

## Egypt : the More it changes, the More it Stays the Same

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“Countries that are destroyed can never be restored” warned the Egyptian president Abdel Fattah El-Sisi during his public visit on September 6, 2015 to the military academy. The president was hinting to Iraq, Syria and Libya to remind, once again, that Egypt could have faced the same fate hadn’t it been for the military’s overthrow of the Muslim Brotherhood from power on July 3, 2014. Since then, the country’s strong man, the President, has been gearing Egypt towards the traditional divorce it has known under Sadat and Mubarak between a state controlled but liberal economy and illiberal politics.

Economically, the current government is decidedly relying on individuals rather than the state to revive the economy. Citizens are mobilized to fund the state’s grand projects and budget. The chief grand project is the New Suez Canal that was inaugurated on August 6, 2015. This Canal with “Egyptian money”, as the chorus chanted, was built through the collection of \$8.17 billion (64 billion Egyptian pounds) from citizens within 8 days. The collection was allowed through the issuance of five-year investment certificates at an interest rate of 12 percent, the highest rate for this type of saving in Egypt<sup>1)</sup>. Simultaneously, the government has reduced state subsidies on fuel starting October 2013<sup>2)</sup>. The rise in fuel prices inflated food prices instigating public campaigns to boycott the most expensive food: meat<sup>3)</sup>. As has been the case since 2013, the military establishment intervened to provide food with reasonable prices and to distribute free supplies in poor areas during the holy month of Ramadan and other special occasions. This intervention was key in reducing public anger. The citizen also has to endure the regression of his share in the state’s budget to cope with the government’s priority to reduce public deficit (that still reaches 9.9% of GDP) though the

1) “What Should you know about the ‘New Suez Canal’ Project”,  
<http://en.aswatmasriya.com/news/view.aspx?id=814e7824-e417-4431-b2ab-4e341f6261e9>

2) “Egypt: Subsidy Cuts will not mean higher fuel crisis”,  
<http://english.ahram.org.eg/NewsContent/3/12/83028/Business/Economy/Egypt-subsidy-cuts-will-not-mean-higher-fuel-price.aspx>

3) Imogen Lambert, “Inflation fuels rising food prices in Egypt”,  
<http://www.alaraby.co.uk/english/politics/2015/6/11/inflation-fuels-rising-food-prices-in-egypt>

decrease of allocations to wages, health and education<sup>4)</sup>. The president himself signed a law to increase taxes on revenues and on business activities<sup>5)</sup>. The government also relied on another class of individuals: businessmen. Yet unlike the previously stated policies, the government is more lenient and more accommodating of this class. To start with, the government failed to impose the highly controversial capital gain tax that triggered the anger of many tycoon businessmen among the many taxes that it adopted<sup>6)</sup>. This Janus faced policy, towards the businessmen versus the consumers, are not new. The government's economic policies are a reminder of the last Mubarak government led by Ahmed Nazif (1999-2004) that accelerated neo-liberal policies. The reliance on foreign direct investment is also another resemblance with the Nazif government and another form of reliance on individuals. Egypt organized in March 2015 an international "Egypt Economic Development conference" to confirm the priority that the government gives to the domestic and foreign private sector<sup>7)</sup>. In addition to promises to adjust the legal framework in order to facilitate investment conditions for foreign and Egyptian businessmen, the government established committees headed by the country's prime minister to settle pending disputes with investors, some of which since the Mubarak era<sup>8)</sup>. This comes in addition to a law that prohibits any third party contestation of a deal concluded between the government and an investor<sup>9)</sup>. Such a law comes after activists and independent lawyers have orchestrated legal pursuits starting 2011 against Egyptian and foreign businessmen accused of concluding corrupt deals during the rule of Hosni Mubarak.

The economy is thus oriented towards liberalism, even if it is a state controlled and enforced liberalism. To its contrary, politics inside Egypt is back not even to the Mubarak era, but to the Nasser era where "Egypt doesn't have the luxury of difference or critique" as stated by the prime minister on September 9, 2015<sup>10)</sup>. President Sisi himself has frequently expressed his dislike for pluralism especially when he announced his encouragement of a single unified list during the upcoming (delayed) legislative elections<sup>11)</sup>. Unlike the years between 2011 and 2013, demonstrations, sit-ins and strikes that used to paralyze Egyptian streets have almost vanished. Four main vectors may explain this development perceived as being "positive" by

4) "Petroleum subsidies worth \$8 bln in Egypt's draft state budget - state agency",  
<http://en.aswatmasriya.com/news/view.aspx?id=d3eb24a6-81ba-4102-b1aa-3fd36ca79a8c>

5) Mohamed Ayyad, "Al-Sisi imposes new taxes on Egyptians at home and abroad",  
<http://www.dailynewsegypt.com/2014/07/01/al-sisi-imposes-new-taxes-egyptians-home-abroad/>

6) Ziad Bahaa El-Din, "Why the struggle over Egypt's stock exchange tax?",  
<http://english.ahram.org.eg/NewsContentP/4/131485/Opinion/Why-the-struggle-over-Egypt's-stock-exchange-tax.aspx>

