, however, were repressed by Artesh in one rare incident of its internal defense of the regime while coming out critical of IRGC's position. Nevertheless, the IRGC was involved shortly after in suppressing workers' protests in 1995 (Ward, 2009: 306-7).

The current Supreme Guide, Ayatollah Ali Khamenei (1989-present), enjoyed a special relationship with the IRGC while president (1981-1989) and wanted to subordinate it to his office. Upon his selection as a Supreme Guide (1989-present), nevertheless, he reversed the trend and limited the controls of the office of the president over the corps. He also appointed his loyalists to leadership positions and dictated that any changes to the command structure of the IRGC had to go through his office, not that of the president (Alfoneh, 2013: 118; Forozan, 2016: 49-50). This was facilitated by the IRGC's tense relationship with then-president Rafsanjani, who while allowed for the corps' economic involvement in light of unavailability of sufficient funds in state budget to satisfy IRGC's financial needs, he was also for either the integration of IRGC with the Artesh or its complete demobilization (Ibid: 82-3). Eventually, as went earlier, the Supreme Guide sponsored the guards' increased political involvement, using them as a tool in the balance of power against the traditional conservatives. This development has been described as the rise of a new type of political actors in the regime, the 'militaristic clerics'. This rise has also been facilitated by the increased tension in the external environment of the regime and its need to maintain IRGC's loyalty (Sinkaya, 2015: 182-183).

4.4 Military-Owned Businesses[13]

Following the end of the war with Iraq, the reconstruction efforts necessitated the

reliance on the IRGC as a developmental force in the name of the revolution, restoring faith in

the regime in the war-affected areas. This came also in line with Article 147 of the constitution

which mandates the use of military resources towards national development during times of

peace (Alfoneh, 2013: 174). Some of the proceedings of these activities contributed towards the

charity spending of the regime as one way to win the hearts and minds of the people (Forozan,

2016: 75). Under Ahmadinejad and after a period of stalemate under president Khatami, MOBs

of both the IRGC and the Basij expanded in light of their preferential treatment in governmental

bids and the appointment of a number of their veterans to key positions in state-owned

enterprises as well as the expansion of their MOBs' involvement in foreign trade and importation

of consumer goods (Habibi, 2015: 309; Alfoneh, 2013: 187-8).

The budget of the IRGC is directly controlled by the Supreme Guide and is not reported

in the national budget, which makes it hard to estimate (Najdi and Bin Abdul Karim, 2012: 81).

One estimate of the size of ICRG operations put it, however, at $25 billion in the energy sector

alone (Forozan and Shahi, 2017: 77). In 2007, IRGC's largest business group, Ghorb (or Khatam

al-Anbiya) group of companies and one of the biggest in the country, had 812 affiliated

companies, maintaining a foothold in most of the sectors of the Iranian economy, especially the

strategic one, with some overseas business operations (Hashim, 2012a: 77). The holding

company maintains a close and interlocking relationship with the government as well as some

sectors of the financial and technical elite in the country. While technically owned by the state,

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[13] There are also Artesh's MOBs, separate from the IRGC's, but are rarely mentioned or discussed (Harris, 2016: 100; Abedin, 2011: 383).

Ghorb remains in practice outside the control of the government given its responsibility only to the Supreme Guide (Forozan, 2016: 77).

Most of IRGC's MOBs are controlled through the IRGC cooperative foundation (Bonyad) (Ibid: 73). By the end of 2009, following the electoral crisis, Ayatollah Khamenei ordained an increase in the share of cooperatives to reach a quarter of the Iranian economy within 5 years (i.e. by 2014) and encouraged their increased take over state-owned enterprises offered for sale under the privatization program, in an effort to support what he names the 'resistance economy'[14] (Ibid: 84). While these cooperatives are not exclusively IRGC, the guards' became among the biggest beneficiaries, especially with their ability to work in strategic sectors of the economy, those not accessible by private sector contractors (Ibid: 78-81).[15] These Bonyads fall beyond the jurisdiction of the auditing authorities that oversee the private sector and act, therefore, as a backdoor for the regime to re-take over the privatized public sector while enjoying higher degrees of freedom in managing their own finance operations (Najdi and Bin Abdul Karim, 2012: 83).

In addition, the Basiji cooperative foundation was established in 1992 to seal off the members of the Basij militia from the economic pressures during the post-war period by providing them with financial and material assistance. Basiji business operation continued to expand over time arriving at the control of the biggest private bank in Iran (Mehr Bank). The Basiji cooperative was also among the beneficiaries of the status of the 'priority' contender in the privatization program. The control by the Basij over the transportation and internet services in the country accorded the militia additional tools of control. Basiji business projects are also used

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[14] http://www.mei.edu/content/io/irgc-commander-rejects-rouhani-s-criticism-about-its-role-iran-s-economy?utm_medium=email&utm_source=cc&utm_campaign=io-weekly&utm_content=readmore
[15] There are also economic entities controlled by the office of the Supreme Guide and that act in economic alliances with the IRGC's MOBs and Basij-owned corporations (Forozan and Shahi, 2017: 81).

as mobilization vehicles for both their members as well as for the masses, especially with their presence throughout the country and with each regional unit running its own set of activities and projects. The successful economic involvement of the Basij serves the twin purpose of projecting the image of the regime as an achiever while extending charity for the worse off in the society (Golkar, 2012: 631-4, 640).

4.5   The Crisis of the 2009 Presidential Election

The challenge of the protests that broke out following the announcement of the official results of the June 2009 presidential election was unprecedented in terms of scale over the history of the Islamic Republic (Morady, 2010: 39). It came as a climax of the conflict between the two sources of legitimacy in the system: the divine, represented by the Supreme Guide, and the human, materialized through the ballot box, with ultimate power resting in the hands of the representative of the religious authority. Despite not aimed at overthrowing the regime itself, the protests went beyond expressing frustration with the election results to challenging the distribution of power in the system and calling for more limits on the powers of the Supreme Guide.

The election was suspected stolen for the incumbent Ahmadinejad by both the second and third contenders (Mir-Hussein Musavi (reformist) and Mehdi Karrubi (conservative) respectively). The suppression that followed, upon the Supreme Guide's approval of the results, made no political way out for the crisis (Sinkaya, 2015: 178-9). This is despite the fact that the two losing candidates joined ranks together against the Supreme Guide's backing of the result and reached out to other reformist politicians and leaders. They also put together a request for the

verification of the fairness of the results of the elections beyond the constitutionally ordained

channel to go about its control by the Supreme Guide and his network (Rigi, 2012: 133-4).

Nevertheless, these efforts proved fruitless in the face of the Supreme Guide's orders for the

IRGC and the Basij to repress the protests and by extension the reformist camp (the conservative

candidate later admitted the validity of the results). This position of the highest authority in the

regime, who expressed his support for Ahmadinejad's re-election multiple times before the

election, emboldened the religious and revolutionary authorities even further against what they

considered a 'velvet coup' (Abedin, 2011: 384; Sinkaya, 2015: 181; Ostovar, 2016: 181, 186).

The protests centered also on the search for the "stolen votes" and continued over the

following few months calling for fair investigation of the reports of a number of electoral

irregularities, such as the mobilization of IRGC and Basij members at the polling stations

(Ostovar, 2016: 182; Holliday and Rivetti, 2016: 17). The protests also capitalized on the

protracted grievances in the society with the social, ethnic, and economic problems that remained

unresolved over the course of the previous two decades. For example, urban citizens and

religious, ethnic, and social minorities were part of the protest movement; while most of

Ahmadinejad's votes came from the rural areas, where the Basij enjoys the most control and

support (Rigi, 2012: 132). The protests also came to reflect, not only the political and identity

tensions, but especially an economic tension concerning the role of the state in the economy,

which remained economically dominant even after two decades of the privatization program, a

situation that deeply hurt the traditional private sector. Adding to this grievance was

Ahmadinejad's effort, upon the directives of Khamenei, to give the cooperative foundations

priority during the privatization of state-owned enterprises. Given that most of these cooperatives

are dominated by the clerical elements of the regime, they became in command of a sizable share of the Iranian economy, which strengthened them even further (Adelkhah, 2012: 18-19).

That said the protesters made it clear that, through their choice of symbols, places, and times of gathering, they are not aiming at overthrowing the Islamic Republic but rather at announcing Ahmadinejad's second government illegitimate. The green color of the movement is originally the color of the Islamic revolution, which implied sticking to the ideals of the revolutionary regime but one that is more democratic and inclusive and that is founded on popular legitimacy. This came out clearly with Musavi's identification with the Khomeinist tradition, recalling his service as Prime Minister under the founder of the Islamic Republic. Thus, the 'green movement' came to protest the politics of the 'second republic' under Khamenei (Holliday and Rivetti, 2016: 18) and to protest IRGC's increasingly overt political involvement in the system (Rigi, 2012: 135; Wehrey et al, 2009: XVII). Eventually, however, the crisis contributed to even larger degree of political influence for the IRGC as it assumed the role of a "junior arbiter" in the regime (Forozan, 2016: 98, 105).

In fact, the mobilization of the Basij and IRGC during the presidential elections of 2009 (and earlier in 2005) came to support one of their own veterans and, in return, both their MOBs expanded even further as a result (Ibid: 642). Defending Ahmadinejad's electoral 'victory' needs to be seen in this light and as part of the revolutionary institutions' overall attempt to defend the revolution using a self-empowerment approach (Ghadar, 2009: 424, 427). This is evident with the fact that most of the revenues of these foundations were re-channeled towards re-engaging politics and the masses and to defend the revolution as well as the institutional interests of the foundations (Golkar, 2012: 628-630). Nevertheless, the presence of these corporations may have

also provided the IRGC with sufficient resources to co-opt other political actors and not only

intimidates them (Wehrey et al, 2009: XV).

4.6   Conclusion

It can be said that the IRGC works as the Trojan horse to infiltrate and take over the

"non-clerical institutions" of the regime (Forozan, 2016: 29). Its involvement in the political

defense of the regime made it even more powerful. Assuming the presidency by one of its own

gave the corps the chance to gain access to additional economic and political resources. With

personalities, informal relations, and networks dominating over the formal structures, there are

little chances to witness a reverse in this trend (Lim, 2015: 153; Wehrey, et al, 2009: 9). The

ever-increased power of the revolutionary institutions, at the core of which is the IRGC, and the

establishment of new channels of elite recruitment and promotion, as was evident in the case of

the rise of Ahmadinejad to the presidency, makes the next competition to be within the

principalist camp itself. The rising tensions between the traditional conservatives and the neo-

radicals seem to be on the rise, especially with the worsening health condition of Ayatollah

Khamenei and the upcoming selection of a new Supreme Guide.

The size of these MOBs is expected to expand even after the departure of Ahmadinejad

from office as the IRGC and the Basij rely on the protection and support of the Supreme Guide[16]

as well as their political networks are spread across the regime. This became clear when the

current president Hassan Rouhani tried to put some restrictions on IRGC's national economic

role, the corps were able to go around this restriction and worked alternatively at the local level,

making use, to cite only one example, of their connection to the mayor of Tehran, one of their

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[16] http://www.mei.edu/content/io/irgcs-involvement-agricultural-industry-signals-growing-militarization-iran-s-economy

veterans, to secure an estimated 7 billion-dollar worth of projects instead (Forozan and Shahi, 2017: 83).

While the IRGC makes use of its connection to the Supreme Guide, the question that remains is what would happen in case the neo-radicals managed to control the choice of the new Supreme Guide and combine both the de-jure and de-facto powers in the regime. The financial self-sufficiency achieved as a result of the extra-budgetary resources at the disposal of the IRGC and the Basij can, therefore, empower them enough to have a final say in the political game and to enjoy a more autonomous position. This may raise another question regarding the willingness of the IRGC to defend a conservative, let alone a reformist, president had a similar scenario to the 2009 crisis is to materialize. Even more importantly, what would be the position of the IRGC, as far as the defense of the revolution is concerned, vis-à-vis the new Supreme Leader in case he comes from either the traditional or reformist camps, or in case he intended to divest their MOBs.

By comparison to the Chinese case, where the PLA was used by the Communist party to advance and defend its stay in power, the IRGC represents the conservative core of the IRI and is institutionally tied to it. Its accumulation of power and expanding membership makes defense of the regime its prime, if not the sole, responsibility. The risk, however, lies in the capture of the regime by the IRGC and the rise of an 'Islamic Reza Shah,' especially with no signs of weakening in the economic and political involvement of the IRGC.

5 CHAPTER 4: THE INDONESIAN MILITARY: FROM THE 'NEW ORDER' TO A 'NEW PARADIGM'

5.1 Introduction

For long, the Indonesian military (TNI) occupied a special place in the study of authoritarianism, democratization, and MOBs. This is not only because it has been an interventionist military since its very creation but also because its interventions has been legalized over most of Indonesia's modern history. While its political intervention remained short of openly overtaking the government, it expanded to include having a quota in the legislative assemblies as well as undertaking economic activities for financial self-sufficiency. While stepping outside of the defense domain by the TNI has changed over time, it remained a constant fact of political life in authoritarian (1957-1998) and to a lesser extent in democratizing (post-1998) Indonesia.

Following the war of independence in 1945, the Indonesian military grew to be an important player in political life. While its corporate identity was still evolving, it consistently resisted subordination efforts by civilian governments. Since 1957, the military undertook both political interventions and economic interventions as it was used by the civilian leadership to control a sizable portion of the public sector as well as expanded on the range of its MOBs. Being autonomous and financially independent from the regime (with up to 75% estimated contribution of MOBs revenues to TNI's budget), it had little interest in defending the status quo and sided with the democracy protesters during the 1998 crisis. Yet, it secured a safe exit for the leader, Suharto, who had maintained a base of loyalists, including family members, within the force. MOBs kept the military financially secure under Suharto and during the crisis. Nevertheless, the military declared shortly after the transition its willingness to divest its MOBs

as soon as budgetary allocations grow large enough to make up for MOBs' contribution to its budget.

TNI's MOBs came into existence out of necessity during the war of independence and later for the insufficiency of defense appropriations. Suharto (1966-1998), with experience in founding and running MOBs while on active duty, manipulated the logic behind TNI's MOBs by adding a patronage component to them and by expanding the range and scale of economic opportunities available for the military while tying their very presence to his own stay in power. In addition, Suharto, while allowing these MOBs to be run by the TNI as an institution which remained underfunded by the state, his personalist style of patronage and manipulation of the command structure accorded him considerable leverage over who runs and manages these MOBs. That said, TNI's defection from Suharto in the face of the democracy protests in 1998 took only a few by surprise. This is because Suharto has increasingly alienated the TNI from his 'political' power-sharing arrangement since the end of the 1980s, lowering the stakes for the military in the survival of his regime. TNI's position during the crisis accorded the military a high degree of political legitimacy during and following the transition. It was only after its political defeat in the management of the crisis of East Timor and with the stabilization of civilian politics by 2004 that the TNI did come under increased civilian control and a process of divestment of its MOBs was launched. The aim of MOBs' divestment was to re-establish TNI's financial dependency on the state as well as to redefine its role, keeping it exclusively within the defense zone.
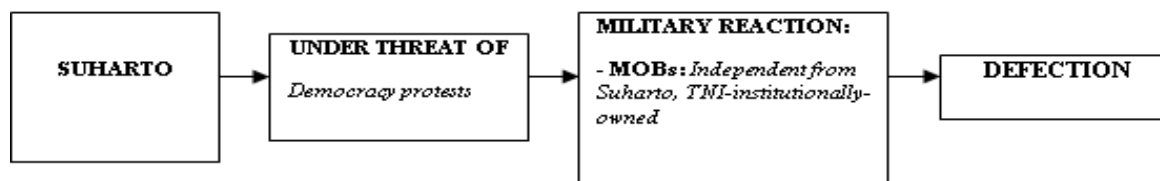
Figure 6: MOBs in TNI's Defection from Suharto

In what follows, this chapter will proceed with an introduction on civil-military relations in the Indonesian context under Suharto's 'New Order' regime (1966-1998), while also tracing their roots in the formative years of his predecessor, President Sukarno (1945-1966). Then, the development of TNI's MOBs will be presented and how the independent control by the military institution over its MOBs made it possible for the military to survive beyond Suharto's regime.

