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# The Changing dynamics of Governance in Egypt: Preliminary Remarks



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1. Amidst the “moment of reform” that Egypt lives, there is a great temptation to focus on what Egypt “lacks” – an irrefutably fair and transparent elections, a thriving and, more importantly equitable economy, and so forth. This often comes at the expense of examining the actual dynamics of governance in Egypt, thereby leaving unanswered the all-important questions: Who governs in Egypt? How do they govern? How have the patterns of governance changed over the last few years in response to the different political, social, and economic challenges?

2. Given the resilience of the Egyptian regime, which is indeed navigating through troubled waters, but without an existential challenge, at least thus far, there is a pressing need to examine the Egyptian polity from the governors’ perspective. Such is the task this presentation will seek to undertake, albeit, for obvious reasons of time and space, in broad brush strokes.

3. Traditionally cited by Karl Wittfogel as an exemplar of a *hydraulic society* – his contribution to the development of Marx’s concept of the Asiatic mode of production, the Egyptian political system is a centralised presidential system. The president appoints the government, and can at any moment change it. The prime minister, is in effect, the first secretary of the president, and has no clear domain of authority. The “people’s assembly” – the elected, lower chamber of parliament, and the only legislating entity<sup>2</sup> – comprises, thus far 444 members, although a recent amendment added 64 new parliamentary seats which will be contested in the forthcoming elections in 2010. Mubarak’s regime is the latest heir of the 1952 revolution, and often cites the revolution, as well as the October 1973 liberation war, during which Mubarak was the supreme air commander of the Egyptian army, as the main sources of the regime’s legitimacy.

4. Such a “static” description of the main features of the Egyptian political system does not, in my mind, explain much. It fails to demonstrate the social disposition of the political system, the structure and key political choices of the ruling elite, and the changes therein in response to the various political challenges of the “moment of reform”. To examine these questions, a brief historical digression might be in order.

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<sup>1</sup> This is a background note to my presentation on the same subject in the workshop “Reform in Egypt: Political, Economic, and Social Challenges”, organized by CIDOB and AFA, Barcelona, 23-24 November 2009.

<sup>2</sup> The “Shoura council” – literally, the consultations council – is technically the upper chamber of the Egyptian parliament, but is predominantly an advisory, not a legislative body.

5. Prior to 1952, the quasi-liberal regime that had governed Egypt since 1922 had entered into a severe crisis. The nascent capitalism failed to provide for the basic needs of the majority of the Egyptian population, as it was caught in a vicious cycle comprising brief sprouts of economic growth and diversification under the conditions of the “compulsory protectionism” of the two World Wars, followed by a rapid regression as soon as the guns fell silent and the international trade resumed.

6. Political parties were increasingly dominated by landowners and occasionally upper class industrialists, much to the alienation of the middle and lower classes. Even the *Wafd* party, long considered the bastion of middle class nationalism, underwent several structural changes during, and in the aftermath of, World War II that led to the rise of the influence of large landowners, and the alienation of its middle and lower-middle class rank-and-file. The military defeat in Palestine only added to the inter-elite struggle as a deep crisis of confidence ensued between the king, the *Wafd* Party and the emerging lower-middle class political movements (Young Egypt, Muslim Brothers, and the Communist organisations), and the military.

7. By the late 1940s, the social conditions in Egypt were ripe for a revolutionary intervention by part of the state apparatus. The bureaucratic apparatus, especially the military, was in a particularly autonomous position in the late 1940s. Before 1936, the Egyptian army was under British control or commanded by officers of upper, landed, classes. Thanks to the 1936 Anglo-Egyptian treaty, and the need to increase the size of the Egyptian army to defend Egypt against any possible Italian invasion, especially after the Italian conquest of Ethiopia in 1935, its ranks were opened to cadets with petit bourgeois backgrounds. By the late 1940s most of the lower- and middle-ranked officers were without the traditional links with the ruling class. The military defeat in Palestine in 1948 furnished the necessary conditions for the politicisation of army officers, and unleashed their revolutionary potential. A “revolution from above” was now possible.

