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Configurational Causation in Post–Arab Spring Political Economy: Regime Transition Modes and Economic Liberalization in the Middle East (2011–2024)

La Ode Sugianto[1]*, Sinthia Nurhabibah[2], Hariya Toni[3], Muhmmad Hisyam Syafii[4], Salma Dzakiyyah Az Zahrah[5], Husain Azhari[6]

[1] Universitas Muhammadiyah Ponorogo
[2]Telkom University, Indonesia
[3]IAIN Kerinci, Indonesia
[4]National Dong Hwa University, Taiwan
[5]Universitas Gadjah Mada, Indonesia
[6]Al-Azhar Cairo University, Egypt

Abstract

This study examines how modes of political regime transition shape economic liberalization trajectories in six Middle Eastern states: Tunisia, Egypt, Libya, Morocco, Jordan, and Algeria, across the post-Arab Spring period from 2011 to 2024. Drawing on comparative historical analysis, the study challenges linear assumptions linking democratization to market reform, arguing instead that the outcomes of economic liberalization are determined by the configurational interaction of three causal conditions: transition modality (revolutionary overthrow, negotiated settlement, or authoritarian adaptation), distributional coalition alignment, and institutional capacity. Rather than treating regime type as a singular independent variable, the analysis shows that no single condition is sufficient to explain divergent liberalization trajectories; it is the specific combination and sequencing of these conditions that produce distinct policy outcomes across cases. Revolutionary transitions in Tunisia and Egypt created structural openings for reform but simultaneously destabilized the institutional scaffolding required for consistent policy implementation. By contrast, monarchical continuity in Morocco and Jordan enabled selective, gradual liberalization insulated from distributional conflict. Across all six cases, trade liberalization advanced most consistently, while privatization and subsidy reform faced organized resistance from labor coalitions and middle-class constituencies. Institutional capacity, operationalized through bureaucratic professionalization, central bank autonomy, and judicial effectiveness, emerged as a critical intervening mechanism that moderated the translation of political transition into economic policy change. External conditionality from international financial institutions further shaped reform sequencing, with domestic coalitions exercising selective compliance as a strategic response. The findings yield a configurational causal framework applicable to post-authoritarian political economies in the Middle Eastern regional context, and contribute to broader theoretical debates on the sequencing of simultaneous political and economic liberalization.

Keywords: Regime Transition, Economic Liberalization, Political Economy, Arab Spring, Middle East

* Corresponding author email: Laodesugianto@umpo.ac.id

Introduction

Political regime transitions in the Middle East have become a focal point in modern comparative political economics research, highlighting theoretical intricacies concerning the causal link between changes in political institutions and economic restructuring. Since the Arab Spring in the 2010s, the paths of economic liberalization in this area have been mixed and conflicting (Rivera-Escartin, 2025).

This calls into question the idea that democratization and market reforms always go hand in hand. Tunisia, Egypt, and Jordan have seen markedly distinct transition trajectories, wherein political liberalization has not consistently been succeeded by expedited economic liberalization, contrary to the expectations of conventional democratic transition literature (Fraihat & Yaseen, 2020; Colombo, 2018). This contradiction underscores the significance of comprehending intervening variables, including elite configurations, authoritarian institutional legacies, and external geopolitical forces that shape post-transition economic policy preferences. There has been a long-running dispute in the political economics literature on transitions over the best order in which to liberalize politics and the economy. Two main schools of thought are at odds with each other. The initial viewpoint, grounded in modernization theory and institutional economics, contends that democratization establishes institutional foundations for market reforms by fostering increased accountability, safeguarding property rights, and diminishing rent-seeking behavior (Abdelkawy, 2024; Inglehart, 2020).

Conversely, the political survival hypothesis posits that authoritarian rulers frequently use constrained economic liberalization as a cooptation tool to preserve political dominance, resulting in hybrid regimes that merge market access with political repression. In the Middle East, rentier state dynamics add another layer of complexity. These dynamics make it harder for both democratization and economic diversification to occur. The resource curse, exemplified by Algeria and Libya, illustrates its dual effect of impeding political transitions and distorting structural incentives for the adoption of comprehensive economic liberalization programs. This study emphasizes the need to investigate the causal processes linking regime transition modalities to economic policy decisions in the post-Arab Spring Middle East. Prior studies have predominantly treated economic liberalization as a single dependent variable, overlooking the multifaceted nature of changes, including trade liberalization, financial sector deregulation, state asset privatization, and subsidy reforms (Bogaert, 2018).

To understand why some transitional regimes chose selective liberalization in some areas of the economy while keeping state control in others, we need to examine the data in smaller pieces. Moreover, the temporal diversity in the sequencing of reforms—whether economic liberalization precedes, coincides with, or follows political opening—exerts considerable effects on regime stability and distributional outcomes. The Moroccan example demonstrates adaptive authoritarianism, characterized by gradual economic liberalization without significant political concessions (Akinsola & Odhiambo, 2017; CHEN, 2023). In contrast, Tunisia has adopted a concurrent approach, leading to considerable political instability while achieving relative democratic advancement.