5.2   TNI in Politics: From Sukarno's 'Guided Democracy' to Suharto's 'New Order'

Following independence in 1949, the instability of political life and tendency of some politicians to politicize the military caused a push back and the military presented itself as a political player. Yet it remained a force that President Sukarno managed to keep under his own control by siding with it especially given his own dissatisfaction with the parliamentary multi-party system (1949-1957), which he considered to be highly destabilizing (Sukma, 2010: 152). In this context and with its legacy in the struggle for independence, the TNI saw itself increasingly as a partner in managing the newly founded state. It stood, for example, against the creation of a federal state upon the declaration of independence. The TNI, yet, did not aim at replacing the civilian government but aimed instead at a more visible and influential presence given the perceived failure of civilian politicians (Hoadley, 1975: 123). TNI's grievance grew even more as civilian governments made its development and professionalization as a fighting force more challenging task by manipulating military-related bills, especially regarding funding and

appointments (Goshal, 1980: 7; Singh, 2000b: 614). This is because the TNI was created out of loosely structured combat units and militias that were controlled by or coordinating with civilian politicians during the war for independence in addition to some of the militias that were trained by the Japanese (led mostly by some of the Islamist and secular politicians, one of whom was Sukarno himself) and to a lesser the remnants of the local Dutch forces (Hoadley, 1975: 96; Sundhaussen, 1996: 190-191). Political manipulations proved counterproductive as the military institution, through the early 1950s, remained characterized by powerful regional command centers at the expense of the central command, leaving the TNI more of an informal organization with a weak chain of command (Singh, 2001: 24-25; Mietzner, 2009: 39, 44). A moment of open challenge broke out in 1952 when a group of military officers publicly protested at the presidential palace the policy of the government regarding the military and the growing politicization of defense affairs by political parties. Sukarno disapproved the presentation of military demands through protests as he did not want the military to go out of control. Three years after, however, the military made its first overt political intervention by rejecting the Prime Minister's nomination for chief of staff leading eventually to the resignation of the Prime Minister (Ibid: 101-102).

In 1957, Sukarno, increasingly dissatisfied with the political course of the country, declared martial law, disbanded the parliament, and initiated a phase of ultranationalist and authoritarian politics in the country under the label of "Guided Democracy." During this period, Sukarno, while using the military as a tool of the state in the economic domain and civilian administration, brokered also the rise of the Indonesian Communist Party (PKI) and most of the political developments in the country during this period (1957-1965) can be seen in light of the competition between these two forces. As the military was ordered by Sukarno to intervene and

to enforce martial law, it was also put in charge of running the nationalized Dutch companies, institutionalizing TNI's economic intervention. This economic role expanded in the early 1960s as nationalization expanded to include American and British companies. In addition, the military was involved also in developmental projects throughout the country to help with the reconstruction efforts in areas still further behind or where rebellions took place in an effort to win the hearts and the minds of the people (Hoadley, 1975: 120-121). This further legitimized military's interventions, claiming itself to be interventionist, not by nature, but rather by necessity. By time, however, these political and economic interventions were taken as entitlements (Singh, 2001: 12-13; Mietzner, 2009: 37-8).

As a result, the military theorized for itself a strategy of participating in the 'guided democracy' regime named the 'middle way,' underlining its rejection to a complete subordination to civilian politicians. This new TNI strategy can be seen as the outgrowth of a typical example of an independence fighting force, one that claims credit over politicians during the process, i.e. army of the people and not of the state (Sukma, 2010: 151). Since its development in 1959, this policy platform represented the foundation of TNI's interventions until it voluntarily decided to adopt a 'new paradigm' in 1999 following the transition to civilian democracy in 1998. According to the 'middle way,' the military is to position itself along the continuum of political interventions somewhere in the middle between actively ruling the country on one side and staying completely apolitical and confining itself to defense affairs alone on the other (Sukma, 2010: 153-4; Sundhaussen, 1996: 198; Goshal, 1980: 21). The 'middle way' strategy entitled the military to secure a degree of representation at and sometimes domination over most state institutions (Vatikiotis, 1998: 70). This policy was facilitated by the creation of the territorial command structure in the military that was founded distinct from the

professional combat structure and parallel to the administrative organization of the state. In addition, a greater degree of independence was granted to the small regional units so as to suit the geographical nature of the country and to maintain good relations with the local populations while also making these units responsible for raising their own funds. This structure institutionalized military interventions in the political arena and led to a more visible role by the military in local life, especially in the electoral and business domains (Mietzner, 2009: 48-9; Callahan, 1999: 13).

Alarmed by the rising influence and powers of the military and to block the way in the face of its domination of the political scene, Sukarno gave more support to the communists (PKI), whom the military took as an enemy since the divergent paths they adopted during the struggle for independence (Goshal, 1980: 33). Nevertheless, in the wake of an alleged coup attempt by the PKI in 1965 that resulted in the death of most TNI's top leadership, Sukarno's guided democracy was brought to an end. This transition was sponsored by the military and Suharto's (then-chief of the reserve force) eventual rise to power (effectively in 1966 when he forced Sukarno to delegate his authority to him and until he was officially declared president in 1968) came at a time where the economy was at its lowest and protests where widespread making it possible for a push for change by the military to be well-received by the public (Lee, 2015: 111; Sundhaussen, 1996: 196). Post-1965, the military undertook another phase of political intervention under the martial law (announced through 1969). Yet, this incident of military intervention remained also short of being a rule by the junta in the traditional sense as the military was primarily employed to establish the domination of Suharto's regime, i.e. ruling through the military (Rabasa and Haseman, 2002: 36-7).

Suharto used his capacity as the head of the armed forces to disqualify his political enemies on grounds of national security concerns, particularly during the marital law years (Mietzner, 2009: 53). He also expanded TNI's representation in the parliament, a tradition inherited from the Sukarno era when he replaced the elected parliament with an appointed, professionally-representative council in 1960 (Sundhaussen, 1996: 194-5). He also continued on Sukarno's balancing policy against the political power of the military, after getting rid of the communist PKI, through initially sponsoring the rise of a regime-backed party (Golkar) shortly after assuming power and later the rise of some of the Islamist opposition groups in the 1990s. While Golkar initially grew as a TNI creation out of TNI's involvement in organizing civilian mobilization groups during the political fight against the PKI at the regional level in the late 1950s, it eventually developed a character of its own and distanced itself from TNI especially starting 1983 and began challenging the political and business roles of the military (Hoadley, 1975: 115-7; Vatikiotis, 1998: 78; 85).

Upon his formal assumption of the presidency, Suharto did not want the military to have independent political power from his office and aimed to secure his political control over it, he initiated a plan to consolidate the institutionalization of the military and to streamline the chain of command. Suharto centralized authority around his office assisted by a group of loyalists in the armed forces who also administered forums for political debates within the force (Sundhaussen, 1996: 201; Lee, 2015: 111-2). Additionally, he stripped the regional commanders of most of their powers and shifted power back to the headquarters in the capital and limited any troop movements unless formally approved by his office only. He also trimmed the power of the service branches and downgraded their top positions from ministers to chiefs of staff under himself as the minister of defense. In addition, Suharto launched a "de-Sukaronization"

campaign while extending patronage to the officers so as to secure their loyalty (Crouch, 2007: 234, 237). Suharto oversaw all non-military tasks of the TNI as well, keeping them under his own direct control (Goshal, 1980: 48). He continued to have a strong control over the military, especially with regard to senior-level appointments, until the end of his stay in power (Said, 2006: 70, 95, 111; Kristiadi, 2001: 101-2).

While the first few years under Suharto were overly dominated by military officers, the political changes over the course of the 1980s uncovered increased limits on the political role of the military especially with the rise of a class of civilian politicians and bureaucrats (Mietzner, 2009: 61; Slater, 2009: 146, 152). A nascent group of economists and technocrats proved itself more capable of informing and directing state policies towards growth and development, contributing to the stabilization of the country's economy by mid-1970s while taking away from the power of the military especially with the spread of corruption in the ranks (Lee, 2015: 118). In addition, Golkar grew also in power to the point that the vice president was chosen from among its members for the first time in 1989, reflecting the regime's growing "civilianization" (Slater, 2009: 157-8). This change manifested itself also in the decline in the number of active duty officers appointed to civilian positions from 21,000 in 1977 to 16,000 in 1980 and then to 14,000 in 1992 (Callahan, 1999: 11). This changing face of the regime came following Suharto's retirement from service in 1978 and paralleled the rise of new generations of more professionalized military officers and also (Lee, 2015: 122; Mietzner, 2009: 59). By giving more political space for the technocrats, while not pushing the military fully out of favor, Suharto maintained a system of "balanced vested interests" (Crouch, 2007: 310).

Despite some of the negative effects of its overt political involvement on its institutionalization, the TNI still prides itself as one integral institution as compared to the

fractionalization that characterizes civilian political actors. In fact, Suharto's patronage style, known as the 'self-service' approach, functioned through forging personal relations of loyalty but without undermining the institution (Vatikiotis, 1998: 75; Mietzner, 2009: 55). This was clear as Suharto tried to maintain some balance between different dividing lines within the military, such as religion, ethnicity, service branch, and class. It remains, however, that TNI's corporateness was undermined to some extent by Suharto's manipulation of promotions and appointments, resulting in competition among the middle and senior-ranking officers to secure the patron's confidence (Crouch, 1979: 577-578; Callahan, 1999: 30). In addition, the duality in function ordained by the 'middle way' doctrine created some tensions within officer corps between the socio-political and professional aspects (Sundhaussen, 1996: 203). Furthermore, the non-military roles of the TNI resulted in networks of informal bonding through family, business, and exchange of favors both within the military and between the military and other regime institutions and elites, especially at the local level (Rabasa and Haseman, 2002: 66-67; Mietzner, 2009: 100).

5.3   TNI's MOBs: Growth and Decline

TNI's business involvement goes back to the independence war when the units (or militias) were responsible for raising enough funds to support themselves (Rabasa and Haseman, 2002: 71; Rieffel and Pramodhawardani, 2007: 29). These businesses were either run independently by military officers or through partnership with civilian businesses (McCulloch, 2003: 97, 101-102). Following independence and during the first years of guided democracy, this pattern continued especially at the local level. Nevertheless, the institutional economic role of the TNI came after the military's control over the nationalized Dutch (in 1957) and later over the

British and the American companies in 1964 and in 1965 respectively. In addition, against the pressures of the financial crisis over the course of the 1960s, the military secured control over and/or representation at many state-owned enterprises through active duty and retired officers, who channeled a share of the profits of these companies to TNI's institutional coffers. This eventually led to a situation where the military was partly financially self-sufficient at the central and regional levels while many of the local units where completely financially self-sufficient (Ibid: 100-101). Through its involvement in the civilian economy, TNI acquired also technical experiences in civil administration that added to those it already accumulated through its direct administration of some of the remote rural areas and the territories with separatist tendencies during the years of the martial law in the late 1950s.

With Suharto's rise to power, he made the promise of development and economic prosperity, in departure from his predecessor's nationalist and anti-imperialist discourse. With highly incapacitated state bureaucracy, Suharto elected to use the military in his efforts to accelerate the rate of economic growth and societal development, especially given TNI's business experience under Sukarno. Suharto himself, while a military commander, was involved in the development of MOBs to support his own regional command (Rabasa and Haseman, 2002: 72). Therefore, Suharto's economic platform expanded the business and funding opportunities for the military while making it possible also for the TNI not to make demands on the national budget during a low point for the economy – contributing to TNI's image as the promoter and guardian of national development (Crouch, 2007: 273-4). In addition, the military, while participating in national development efforts, had a 'corporate' interest in having additional MOBs to seal itself against political manipulations and pressures (Singh, 2001: 9). To reaffirm this position, the first law specifying the role of the TNI was passed, clearly underlining its

duality of function both in defense and in social, economic, and political development (Lee, 2015: 123). This resulted in a new distinction within the military between the "financial" and the "professional" officers (Mietzner, 2009: 99).

Suharto also expanded the use of the military to occupy civilian positions in state bureaucracy, not only as a patronage channel for the officers but also out of necessity to fill in the many positions that became vacant following the war on communists as well as to replace those whose loyalty to the 'new order' was suspected (Croissant et al, 2013a: 99; Kristiadi, 2001: 101-2). The military's control over some of the state-owned enterprises, especially the lucrative oil and logistics companies, provided it with huge sources of revenue both for its own operational expenses as well as to extend patronage both for itself and on behalf of the regime. This growing business involvement of the TNI brought about new titles for the officers, including the "manager" and the "bureaucrat," in addition to the traditionally carried one of the defender and the "guardian" of the state and of national independence. Nevertheless, Suharto's heavy reliance on the military for economic development was seen as a gradual pulling of the military out of politics so as to restore normalcy and stability (Singh, 2001: 26).

TNI's MOBs grew and expanded over the course of the 1970s especially after the oil boom and the influx of foreign, primarily Chinese, investments into the country (Brommelhorster and Paes, 2003: 6). While this increase in the revenues of the government led to some increase in the budget of the TNI, the budgetary allocation did not grow to fully cover military needs. In light of the absence of a strong political will or need to kill TNI's MOBs, they continued to expand and mushroom. Corruption, however, was on the rise as well to the point that it was publicly criticized by Suharto himself in 1967, still in his second year in power. Nevertheless, many of the measures of accountability he introduced were not seen effective enough (Crouch,

2007: 291-2). It was not until 1974 that Suharto has to issue a decree prohibiting any business dealings by active duty officers and their families (Singh, 2001: 15).

TNI's MOBs grew even more over the following decade especially with the involvement of Suharto's family in business and cooperating in business alliances with the military (Rieffel and Pramodhawardani, 2007: 38; Mietzner, 2009: 55). This allowed MOBs to become active across almost all types of economic activity with examples found in the fields of transportation, construction, telecommunication, and extraction as well as in the service sector (McCulloch, 2003: 106; Rabasa and Haseman, 2002: 74-76). As of 1998, there were 57 different businesses owned by the military, the net worth of which was estimated at around $8 billion in 1999[17] (Rieffel and Pramodhawardani, 2007: 37; Callahan, 1999: 26). However, against the growing share of the first family in the Indonesian economy, Suharto had to occasionally interfere to defend TNI's MOBs against the cooperation-turned-competition with the 'first' businesses (Lee, 2015: 131; Singh, 2001: 19-20). It is to be noted also that the official budget of the military did not expand as a share of the GDP even during the miraculous economic growth starting the late 1980 and until the 1997 crisis (McCulloch, 2003: 103).