8. The “free officers” were mainly of petit bourgeois, rural origins. They had limited connections with some lower-middle class political movements. They had no clear ideological program, except within the very broad framework of the twin goals they inherited from the pre-1952 lower-middle class political movements: a) to secure independence from any foreign tutelage, and b) to develop the country’s economy. Due to several domestic and international developments in the 1950s and 1960s, this broad developmental agenda was transformed into a corporatist form of *étatisme* under Gamal Abdel Nasser.

9. Within Nasser’s *étatisme*, a corporatist conception of the political system prevailed, purporting to integrate economic and social interests and groups into the hierarchical organisation of the state so as to break up and prevent the conscious and well organised class interests. In effect, however, the developments during the first quinquennial plan and after led to the embourgeoisment of the “free officers” and the upper echelons of the growing bureaucracy, as they entered into a key alliance with the remnants of the traditional pre-1952 bourgeoisie, as well as a rising “parasitic bourgeoisie” that thrived off the generous subcontracts of the planned

economy. This trilateral alliance caused inherent tensions within Nasser's state, which were resolved decisively with the rise of his successor Anwar Sadat in 1970, and particularly after his triumphant emergence from the May 1971 power struggle. As a result an open door policy "infitah" was introduced, and the trilateral alliance of the senior bureaucracy, traditional bourgeoisie, and the parasitic bourgeoisie (for whom the *infitah* furnished additional chances to accumulate wealth, in the form of an uncontrolled import spree, and a flourishing demand for luxuries).

10. Sadat's sudden assassination in 1981 and Mubarak's rapid and smooth succession meant that the social disposition of the political elite remained intact. And, whilst the regime was forced to undertake a large "public relations exercise" to redress the legitimacy crisis that Sadat's assassination highlighted, involving token flirtations with aspects of Nasser's étatism (e.g. the return of quinquennial planning, a clampdown on some high profile *infitah*'s fat cats...etc), alongside some limited political liberalisation measures, the basic orientation of *infitah* political economy remained unchanged, and indeed was deepened in the 1980s, and particularly after the vast wave of economic liberalisation in the aftermath of Egypt's participation in the US-led international coalition in the Gulf War.

11. Since the 1990s, economic liberalisation was combined, as many observers argued, with a significant set of political "de-liberalisation" measures, involving:

a) The repeated renewal of the emergency law, which was introduced right after Sadat's assassination;

b) The penal code was amended in July 1992, introducing harsh penalties for "belonging to organisations seeking to undermine social peace and the rule of law" (referring essentially to the rising militant Islamist threats). All such "crimes" were brought under the jurisdiction of the state security courts, which were quick to sentence convicts to death or to long spells of imprisonment; and

c) The government took active measures to restrict political and civil liberties. The "parties' committee" continued to refuse the vast majority of requests to establish political parties. The few legal parties were effectively denied the right to organise and assemble. Most professional syndicates, traditionally the most vibrant civil society institutions, were brought under direct government control.

12. The mainstream explanation of such measures (i.e. the battle with militant Islamism) is hardly sufficient to explain their scope. First, the battle with the Islamists did not necessitate the closure of the main channels of political expression (political parties, syndicates...etc), particularly those in the hands of secular forces. Regional and international developments (from the Gulf War to the fall of the USSR) had demoralised and weakened the opposition to the regime on nationalist or leftist grounds by the early 1990s, when most of the de-liberalisation measures were introduced. The militant Islamist threat from 1992 onwards had turned to a security, not a political threat. It can therefore only be a pretext for, not a cause of, the active state control over civil society.

13. Instead, I propose that the scope of de-liberalisation can be understood against the backdrop of the steady erosion of the social base of the Egyptian state during the 1990s. The reinforcement of the alliance between the upper echelons of the state bureaucracy with the haute bourgeoisie, and the relative marginalisation of the middle and working classes throughout the 1980s and the 1990s, broadened the prospects for social and class conflict, particularly under the economic reform and structural adjustment programme (ERSAP) adopted since May 1991, and eroded the state's ability to mitigate it.