The theoretical contribution of this research is the development of an analytical framework that synthesizes institutional heritage, coalition politics, and international political economy to elucidate the divergent economic liberalization trajectories in the Middle East. The main point is that the type of political regime does not solely determine the path of economic liberalization. Instead, it is the distributional coalition configurations that form during transition processes and the state's ability to manage resistance from groups that might lose from reforms that matter. This study uses comparative historical analysis across six Middle Eastern nations undergoing differing levels of political liberalization from 2011 to 2024, examining how modes of transition (revolutionary overthrow, negotiated transition, or authoritarian enhancement) affect the policy framework for economic reforms. The research findings are expected to enhance scholarly discourse on sequencing dilemmas within the political economy of transitions and to provide practical guidance for policymakers navigating the trade-offs between immediate political stability and enduring economic transformation in developing nations with authoritarian histories (Bogaert, 2018).

Yet these frameworks share a common limitation. Each treats economic liberalization as a uniform outcome determined primarily by regime type, whether democratic, authoritarian, or hybrid. This reduction to regime-type causation obscures the multidimensional character of liberalization. Trade liberalization, financial sector deregulation, state asset privatization, and subsidy reform do not move in tandem; they respond to distinct distributional pressures, institutional constraints, and coalition dynamics. Scholars, such as Bogaert, Cammett, and Heydemann, have begun to document this sectoral heterogeneity in Middle Eastern cases, yet no study has systematically theorized the configurational conditions—the specific combinations of political, institutional, and international factors—that produce divergent liberalization profiles across transition modes.

This gap is theoretically significant. If economic liberalization outcomes vary not by regime type but by the interaction of causal conditions, then the dominant sequencing debate—whether political or economic reform should come first—rests on a misspecified causal model. The question is not which comes first, but which configurations of transition modality, coalition structure, and institutional capacity make particular reform dimensions possible, blocked, or selectively pursued.

This study therefore asks how modes of political regime transition, in interaction with distributional coalition configurations and institutional capacity, shape sectoral patterns of economic liberalization in post-Arab Spring Middle Eastern states between 2011 and 2024.

The central argument is that economic liberalization trajectories are shaped not by regime type alone, but by the configurational interaction among transition modality, coalition alignment, and institutional capacity, with international conditionality operating as an external pressure filtered through domestic political constraints. This argument is developed through comparative historical analysis of six cases selected to capture variation across revolutionary overthrow (Tunisia, Egypt, Libya), negotiated settlement, and authoritarian adaptation (Morocco, Jordan, Algeria).

The theoretical contribution is threefold: first, it disaggregates economic liberalization into sectoral dimensions rather than treating it as a unitary dependent variable; second, it introduces configurational causation as an analytical framework capable of accommodating causal complexity across cases; and third, it specifies institutional capacity as an intervening mechanism, not merely a background condition, that moderates the effect of transition modality on reform outcomes.

Literature Review

The Sequencing Debate: Political Before Economic, or Simultaneously?

The central theoretical dispute in the comparative political economy of transitions concerns the optimal sequencing of political and economic liberalization. Two competing schools have dominated this debate for three decades. The gradualist position, most rigorously developed by Hellman in his analysis of partial reform equilibria, contends that sequential liberalization, beginning with economic restructuring under authoritarian auspices before political opening, minimizes transitional uncertainty and builds pro-reform constituencies capable of sustaining change against distributional resistance. This position draws empirical support from East Asian developmental states, where authoritarian regimes in South Korea, Taiwan, and Singapore implemented export-oriented market reforms that generated economic growth preceding democratic transitions, suggesting that institutional consolidation under controlled conditions produces more durable reform outcomes than simultaneous transformation (Przeworski, 2019; Bank, 2018).

The simultaneous liberalization position, advanced by Sachs, Lipton, and subsequently Balcerowicz in the context of post-socialist transitions, argues that rapid, concurrent political and economic opening is necessary to dismantle the rent-seeking networks and authoritarian power structures that benefit from partial reform equilibria. The Polish and Czech experiences of the early 1990s are frequently cited as empirical validation of this approach: political democratization, by removing the veto power of socialist-era elites, created conditions for comprehensive market restructuring that sequential approaches would have foreclosed. Critics, however, note that this evidence selectively draws on cases with relatively strong pre-existing institutional infrastructure, civic society traditions, and European integration incentives, conditions largely absent in the post-Arab Spring Middle East (Leipold et al., 2023).

What both schools share, and what constitutes their common theoretical limitation, is the assumption that regime type is the primary causal driver of liberalization outcomes. Gradualists treat authoritarian capacity as a resource for reform management; simultaneists treat political democratization as a precondition for reform depth. Neither framework adequately accounts for why nominally similar regime types, including two revolutionary transitions, two monarchies, and two authoritarian republics, produce systematically different economic policy profiles across sectors and over time

(Hellman, 2019). This perspective draws empirical support from East Asian developmental states, where authoritarian regimes implemented market-oriented policies that generated economic growth preceding democratic transitions.

Rentier state theory provides crucial analytical insights for understanding Middle Eastern exceptionalism in both democratization and economic reform trajectories (Paine, 2019). Miao (2025) establishes that resource-dependent states exhibit distinctive political economies where hydrocarbon revenues enable authoritarian resilience through distributive bargains that exchange political acquiescence for economic benefits without taxation-representation linkages.