TNI's MOBs are controlled through charitable foundations (yayasans) and cooperatives that act as holding companies for a range of specialized corporations (McCulloch, 2003: 106-8). Foundations can be found by each service branch and under the central command, with each owning its own holding or group of companies that aim at channeling the proceeds towards higher provisions for the soldiers (McCulloch, 2003: 106-107, 116). Cooperatives also exist by service branch and at each unit level under the control of the central cooperative at the service branch headquarters. Cooperatives are membership-based (as opposed to foundations) and are

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[17] An extensive list of corporations formally owned by TNI can be found in (Kingsbury, 2003: 214-220). There were also some informal, and in some cases illegal, activities by active duty officers that included the hiring of military equipment for service provision such as security, construction, and transportation (McCulloch, 2003: 110-111).

the least accountable to auditory bodies (Rieffel and Pramodhawardani, 2007: 42-3). Proceeds of cooperatives are directed towards providing services and commodities for military personnel and their families at discounted prices as well as improving the professional standing of the military.

Therefore, it can be said that the military maintained its financial 'independence' under both Sukarno and Suharto (Beeson, 2008: 479-480; Crouch, 2007: 276-7; Yunanto, 2005: 81). Despite the fact that there are no specific estimates for the size of TNI's MOBs, they remain significant as a motivation for TNI's political involvement given the fact that the estimated range of TNI's self-financing, which varies by time and source, overly goes from 55% to 75% of the military budget (McCulloch, 2003: 121-2; Rieffel and Pramodhawardani, 2007: 50; Rabasa and Haseman, 2002: 69).

5.4   May 1998 Protests and TNI's Defection

Suharto's developmental project seemed to be working out well and the economic miracle was recognized both domestically and internationally. Yet, the 1997 crisis proved damaging to the economy and the government's strategies for recovery seemed not be bold enough to fix the problem. By the turn of 1998, the worsening economic situation precipitated nation-wide protests led by university students who used this opportunity as well to protest Suharto's re-election and his manipulation of political life as well as the wide spread corruption in government and business circles. The challenge was unprecedented for Suharto and his efforts to calm it down were fruitless especially after his formation of a new cabinet that had his daughter and a number of his cronies serving as ministers, aggravating the crisis even more (Lee, 2015: 105). On May 12th, Suharto's official trip out of the country, a show of confidence on his side, came as an opportunity for the protesters to scale up their demands, especially after the

killing of four student protesters on May 15th. Two days after, on May 18th, security forces, which serve under the command on the TNI, withdrew from the capital on claims of staying out of politics, leaving the door open for violent rioting and criminal activities (Singh, 2000a: 116-118).

The military had orders to repress protests earlier in February and there were multiple threats by Suharto of imposing martial law. Nevertheless, the military tolerated the protests and made them permissible in specific confined locations (mostly on university campuses), which was a de-facto permission. It also held "open dialogues" with the student demonstrators until eventually allowing them to take their protests off-campus and even to the parliament. This situation that was not limited to the capital alone but was replicated in most regional centers where protests were taking place as well (Lee, 2015: 106-8). In addition, the military also did not welcome Suharto's proposal of imposing martial law considering that the situation was not out of control. Instead, the minister of defense, Gen. Wiranto, convinced the president to resign in return for securing his and his family's safety. Accordingly, Suharto announced his resignation and handed power over to his vice president, B. J. Habibie (Ibid: 108-9).

As these developments took place, Suharto reshuffled top military positions more than once during the first half of the crisis year to tighten his grip over TNI (Lee, 2015: 133-134). This came in line with his increasingly frequent rotations in top military positions since the end of the 1980s both to secure the loyalty of the senior leadership as well as to give enough opportunities for the growing size of the officer corps to advance towards command positions (Chandra and Kammen, 2002: 104-6). He also appointed his son-in-law, Gen. Prabowo, to head the Special Forces, who acted occasionally in an independent manner from the chain of command during the crisis and reached out on his own to the protesters and the opposition

groups, especially the religious leaders, in search for compromises and ways out of the crisis. In fact, Prabowo is believed responsible for the kidnapping and the killing of a number of the student protesters, which were seen as attempts to weaken the position of the army chief. This is while Gen. Wiranto rejected these moves and secured his control over the military with the aim of protecting the professionalism of the force and reforming the civil space (Lee, 2015: 135-9). This was also made possible in light of Wiranto's reputation as one of the "intellectual officers," who were critical of both TNI's political involvement as well as its manipulation by Suharto. He also enjoyed a family and a business relationship with leaders from Nahdat Ulama, the biggest Islamist opposition force to Suharto, giving him additional leverage during the crisis (Ibid: 146; 148-9). Despite initially agreeing with Prabowo to serve as his minister of defense upon the end of the crisis, then-vice president Habibie eventually saw in Wiranto a more reliable partner since the latter was the one to control much of the armed forces and also to make his interim stay in office less of an extension of Suharto's reign (Ibid: 147).

The way in which the transition took place strengthened the position of the military vis-à-vis civilian politicians who remained divided (Mietzner, 2006: 8). However, after the transition; the military self-declared a position to limit its political interventions in a reform document released in October 1998 under the title of 'New Paradigm' (Sukma, 2010: 150, 158-9; Callahan, 1999: 19). According to this new document, the military accepted the appointment of a civilian defense minister and dissolved all military offices in charge of non-military tasks (Kristiadi, 2001: 105-6). The military also changed its name from the Armed forces of Indonesia (ABRI) to Indonesian Defense Forces (TNI), the name of the anti-colonization military, underlining a focus of its role in external defense alone. In addition, the police force became a separate entity, distinct from the TNI (Sukma, 2010: 149; Callahan, 1999: 20). TNI also brought

an end to the appointment of active-duty officers to civilian positions as well as promised staying above party politics and out of Golkar membership. The parliament also cancelled TNI's legislative quota in the national and local legislative bodies (8% and 10%, respectively) (Callahan, 1999: 21-23). These changes were later codified in the 2002 constitution (Mietzner, 2006: 60; Mietzner, 2011a: 139).

Nevertheless, through 2004, TNI remained autonomous against successive presidents concerning its own internal affairs (Sukma, 2010: 160), especially the control over the promotion of middle and lower rank officers (Chandra and Kammen, 2002: 96). This was made possible because the interim president, Habibe (1998-1999), was seen as an extension of the old "new order;" while A. Wahid's presidency (1999-2001) proved highly divisive and lacking in experience. This is while the third president, Megawati Sukarno (2001-2004), depended too much on the military for her own political legitimacy so that not much change took place in the management of civil-military relations (Mietzner, 2011a: 141). The preservation of the territorial management structure, seen by civilian powers as the main channel for the political influence of the military, was also defended on the ground that the military needs to maintain presence throughout the different regions of the country, especially the ones with separatist tendencies (Croissant et al, 2013a: 99). The survival of TNI's MOBs was also defended as long as the TNI remained under-funded from by the state (Vatikiotis, 1998: 72). In addition, while the military declared neutrality in the post-transition elections, an increased number of candidates were retired military officers, which can be seen as a new approach to political interventions by the institution (Heidux, 2011: 260).

By 2004, with civilian politics heading towards increased stability, a 20% increase in the military budget, and the military's preoccupation with fighting the separatist movements, the

government passed a law, the Armed Forces Act, to divest all TNI's MOBs by 2009 (Mietzner, 2014: 442). Accordingly, all TNI-affiliate corporations were sold; yet the cooperatives and foundations themselves remained operational and under effective military control (Mietzner, 2011a: 140; Rieffel and Pramodhawardani, 2007: 59).[18] This is while complete divestment remained an unrealistic target for the state to accomplish because it would imply a strong demand by the military on the national budget at a time when the economy was still recovering (Singh, 2001: 26). The current gap between the requested and approved budgetary allocations continues to be as high as $10 billion (Sebastian and Gindarsah, 2013: 299).

5.5   Conclusion

It can be said that the entwined process of development of both the state, as opposed to the regime, and its military may have contributed to a military ideology that brings with it a sense of responsibility to intervene in politics when instability arises. This inseparable link to civilian life was established by the military's control over the police force and involvement in internal security (Sukma, 2010: 157). In this light, TNI's MOBs can be seen as a 'functional,' rather than patronage, resource that provides for the institution to operate, especially considering the process of historic development for both the Indonesian state and military. This was true even during the 1997 financial crisis as TNI's MOBs, despite the losses they incurred, helped seal off the military during the crisis (Singh, 2001: 32). In addition, following the transition, TNI's leadership expressed its willingness to divest the MOBs as soon as the allocated defense budget grows to cover all TNI's operational needs (Kingsbury, 2003: 188-9, 191). It can be said, therefore, that Suharto, while developing different methods to establish patronage networks with

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[18] In 1999, a law was passed to consider all the proceeds of TNI's foundations' economic activity as state money (for increased scrutiny) but not their affiliated companies (McCulloch, 2003: 116).

his officers, TNI's MOBs remained not part of such a network. They, by contrast, contributed to the military's autonomy under his regime. As the military leadership was turning towards less political and social involvement (partly due to its increased professionalization and partly due to Suharto's downplay of the military's role in politics) coupled with its concern with institutional integrity against the threat of the uprising and the cost of applying repression and the accountability of its officers, being financially autonomous contributed positively to the military's calculated decision to defect. While its involvement in internal repression, through the control of the police as well as the alleged human rights violations, and the presence of a group of Suharto-loyalists in the ranks may have made a case for repression and defense of the status quo, the institutional interest in and ability (through MOBs) to survive beyond Suharto tilted the balance in favor of defection.

This discussion, however, raises the question of why did Suharto[19] keep the military underfunded while he was aiming to maintain both its loyalty and its institutional integrity. As a matter of fact, some argue that financial independence and institutional autonomy of the military can be overcome by maintaining control over appointments and security policy, both of which Suharto retained for himself. Militaries would opt to remain acivilian-controlled otherwise (Mietzner, 2009: 10-49). The case of the TNI poses a challenging puzzle in this regard since it defected from Suharto even with his control over senior appointments and security policy, making a strong case for the influence of financial independence on the defection behavior of the military. Consequently, had the military been financially dependent on Suharto's survival in office, the transition may have adopted a different course. With up to three quarters of the budget of the institution, outside of the state budget, controlled in this counterfactual case by the

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[19] This applies also to the case of Egypt under Mubarak's regime as will be shown later in chapter six.

incumbent and with the military's control over the police force and its involvement in internal control, a decision to repress could have been made.

Another related question, especially in the case of democratizing countries as in the Indonesian case, concerns the prospects of the political role of the military against its interventionist legacy and in light of its continued command of independent financial resources. This is relevant because TNI stands out as a military that did not take over the government openly but remains one that undertakes occasional political interventions in order to defend values beyond its mere corporate interest, such as protecting the nation and restoring order and stability (Sundhaussen, 1982: ix). While it is true that the military post-2004 became increasingly subordinate to civilian authorities, the chances for its political comeback remain high.

6   CHAPTER 5: THE THAI MILITARY IN 2006: A MONARCHY-INDUCED DEFECTION

6.1   Introduction

There are two major centers of power in the Thai political system: the monarch who enjoys several formal and informal powers and the military which ruled the country over most of its modern history and turned the monarchy from absolute into constitutional starting 1932. Civilian politicians and the parliament eventually dominated the political system following the end of military rule in 1992 (and effectively until 2006) while enjoying varying degrees of influence and control under military rule before that. In addition, state bureaucracy, the media, and business associations enjoy a significant amount of influence in the political system.

The concern of this chapter is with the military in its relationship with the rest of political powers. This relationship has varied from cooperation to confrontation over time. In

1932, the increasingly professionalized military and the rising modern state bureaucracy joined ranks to protest the absolute powers of the king and the arrangements of the royal family that monopolized access to top posts, with no regard to merit. Shortly after limiting the power of the palace, the military turned against the civilian bureaucracy and tried to dominate the political arena exclusively. With increased challenges from the bureaucracy and the rising middle class, the military re-oriented itself towards cooperation/subordination to the king starting 1957. In fact, the military remained subordinate and loyal to the king since then, identifying the protection of the monarch to be part of the institution's definition of national security. The king, on his part, accumulated a range of moral and informal as well as formal powers, most of which come into action through its 'advisory' Privy Council,[20] which is mostly staffed by retired and active-duty military officers and that also oversees the immense royal wealth through the 'autonomous' Crown Property Bureau (CPB)[21]. While the influence of the monarchy extends beyond the political system to business circles, the palace occasionally mediates military's connections with civilian government (McCargo and Pathmanand, 2005: 130-131). It remains that the military, with its interventionist legacy, developed a wide range of independent MOBs that ranged from banking services to control over media and security services.

Following the democratization and civilianization (as opposed to militarization) of the political system in 1992, the roots of electoral legitimacy started taking roots. The uninterrupted survival of civilian governments for more than a decade (1992-2006) was unprecedented in the modern history of the country and Thaksin Shinawatra (2001-2006) became the first civilian prime minster to complete his full 4-year term in office (and to win a re-election). Up until the

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[20] The council does not have any de-jure powers in the Thai political system; yet, it enjoys a lot of influence given its affiliation with the Palace (Chachavalpongpun, 2014: 5).

[21] The CPB is among the oldest investment funds in the country as well as the biggest landowner. In fact, the king comes as the richest in the country. The CPB sealed the palace off financial pressures by the government, securing its independent funding upon the return to its control to the palace, and away from the state, in 1948 (Ouyyanont, 2008: 166-7).

1990s, civilian governments did not last for more than a year as a result of some sort of a military intervention, early election, or a coup. The transition to democracy was codified in a constitution promulgated in 1997 that strengthened both political parties and the executive branch. The relatively unsuccessful record of managing the 1998 economic crisis cost the traditionally-dominant Democrat's Party power to the newly-taken-over Thais love Thais (TRT) party by the ex-police colonel and business tycoon, Thaksin Shinawatra. While praised for his delicate mix of promising to provide for the less well-off while opening up the economy and modernizing state bureaucracy, his reign in office was also charged with corruption, power abuse, wealth accumulation, and increased authoritarianism. This led to a political crisis that polarized the country and still does for more than a decade since its outbreak back in 2006.

Thaksin's opponents, especially after his landslide victory for a second term in 2005, joined ranks together to maximize their opposition to his regime. His manipulative control of the media and powerful electoral machine brought democracy advocates to the streets in protest of his policies, especially in the central urban and southern regions of the country. The movement, or the yellow camp, came also to reflect the concern that the political rise of Thaksin represented a direct threat to the power of the palace as well as traditional power centers in the system. The movement petitioned to the king to intervene to support democracy which he did by referring the electoral results to court which annulled them. The opposition, acknowledging its electoral weakness, boycotted the new election scheduled for April 2006 and that was rescheduled as a result in October 2006. With the growing "mess," as per the description of the king, the military intervened to restore order and to 'give democracy back to the people.'