14. The de-liberalisation measures were, therefore, an integral part of a process of reinforcing the ruling alliance's control over the state, and the exclusion of, and shifting the burdens of economic restructuring to, social strata that had hitherto been amongst the beneficiaries of *étatisme* in Egypt. The resulting erosion of the social base of the state was reflected in three developments: a) the increasing role of the haute bourgeoisie in the direct governance of the state, and the deepening of their alliance with the upper echelons of the bureaucracy; b) the withdrawal of several social and economic gains that the workers and peasants have acquired during the populist-statist years; and c) the increased marginalisation of the urban middle classes.

15. The weight of the haute bourgeoisie in the ruling elite increased significantly in the 1990s. Government-business joint commissions that had emerged in the 1980s increased not only in number, but also in their political role. The early 1990s witnessed the creation of a series of government-business councils between Egypt and her main economic partners, most notably the Egyptian-American Businessmen Council, whose spokesman was Mubarak's own son, Gamal, later to be groomed to be his successor. These forums often exceeded their main function of discussing bilateral economic relations to coordinating policies, and sometimes even discussing political relations. Businessmen were frequently invited to accompany Mubarak and his foreign minister on their external trips. Increasing numbers of businessmen gained parliamentary membership, especially after the 1995 parliamentary elections and then moved on to join key economic and legislative parliamentary committees. Thus, the 1990s witnessed the early beginnings of a slow process through which the very essence of the alliance of the haute bourgeoisie and bureaucratic bourgeoisie, hitherto based on the former's support for and partnership in economic restructuring without demanding a share in government was changing.

16. This process underwent three qualitative leaps in the 2000s. The 2000 elections witnessed not only an increase in the parliamentary seats held by members of the haute bourgeoisie, but more importantly, for the first time since 1952, their rise to the chairmanship of key parliamentary committees. In the 2005 parliamentary elections, they controlled all the economic committees of the new parliament. Last, but by no means least, in July 2004, a new government was formed in which members of the Gamal Mubarak-led Policies' Secretariat (PS) in the ruling National Democratic Party (NDP) were appointed to the ministries of finance and investment, and, for the first time since 1952, members of the haute bourgeoisie took office (running the ministries of trade and industry, transport, health, Tourism, and Agriculture).

17. If the haute bourgeoisie flourished during the early 1990s, the workers and peasants did not. They had to bear the costs of restructuring. Law 203 of 1991, the public business sector law, which replaced law 97 of 1983, required that the workers should have a share of no less than 25% in the companies' profits – compared to at least 50% in the earlier law. Article 3 of the same law required that the workers have one representative in the board of directors – a violation of article 36 of the constitution, which required a 50% workers' representation in the board of directors of public-owned enterprises. Law 12 of 2003 (the unified labour law) which increased the management rights to change or terminate contracts or reduce salaries and allowances, even below the minimum level of wages, for “economic reasons”. Workers hired after the law was passed were denied all rights provided for by the previous labour laws of *étatisme* that existed in Egypt prior to ERSAP. Article 192 of the law, acknowledged the workers' right to strike, but required a long list of conditions that need to be met before the strike can take place, rendering it practically impossible. The speeding-up of privatisation in the last few years resulted in a sharp rise both in unemployment as well as the threat thereof for employed workers, thereby rendering them unable to negotiate pay rises to compensate for the strong inflationary pressures in the aftermath of two successive devaluations. Between law 203 of 1991, and law 12 of 2003, the workers' benefits from the quasi-Keynesian *étatisme* all but eroded. They protested, starting from 2006 the longest and strongest wave of labour protest since the end of World War II.