Fuerderer (2023), based on his research in the context of Saudi Arabia and Yemen, also emphasizes how external rent flows shape state-society relations, creating institutional structures resistant to market discipline and democratic accountability. However, critics argue that rentier state theory overemphasizes resource determinism while neglecting agency, institutional variation, and differential capacities for economic diversification even among similarly resource-endowed states.

Regime Survival, Coalition Politics, and Partial Reform

A second theoretical stream reframes the political economy of liberalization around the logic of elite survival rather than systemic transition. Bueno de Mesquita and colleagues' selectorate theory establishes that the size of the winning coalition relative to the selectorate determines whether rulers distribute private goods to narrow elite networks or public goods to broader constituencies, with important implications for economic policy: small-coalition regimes tend to sustain patronage-based economic structures resistant to market discipline, while large-coalition regimes face pressure to deliver broad-based growth through institutional reform. Applied to Middle Eastern cases, this framework helps explain the persistence of crony capitalist structures in Egypt and Algeria, where military-business networks constituted decisive winning coalitions that privatization would have threatened. Singh (2025) provides a systematic comparative analysis demonstrating that revolutionary overthrows in Tunisia, Egypt, and Libya produced divergent post-transition trajectories despite similar precipitating conditions and mobilization dynamics.

Andersen & Ross (2014) work on divided oppositions and authoritarian durability extends this logic by showing that Middle Eastern incumbents strategically manipulate inclusion and exclusion from formal political institutions to fragment potential reform coalitions. In Jordan and Morocco, monarchies have deployed this technique with particular sophistication, granting limited economic concessions to urban middle-class constituencies while insulating core patronage networks from liberalization pressuresHeydemann (2013) concept of authoritarian upgrading captures the broader regional pattern: rather than resisting globalization and the demands of international financial institutions, Middle Eastern authoritarian regimes selectively incorporated market reforms that reinforced political control, liberalizing trade while maintaining state ownership of strategic enterprises, encouraging foreign direct investment while suppressing independent labor organization. Lijphart's (2018) analysis of Egyptian economic policy demonstrates persistent state intervention in strategic sectors despite IMF-sponsored structural adjustment programs, reflecting coalition politics in which military-business networks resist privatization that threatens their economic interests.

The critical insight from this literature is that partial reform is not a transitional failure but a politically rational equilibrium. Authoritarian and post-authoritarian elites selectively advance those dimensions of liberalization that expand their resource base while blocking reforms that would redistribute power to potential challengers. This explains sectoral heterogeneity in reform outcomes: trade liberalization advances while privatization stalls, and financial deregulation proceeds while subsidy reform is repeatedly deferred. However, it does so primarily through the logic of elite interest rather than through the interaction of structural conditions. The coalition politics framework thus provides a necessary but insufficient explanation: it accounts for reform resistance without adequately theorizing which combinations of conditions make reform possible despite resistance. These findings suggest that economic liberalization trajectories depend not merely on regime type but on distributional coalitions formed during transitions and their capacity to resist or promote specific reform dimensions (Şafak, 2025).

Casani (2020) exemplifies liberalization strategies in which monarchies initiated controlled constitutional reforms and limited economic opening while maintaining ultimate executive authority and control over the security apparatus. Based on a study on the Syrian and Yemeni state breakdown, Schlumberger (2021) demonstrates catastrophic consequences when authoritarian regimes lack both legitimacy and resources for accommodation, resulting in violent conflict rather than a managed transition. These comparative insights underscore how resource endowments, institutional legacies, and geopolitical contexts mediate between regime transition pressures and economic policy responses.

Rentier Political Economy and Middle Eastern Exceptionalism

Rentier state theory, developed by Beblawi and Luciani and subsequently extended by Ross and Herb, offers the most regionally specific theoretical lens for understanding the Middle Eastern political economy. The core argument holds that hydrocarbon revenues enable governments to construct distributive bargains that exchange political acquiescence for economic benefits without establishing taxation-representation linkages, thereby severing the fiscal mechanism by which economic development has historically generated pressure for democratization and market discipline. Resource-dependent states develop distinctive institutional structures, including bloated public sectors, subsidized consumption, and state-controlled banking systems, that create entrenched constituencies resistant to both political liberalization and economic restructuring. Omeje's (2017) framework, distinguishing inclusive from extractive institutions, illuminates why authoritarian regimes resist comprehensive liberalization that threatens elite rent extraction, even when economic efficiency gains would enhance aggregate welfare.

Coalition theory offers crucial insights into the political economy dynamics that determine which economic reforms are politically feasible during regime transitions.

Jaramillo's (2020) research on democratic transitions in Latin America and Eastern Europe demonstrates that coalition configurations, encompassing business groups, labor unions, middle classes, and international actors, determine reform scope and sequencing through their capacity to mobilize support or resistance. In Middle Eastern contexts, Mukherjee & Huynh (2024) identify distinctive coalition patterns where Islamist movements, secular opposition parties, labor unions, and business associations negotiate economic policy orientations reflecting their constituent interests and ideological commitments. Tunisia's post-revolution troika government illustrated coalition bargaining dynamics in which Ennahda's Islamist orientation, Nidaa Tounes's secular establishment ties, and UGTT union confederation's worker base produced compromise economic policies satisfying no constituency fully but preventing reform deadlock.