In a country with a long history of military coups (a total of 19 as of 2006), this incident of military intervention in particular has been described as a good coup, coup de grace or a royalist coup, among other titles. Nevertheless, it remains puzzling as far as defection/coup dichotomy is concerned given the fact that there were two competing centers of loyalty in the system, namely the King and the Prime Minister, both of which claim the legitimate representation of the people. To engage this puzzle, in what follows the role of the military over the history of modern Thailand will be investigated as well as its access to resources and how this control had an effect on its decision to intervene against Thaksin Shinawatra in 2006. The argument is that: the military's siding with the king came in line with the fact that the king has already won his battle against the government to secure the loyalty of and control over the military, through his Privy Council. The palace, for example, managed to confirm its nominee for the head of the Army in 2005 against Thaksin's nominee. In addition, the military, as an institution, saw in Thaksin's efforts to subordinate it a threat to its institutional integrity and financial autonomy. As a result, this intervention reinforced the role of the military in the political system becoming, however, a protector of the status quo as opposed to an agent of change (as it was once in 1932).
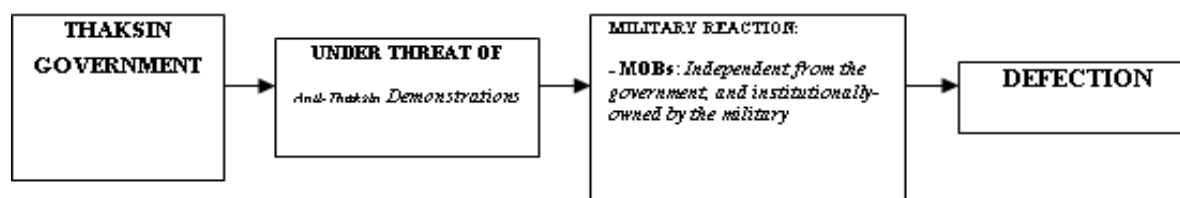

Figure 7: MOBs in Thai Military intervention in 2006

The Thai military was becoming increasingly corporate since the transition to civilian rule in 1992. Nevertheless, it remained autonomous from civilian control, except for the

influence of the king through his Privy Council. In addition, the military inherited some MOBs from the six decades of intermittent military rule (1932-1992), which it controlled independent from civilian governments. Thaksin was trying to establish his domination over the military, at the expense of that of the king, through manipulating finances of the institution and re-establishing them on the budget, and through selective appointments. For example, some MOBs were either privatized or aimed to be put under the control of Prime Minister Thaksin Shinawatra. With a high anti-Thaksin political tide, the military found its interests, MOBs included, better secured by reasserting its loyalty to the king and against Thaksin.

6.2   The Role of the Military in the Thai Political System

The significance of the military in the Thai political system has been increasing since the beginning of the 20th century, with military spending and modernization reaching a quarter of the national budget by 1915 (Hoadley, 1975: 11). Following the First World War and as Thailand regained its de-facto independence in 1925, there was, however, rising resentment within the professionalized corps (increasingly educated in the West) against the appointment of members of the royal family to top posts (Ibid: 12). This resentment was also present within the rising modern, western-modeled state bureaucracy that was also aiming at securing a higher degree of influence in the system (Ibid: 13). Against these two players', i.e. the military and the bureaucracy, shared grievance regarding the restriction on "commoners" advancement, they staged a joint coup in 1932. The coup, which was led by 24 bureaucratic officials and 37 military officers, successfully brought an end to the absolutist monarchy and subordinated it to the constitution. This joint move came two decades after the abortion of a coup attempt in 1912 that was motivated also by the same grievance (Ockey, 2001: 191). The success of the 1932 coup can

be seen in light of, not only the military's increased professionalism and its cooperation with the bureaucracy, but also as a result of the pressures of the economic crisis in the country that sharply cut national spending on public services. That is why the coup was seen more of an "adjustment" of the political field, rather than a coup in the traditional sense (Hoadley, 1975: 13, Ferrara, 2014: 24). In between 1932 and 1991, the military undertook a number of interventions and government takeovers, most of which were made on corporate grounds (Ockey, 2001: 206; Bunbongkarn, 2013: 175; Baker and Phongpaichit, 2009: 246). Nevertheless, this first successful coup had, at least, four important implications for the political dynamics in the country afterwards.

The first implication of the 1932 coup was the fact that the military made its move under the title of acting in support of democracy, establishing itself as the protector of the people's right to govern and as an agent of change, laying the foundation for other interventions to come (Ockey, 2001: 191). In fact, the other incident where the military openly intervened through a coup on people's behalf was in 1991 but was protested a year after as it became part of the problem rather than the solution, proving its stay in power no less corrupt than its civilian predecessors.

The second implication is that, by not abolishing the monarchy and with an active monarch as the past King, Bhumibol Adulyadej (1946-2016), the palace managed to regain much of its clout and powers as an institution above, rather than within, the state, a position that created a number of problems for the consolidation of a functioning civilian democracy. This was especially true as a link was established between the monarchy and Thai democracy in the framework of the so called-'Thai Style Democracy.' Among the titles for the Thai kings are: the 'Father of Thai Democracy' for King Prajadhipok (1925-1935) for his surrender to the 1932

coup and for not blocking, if not allegedly initiating, the process of democratization in the first place. The past king also had the title of the 'Guardian of Thai Democracy' in reference to his intervention on behalf of the people during the 1973 and 1992 crises against military governments (Ivarsson and Isager, 2010: 15, 17). In addition, the developmental platform the king was pushing for, especially in the least developed regions of the country, attained him great respect and popularity as well (Ibid: 20). In fact, the king and his royalist supporters proved adept to the political changes as long as they were able to secure their prerogatives and to dominate the political scene, even at times indirectly through the military (Ferrara, 2014: 29). This became clear in the period between 1932 through the end of second World War and the promulgation of a new constitution in 1949 when the king, assisted by the royalist politicians as well as the poor record of military and civilian governments, managed to restore important powers, such as commander in chief of the armed forces and the power to declare war as well as appointing the members of the upper house. The king also retained control over the country's lands. Despite the fact that these powers witnessed cycles of expansion and retraction over the years, they remained largely intact and the palace remained to play influential roles in Thai politics. As a symbol of national unity that is supposed to stay above politics, the king became also seen as a source of political legitimacy, together with or instead of popular legitimacy (Hewison and Kitirianglarp, 2010: 184-6).

The monarch's capacity as the "legitimizer" of political power became evident with his ability to pressure the military out of power following the push for democracy through protests both in 1973 and in 1992 (Slater, 2010: 248-9). In addition, securing support from the palace has become crucial for the success of any move by the military since 1957 (Chambers, 2013: 69). This is because the king skillfully made use of the splits that resulted from the politicization of

the military in the 1970s and 1980s as an arbiter while commanding the support of the public, especially in rural areas, and of the bureaucracy. However, it remains that taking sides in politics goes in principle against the king's presumed role of staying above politics (Alagappa, 1987: 40-43).

The third implication of the 1932 coup was that political alliances are short-lived in Thailand, except for the king-military alliance, as they are mostly formed to achieve specific targets during moments of challenge or crises. This pattern was witnessed when the military turned against its civilian partners following the 1932 coup and when it later re-aligned itself with the king to legitimize its actions against the popular demands for democracy in an act of 'self-subordination' by the institution. The same pattern was also witnessed during the 2006 crisis when Thaksin's enemies formed an alliance that brought together different groups that had little in common. The formation of these alliances is facilitated through Thailand's 'ruling circles,' which bring together members from more than one formal political institution since none of them would prove capable of amassing enough power to 'dominate' the political field by itself for extended periods of time (Hoadley, 1975: 21).

Related to this is the fourth implication which is that the rise of new social powers and institutions brings with it changes to the ruling alliance. Back in 1932, modernization processes gave rise to national institutions, i.e. the military and the bureaucracy, and to a growing middle class that aimed at taking a share of the pie of political power. Their increased power and influence led to their promotion into partners in governing the country, with the military eventually securing the biggest share of political power and it even captured the state itself multiple times (Croissant et al, 2013b: 157). Eventually, however, the military, as well as the bureaucracy, became more dependent on the blessing of the king for their own power and

privilege, falling within a network of patronage that had the media, businessmen, and political parties on board (Ibid: 159). Parallel to this, the introduction of the concepts of the modern nation-state, constitution, and democracy led to the rise of the idea of active citizenship in the society, coupled with the rise of an educated middle class that has been increasingly asking for its own space in the alliance. The struggle of Thai people to enjoy their right to political power and to challenging the elite came particularly starting the 1970s (Ockey, 2001: 195). The retreat of the military and the rise of civilian governments to power following 1992 was another big milestone towards democratization. The rise of Thaksin in 2001, however, came to be a game changer. This is because Thaksin's policies were challenging to the position of the king who remained the arbiter of political conflicts and enjoyed the ultimate authority in the land, backed by network of "good men" spread across state institutions managed through the Privy Council, with the military as its iron fest (Ferrara, 2014: 29-30, Chachavalpongpun, 2011: 52). The crisis of 2006 can be seen in this light. Drawing parallels to the 1932 "adjustment" of the political field in Thailand, the current protracted political crisis in the country can be understood along the same lines, with anti-monarchical civilian politicians trying to establish their right to govern in spite of or in cooperation with the traditional elite (Croissant et al, 2013b: 172).

6.3 The Persistence of Civilian Rule and the Rise of Thaksin (1992-2006)

Between 1932 and until 1992, military intervention in politics was the norm rather than the exception. In fact, the military dominated the political scene except for very brief periods following Second World War and when it failed to repress the democracy protest in 1973. Nevertheless, the fight against communism allowed for a military come back in 1976-7. Part of the military's strategy of fighting and winning this war was to allow for a more liberal polity,

which began to materialize over the course of the 1980s and until the military's willful withdrawal from politics to the barracks in 1988 (Bamrungsuk, 2002: 78-9). The military was also, with the king's blessing and constitutional ordinance, involved in the efforts to develop especially the Northern parts of the country, where most of the communist influence was concentrated, a role that it continued to play even after abandoning political power in the 1990s. The logic for this developmental role for the military was that the more developed the society gets, the more secure it becomes (Ibid: 81-2).

Following the transition to democracy in 1992, the government changed all laws that were used to justify military interventions in political life and transferred control over the riot control force to the police (Ibid: 80). The minister of defense was also drawn from among civilians as the 1997 constitution banned active duty officers from serving on the cabinet. Yet, it remained that retired officers qualified as civilians and through a political class of retired officers, the military was able to remain autonomous and shield itself from effective civilian control, especially considering the fact that the bureaucracy in the ministry of defense stayed largely staffed by active duty officers (Pathmanand, 2001: 6; McCargo and Pathmanand, 2005: 132). The problem of civilian control was compounded by the fact that the armed forces committees in the parliament remained underdeveloped (Ibid: 89). This caused civilian governments to remain vulnerable vis-à-vis the monarch and the military (Chachavalpongpun, 2014: 3). Against the military's resistance to civilian subordination efforts, the domination of the Privy Council[22] on defense-related issues, and civilians' lack of expertise on defense issues, civilian politicians opted instead for cutting on the privileges of the military rather than subordinating it to their civilian control (McCargo and Pathmanand, 2005: 133; Croissant et al,

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[22] The Council has been led since 1989 by retired Gen. Prem Tinsulanonda, former Prime Minister and army chief. Gen. Prem, as a prime minister, oversaw the opening up for democracy and the return of the military to the barracks in 1988 (Croissant et al, 2013: 158; Chambers, 2011: 294).

2013b: 162-3). Even with the government's control over the defense budget, especially procurements, the electoral process politicized the process and turned some of the political parties into clients either to the military or to the arms suppliers, further undermining civilian control over the military (Bamrungsuk, 2002: 83).

The rise of Thaksin came in the wake of the financial crisis in 1998, adopting a critical position on the government's management of the crisis. Making use of his control over a re-branded political party and the minimal influence the crisis had on his investments, Thaksin had sufficient resources in the 2001 election to push for a populist platform that aimed at both rescuing affected businesses while shielding the poor. This election was also the first to be held under the 1997 constitution, which strengthened the role of the executive branch in the government (Kongkirti, 2016: 4-7). The constitution also sponsored a move towards more "nationalized politics," as opposed to a factional, power dispersion model that tended to give more weight to local centers of traditional authority.

Nevertheless, Thaksin changed the rules of the political game from a power sharing, or sum-sum game, to a winner-take-all by dominating the political field. This became clear also as he tried to build an elite-masses alliance to consolidate his power and to back his policy positions against the royalist-military-bureaucratic traditional authority network. According to Croissant et al (2013b), Thaksin's accumulation of power was meant to endorse his own personal power and authority rather than to lay the foundation for democratic practices. In addition to trying to subordinate the bureaucracy and the military to centralize power in his hands, Thaksin brought to power the business sector, expanding its influence over the political process (Hewison, 2010: 123-5; Connors, 2008: 481; Baker and Phongpaichit, 2009: 243).

Additionally, the looming monarchical succession has also had some influence on the rise of Thaksin in the sense that the low levels of popularity of the heir-to-the throne presented an opportunity for the prime minister to be on the offensive and to compete with the monarch within even one of his traditionally claimed-exclusive constituencies, i.e. the poor rural communities in the Northern parts of Thailand. Thaksin's wider victory margin in the 2005 election, on the eve of the king's 60th anniversary on the throne, made his threat even more imminent. In addition, Thaksin's political and business influence could have also negatively affected the work of the CPB (Hewison, 2010: 120-121, 128-129). This made Thaksin's combination of political and economic power and his populist appeal all threatening to the institution of the palace (Hewison and Kitirianglarp, 2010: 194-5). According to Chachavalpongpun (2011: 45, 50), Thaksin was seen as taking over the Thai state through a rising "network Thaksin," building upon his legacy as the first civilian Prime Minister to complete his full term in office and by making use of his career background in police work and business operations.

As far as the military is concerned, the rise of Thaskin and his efforts to take over the entrenched 'monarchy network' came to challenge both the power position of the military as well as the king's control over it (McCargo and Pathmanand, 2005: 135-6, 151). As Thaksin's approach was to centralize power in his office through informal powers rather than institutional means (Croissant et al, 2013b: 165-6), problems arose as he tried to secure his own leverage over the military through politicizing promotions and appointing a large number of retired- and active-duty generals as advisers to his office. Thaksin also directed the proceeds of MOBs' privatizations or the profits of some of the standing ones to officers loyal to him and to his party, yet while occasionally approving some long-delayed increases the national defense budget (Ibid:

167). The military, and the Privy Council, was antagonized by Thaksin's meddling with its own finances and promotions. The challenge reached its peak when Thaksin nominated his cousin to the position of the head of the army in 2005. Seen as meritless for the position, and upon Gen. Prem's recommendation, the king intervened and appointed one of his loyalists to the post instead (Chambers, 2013: 72; Baker and Phongpaichit, 2009: 270).

6.4   MOBs and Military Disenchantment

The Thai military remains a coherent, professional and well-resourced institution (Hoadley, 1975: 17). While the motivations for its intervention against Thaksin in 2006 may seem clear by now, the grievance related to its MOBs deserves some further detail. Since the end of the 1960s, the Thai military, while the government at the time, maintained ownership, direct and indirect, of a number of MOBs in different economic sectors including: construction and related industries, marine, oil, and food industries, contributing either to the ministry's budget or towards the welfare of retired officers. The military also owns and runs media outlets, especially radio stations and print media (Ibid; Silcock, 1967: 309, 312).[23] For example, the military controls almost half of the radio stations (around 250)[24] in the country as well as two of the state's six TV stations (Croissant et al, 2011: 201; Barany, 2012: 200), which allowed the military to have, not only sizable revenues[25], but also great influence in directing public opinion. This is especially significant in a country where most of media outlets are controlled by the state. For example, there was no media coverage of the 1992 demonstrations (Pye and Schaffar, 2008:

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[23] In addition, Peng et al (2001) list a number of active duty officers who serve on board of Thai private businesses, with a total of 42 companies, where they receive a share of the profit in return for securing profitable contracts and providing protection against government intervention.

[24] Military-owned radio stations go back to 1934 when the military used them to spread its own discourse about democracy and the vision for the development of the Thai society following the 1932 coup (Baker and Phongpaichit, 2009: 124).

[25] The proceeds from the military-owned radio stations are estimated to reach quarter a billion dollars per year (Alagappa, 2001: 201).

51). This was part of the reason why civilian governments tried to challenge the control of the military over media outlets and tried to place at least one of its two TV channels under government control and entrusted a new government body with the management of media frequencies (Pathmanand, 2001: 7).