18. On the other hand, Law 96 of 1992 effectively amounted to a rolling back of the agrarian reform laws of the 1950s and 1960s. According to the new law, the land rents were allowed to triple between 1992 and 1997, and from October 1997, all old rent contracts were terminated, tenants lost all legal rights to the land they have lived off for decades, and were required to negotiate new tenancy agreements in which the rent was to be determined solely by market forces. This law led to an immediate increase in the cost of living for tenants, representing the large rural lower-middle classes, numbering some 7 million with their families, and to further erosion of the social base of the state.

20. Finally, between the economic retrenchment (which resulted in a sharp decline in real per capita consumption, and an increase in the numbers of people below the poverty line), and political de-liberalisation and repression of civil society and political parties (hitherto the main outlet for middle class political activity), the urban middle class was also alienated from the rapidly eroding social base of the regime.

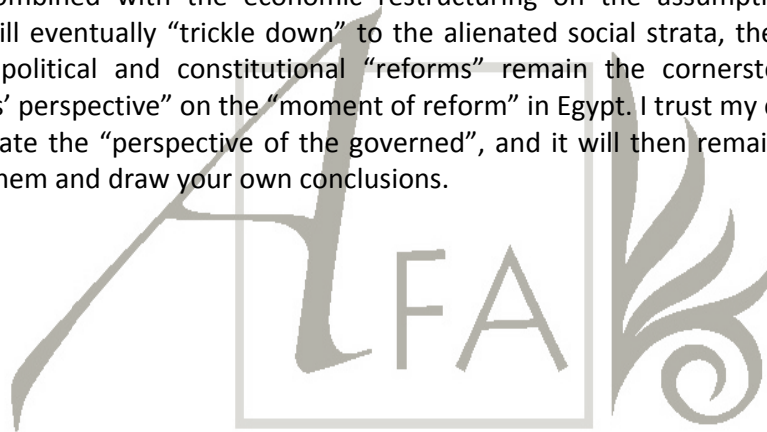
21. The resulting erosion in the social and support bases of the regime is the most salient feature of the current political crisis, and represents the necessary backdrop for understanding the current “moment of reform” in Egypt. It was particularly reflected in the parliamentary elections of 2000 and 2005, which, in spite of the considerable controversy over the legitimacy and fairness of the electoral process and its outcomes, witnessed a sharp decline of the NDP's parliamentary membership to 170, and 149 respectively. To secure parliamentary majority, on both occasions the NDP had to admit the membership of hundreds of “independent members of parliament”, comprising mostly dissident NDP members who were not chosen by the



dominant haute bourgeoisie membership of the PS to run the elections as party candidates, and thus opted to run as “independents”.

22. In response to this appalling electoral performance, and to the simultaneous rise of domestic and international pressures for political reform<sup>3</sup>, a revamping of NDP started shortly after the 2000 elections. A committee was formed to restructure the party after the appalling electoral performance. A key member of this committee was Mubarak’s own son Gamal. In the NDP’s eighth conference in 2002, a group of younger technocrats, mid-career professionals and members of the haute bourgeoisie were injected in the newly-formed “Policies Secretariat” (PS) headed by Gamal Mubarak, and the party raised the slogan “new thought” in this and all the subsequent conferences.

23. Whether the NDP’s PS-led response to the question of reform in Egypt is adequate, remains subject to much heated debate in Egypt. Constitutional amendments in 2005 were hailed by the NDP and the official press as a major reform, allowing for multi-candidate presidential elections for the first time Egypt history. Combined with the economic restructuring on the assumption that its benefits will eventually “trickle down” to the alienated social strata, the PS and its proposed political and constitutional “reforms” remain the cornerstone of the “governors’ perspective” on the “moment of reform” in Egypt. I trust my co-speakers will elaborate the “perspective of the governed”, and it will then remain to you to compare them and draw your own conclusions.



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<sup>3</sup> The latter demands, in my view, should be best understood against the backdrop of the increasing disagreements between the Egyptian and American governments over a range of regional issues, which I will refer to later today in my presentation of Egypt’s regional role, and are covered in its background note.