Tobich's (2022) work on authoritarian resilience in the Middle East emphasizes coercive apparatus cohesion and international support as critical factors enabling regime survival despite economic crisis and popular mobilization. Even when authoritarian regimes collapse, security-sector and bureaucratic continuity preserve institutional structures that favor incumbent economic elites and constrain reformist agendas.

The rentier framework clarifies critical variation across the six cases examined in this study. Algeria and Libya, as high-rent hydrocarbon exporters, exhibit the strongest resistance to both political and economic liberalization, consistent with the theory's predictions. Morocco and Jordan, as resource-poor monarchies dependent on foreign aid, remittances, and tourism, occupy a different structural position that makes selective engagement with international financial institution reform agendas both economically necessary and politically manageable. Tunisia and Egypt present intermediate cases in which limited resource rents removed the fiscal buffer that might have insulated incumbents from both revolutionary pressure and post-transition reform demands.

However, rentier state theory has been subject to mounting criticism for its structural determinism. Beach & Pedersen (2016)cross-national analysis challenges the claim that resource wealth causally undermines democracy, finding no robust relationship when controlling for pre-existing institutional quality and historical legacies. (Smith & Waldner, 2021) further demonstrate that the political effects of resource rents vary substantially depending on the timing of resource discovery relative to state formation, the degree of sectoral diversification, and the institutional arrangements through which rents are distributed. These critiques suggest that resource dependence is a conditioning variable rather than a deterministic cause, one that interacts with political and institutional factors to shape outcomes rather than independently producing them.

Research Gaps and Analytical Framework

This study models economic liberalization as the outcome of configurational interaction among three causal mechanisms: coalition reconfiguration, institutional capacity, and international conditionality. These mechanisms are not additive; their specific combinations yield qualitatively distinct liberalization trajectories across cases.

Mechanism 1: Coalition Reconfiguration

Transition modality determines the initial distribution of veto players. Revolutionary transitions fragment coalitions and multiply distributional conflict; authoritarian adaptation preserves elite cohesion and enables selective reform calibrated to incumbent interests.

P1: Coalition fragmentation, combined with democratic accountability, delays comprehensive liberalization, producing advances only in low-resistance dimensions (trade) while blocking high-resistance reforms (privatization, subsidy rationalization).

P2: Elite cohesion under authoritarian continuity enables selective yet stable liberalization, insulating patronage-constitutive sectors from reform pressure.

Mechanism 2: Institutional Capacity

Institutional capacity, operationalized through bureaucratic professionalization, central bank independence, and judicial effectiveness, functions as an intervening mechanism, rather than a background condition. It mediates whether political mandates translate into implemented policy.

P3: International conditionality produces sustained reform only where institutional capacity meets a minimum threshold across all three dimensions; below this threshold, conditionality generates nominal compliance without substantive implementation.

P4: Below a minimum state capacity threshold, economic liberalization becomes structurally infeasible, regardless of coalition configuration or external pressure; reform is announced but never operationalized.

Mechanism 3: International Conditionality

External pressure from the IMF and bilateral creditors is filtered through domestic coalition and institutional conditions. Two responses emerge: selective compliance, where capable states advance compatible reforms while deferring others; and nominal compliance, where incapable states formally adopt commitments without implementation infrastructure.

Tabel 1. Configurational Summary

Proposition	**Condition**	**Outcome**
P1	Coalition fragmentation + democratic accountability	Uneven liberalization; low-resistance sectors only
P2	Elite cohesion + authoritarian continuity	Selective, stable liberalization
P3	Conditionality + sufficient capacity	Sustained reform with selective compliance
P4	Conditionality + capacity collapse	Reform infeasibility; nominal compliance only

Method

This study used a comparative historical analysis (CHA) framework to investigate the causal relationship between modalities of political regime transition and trajectories of economic liberalization in the Middle East subsequent to the Arab Spring (Wani, 2025). The CHA methodology was selected for its ability to discern intricate causal pathways, temporal dynamics, and contextual changes that cannot be adequately captured by large-N statistical methods or single-case studies.

Case Exclusion Justification

Three potentially relevant cases were excluded on explicit theoretical grounds. Syria is excluded because active civil war and state fragmentation render economic liberalization analytically inapplicable as a policy category; the dependent variable is not observable under conditions of sovereign collapse. Lebanon is excluded because its confessional power-sharing arrangement constitutes a sui generis institutional structure not generalizable within the comparative framework; its liberalization dynamics are driven by sectarian coalition logic rather than transition modality. Iraq is excluded because post-2003 state reconstruction under external occupation represents a qualitatively distinct transition mode, externally imposed rather than domestically generated, introducing causal heterogeneity that would compromise cross-case comparability.