7) Amr Adly, "Will march investment conference launch Egypt's economic growth?",  
<http://carnegie-mec.org/2015/03/05/will-march-investment-conference-launch-egypt-s-economic-recovery>

8) <http://english.ahram.org.eg/NewsContent/3/12/140054/Business/Economy/Egypt-creates-ministerial-committee-to-settle-inve.aspx>

9) "Egypt creates ministerial committee to settle investor-government contract disputes",  
<http://english.alarabiya.net/en/business/economy/2014/02/24/Egypt-investment-law-prohibits-third-party-challenge-to-contracts-source-says.html>

10) <http://www.almasryalyoum.com/news/details/807877>

11) Rami Galal, "Sisi calls for unifying Egypt's electoral lists",  
<http://www.al-monitor.com/pulse/originals/2015/06/egypt-sisi-call-unify-electoral-lists-elections-parties.html>

the government and its supporters. First, there is the president's popularity that remains high between the secular and nationalist sectors of society. Second, the magnitude and violence of the dispersal of the Rabi'a sit-in worked as a deterrent against large-scale movements. Third, the scale of repression and the vehement application of the law organizing demonstrations have contributed to a self censorship amongst the remaining free political activists and citizens. Fourth, the expanded and up-front role that the military establishment plays in politics and the economy provides the current president and his regime with large-scale support amongst the masses, especially with the continuing involvement of the military establishment in public security. In addition, there is the continuing stigmatization of any voice of discontent either as a Muslim Brotherhood/terrorist or a failed revolutionary who is a source of instability. The recently adopted anti-terrorism law provides the legal framework for such stigmatization<sup>12)</sup>. This repression of political activism hasn't however been able to prevent the occurrence of terrorist operations across Egypt against state buildings and symbols. While the government accuses the Muslim Brotherhood to be behind the violence, Egypt has witnessed the birth of its own branch of the Islamic State. The latter has first appeared in Sinai then developed to conduct an operation of kidnapping and beheading on the outskirts of the capital<sup>13)</sup>. Another organization called "the Giza Popular Resistance" claimed responsibility for the killing of the general prosecutor on June 29, 2015<sup>14)</sup>. This recurrence of violence and targeting recalls the 1990s when Egypt witnessed a decade of terror by Islamist extremist groups. The state's response seems to be the same through the emphasis on extreme repression. Unlike the 1990s, the government refuses any dialogue or negotiations with the Muslim Brotherhood or any other Islamist organization. Such rejection excludes the Salafis who have been the regime's allies since the overthrow of the Muslim Brotherhood. Yet neither the Salafis nor the Muslim Brotherhood leaders seem to have control over angry youth and grassroots who have lost patience facing the state's arbitrary repression. The state today seems to have gone too far in its persecution of Islamists. Such blind persecution has not only encouraged radicalization amongst Islamist grassroots, but it has also caused a rebellion from the younger ranks of the Muslim Brotherhood who reject their leaders' peaceful resistance<sup>15)</sup>.

During his last years in office before the 2011 revolution, the Nazif government had witnessed an unprecedented number of sit-ins and strikes in response to harsh socioeconomic

12) "Egypt's Sisi approves anti-terrorism law creating special courts",  
<http://www.reuters.com/article/2015/08/17/us-egypt-security-lawmaking-idUSKCN0QL0TU20150817>

13) Omar Fahmy and Igor Ilic, : Islamic State's Egyptian ally says it beheads Croat: SITE",  
<http://www.reuters.com/article/2015/08/12/us-egypt-croatia-hostage-idUSKCN0QH1GD20150812>

14) "Egypt prosecutor general killed in car blast, obscure group claims responsibility",  
<https://www.rt.com/news/270421-egypt-prosecutor-blast-death/>

15) Georges Fahmy, "Struggle for Leadership of Egypt's Muslim Brotherhood"  
<http://carnegie-mec.org/2015/07/14/struggle-for-leadership-of-egypt-s-muslim-brotherhood/idbr>; Hala Saleh and Erika Salomon, "Egypt's Muslim Brotherhood Youth Push for Confrontational tactics",  
<http://www.ft.com/cms/s/0/256f5718-0ab0-11e5-a8e8-00144feabdc0.html#axzz3LFTfQl6>

conditions. Starting 2005, the labor movement then other public employees were becoming more and more outspoken reproving their low income and high prices. Let's remember that the 6th of April movement that, among others, led the 2011 revolution was born amidst this socioeconomic mobilization. The repression with which the state faced such mobilization was the reason why the anger spilled over to politics. Today, the government's tight grip on political mobilization may exclude a new movement of "we are all Khaled Said" that inspired the revolutionaries to mobilize on the 25th of January 2011 to denounce police brutality. However, with the inflation reaching more than 13%<sup>16)</sup> and 25%<sup>17)</sup> of the population living below the poverty line, Egypt's upcoming upheaval around socioeconomic issues is always around the corner.

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<sup>16)</sup> Waad Ahmed "Food price shocks drive Egypt's inflation for highest in five years", <http://english.ahram.org.eg/NewsContent/3/12/132422/Business/Economy/Food-price-shocks-drive-Egypt's-inflation-to-highe.aspx>

<sup>17)</sup> The World Bank, <http://data.worldbank.org/country/egypt-arab-republic>