As of 2006, the military ranked 26th on the list of top business owners in the country with listed specializations in leasing and investments (Wailerdsak and Suehiro, 2010: 250). The military is also involved in private security services (Mietzner, 2011b: 8, note 7). Yet, the primary investment arm for the Thai military is the Thai military bank (TMB), which controls also an insurance company. The TMB was turned from a military-targeting into a general public bank in 1973, the same year the military was forced out of office. In 1982, it became part of the larger network of the royal economic institutions, yet it is not clear whether the CPB holds any shares in it.[26] The bank has also been on the list of the top businesses in the country since 1989 and it peaked in the size of investments through 1997, followed by a decline in the wake of the financial crisis (Wailerdsak and Suehiro, 2010: 244). It merged in 2004 with the "Thai Dhanu Bank and Industrial Finance Corporation of Thailand (IFCT)", turning the bank into a joint venture with the ministry of finance[27] (their total combined share in 2008 was 34%). It is not clear, however, whether the merger took place out of financial necessity in the wake of the 1997 financial crisis or due to pressures from Thaksin considering that the TMB remains the bank responsible for arranging all Thai military procurement deals and Thaksin was holding off on these procurement lists under austerity claims and until 2005 (Pathmanand, 2001: 7). The bank still ranks 4th in terms of the number of assets owned among 'state-owned' commercial banks

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[26] https://www.tmbbank.com/en/about
[27] An active duty military general still serves on the board of directors: https://www.tmbbank.com/en/about/bod

and ranks 5th among commercial banks in terms of the size of operations nationwide (Wailerdsak and Suehiro, 2010: 261-2).

While the military lost much of its autonomy in devising its own budgetary allocations following the 1998 crisis, its MOBs have been harder to control (Ockey, 2001: 201). Thaksin's keen interest on privatizing MOBs, or at least to re-channel their proceeds through himself or to his cronies, can be claimed a contributing factor for the military's grievance against him. In addition, Thaksin adopted a vision of national security that was quite different from that of the military. This can be seen through the Thai national budget, where defense of the king is listed as part of the definition of national security. Under Thaksin, the protection of the monarchy came last among the projected expenditures on national security listed for the ministry of defense in 2005[28]; while it came on top of the list in 2016[29], with the military in power following the 2014 coup. In addition, under Thaksin, the budget of the military remained relatively fixed in terms of GDP percentage (6.8%) as opposed to the expenditures of the ministry of interior[30] which were growing exponentially (30% increase from 2004 to 2005 alone, or three times the growth in military budget in monetary terms). With his background in the police, which he needed more for internal control; it was relatively easier for Thaksin to rely on the police and to use it as an alternative power base instead of the military.

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[28] http://www.bb.go.th/bb/budget/inbrveE/inbrve48E/menu.htm
[29] http://www.bb.go.th/budget_book/e-Book2559/FILEROOM/CABILIBRARY59/DRAWER01/GENERAL/DATA0000/inBrief2016.pdf
[30] Thaksin took the riot control function away from the military, to the police, to minimize the chances for its political intervention.

6.5 Protests in "Color-coded Politics"[31]

The anti-Thaksin protests broke out due to his increased manipulation of and domination over the economy, endorsed by his political power, as well as his political authoritarianism (Mietzner, 2011b: 7). Thaksin was accused of using his position to harass opponents given his control over the anti-corruption and media advisory bodies, further monopolizing the economic and political domains (Montesano, 2009: 2-3). In addition, towards the end of 2005, there were demonstrations against the negotiations for a free trade area with the United States (as well as with Australia and Japan) leading to their early closure. The protests came because of rejection to the principle of the free trade itself and also because of concerns of tweaking the terms of the deal for Thaksin's own business interests. Then, a deal was made to sell Thaksin's family business, tax-free, to a Singaporean Corporation that fed more into the protests on the grounds of corruption. This came in addition to some of the problems inherent in Thaksin's policies, including the privatization of state-owned enterprises that seemed to have hurt, especially on the long-term, the very group of low-income beneficiaries he was aiming at their benefit (Pye and Schaffar, 2008: 47-54).

Thaksin's policies brought together several "heterogeneous" groups of opposition members in one large movement, the People's Alliance for Democracy (PAD) (Pye and Schaffar, 2008: 40-41; Baker and Phongpaichit, 2009: 270). PAD was composed of a loose group of middle class citizens and large families from the capital and Southern areas in addition to some activists at the grassroots level who were alarmed by Thaksin's neoliberal agenda (Hewison, 2010: 125). Despite initially only yellow in color (appealing to the king through adopting the color of the monarchy) with its forefront leader Sondhi Limthongkul[32] making his

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[31] (Chachavalpongpun, 2014: 11).
[32] He was also one of the leaders of the democracy protests in 1992 and a media businessman who was shut off air on Thaksin's

affiliation as a royalist very clear since the beginning, PAD turned into a rainbow as time went

by and the momentum of the grievance increased (Montesano, 2009: 4; Pye and Schaffar, 2008:

43-4; Chachavalpongpun, 2014: 4). By the end of March 2006, the protesters called for the

intervention of the king, recalling his interventions in 1973 and 1992, with the joint demand of

forcing Thaksin to resign especially with the proven difficulty of ousting the prime minister

through elections (scheduled for April 2006 and which opposition parties boycotted) (Pye and

Schaffar, 2008: 54-55). The king agreed to intervene and aired multiple messages implying that

Thaksin must step down, which Thaksin did not agree to. The king, eventually, called for a joint

meeting for the constitutional, supreme, and administrative courts to find a way-out for the

political "mess" in the country and they annulled the results of the elections (Montesano, 2009:

13). Increasingly dissatisfied with the paralyzing political situation, the king allegedly gave his

blessing to the military to intervene against Thaksin in September 2006, which it eventually did.

During the crisis, it was reported that Gen. Prem and many of the 'military' members of the

Privy Council paid visits to different military units to reassert their support to the king and not to

the government (Hewison and Kitirianglarp, 2010: 193). This made Thaskin's ouster by the

military in 2006 the highest in royal symbolism among all military interventions in Thailand

(Ferrara, 2014: 18). The military aimed with this intervention to preserve the status quo and to

keep power in the hands of the military and state bureaucracy, under the guidance of the king

(Baker and Phongpaichit, 2009: 271).

      Upon assuming power, the military dissolved the parliament, called for new elections

and acted as a caretaker government until new elections could be held and a new constitution

drafted (Pye and Schaffar, 2008: 56; Hewison and Kitirianglarp, 2010: 192-3; Chambers, 2010:

51). Despite the 2006 military intervention might have suggested that "network monarchy" won

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orders because of his increasingly critical tone.

over both Thaksin and eventually the rest of the non-royalist elements in the anti-Thaksin protest

movement, the crisis did not come to an end (Pye and Schaffar, 2008: 57). This is because the

'redshirts,' symbolizing Thaksin's political current, took to the streets to protest Thaksin's ouster

by the military. The political conflict between the "royalists" and the "populists" continued to get

worse, leading to further military interventions in 2008 and in 2014, all with the aim of blocking

the political come back of Thaksin Shinawatra and his political network (Ferrara, 2014: 20).

6.6   Conclusion

It can be seen that the military during the 2006 political crisis, instead of playing the

role of the arbitrator, was actually used by the ultimate arbitrator in the regime, the king, in what

can be termed as a 'monarchy-induced defection.' While unseating Thaksin Shinawatra through

the use of force technically qualifies as a military coup, the reality of it requires delving a little

deeper into the roots of the crisis and the wider processes of political change that were taking

place in Thailand. The military, acting upon the orders of the king, even allegedly, raises

questions regarding to whom political authority ultimately belongs in the regime. Unless the

debate on whether legitimacy flows from the top or the bottom of the political structure is settled,

the political intervention of the Thai military in 2006 should be placed in the grey area falling

between the two extreme cases of active (coup) and passive (defection) political interventions by

the military.

While it remains true that the Thai military has a legacy of excessive political

interventions which provided the military with experience in governing the country and secured

access to and control over many resources, this incident of intervention, especially as it came

during a political crisis and a moment of acute political polarization, was motivated less by

institutional self-interest. This can be seen as the military did not hold political power for long after removing Thaksin Shinawatra. Its intervention, rather, was geared towards standing by and out of loyalty to the monarch, the unelected source of political legitimacy in the system and above all the head of the state. This is not to say that the military did not have its own grievance against Thaksin. In fact, his efforts to subordinate, and in a sense downgrade, the status of the military from a partner in the political regime to a follower, through tying the financial allowances and top level appointments and promotions (as well as appointments to lucrative top bureaucratic positions) to himself while cutting on the media and banking businesses of the military, it would be safe to assume that Thaksin made an enemy of the military. In addition, it was Thaksin that reversed the trend of depoliticizing the military (yet, while remaining under the King's command) that had been in effect since 1992 and tried to turn its loyalty towards him (which came as a challenge to the palace and not only to the military).

This concern about Thaksin's approach was also shared by other economic, political, and bureaucratic circles that the prime minister tried to dominate and/or subordinate (Croissant and Kuehn, 2009: 197). Therefore, it can be said that Thaksin's manipulation of the professional and financial autonomy of the Thai military contributed to the Thai military's decision to be part of the anti-Thaksin alliance and to act as its power enforcer. The military joined the 'yellow' alliance in order to defend its autonomous privileges and MOBs as well as the access to secure even more of them. Doing so, the military acted in defense of the status quo, being part of the standing regime and in contrast to its very first intervention back in 1932.

While the subordination of the military by Thaksin was less likely, especially following his inability to push for his nominee for army chief in 2005 and rising resentment within the ranks, it can be said that had the military been fully subordinated by Thaksin and its financial

subordination efforts were successful, it could have stood by the prime minister or at least it would have taken a more neutral position during the crisis, especially to distance itself from the king. Thaksin's unsuccessful attempt to forge a patronage network with the military left the latter with little motivation to defend his stay in power.

It remains to be said that it is generally believed that the military did not economically profit from its political intervention considering the losses reported by the TMB in 2007 (Mietzner, 2011b: 8). Nevertheless, the military, as the interim government and through the formation of the new civilian government in 2007, controlled the national budget and the official military budget increased by one third in both 2007 and 2008 respectively. It is also not unexpected that MOBs might expand on the long term, with the military re-establishing itself as a key player in Thai politics.

To conclude, the defense of the independence of its MOBs and its financial autonomy came as a 'contributing factor' in the calculation of the military's decision to defect. This factor reinforced the institutional calculations with regard to protecting the integrity of the institution and the risks associated with subordination to civilian government on both its autonomy and on the status of the palace by far and large in Thai politics.

7   CHAPTER 6: MUBARAK AND THE MILITARY IN 2011: ESTABLISHING A 'NEW ORDER'

7.1 Introduction

While almost all dictators may seem willing to call on the military to quell mass protests, not all of them would be able to get the military to back their will (Hashim, 2015: 5). This was the case with the Arab Spring as seated autocrats called on their militaries for intervention to their rescue but not all were ready to answer the call. As the waves of the Arab Spring unfolded,

the reaction of the military in the first two cases, namely Tunisia and Egypt, proved to be unexpected (Ibid: 1). By itself, this reaction by the military may have contributed much to the subsequent domino effect and the spread of the protests to other parts, especially the republics, of the Arab Middle East. The generals' decision to abandon the resilient autocrats, who have already spared their internal repressive apparatuses, made them look much weaker than they were perceived for long. By contrast, the subsequent cases of protest, where the military either stood by the dictator or was split over the issue, made the first two cases stand out even more. Particularly, the reaction of the Egyptian military, given its large size, political influence and economic resources as well as its direct political involvement thereafter, makes it worthy of further exploration. While the disintegration of the long-seated Mubarak regime as a result of the insubordination by the military was well received by the protesters; it stood out puzzling given the traditionally subordinate position of the military vis-à-vis civilian leadership.

Prior to the uprisings, few studies (notably Brooks (1998) and Cook (2007)) tackled the role of the Egyptian Armed Forces (EAF) in the political system and mostly identified the military as a key agent in the ruling alliance and whose support is indispensable for the survival of the authoritarian regime, yet one that remains politically-'disengaged' (Harb, 2003). In the same direction went Albrecht and Bishara (2011) who saw the military's recent direct political engagement taking place out of necessity to protect both the state and the military's own interests, instead of the regular position at the back of the regime. This chapter, therefore, aims to contribute to this growing literature from a political economy perspective. It argues that due to the financial autonomy, as a result of the *independent* ownership of its institutionalized MOBs, there was less motivation for the Egyptian military to defend Mubarak's stay in power. Mubarak's approach of fragmenting the political field, to borrow Springborg's term (1989),

made it possible for the military to manage its own extra-budgetary resources and in particular

MOBs without much intervention from him. It can be said, then, that when Mubarak's survival

in office was challenged by the masses, the rational calculation by the institution landed it swiftly

in the opposite side of Mubarak (see figure 8 below).
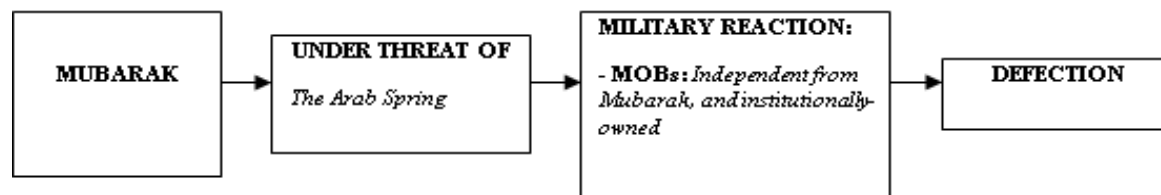
Figure 8: MOBs in EAF's Defection from Mubarak

The Egyptian military, while largely autonomous against civilian governments, has been

increasingly corporate, especially starting 1968. Prior to that, it undertook a military takeover

that was later turned into an autocracy under Nasser. Not only that he used the military as a

vehicle for social and political control, Nasser also geared the military towards involvement in

the civilian economy and penetration of state bureaucracy. By the end of the 1970s, EAF's

MOBs were founded and began to grow, drawing also on EAF's economic experience in the

1960s. These MOBs are exclusively owned and run by the military, independent from the

regime. During the 2011 crisis, the military adopted an anti-Mubarak position given that the

latter's longer term political and economic agendas were not in line with the politically and

economically powerful position of the institution and it therefore defected.

To establish this causal link, the chapter will start off with a survey of civil-military

relations in modern Egypt, with a focus on the influence of MOBs, followed by a presentation of

the 2011 challenge to Mubarak and how the military managed the crisis. The implications of the

defection by the military are also highlighted in the concluding section.

7.2   History of Civil-Military Relations

Since its creation as a modern national army by Mohamed Ali Pasha in the early 19th century, the Egyptian military has been used as one effective policy tool towards national defense (and at times imperial expansion) and modernization as envisaged by the ruler. Initially created as a "coercive" force, it gradually transformed into a national military and amassed increased political power and influence over the years (Fahmy, 2001: 21). While military recruits were primarily Egyptians, the command positions were initially confined to the ruling Turkish elite only, a policy that caused tensions within the ranks (Ibid: 28). A challenge came with General Urabi's revolt in 1880, which started off as a military movement calling for the equal treatment for Egyptian officers in the military but one that later gained momentum by reaching out to civilians. This uprising eventually was brought to a halt by the defeat of the military and the direct occupation of the country by the British troops in 1882 (Ibid: 30-32). The British colonizer imposed limits on the size and composition of the Egyptian military, turning it into a limited force recruited primarily from within the aristocracy to make it easier to control (Beattie, 1994: 36-39), with senior positions limited to the British commanders and second to them Turkish officers (Fahmy, 2001: 35).