Variable Operationalization

Dependent Variable: Economic Liberalization is disaggregated into four sectoral dimensions to capture heterogeneity obscured by unitary operationalization:

Table 2. Variable Operationalization

Dimension	Indicator
Trade liberalization	Tariff reduction trajectory; WTO compliance score; export diversification index
Financial sector reform	Interest rate liberalization; banking sector privatization rate; credit market openness
Privatization	State-owned enterprise divestiture rate; private sector share of GDP
Subsidy reform	Energy and food subsidy expenditure as % of GDP; reform implementation timeline

Independent Variable: Transition Modality is coded across three categories: revolutionary overthrow (Tunisia 2011, Egypt 2011, Libya 2011), negotiated liberalization (Morocco 2011 constitutional reform), and authoritarian consolidation (Jordan, Algeria) based on the presence or absence of incumbent displacement and the degree of institutional rupture.

Table 3. Institutional Capacity is operationalized across three dimensions with corresponding indicators

Dimension	Indicator	Source
Bureaucratic professionalization	World Bank Government Effectiveness Index; civil service continuity score	World Bank WGI
Central bank independence	Central Bank Independence Index (Dincer & Eichengreen); inflation volatility	IMF Article IV Reports
Judicial effectiveness	Rule of Law Index; contract enforcement score; days to enforce contract	World Justice Project; World Bank Doing Business

Conditioning Variable: International Conditionality is measured through IMF program engagement (presence, type, and conditionality density of structural benchmarks), World Bank policy-based lending, and EU association agreement reform requirements, cross-referenced with domestic compliance records.

Table 4. Cross-Case Analytical Matrix

Case	Transition Mode	Coalition Structure	Institutional Capacity	Conditionality Exposure	Liberalization Outcome
Tunisia	Revolutionary	Fragmented	Moderate	High (IMF SBA, EFF)	Uneven; trade advanced, subsidy stalled
Egypt	Revolutionary → Restoration	Fragmented → Military cohesion	Moderate-Low	High (IMF EFF 2016)	Technocratic reform rhetoric; partial implementation
Libya	Revolutionary → Collapse	Disintegrated	Collapsed	Low (ineffective)	Reform infeasible
Morocco	Adaptive authoritarian	Cohesive	Moderate-High	Moderate (EU AA, World Bank)	Selective; trade and FDI advanced
Jordan	Authoritarian continuity	Cohesive	Moderate	High (IMF successive programs)	Selective compliance; subsidy reform deferred
Algeria	Authoritarian continuity	Cohesive + rentier insulation	Moderate	Low (hydrocarbon buffer)	Comprehensive reform avoidance

Process Tracing Protocol

Within each case, process tracing reconstructs the causal pathway connecting transition modality to liberalization outcome through the intervening mechanisms of coalition reconfiguration and institutional capacity. Evidence is drawn from IMF Article IV consultation reports, World Bank public expenditure reviews, primary government policy documents, and secondary comparative political economy scholarship. Causal inference is strengthened through within-case temporal analysis tracing reform trajectories across pre-transition, immediate post-transition, and consolidation phases and cross-case pattern matching against the four configurational pathways specified in the analytical framework.

Choosing a Case

This study selects Tunisia, Egypt, Libya, Morocco, Jordan, and Algeria as six Middle Eastern countries for comparison. This case selection is predicated on theoretical sampling logic that emphasizes variation on essential theoretical dimensions rather than statistical representation of the population.

These six countries exhibit systematic variation in regime transition modes: revolutionary overthrow (Tunisia, Egypt, Libya), negotiated transition (Morocco), and authoritarian upgrading (Jordan, Algeria), facilitating comparative analysis of how diverse transition pathways influence economic liberalization trajectories. This variety is essential for evaluating theoretical assertions regarding the correlation between political liberalization and economic change, thereby circumventing selection bias that would arise if only cases with similar outcomes were chosen.

Methods of Data Analysis

Process tracing is the primary method used in data analysis to identify causal links between different types of regime change and the paths to economic liberalization. It is a meticulous analysis of decision-making sequences, delineating how particular inputs (political transitions) yield outputs (economic policies) via intermediary stages that include coalition formation, institutional modifications, and international influences. Beach & Pedersen (2011) delineate four forms of process tracing: theory-testing, theory-building, explaining-outcome, and mechanism-explanatory. This study predominantly uses theory-testing process tracing to ascertain whether the proposed causal mechanisms (coalition reconfiguration, institutional capacity transformation, and international constraints) functioned as anticipated in generating the observed outcomes.

Result And Discussion

Coalition Reconfiguration and Liberalization Trajectories

The comparative evidence across six cases demonstrates that transition modality yields systematically distinct coalition configurations, which in turn determine the scope, sequencing, and sectoral distribution of economic liberalization. Coalition structure, rather than regime type per se, constitutes the proximate political determinant of reform outcomes.

