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An Increasingly Blurred Distinction Between the Three Sectors of the Economy

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An Increasingly Blurred Distinction Between the Three Sectors of the Economy

Recently the world celebrated the International Day of Charity on the 5th of September. This is a day marked on global calendars since 2012 in recognition of the great benevolence efforts of Mother Theresa of Calcutta, and for which she was also awarded the Nobel Peace Prize. When watching television and following the news, what amazed me in Egypt was how the government was taking the lead in organizing the biggest charity caravan ever through mobilizing resources, not only from civil society organizations, but also from a government managed fund called *Tahya Misr*, or Long Live Egypt. The latter fund is based on voluntary donations mostly from businesses operating in Egypt, and its Board of Trustees is chaired by the President of the Republic. **The question that baffles me the most has to do with the ever-diminishing boundaries between the three sectors of the economy, the government, the private sector and civil society.**

I know very well that in today's world there is a great deal of overlap between the three sectors of the economy. Businesses engage in corporate social responsibility initiatives (CSR) and manifest more clearly every day their sense of responsibility towards the communities they work in. Businesses support philanthropic and developmental activities sometimes with purely altruistic motives and sometimes with a perceived keenness on polishing their reputation and expanding their markets, while simultaneously appealing to their customers. Similarly, governments are becoming more and more savvy with their expenditure decisions and more aware of the importance of not only rationalizing their spending, but also figuring out ways and means for cost recovery and generating additional resources.

I concede to the fact that whether we like it or not, the principles of New Public Management have taken governments by storm and the ideas of having an entrepreneurial government and a market-based government, although contested by some, still overrule governments' work to a great extent. I also understand that "Good Governance" is all about achieving a harmonious working relationship between the three sectors of the economy: government, the private sector and civil society. **What I am still finding difficult to understand are the exaggerated overlaps between the three sectors and the rising intensity of the blurred boundaries. Examples abound:**

Governments organizing charity caravans: The example of the Government of Egypt leading other nonprofits and collecting monies from business to use for philanthropic purposes is somewhat difficult to comprehend. Ideally the government should have its institutions that are responsible for offering services and supporting the underprivileged in society on a sustainable basis. Any additional support may be welcome from the business or nonprofit sector, but let each play his or her role.

Governments collecting donations for government initiatives and programs: Another grey area is when we find governments campaigning for the collection of donations to support either public hospitals or mega infrastructure or developmental projects. The understanding is that governments rely on taxes that go into the national budget and are used to cover the cost of services to citizens and public investments, but this is not the case anymore. Both civil society and government are competing for additional donations from citizens.

Governments investing in purely profit maximization projects and programs: The government of Egypt, through the newly created Sovereign Fund, uses the revenues generated from the sale of public assets—land plots and properties—to invest in purely profit maximizing activities. These investments include schools that charge very high tuition and teach international curricula in foreign languages.

Governments building and operating “Civil Universities:” Up to the early nineties in Egypt, all universities were publicly owned and managed, with the exception of the American University in Cairo, a non-profit established in 1919 through a separate agreement between the government of the United States and the Government of Egypt. Come the early nineties, and a shift in political ideology towards a more, “Open Door Economy,” private universities were allowed to operate. Now, in 2021 we have come to witness another variation; civil non-profit universities, *Gamaat Ahleya*, established by government and linked to existing public universities. Defining how different the “Civil Universities” will be from the public universities they are affiliated with is quite difficult. Some claim that the new universities will charge high tuition fees, contrary to the traditional public universities that are supposed to offer their services for free according to the constitution. Some claim that they will partner with international universities and will offer more updated curricula.

Excessive privatization: It may be acceptable that government concentrates on what it perceives to be its core functions and responsibilities. It may allow the private sector to flourish and take part in the provision of goods and services. This is understandable in sectors where profits can be generated. The most important benefit of a thriving private sector is job creation. What is not acceptable is when governments overdo it by letting go of their main responsibilities and privatize core activities. Plans are there to privatize the railway sector, but implementation has not started as yet.

To conclude, it is becoming more and more difficult to explain to students the difference between the three sectors of the economy!