Following the declaration of independence in 1922 and the conclusion of the 1936 treaty, which re-defined the Anglo-Egyptian relations, many of the restrictions on the size and capabilities of the Egyptian military were removed, opening the door for a wider spectrum of Egyptian nationals to join the corps. In fact, the seeds of military autonomy, rather than subordination to the landed aristocracy under a largely unstable quasi-democratic constitutional monarchy or interventions by the British occupation, came when admission to the military

academy was opened for average, middle-class Egyptians (Trimberger, 1978: 152). The size of

the military grew from 3000 to a peak of 100,000 during the Second World War before falling

down to 36,000 at its end (Kandil, 2012: 92-93). Being at a heated political moment, both

nationally and internationally, and not quite ready for the institutional expansion[33], the ability of

the military to seal off its new recruits from political influences, both in terms of membership in

political parties or the political movements recruitment of the active officers, was largely lacking

in practice (Beattie, 1994: 40-43).

Therefore, this politicization of the military greatly expanded, especially after the defeat

in the 1948 war in Palestine, for which the political leadership, i.e. the king, was held responsible

(Tignor, 1998: 31, Kandil, 2012: 94, 96). Failure of the Wafdist government, elected against the

will of the palace, to deliver on its economic and political reform, added to the frustration. The

ongoing negotiations over the presence of British troops in the country brought the military to

the center stage, with both the king and the prime minister competing over its control. With the

increased political and social instability in the country and rising nationalist fervor, the military

was called in to restore order, adding much to its political influence. The Free Officers (FO),[34]

one of the many secret groups within the ranks, capitalized on this resentful attitude towards the

ruling elite and undertook a "revolution from above" (Hashim, 2015: 4) and founded a

republican regime shortly after.

The initial position of this political intervention by the military in 1952 was to undertake

the role of the arbitrator for the impending political crises and to withdraw later to the barracks

upon the successful installation of a new civilian-led political regime (Kandil, 2012: 94).

Nevertheless, it became clear shortly after during military's interim assumption of power that FO

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[33] For example, the required time frame for military training was cut in half during WWII (Tignor, 2016: 15-16).
[34] Eight out of the eleven core FO members joined the military academy in 1936 (Fahmy, 2001: 36).

members had divergent views of what should be done next. The Revolutionary Command

Council (RCC) was formed to be as representative as possible of the different service branches

but power was ultimately concentrated in the hands of especially colonels Gamal Abdel-Nasser

and Abdel-Hakeem Amer, along with few others from the infantry (Kandil, 2012: 101).

Eventually, the RCC turned against the civilian political powers including those that supported

the military movement in the first place (Beattie, 1994: 85; Abdalla, 2001: 46). This is because

the RCC did not believe in the ability of political parties and elections to provide effective

solutions to the country's problems (Karawan, 1996: 109).

Political activities were banned within the ranks after 1952 (Abdalla, 2001: 48; Fahmy,

2001: 37). A process of military cleansing of all suspected officers, purging them off or

reassigning them to non-military posts also followed through the newly created office of

'political guidance' (Beattie, 1994: 86, Kandil, 2011: 108). This culminated in a number of

confrontations, two of which took the form of a military standoff while one took place politically

within the RCC itself resulting in President Mohamed Naguib's resignation, symbolizing the

final decision on the debate on whether the military should go back to the barracks or not, and

Naguib belonged to the first camp (Ibid: 88-90). In addition, the size of the military greatly

expanded with the admission of a larger number of non-commissioned officers, a move that

aimed at augmenting coordination problems for any other attempted political interventions by the

military (Kandil, 2012: 106).

As Nasser (1954-1970) was increasingly taking over the political domain, he entrusted

FM Amer to lead over the military and to keep it in check. In addition, Nasser also assigned

Amer some civilian administrative and economic roles, including the head of the high dam

project and the chair of feudal liquidation committee and of the land reclamation projects.

Nevertheless, Amer turned the balance to his own personal authority and this led to a duality

within the regime. By time, Amer grew even more powerful with his extension of gifts to the

officers to the extent that Nasser was incapable of removing neither him nor his cohort from the

corps (Beattie, 1994: 125, Kandil, 2012: 147-8). This left Nasser powerless as concerns military

affairs though still the supreme commander of the armed forces (Ibid: 161-2). In addition, the

autonomous military under Nasser banned any role for the political organization of the regime,

Arab Socialist Union (ASU) at the time or any communist indoctrination among the ranks[35]

(Karawan, 1996: 112). Amer also tried to expand his political influence by appointing military

officers to civilian posts in key state institutions though at times the appointment was taken as a

punishment for the officer depending on the post. The number of appointments to civilian posts

increased as Amer was aiming at creating a class of "officer-technocrats," lending the military

and its top commander decisive powers over, and by time expertise in, the management of

civilian affairs (Brooks, 2008: 74-5; Karawan, 1996: 108; Beattie, 1994: 125; Kandil 2012: 152-

3). This political influence had grown over time to counter balance the political leadership the

military was meant to endorse in the first place. In fact, the military leadership under Amer

showed increased interest in wielding more of the political power for him, including the creation

of political arms for the military – which did not materialize eventually (Brooks, 2008: 73).[36]

The 1967 defeat from Israel and the subsequent conflict between Nasser and Amer

culminated in a political defeat of the military, pushing it out of favor and of politics. The forced

resignation of its personalist commander and its over-occupation with the desire for revenge for

the defeat resulted in a coincidence between the internal attitude within the military and the

political position of Nasser, who was shouldering a share of the problem in the eyes of the

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[35] The Soviet Union was the main arms supplier to the EAF since the late 1950s and over the 1960s.
[36] This move was met by the creation of a mobilizable youth organization within ASU, the third and most mature of three
political organizations founded by Nasser (Brooks, 2008: 75).

professional officers for allowing the politicization of the corps in the first place (Karawan, 1996: 113-4, Brooks, 2008: 113, Kandil, 2012: 194). Nasser's first step was to purge Amer's group from the military. Learned his lesson, he also restored the powers of appointment to his office and reconfigured the military institution in a way that allowed no ultimate power for any single commander, a strategy that was closely followed by his successors (Beattie, 1994: 212). He also dissolved the office of political guidance and made the reporting of the service commanders directly to him, the supreme commander of the Armed Forces, and formed the national defense council, which included other civilian and security ministers in addition to the president and the minister of defense so as to counterbalance the autonomy of the military regarding defense policy matters. Also, the ASU appointed civilian technocrats to replace the officers previously assigned to public sector companies (Kandil, 2012: 200-201).

Sadat (1970-1981) continued in this very direction and added to it the frequent reshuffling of military leadership, so as not to allow for the rise of any counter center of power to his office within the military, and sharply cut the appointment of military officers to senior government positions (Kandil 2012: 232; Brooks, 2008: 117; Hashim, 2011a: 74; Campbell, 2009: 79, 115). He also made sure to appoint commanders who were known not to be friends with each other and from among those who have no known political ambitions (Brooks, 2015: 14). Although this strategy was meant to weaken the political influence of the military, it helped much in *institutionalizing* its existence and in overcoming Amer's personalist legacy. The de-politicization of the military manifested itself clearly in the subordination to the political decisions made by Sadat during the 1973 war, even while disagreeing with them the most. Sadat's strategy was to aim for a limited military attack that would clear the road for a subsequent political settlement. This is while his generals were for a large scale sustained attack

(Kandil, 2012: 241; Brooks, 2008: 120). Following the war, Sadat constructed for himself the image of the hero of the crossing (of the Suez canal), directing the credit to the civilian, rather than the military, leadership. He also passed a law (35/1979) banning military leaders who participated in the war from undertaking civilian positions for the rest of their lives[37], preemptively blocking the road for any political career for them (Kandil, 2012: 226, 271; Hashim, 2011a: 75; Satloff, 1988: 5-6). He also made it clear that the next war for the Egyptian military is the war of economic and social development, a message that was meant for the regional audience as well (Kandil, 2012: 273).

This re-orientation of the role of the military was also internalized by the institution as was reflected in its own journals and publications, which, staring 1974, were geared towards highlighting the role of the military in the process of economic development while leaving out political content (Campbell, 2009: 96, 136). This economic involvement came in line also with the interest of the military in securing additional sources of revenue to sustain itself and the economic crisis in the country in the mid-1970s as a result of the war and the subsequent economic opening up under Sadat brought about negative impacts on the livelihood of the middle- and lower-rank officers as well as on the needs of the institution as a whole. The military also did not object to the accompanying political opening up for the West, especially as they were not happy with the presence of Soviet experts in the ranks during Nasser years (Hashim, 2011a: 72). Therefore, the military became *adaptive* to the new political realities with the priority given to maintaining its corporate identity (Karawan, 1996: 115). This does not deny the fact that a number of officers, including some of the military commanders during the 1973 war, resigned

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[37] His vice president (and eventual successor), Hosni Mubarak (1975-1981), was one notable example as he served as the chief of the Air Force during the war.

in protest of Sadat's policy positions, especially over his peace plan with Israel (Kandil, 2012: 258, 265).

Toward the end of the 1980s, Sadat was creating a "presidential monarchy," one where he would tolerate political openness at the elite level but not to the extent that it would challenge his office, let alone to be inclusive of the masses (Hinnebusch, 1981: 444). The power of the office of the president can be compared to that of a monarch, where its decisions are not to be brought to discussion before any other civilian power, and whose support and legitimacy may come only and directly from the people through referenda (Karawan, 1996: 110). To achieve this, he pushed the military to be the sustainer of "order" rather than the promoter of "change," both regarding his internal and external policy positions (Hinnebusch, 1981: 454). In return, the military did not resist its de-politicization as long as it secured access to the office of the president through formal and informal networks in a "military-political complex" (Fahmy, 2001: 40-41; Hinnebusch, 1990: 193; Cook, 2004: 11).

Mubarak (1981-2011) inherited Sadat's political regime and preserved his position vis-à-vis the military especially as he was behind the nomination of Abdel-Halim Abo-Ghazala, Sadat's last minister of defense, in 1979. He, however, revitalized Nasser's/Amer's policy with the use of 'retired' officers in various civilian positions (Springborg 1987: 5-6; Droz-Vincent, 2014: 701). On the other side, the military chief, who was promoted to the rank of Field Marshal under Mubarak, proved, however, to be politically ambitious and enjoyed increased popularity in the ranks. This is because Abo-Ghazala was able to expand on the privileges extended to the officers as well as launch a modernization program for the institution as a whole. This added to Mubarak's challenges in consolidating his power considering also the strong demands for political liberalization in the early 1980s and the under-development of his ruling party, the

National Democratic Party (NDP) (Ezrow and Frantz, 2011: 34; Kandil, 2012: 313; Acemoglu et al, 2014: 13). In addition, Abou-ghazala grew powerful on the civilian sphere upon his appointment as a vice-prime minister and a chairman of the higher strategic committee in the government which oversaw national development projects. It remains, however, that Mubarak approved the expansion of both the military's modernization efforts as well as the scope of its non-military activities (Satloff, 1988: 9-10). He made it clear multiple times throughout the 1980s that the military is the ultimate line of defense against both domestic and foreign threats, clearest of which was during the 1986 riots by the riot control police (Central Security Forces) which the military suppressed (Ibid: 15-16). Nevertheless, when Mubarak attempted to trim on Abou-ghazala's, and the military's, growing powerful position by nominating his defense minister to become vice-president, the latter declined and preferred to continue serving as a military chief (Satloff, 1998: 10-12). With the presence of a popular and strong leadership in the military, Mubarak was in a position similar to the one Nasser faced with Amer. This increasingly competitive relationship was eventually brought to an end when Mubarak managed to remove Abo-ghazala in 1988 without much open resistance on the military's side and replaced him with a quite uncharismatic, unpopular officer. Shortly after, in 1991, Mubarak promoted the-then commander of the Republican Guards, Mohamed Hussain Tantawy, to be his third and last minister of defense as he served in the office through 2013 (Kandil, 2012: 318, Chennoufi, 2016: 50-51).

The military post-Abo-ghazala, stepped back from the public sphere, urged by the high degree of debate and politicization of its policies and affairs, especially with regard to its MOBs and involvement in civilian projects (Ibid: 24). A "policy of separation," between civilian and military affairs was therefore adopted with a basic premise of refraining from criticizing the

military by civilians, contributing to the increased autonomy of the military (Ibid: 32-33,

Springborg and Stafkinas, 2001: 63). Parallel to this, the ruling NDP grew more powerful.

Nevertheless, the regime stayed largely personalist in character and even its political institutions

were more of channels for the management of patronage than of organized political interests

(Geddes, 2003: 74). These networks of patronage were replicated by the secondary power

centers in the regime with each having its own, sometimes intersecting, circles of agents (Henry

and Springborg, 2010: 202). In the military for example, in contrast with the short tenures of

military commanders under Sadat, the extended tenure of FM Tantawi (1991-2013) carried the

potential of turning him within the institution into a shadow or a parallel principal. This became

evident with Mubarak's frequent reshuffling of the chiefs of staff and service commanders.

While the presidential power of appointment may have limited Tantawi's ability to build up a

clique of loyalists within the military, it remained that Tantawi was the one to make these

nominations and was also the one to control the promotions of the lower levels of command,

which eventually make it all the way up (Campbell, 2009: 86).

Mubarak, especially towards the end of his tenure, was increasingly relying on the

ministry of interior[38] to secure his regime survival, though the seeds can be seen under Sadat as

well, and this meant a take away from the resources and the political influence of the military, a

trend that was expected to continue if Gamal Mubarak was to succeed his father (Brooks, 2015:

17). This made the alleged grooming of Gamal Mubarak to the office of the president disruptive

of the political balance for the military; especially the possible loss of the formal guarantees of

military's autonomy as it will no longer enjoy a special access to the president's office (Cook,

2004: 13).

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[38] Towards the end of the Mubarak era, the ministry of interior, including the riot control police, mushroomed to a size that is comparable or even surpassed that of the military (Meitzner, 2014: 439).

Therefore, the political field in Egypt changed throughout its modern history in terms of the civil-military alliance and actors as follows:

1. Civilian rule with military influence[39] (1936-1953): the military vis-à-vis the king, political parties and the parliament, a growing bureaucracy, and an occupation force.

2. Nasser's personalist/military rule with technocratic civilian influence[40] (1953-1970): The military vis-à-vis the president, the political establishment in the latter phases of the regime, and an established and penetrated bureaucracy.

3. Sadat's regime (1970-1981): The military vis-à-vis the president, a weak political establishment, and an over-sized, politically-weak bureaucracy.

4. Mubarak's regime (1981-2011): The military vis-à-vis the president, the political establishment, a rising class of political-businessmen, a powerful security establishment, and an over-sized, politically-weak bureaucracy.

7.3   MOBs and the Decision to Defect

Colombo (2014: 2) believes that the higher the degree of institutionalization of the military, as in the case at hand, the higher its level of corporate identity and, therefore, the higher the levels of identification and pursuit of institutional interests. These institutional interests include, on the defensive side, the protection of the institution itself, protecting its social and political status, and preserving the resources for action. On the offensive side, the institution may seek to capitalize on the political opportunity available to expand its prerogatives. In the case of Egypt during the 2011 protests, the military aimed at defending the position of the institution in the political system. F.M. Tantawi ran the military and its *institutionally* owned MOBs while

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[39] Karawan (1996).
[40] Ibid.

heading also the ministry of military production[41], making financial autonomy for the military a key resource for its independence within the political system[42] (Barany, 2016: 140-1; Meitzner, 2014: 443). The defensive posture during the crisis was facilitated by the availability of resources for action at the disposal of the institution, which through its control over land use and economic involvement, was believed one of the "powerful economic institutions in the country" (Ibid, 2014: 3). Therefore, it can also be said that the economic role of the military boosted its political influence (Springborg and Stafkinas, 2001: 62).