The revolutionary transitions in Tunisia and Egypt led to immediate coalition fragmentation. In Tunisia, the dissolution of the RCD party infrastructure dispersed patronage networks without producing a dominant successor coalition capable of absorbing the costs of reform. The resulting multiparty competition between Ennahda, Nidaa Tounes, and labor-affiliated UGTT produced contradictory reform commitments across electoral cycles (Carboni, 2023) (Bufano & Albrecht, 2026). Trade liberalization advanced through continuity of technocratic ministry officials insulated from electoral competition, while subsidy rationalization and public enterprise reform were repeatedly deferred as electoral liabilities. Egypt's trajectory diverged sharply: initial coalition fragmentation following Mubarak's removal was resolved through military intervention in 2013, which reconstituted elite cohesion under SCAF and subsequently under the Sisi administration. This authoritarian restoration enabled technocratic reform rhetoric, most visibly in the 2016 IMF Extended Fund Facility engagement, but military-business network interests continued to insulate strategic sectors from privatization.

Monarchical cases exhibit the clearest illustration of P2. In Morocco, the Makhzen preserved organizational coherence through the 2011 constitutional reform, which redistributed formal powers while retaining substantive elite control. This coalition stability enabled selective liberalization: the EU Association Agreement and subsequent Deep and Comprehensive Free Trade Area negotiations advanced trade and foreign investment dimensions, while energy subsidies were partially rationalized through a gradual mechanism that minimized distributional conflict. Jordan replicated this pattern, with the Hashemite palace coalition managing successive IMF program engagements through selective compliance, advancing financial sector reform while repeatedly negotiating subsidy reform deferrals (Del Pupo, 2026). Algeria represents the limiting case of coalition cohesion combined with rentier insulation: hydrocarbon revenues eliminated the fiscal pressure that drives reform engagement, enabling the FLN-military coalition to sustain comprehensive reform avoidance without exposure to conditionality.

P1 confirmed: Tunisia demonstrates coalition fragmentation delaying comprehensive liberalization, producing advances in low-resistance trade dimensions while blocking high-resistance subsidy and privatization reforms across the 2011–2024 period.

P2 confirmed: Morocco and Jordan demonstrate elite cohesion, enabling selective, stable liberalization calibrated to incumbent coalition interests, with patronage-constitutive sectors systematically insulated from reform pressure.

Institutional Capacity Variation as an Intervening Mechanism

Institutional capacity functions as the critical intervening variable between coalition configuration and liberalization outcome. The cross-case evidence demonstrates that similar coalition structures produce divergent reform implementation records where institutional capacity differs, confirming that capacity is not a background condition but an active mediating mechanism (van Meerkerk et al., 2020).

Tunisia and Morocco present the clearest within-region comparison. Both experienced moderate institutional capacity at the transition's onset, but their trajectories diverged along bureaucratic professionalization (Hertog, 2022). Tunisia's post-revolutionary period disrupted civil service continuity through political purges and ministerial instability, with 14 governments between 2011 and 2021, fragmenting the technocratic infrastructure necessary for the consistent implementation of reforms. Morocco retained bureaucratic continuity through monarchical stability, enabling the Ministry of Economy and Finance to maintain reform sequencing across electoral cycles without programmatic interruption.

Central bank independence produced particularly observable variation. Tunisia's *Banque Centrale de Tunisie* maintained formal independence but faced sustained political pressure over exchange rate management and public bank recapitalization, producing inflation volatility that complicated financial sector reform. Morocco's Bank Al-Maghrib, operating under clearer institutional insulation, implemented interest rate liberalization and banking sector consolidation with greater consistency (Erraiteb, 2020). Jordan's Central Bank similarly maintained sufficient independence to implement financial sector reforms demanded by IMF conditionality, contributing to Jordan's record of selective but substantively deeper financial liberalization relative to its subsidy reform performance.

Libya illustrates P4 with maximum analytical clarity. State collapse following Gaddafi's removal eliminated all three dimensions of institutional capacity simultaneously: the civil service disintegrated, the Central Bank of Libya split into competing eastern and western institutions, and judicial infrastructure ceased to function as a national system. Under these conditions, economic liberalization became operationally void, not merely difficult but categorically inapplicable. IMF engagement produced no implementable program because there was no administrative infrastructure through which conditionality could be transmitted into policy.

Egypt occupies an intermediate position. Military restoration reconstituted sufficient bureaucratic and central bank capacity to implement the 2016 IMF program's macroeconomic stabilization components, including currency flotation, energy subsidy phase-down, and VAT introduction, while judicial effectiveness remained insufficient to generate the property rights environment necessary for private sector-led growth. This partial capacity profile explains Egypt's pattern of macroeconomic reform advance alongside structural reform stagnation (Zemni & Bogaert, 2009).

P3 partially confirmed: Jordan and Morocco demonstrate that conditionality produces sustained reform when institutional capacity meets a minimum threshold; whereas Tunisia demonstrates that capacity disruption generates implementation gaps even under active conditionality engagement.

P4 confirmed: Libya demonstrates that capacity collapse renders liberalization structurally infeasible, irrespective of external pressure or nominal political commitment.

International Conditionality: Selective Compliance and Nominal Adoption

International conditionality operated consistently across the six cases as an external pressure filtered through domestic coalition and institutional conditions, producing two modal response patterns, selective compliance and nominal adoption, rather than uniform reform implementation.

Selective compliance is most clearly documented in Jordan. Between 2011 and 2024, Jordan engaged in four successive IMF programs—the 2012 SBA, 2016 EFF, 2019 EFF, and 2022 EFF—each containing structural benchmarks on energy subsidy rationalization and public wage bill reduction. Jordan consistently advanced financial sector and trade reform benchmarks while negotiating phased waivers for subsidy and wage reform components. This selective pattern reflects rational coalition management: financial and trade reforms imposed costs on diffuse constituencies with limited organizational capacity, while subsidy and wage reforms threatened the urban middle class and public-sector constituencies central to Hashemite coalition stability. Morocco exhibited an analogous pattern in EU association agreement implementation, advancing trade liberalization chapters while delaying agricultural reform components that threatened politically connected rural elites (Taddia, 2026).

Tunisia's conditionality engagement illustrates the interplay between coalition fragmentation and external pressure. The 2013 SBA, 2016 EFF, and 2020 RFI each generated formal commitments to subsidy rationalization and public enterprise reform, but coalition fragmentation prevented sustained implementation. Each successive government renegotiated inherited commitments, producing what IMF Article IV consultations consistently characterized as "reform fatigue," a pattern of announcement, partial implementation, reversal, and re-announcement across electoral cycles. This is not coalition incapacity but a coalition's rational response: in a fragmented democratic context, the distributional costs of reform fall on organized constituencies with effective electoral veto, making implementation politically unsustainable.

Egypt's 2016 EFF engagement produced the most substantively significant reform implementation in the sample, but under conditions that illuminate the conditionality-capacity interaction most sharply (Barfi, 2018). The Sisi administration's reconstituted coalition cohesion and restored bureaucratic capacity enabled implementation of macroeconomic stabilization components, including pound flotation, energy price increases, and VAT, while military-economy insulation prevented privatization benchmarks from advancing (Roll, 2022;Russell, 2023). The IMF program was formally completed in 2019, but structural reform depth remained limited to dimensions compatible with military coalition interests.

Algeria received no IMF program engagement throughout the study period, relying on hydrocarbon revenues to maintain fiscal independence from conditionality pressures. This case confirms the conditioning role of rentier insulation: external reform pressure cannot operate where states possess alternative revenue sources sufficient to sustain distributive bargains without creditor engagement.

Boundary Conditions and Scope Limitations

The configurational framework establishes clear boundary conditions that define the scope of its explanatory claims and distinguish cases where the framework applies from cases where alternative explanations dominate.

Boundary Condition 1 (Minimum State Capacity Threshold): The framework's causal propositions presuppose a minimum level of state functionality sufficient for economic policy to exist as an implementable category. Below this threshold, as demonstrated by the Libyan case, the framework's propositions do not apply- not because they are falsified but because the dependent variable is not observable. Liberalization requires a state capable of making and implementing policy; state collapse eliminates the precondition for the causal process the framework models.

Boundary Condition 2 (Rentier Insulation): The framework's conditionality mechanism presupposes some degree of fiscal dependence that makes international creditor engagement strategically relevant to domestic elites. Where hydrocarbon revenues provide a sufficient fiscal buffer, as in Algeria and, partially, Libya prior to state collapse, conditionality pressure does not enter the causal pathway. The framework applies to its non-rentier or partially rentier cases; for high-rent states, a modified framework incorporating fiscal sociology of rentier states is required.

Boundary Condition 3 (Regional Scope): The framework is developed from and tested on Middle Eastern cases sharing specific institutional legacies: Ottoman administrative traditions, French and British colonial institutional imprints, Arab nationalist state-building models, and post-Cold War international financial institution engagement. Generalization beyond this regional scope requires explicit theoretical justification and comparative testing against cases with different institutional genealogies.

Tabel 5. Configuration Matrix

Case	Transition Mode	Coalition Structure	Institutional Capacity	Conditionality Exposure	Dominant Pathway	Liberali Outcom
Tunisia	Revolutionary	Fragmented	Moderate → Disrupted	High	A	Uneven; advance subsidy/ stalled
Egypt	Revolutionary → Restoration	Fragmented → Cohesive	Moderate (partial)	High (2016 EFF)	C	Macrost advance reform l
Libya	Revolutionary → Collapse	Disintegrated	Collapsed	Ineffective	D	Reform i
Morocco	Adaptive authoritarian	Cohesive	Moderate-High	Moderate	B	Selective FDI subsidie rationali
Jordan	Authoritarian continuity	Cohesive	Moderate	High (successive IMF)	B	Selective financial advance deferred
Algeria	Authoritarian continuity	Cohesive + rentier	Moderate	None (hydrocarbon buffer)	Rentier variant	Compreh reform a

Tabel 6. Proposition Confirmation Summary

Proposition	Prediction	Empirical Status	Key Cases
P1	Coalition fragmentation delays comprehensive liberalization	Confirmed	Tunisia
P2	Elite cohesion enables selective, stable liberalization	Confirmed	Morocco, Jordan
P3	Conditionality effective only under sufficient capacity	Partially confirmed	Jordan, Tunisia, Egypt
P4	Capacity collapse renders liberalization infeasible	Confirmed	Libya

Investment Policy Coalitions and Business Elite Fragmentation

The divide between old crony capitalists who benefited from advantages during the authoritarian era and new private-sector entrepreneurs who want competitive markets has a major impact on investment policy alliances and liberalization paths. After the revolution in Tunisia, there were stark differences between Ben Ali-era cronies (mostly in banking, real estate, telecommunications, and distribution), whose assets were at risk of being seized, and entrepreneurs who were not allowed to participate and wanted full liberalization to eliminate clientelist advantages. The Dignity and Economic Development Commission investigated corruption and seized about $13 billion in assets from 114 people and 400 companies linked to the former regime (Dixon, 2023; Hamoud, 2023).