The roots of modern MOBs go back to 1979 under Sadat. This, however, does not downplay the earlier experience of economic involvement of the military under Amer's leadership. The latter's personalist style in leadership, giving more weight to loyalty over discipline and meritocracy, led to an extensive use of material privileges to reward the officers whom he recognized as loyal or aimed at securing their support. In addition to these individualized privileges, in 1957, the economic foundation of the armed forces was redesigned as the main body for the management and extension of these privileges.[43] The foundation came as the military's counterpart to the civilian foundation established in the same year under Amer's direction as well (Hatem and Sherbiny, 2015: 74-75; Brooks, 2008: 73). Amer's economic roles and the appointment of active-duty officers to civilian positions accorded the institution much learning and experience in the economic and administrative domains.

After the end of the 1973 war, Sadat decreased military spending, to give legitimacy to his initiatives for peace on the one hand and, at least partially, as a step to put limits on the political power of the military. Alternatively, he pushed the military towards greater economic

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[41] The ministers of military production and of defense (or of war as it was called in the 1960s) were separated after the foundation of the former as a separate body in 1966, when Nasser was trying to regain some control over the military away from Amer, and until 1976 (Campbell, 2009: 114, 116). There is also usually a civilian minster of state for military production.
[42] http://www.almasryalyoum.com/news/details/1145162
[43] Later renamed the General Services Organization.

engagement, building on the legacy of the economic involvement of the military under Amer, to make up for these spending cuts (Satloff, 1988: 3; Kandil, 2012: 261). In addition, the large-scale development of MOBs came as part of the 'peace dividend' that was extended to the military to overcome the grievance over its stolen victory because of the disagreement with the political leadership on the purpose and means of the 1973 war and the management of subsequent negotiations with Israel (Springborg, 1989: 103). It can therefore be said that Sadat's infitah, or economic open-door policy launched in 1974, was not confined to the civilian economy alone but found its way into the ways in which the military undertook its economic activities in collaboration with state and private sector business actors (Springborg, 1989: 110), making it also both a lab and a partner in his own economic policy platform. This was boosted by granting the military's defacto control over the unoccupied lands of the country (accounting for more than 90% of the total area of the country) (Henry and Springborg, 2010: 198).

Therefore, following the 1978 peace accords and the ensuing political crisis in the country, there was a political desire to take away from the grievances of the military and to keep it financially secure while also keeping it busy. This was especially true considering the experience of the shah of Iran who was a close friend of Sadat and whom he received upon fleeing Iran following the success of the Islamic Revolution in 1979 as his military and expansive security establishment failed to defend him.[44] These political and financial realities contributed to sealing off this extra-budgetary resource, i.e. MOBs, from political manipulations and guaranteed its extended life.

An additional possible facilitating factor to be considered in understanding Sadat's move to create MOBs is the influence of the concurrent Chinese experience in this regard. Egyptian

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[44] Sadat's role during the Iranian crisis availed him a lot of credit in the U.S. that he was trying to normalize relations with (Stork and Reachard, 1980: 31).

MOBs were founded during a time when China was also both redefining its relationship with the United States and developing its own MOBs, a coincidence that suggests some mutual learning given the good relationship, especially in the military domain, between the two countries over the course of the 1970s. While Egypt was among the first countries to recognize the Communist revolution in China, bilateral relations got colder under Nasser in the 1960s as a result of China's strained relations with the Soviet Union, Nasser's closest ally. With Sadat's growing friction with the Soviet Union, the relations between the two countries began to get warmer, especially with China's bad relationship with Israel (Calabrese, 1991: 31, 53-4, 80). In fact, following his assumption of power, Sadat aimed to redefine Egypt's foreign policy alliance[45], moving closer to the United States[46] and away from the Eastern Bloc (Beattie, 2000: 53), a similar trajectory to that of Deng Xiaopeng, then-Chinese Prime Minster[47] (Calabrese, 1991: 81). During this time, China offered some military help and Mubarak, then-Vice President, paid an official visit and held bilateral talks over military upgrades and spare parts supplies (Ibid, 1991: 82). In the late 1970s, unable to get further support from the Soviet Union and unable either to pressure the US to deliver on its promises of military finances and equipment supply fast enough, Sadat supplied the Chinese military with samples of modern soviet military equipment he obtained in return for Chinese military supplies. This helped with his political maneuvering on both the domestic and international arenas and in diversifying the sources of his military supplies (Ibid: 106-107, 132). Relations between China and Egypt seemed even stronger over the course of the 1980s upon Mubarak's assumption of power and the frequency of official visits at the highest levels was

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[45] Initially, Sadat was swinging between both camps, the Eastern and Western blocs, while pressing for faster military shipments from either side, a tactic that was well received by the military (Tignor, 2016: 79-82). In fact, it was Sadat (who was upset because of the initial neglect of his signals for rapprochement from the US), and not Nassir, who signed the friendship treaty with the Soviet Union in 1971, before expelling the Soviet military advisers a year later because of the delay in military shipments, which were not resumed until fighting broke out with Israel in 1973 (Calabrese, 1991: 80).
[46] The official restoration of US-Egyptian relations took place in 1974.
[47] It is reported that the military rejected requests for American military bases in Egypt, a position Sadat was not to be able to overcome (Stork and Reachard, 1980: 31).

noted, which might suggest cooperation between MOBs on both sides during their peak times as well.

Under Mubarak, it can be said that while Amer managed to provide for the military while its political power was on the rise, Abo-ghazala came at a time while the military's political role was increasingly under fire (Springborg, 1987: 8). This may have prompted Abo-ghazala not to work through or penetrate civilian bodies, as was Amer's approach, but rather to compete with them (Satloff, 1998: 12). He also preferred to partner with the private sector, being more efficient and dynamic as well as capable of returning favors and exchange of expertise, as opposed to the increasingly bloated and inefficient state bureaucracy (Springborg, 1987: 14-15). With the policy of civil-military separation in effect and the changes in the political-economic atmosphere in the early 1990s, the military and its MOBs are no longer highlighted in state media or public discourse (Springborg and Stafkinas, 2001: 62). Mubarak repeatedly defended the presence and purpose of MOBs as they are used to provide for the military as an institution and to secure it against the economic turbulences and inflation the country was experiencing. MOBs also aimed at achieving self-sufficiency in strategic commodities and in military supplies (Roy, 1992: 703-5), especially given the tight economic situation that cannot tolerate a heavy defense burden required by the military. He also described them to be small in size[48], especially relative to the growing size of the national economy (Kandil, 2012: 321). By the end of the Mubarak's tenure, the military has earned a reputation for being a "productive national institution" (Satloff, 1998: 18). The military also geared some of its production, especially in the food industry, towards charity and provision for the needy, which was used during the few incidents of protests in the poor neighborhoods in Cairo, as well as during times of economic crises over the course of the 1990s (Ibid: 14, Barayez, 2015). In addition to their 'subsidization' by the government in terms

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[48] Exact figures were never provided.

of inputs and taxation, MOBs were excluded by Mubarak regime from the privatization program

and the institution was even allowed to run as a contender, especially in the sectors the military

names strategic (Henry and Springborg, 2010: 198).

Defense budget is reported as a single overall estimate in state budget and is handled

through a special office within the ministry of finance that is entitled to managing military

finances and details of its budget[49] (Sayiegh, 2012: 17). The budget, however, largely draws on

three major sources: state budgetary allocation for military expenditures, the annual military aid

from the United States, and the extra-budgetary resources of the military, including its MOBs

proceeds. In fact, military expenditures, according to SIPRI,[50] went down from 10% of GDP at

the end of Sadat's tenure to less than 2% by the end of Mubarak's and they remained largely

constant in terms of their nominal value (and therefore, declining in their real value). In addition,

the annual US military aid, the second major contributer to military budget worth $1.1 billion

following the peace treaty with Israel, has been losing value as it comes in terms of equipment

and training, the costs of which have been rising rapidly over the past three decades (Kandil,

2012: 322). It can be inferred, therefore, that the contribution of MOBs to the military budget has

grown over the years and it is what helps keep the military fulfilling its needs. MOBs can be

grouped into[51] [52]:

1. Civilian production by the ministry of military production and its 16-affiliated companies,

   listed in presidential decree no. 1167/1975.[53] According to law no. 49/1974, the parliament

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[49] According to the 2014 constitution, the national defense council is the entity where the details of the military budget is discussed, http://www.youm7.com/story/2017/6/21/3294131/الدفاع-تفصيلا-بمجلس-الدفاع-موازنة-وزارة-مناقشة-يؤكد-عامر-كمال
[50] https://www.sipri.org/databases/milex
[51] This listing is based on the analysis of the available issues of the Official Gazette of Egypt between the years 1942 and 2011.
[52] One estimate found "33 military-connected firms" listed in the Egyptian Stock Exchange worth around 240 million Egyptian pounds, concentrated in the industrial, healthcare and food sectors (Acemoglu et al, 2014: 8-9).
[53] The number of companies grew to 20 as of 2014.
http://www.ahram.org.eg/News/202270/141/595004/%D9%86%D8%AF%D9%88%D8%A9/%D8%A7%D9%86%D8%B7%D9%84%D8%A7%D9%82%D8%A9-%D8%AC%D8%AF%D9%8A%D8%AF%D8%A9-%D9%81%D9%89-%D8%A5%D9%86%D8%AA%D8%A7%D8%AC-%D8%A7%D9%84%D9%85%D8%B5%D8%A7%D9%86%D8%B9-

delegates its law-making power in this domain to the president for a 3-year period and since then this delegation has been regularly extended.

2. Specialized organizations within the military, including:

① National Service Projects Organization: founded according to law no. 32/1979 for the purpose of undertaking developmental projects by the military. Its activities, run by 10 specialized companies, range from food production to light industries and service provision.

② Maritime Industries and Services Organization: founded according to presidential decree no. 204/2003, following the takeover of the Alexandria Shipyard, one of the oldest in Egypt, in a move to block its privatization, classified as a strategic asset by the military;[54]

③ Land Projects Organization: founded by presidential decree no. 224/1982 to oversee the sale of lands owned by the military (presidential decree no. 531/1981) and to grant license for land use (law no. 7/1991, presidential decrees no. 152-153/2001)

④ General Services Organization[55] (laws no. 53/1951 and 281/1953, presidential decrees no. 5/1957, 1119/1964, 474/1962 and 195/1981), originally founded in 1951[56] for the purpose of providing discounted commodities and services for military officers and their families. It has become increasingly commercialized as the outlets for its own-produced commodities are set up as shopping malls, open for civilian customers.

%D8%A7%D9%84%D8%AD%D8%B1%D8%A8%D9%8A%D8%A9-
%D8%A7%D9%84%D8%B9%D8%B5%D8%A7%D8%B1-%D9%84%D9%80%C2%AB%D8%A7.aspx
[54] Similarly, National Nile company for riparian transport (Presidential decree no. 354/2009; originally a public-sector company, was taken over by the military on strategic grounds in 2010 - Minister of Defense decree no. 3/2010)
[55] Its name changed over time and by president.
[56] The economic military establishment was founded after its British counterpart during the re-negotiation of the 1936 treaty as part of the efforts on the Egyptian side to build a capable military force (Tignor, 1998: 40).

⑤ Medical Services Organization, in charge of running and managing military medical facilities while also extending its services to civilian patients.

⑥ Engineering Authority, increasingly involved in the construction and management of highways and other civilian developmental projects.

⑦ Any corporation[57] established by the Minister of Defense or of Military Production (presidential decree no. 583/1980) and that targets the civilian market. These may also include partnerships with civilian business partners, both national and foreign ventures (under law no. 32/1977) (Marshall and Stacher, 2012; Ottaway, 2012: 4).

⑧ Sports clubs, hotels, and conference and wedding halls that increasingly offer their services to civilians. They are organized by military branches and regions (Minister of Defense decree no. 68/2015).

7.4   The 2011 Revolution

What went above was a sketch of the relationship between the regime and the military as well as the financial interests of the military. Factoring in people in the relationship, the military was not directly involved in active repression, at least since 1967. Nevertheless, it controlled the supply of repression for the regime following the establishment of the republic in 1952. Initially, a number of military officers were entrusted with the creation of the security establishment, the main repressive tool of the regime, as part of the penetration of the state bureaucracy by the military (Kandil, 2012: 138). After 1967 and until the 2011 uprisings, the military also controlled the provision of conscripts for the riot control police (CSF), which mushroomed under Sadat (grew by 200% from a 100,000 in 1968), a trend that continued under Mubarak (Springborg, 1987: 7; Springborg and Clement, 2011: 17). Few incidents of direct repression, however, can be

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[57] As opposed to organizations, which act as holding companies that require a presidential decree for their creation.

cited among them the use of military police against a few large landowning families protests in the countryside under Amer in his capacity as the head of the feudal liquidation committee (Beattie, 1994: 195). One major incident that marked the first clear act of military intervention for internal control came during the deployment of the military forces to quell the 1977 protests that broke out against Sadat's economic policies and rising inflation. In fact, the military was too reluctant to take such a step because it did not want to tarnish its restored image after the crossing and decided to intervene but on the condition that Sadat would reverse his decisions that triggered the crisis in the first place, especially as its members have been among those negatively affected (Satloff, 1988: 6-7; Karawan, 1996: 115; Hashim, 2011a: 73). Another example was the use of the military under Mubarak, being the commander in chief, to refer a number of civilian opposition leaders to military courts (Abdalla, 2001: 54).

But, it remains that the military stayed largely out of the daily processes of internal control in the post-1967 period and it did not develop a military "doctrine for internal control" either (Hashim, 2015: 10). This disengagement from repression is believed to have allowed the military to develop a better focus on its mission, corporate identity and institutionalization (Brooks, 2013: 213-4) and eventually made it easier for the military to distance itself from Mubarak's regime as the 2011 revolution unfolded (Kandil, 2012: 4; Springborg and Stafkinas, 2001: 64-66).

In fact, January 2011 revolution did not come as a surprise. Preceded by a decade long of protests by political activists, labor unions, and other social groups, the protests in January 2011 came as a culmination for the dissatisfaction with the policies of Mubarak and his ruling party, the NDP. The rising inequalities and the increasingly authoritarian nature of the regime coupled with the manipulation of political life were among the grievances, against which the slogan of

the protests was "dignity, freedom, and social justice." The lengthy tenure of Mubarak in office

and the circulating news about preparing his younger son and influential leader within the NDP,

Gamal, to succeed him in office, with the support of the security establishment and some

influential business groups, added to the public resentment.

Capitalizing on the success of the Tunisian Spring less than a month earlier, protests

broke out in the center of the Capital, Cairo, along with some metropolitan regional centers on

the national police day to protest police brutality and its tight grip over political life. Ending

peacefully, and probably encouraged by the non-repressive reaction by the police, smaller and

scattered protests resumed over the following two days but were received with more repression.

The climax of the protests came on the fourth day, Friday Jan. 28th, which were massive, spread

over most of the urban centers of the country, and were met with brutal repression.