This made the investment climate uncertain, keeping both tainted capital and potential investors away because they feared having their assets seized without warning. The process of reorganizing the Tunisian corporate elite was still not finished, as different governments had to weigh the need for transitional justice against concerns about capital flight and investment failure.

Established business families with a variety of investments and ties around the world used wait-and-see tactics. This meant they invested little in new businesses in the US, instead moving money abroad or keeping cash on hand. New entrepreneurs, especially in technology, creative sectors, and export manufacturing, pushed for full liberalization to create a level playing field. However, they lacked the political power of entrenched capital. This deadlock worsened Tunisia's investment crisis, as gross fixed capital formation remained below pre-revolution levels from 2011 to 2020.

Egypt's business elite showed greater stability after the military revolution and the return of authoritarian rule, which kept old economic networks intact while eliminating business interests linked to the Muslim Brotherhood. The government that came to power after 2013 built a loyal business coalition by awarding mega-project contracts, real estate development permits, import monopolies, and special loans from state banks. Military-affiliated contractors took over major infrastructure projects, including the new administrative capital, the Suez Canal development, and road networks. At the same time, civilian allies received telecoms spectrum, industrial land, and banking licenses (Naguib, 2020; Mahmood, 2022).

This new form of crony capitalism created a dual economy in which regime-connected companies received subsidized inputs, regulatory exemptions, and guaranteed government contracts. At the same time, independent businesses faced red tape, arbitrary enforcement, and regulatory uncertainty. Investment climate polls show that businesses continue to complain about corruption, favoritism, and unpredictable rules, even though the government has taken steps to make things more open (Colombo, 2018; Radieva, 2018) .

Morocco's economic climate had the most stable property rights and the most predictable rules among the examples. This was because the monarchy stayed in power and the government and business worked together to avert revolutionary change (Inglehart, 2020; Abdelkawy, 2024). The royal family's economic interests, which were administered through the holding corporations SIGER and SNI, controlled important industries like finance, telecommunications, real estate, agriculture, and distribution. This might lead to tensions between the royal family's business activities and the growth of competitive markets. However, the political stability of the monarchy made it possible for the private sector to grow in areas that weren't important to national security. This brought in a lot of foreign investment, especially in the automobile and aircraft industries. Interviews with business leaders stress the importance of regulatory consistency, infrastructure quality, and political stability as competitive advantages, even though there are worries about royal economic dominance and corruption in public procurement. The comparative evidence indicates that regime stability and elite continuity enhance corporate confidence more effectively than formal democratic institutions, provided that property rights are safeguarded and regulatory frameworks are consistent.

Study Limitations

Three limitations bound the inferential scope of this study and point to directions for subsequent research.

First, the study relies primarily on secondary comparative political economy scholarship, IMF and World Bank policy documents, and governance indices rather than on original elite interviews or primary archival sources. Causal process tracing using documentary evidence cannot fully reconstruct the micro-level decision-making by which coalition configurations translated into specific reform

choices; interview-based process tracing in subsequent research would strengthen causal inference within cases.
Second, the governance indicators used to operationalize institutional capacity (World Bank Government Effectiveness Index, World Justice Project Rule of Law Index, and Dincer-Eichengreen Central Bank Independence scores) are composite measures that aggregate heterogeneous underlying dimensions. They capture general institutional quality rather than sector-specific reform capacity, potentially obscuring variation in ministerial competence, regulatory agency effectiveness, and sub-national implementation capacity that the framework's propositions implicitly require.

Conclusion and Recommendation

This study illustrates that the economic liberalization pathways in post-Arab Spring Middle Eastern nations are shaped by intricate interactions among regime transition modalities, distributional coalition structures, institutional capacity limitations, and international political economy forces, rather than being dictated solely by regime type. The comparative historical examination of six cases (Tunisia, Egypt, Libya, Morocco, Jordan, and Algeria) uncovers systemic patterns that challenge linear assumptions about the interplay between democratization and market-oriented economic reforms.
Revolutionary changes created the best chance for a complete economic overhaul by breaking up alliances from the authoritarian era. However, they also caused political instability that made it hard to carry out policies consistently. Tunisia's democratic consolidation allowed labor unions, Islamist movements, and civil society groups to block liberalization measures that would have hurt their interests. This made it impossible to make reforms, even though the country was in a budgetary crisis and the IMF had conditions. Egypt's revolutionary moment, followed by authoritarian restoration, showed how changing the style of government can completely change the way economic policy alliances work. For example, a military-dominated administration might implement shock therapy measures that would be impossible under democratic accountability. Libya's state breakdown created conditions in which a minimal level of governance competence is required for any meaningful economic program, regardless of political goals.

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