Overwhelmed and outpaced by the unexpectedly large number of protesters, police forces were

ordered to retreat and eventually disappeared from the streets. Protesters decided to go on an

open sit-in in the square(s) until the demands are considered by the government, reaching the

point now of Mubarak stepping down, especially after the confirmed deaths of a number of

protesters. The security vacuum in the streets and the attacks on police stations and prisons by

some armed groups made no other option but for the military to intervene, on Mubarak's orders.

The arrival of the military at the Tahrir Square was cheered by the protesters, for one

because it did not look like it was coming for repression and for another because of the military's

positive image, as opposed to the police, in the minds of average Egyptians. The military became

in charge of internal security, a mission it has little taste for. Shortly after, on Jan. 31, the

Supreme Council of the Armed Forces (SCAF) convened without Mubarak, its supreme leader,

and issued a statement that it has no intention to stand in the face of people's legitimate demands,

making it clear that the military is distancing itself from Mubarak. The following day, Mubarak

delivered a televised speech where he promised to step down by the end of his electoral term, in

six-month time, formed a new government led by the minister of aviation Ahmed Shafiq, a

former air force commander and a friend of his, and appointed his confident Gen. Omar Soliman,

head of the general intelligence, as vice president, a position that remained vacant for most of

Mubarak's stay in office. The speech, which came in an emotional tone, despite not up to the

protesters' expectations of his immediate departure from office, seemed to offer a good way out

of the crisis. Shortly after, however, groups of thugs flooded the square, which was surrounded

by the military and that stayed out of what came later to be known as the "Battle of the Camel,"

signifying the military's not taking the side of the protesters' either. The protesters defended

their control of the square but the incident reversed any achievements made by the speech.

The standoff continued for another week, by the end of which, on Thursday Feb. 10th,

Mubarak decided to air another speech that did not bring new to the table. SCAF issued another

statement[58], which communicated the message that Mubarak has to step down. With low spirits,

protesters were getting increasingly hopeless. But right before the end of the following day, on

Friday Feb. 11th, the newly-appointed vice president aired a brief and an unexpected speech in

which he announced Mubarak's stepping down and his assignment of SCAF to lead the country.

It remains a mystery to know exactly what went on in the deliberations over these few hours,

especially given the secretive nature of the Egyptian military (Brooks, 2015: 18). But this

historic declaration brought an end to the protests, left Mubarak out of the picture, and brought

the military back to the center stage after more than two decades of political disengagement

(Hashim, 2011b: 124).

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[58] SCAF's statements during the 2011 revolution can be retrieved from: http://www.sis.gov.eg/newVR/rev25th4/html/l04.htm

7.5   Conclusion

The decision not to stand by Mubarak can be seen necessitated by the protection of the corporate interests and cohesion of the military institution (Brooks, 2013: 217). It was clear under Mubarak that the share of the military from the national budget was declining and it had to rely more on its own MOBs for the rest of its expenses and investments. This cannot be down played in the calculation of the stakes of defending Mubarak, who was gradually shifting the center of gravity in the regime away from the military (Springborg and Stafkinas, 2001: 62). The presence of such sources of revenue outside of budgetary allocations, outside regime control, made Mubarak's departure from office more conducive to the interests of the military institution. Despite the fact that the military had to seek the presidential approval to push forward its agenda, i.e. to secure opportunities and to control and own resources, the management of these resources remained *independent* from regime control. This gave the military the chance to decide on where to stand and defection came out to be the option that maximized its institutional interests. This can also be understood in light of the fact that protecting 'constitutional legitimacy' became the declared target of the institution's political intervention (Campbell, 2009: 156). Following the transition, realizing the significance of its constitutionally mandated role and prerogatives as well as to fortify its autonomy and independence even against the office of the president, it made sure to be at the table during the promulgation of the 2012 and 2014 constitutions (Brooks, 2015: 25). This was especially true given the fact that the tradition that, "men with military roots always inhabit the presidency" in modern Egypt can no longer be guaranteed (Satloff, 1988: 1).

8   CONCLUSION: MOBS AND THE POLITICAL ROLE OF THE MILITARY

8.1 Summary

The argument proposed before is that the chances for military defection from an authoritarian regime faced with mass protests are much higher when it controls its own extra-budgetary resources, i.e. MOBs, independent from the regime. The rationale for this argument is that, all else constant, when militaries secure their financial independence from the regime, they become less motivated to defend it given that their independent financial resources can seal the institution off pressures during the crisis and provide it with resources for action during and following the transition. Given that much has been done on the techniques for coup-proofing in authoritarian regimes, this argument establishes the case for the need to consider the risk of defection from autocratic leaders. As much as dictators need to minimize the risk of a military uprising, i.e. coup-proofing, they need also to consider ways to minimize the risk of a military defection during a popular uprising, i.e. defection-proofing.

This survey of the influence of the way in which MOBs of institutionalized militaries are owned and run in these five cases has been largely confirming to the hypothesis (see table 2 below). In the cases where the regime maintained control over the management of its military's MOBs, the military defended the regime's presence in power and repressed the protests (as in the regime-dependent cases of China and Iran). In the cases where the military kept MOBs as part of its exclusive domain, even though it occasionally depended on the regime for protecting these MOBs against competition and to dominate over some strategic sectors of the economy, it had a higher degree of freedom of action and eventually defected from the regime, leading to its collapse (as in the regime-independent cases of Indonesia, Thailand[59] and Egypt). While in all

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[59] The Thai military took over the government came in defection from the Prime Minister, but also in defense of the King.

these cases the development of MOBs did not come only as a result of patronage by the regime but also due to the insufficiency of budgetary allocations (except in the case of Thailand), the absence of regime efforts to divest these MOBs or to increase the defense budget can be taken as an attempt by the regime to turn these MOBs into tools of patronage over the military institution.

Table 2: Summary of MOBs' Politics

Dimension	Cases of Regime-Dependent MOBs		Cases of Regime-Independent MOBs		
	Tiananmen Square Protests, 1989	**Iran Post-Elections Protests, 2009**	**Indonesia's Democracy Movement, 1998**	**Anti-Thaksin Protests, 2006**	**The Arab Spring in Egypt, 2011**
Target Leader	Deng Xiaoping (and the Chinese Communist Party)	Re-elected President Mahmoud Ahmadinejad	President Mohamed Suharto	Prime Minister Thaksin Shinawatra	President Hosni Mubarak
Leader's Control over the Military	Controls senior level appointments and the budget; and the military is penetrated through party membership.	Nominates (to the supreme Guide) senior level appointments, proposes the budget as well as oversees the military's (IRGC) social and economic roles.	Controls senior level appointments, the budget, and oversees the political and economic roles of the military.	In theory, controls senior level appointments and the budget but in practice, these powers are challenged by the effective power of the King and the Privy Council.	Controls senior level appointments and the budget.
Development of MOBs	-Legacy of the Revolutionary war of the Communist Regime through the 1940s. -Continued for self-sufficiency and to supplement the budget. -Owned by the military as an institution, at different levels and service branches. -The party leadership controls decision-making in the military and therefore MOBs were regime-dependent until eventually divested in 1998.	-Developed to absorb demobilized guards following the gulf war and to accelerate development. -Driven by the concept of 'resistance economy' and is taking over some privatized state corporations. -Owned by the IRGC as an institution. -The inter-mixed nature of the elite makes MOBs regime-dependent.	-Legacy of the war of independence. -Continued as a result of chronic underfunding by the state. -Owned by the military as an institution, at different levels and service branches (in addition to active-duty officers' appointments to civilian positions). -The military had independent control from the regime in running its MOBs, though it depended on the president for political protection and for business opportunities.	-Legacy of the military's takeover the government starting the 1930s. -Continued as a political and economic resource as well as to make up for any underfunding by the state. -Owned by the military as an institution. -The military had independent control from the regime in running its MOBs and was concerned about competition, privatization, and divestment by the Prime Minister.	-Developed on grounds of self-sufficiency and to accelerate development. -Drew on the experience of the economic interventions of the military in the 1960s -Owned by the military as an institution. -The military had independent control from the regime in running its MOBs, though it depended on the president for access to resources and for control of strategic industries.
Military Behavior	Repressed the protests.	Repressed the protests.	Defected but secured a safe exit for the president.	Defected from the Prime Minister in an intervention on behalf of the king.	Defected from the president.

8.2   Conclusions

While the challenge was operationalized as mass protests in all five cases, the context has varied from one case to the other. While Iran, Thailand, and Egypt shared some similarity in terms of the rise of a new class of political actors, i.e. 'militarized clerics' in Iran and businessmen in both Thailand and Egypt, as one precipitating factor for the protests, the challenge in the Chinese case came as one of the outcome of the modernization process in the society. Only the Indonesian case is where the challenge was fueled directly by the impact of the Asian financial crisis. With regards to the causal pathways for 'loyalty,' and with the defection of the Egyptian and Indonesian cases in mind, it can be inferred that regime's control over the power of the purse matters much more than maintaining only the power of the appointments, as in both cases the leader gave up on the first while maintaining the second.

It is interesting to see that in the two cases of repression, China and Iran, MOBs took divergent paths afterwards. In China, there was an immediate crackdown on the MOBs, followed by a short-lived boom but with a stricter party control over them until PLA's MOBs' eventual divestment in 1998. This is while in Iran, IRGC's MOBs show no signs of decline. They are rather growing at a faster pace, even after Ahmadinejad's departure from office, adding to the corps' political power and influence with the blessing of the Supreme Leader. Taken as such, the IRGC is expected to undertake a role similar to TNI's 'middle way' in Indonesia, rather than staying strictly under the command of the civilian leadership in the regime as was seen in the Chinese case.

On the other hand, following defection, the three cases of Indonesia, Thailand, and Egypt undertook different routes in the post-authoritarian/democratization phase, yet all were marked with, at least initially, with a heavy political role for the military. Thailand witnessed two

other military takeovers in 2008 and in 2014 in an attempt to block the political comeback of the 'Shinawatras.' Not only that its MOBs expanded, but also the defense budget grew under the military, or military-backed, governments. This is while the military in Egypt, shortly after defecting and assuming the role of interim leadership, re-intervened in 2013 against the polarizing President Mohamed Morsi and a year after, the former head of the military, FM Abdel-Fattah El-Sisi, ran for president in 2014, asserting the military's guardian political role. EAF's MOBs remain largely intact with the increased reliance on the economic resources of the institution towards civilian developmental projects. Indonesia, almost twenty years into the transition, seems to be the one case where the political role of the military is declining and where its MOBs are undergoing a slow, though relatively reluctant, process of divestment.

It is also worth noting that the development process of both the military and its MOBs varied across the different cases. In China, Iran, and Indonesia, the roots of the military can be taken back to a war of independence, where in the first two the struggle was for the establishment of the regime while in the third the fight was for the declaration of the independence of the state/nation. Following the successful end of the struggle, the military generally remained subordinate to the civilian government in all three cases with occasional interventions in political and economic life. It remains that in the Chinese and Iranian cases, the military was also indoctrinated by the regime[60]. On the other hand, the creation of a professionalized military in both the Egyptian and Thai cases was done by the state itself. The military took over political power in both cases, a move that provided it with considerable economic and administrative experiences. Upon regime civilianization, the military remained autonomous against civilian politicians with a strong attachment to the king in the Thai case (the

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[60] While ideological indoctrination can be taken as an alternative factor in explaining the military's repression of the protests in these two cases, it falls short of explaining the defection of the military from the communist regimes in East Europe for example.

Egyptian military abolished the monarchy). While it is true that this evolutionary process of civil-military relations, and eventually the decision by the military to repress or to defect, in these five cases cannot be accounted for *exclusively* through analyzing the degree of the financial autonomy of the military, this project makes the case for the consideration of the latter as a *contributing factor* in explaining the decision to defect. Several other factors have been heavily investigated in the literature, such as: the level of inter-elite connectedness, ethnic or ideological engineering of the military, protecting the integrity of the institution, and the cost of the application of repression to mass protests, among many others. That is our ability to understand the motivations of the military to politically define mass protest either as an opportunity or as a threat can be improved by expanding the number of casual factors of relevance.

8.3   Implications

Against the earlier survey of cases, it can also be said that MOBs can be categorized by nature, i.e. growing out of necessity and as part of the evolutionary development of the military institution itself as in the cases of China and Indonesia; or nurture, i.e. the cases where the military upon assuming power or being drawn to the orbit of power became involved in business activities, as can be seen in the cases of Thailand, Egypt, and Iran. There seems also to be a lot of cross-country cooperation and exchange of learning and experiences during the process of MOBs development, which took place largely during the Cold War, except for Iran. For example, the parallel economic and political re-orientation of both China and Egypt away from the Soviet Union and towards improved relations with the US, adoption of market economics, and the development of MOBs can be indicative of this cooperation. Iran also seems to have borrowed a lot from the Chinese military's experience in developing civilian technologies and industries. A related question in this regard is whether there are militaries that are interventionist by nature

while others are not. This may suggest the need to revisit military interventions and to establish a distinction between the types of political interventions by the military to overcome the dichotomous 'naming problematique' in the field, i.e. whether the intervention is a coup or not. The fact that military defection, a political decision by the institution, is necessary for the disintegration of authoritarian regimes opens the door for the consideration of a pro-democracy capacity for the military.

That said, military defection does not automatically lead to a functioning democracy, but rather to the reproduction of autocracy, or some form of a guided democracy. As defection of financially autonomous militaries strengthens their political positions, their retreat from political life will not be motivated only by the protection and immunity of the institution and its members and resources, but also by the stabilization of civilian political life. As can be seen from the experiences of Indonesia and Thailand for example, the increased empowerment of civilian politicians strengthened their position vis-à-vis the military in the first but not the second. This last point can be situated within the wider framework of civil-military relations and which dominates the other. In western academic literature and in established democracies as well as in some autocracies, the civilian dominates the military. Otherwise, the military takes over. But in some cases, including some democracies, the weakness of civilian institutions facilitates military interventions (Croissant, 2013: 269), encouraged by a "military mind" different from Huntigton's professional soldier (Heidux, 2011: 252), one that assumes the role of guarding the state, sometimes even from its own government (Vatikiotis and Grandjean, 2014: 52). In fact, the significance of the presence of effective civilian political organizations can be seen in the political behavior of even generals-turned-presidents themselves, such as Suharto and Nasser, who, upon assuming power, created their own political organizations and tried to push the

military out of the political field. In addition, recalling the experience of both Sadat and Mubarak in Egypt, upon rising to power and acting in their 'civilian' capacities, they both managed to push for their own 'civilian' agenda vis-à-vis the military.

8.4   Further Research

While this study contributes to the move beyond coup-proofing in the study of civil-military relations in authoritarian regimes towards 'defection-proofing,' two further areas can be pursued for further research. The first has to do with the reach of the project and it is about taking the hypothesis and to try to generalize it on the political behavior of militaries in authoritarian regimes in general, not only under the threat of transition through mass protests. The second has to do with the scope of the study and is about expanding it to include personalist gifts to complement the institutionalized MOBs covered above. This may come as a long-term project as it would require a thorough investigation of each of the authoritarian countries.

The last point is particularly important as the originally proposed MOBs theory applies to institutionalized militaries, which may represent the minority among militaries in non-democracies. This is because many dictators would aim at undermining the institutional autonomy of their militaries in their effort to minimize the coup-risk. Therefore, the study of the larger issue of financial autonomy of the military may require some further exploration of the types of rewards extended by the dictators to their militaries and/or to individual officers so as to arrive at comparable patterns across cases. Expanding the scope of the project and with a larger set of cases, one can complement the comparative case study analysis with either a comparative casual pathway analysis using fuzzy-set logic or a large-N statistical analysis, which would allow for better control of the alternative explanations as well as to assess the weight of the proposed

casual factor.

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