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Abstract

The Egyptian Revolution of 2011 has been portrayed in many media sources as a liberal democratic revolution, the fulfilment of a cultural and societal evolution toward principles embraced in the West. Such a portrayal is in the mold of largely debunked strains of modernization theory, in which societal development and ingenuity has radiated outward from Europe toward the rest of the world. In attempting to restore agency to the Egyptian people, this thesis advocates a more economic approach, employing Relative Deprivation Theory to illuminate the cumulative grievances of the Egyptian people over time and how they relate to their consent to be governed. It explores the evolution of the Egyptian economy over time, and the nature by which it impacted the basis of authority for the Nasser, Sadat, and Mubarak regimes. It examines the Muslim Brotherhood as an economic actor, and sees the election of the Freedom and Justice Party as opening a new chapter in the relationship between the people and the state.

Die ägyptische Revolution von 2011 wird in den Medien oft als liberal-demokratische Revolution beschrieben, als Einlaufen in die Zielgrade nach einer kulturellen und sozialen Evolution, hin zu einem westlich geprägten Werte- und Normenkanon. Diese Logik folgt dem seit langem weitläufig kritisiertem Ansatz der Modernisierungstheorie, nach dem gesellschaftliche Entwicklung und Erfinderreichtum von Europa in die Welt hinausgetragen wurden. Mit dem Ziel, dem ägyptischen Volk eine weitaus wichtigere Rolle zuzusprechen, wird in dieser Masterarbeit von einer ökonomischen Perspektive ausgegangen. Unter Verwendung der „Relative Deprivation Theory“ werden die kumulativen Aufstände der ägyptischen Bevölkerung entlang einer Zeitachse analysiert und ihre Bedeutung im Konsens des Regiertwerdens erklärt. Die historische Untersuchung der wirtschaftlichen Entwicklung in Ägypten soll Aufschluss darüber geben, inwieweit signifikante Veränderungen zur Stärkung oder Schwächung der Regime Nasser, Sadat und Mubarak führten. Die „Muslim Brotherhood“ wird dabei als wirtschaftlicher Akteur betrachtet, dessen Wahl mit der „Freedom and Justice Party“ ein neues Kapitel in der Beziehung Staat und Volk aufschlägt.

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1. First as Tragedy, then as Farce

In early 2005 a series of elections, political agitation, violence, and demonstrations across the Middle East led some international observers to proclaim the dawn of an "Arab Spring." The term hearkened back to the so-called "Prague Spring" of 1968, in which Czechoslovakia embarked on a series of liberalization measures intended to increase personal and political freedom as well as introduce market-based reforms into the economy – a dramatic departure from the prevailing Soviet model. Though it is unclear precisely when and where "Arab Spring" originated, by March of 2005 American, French, German, and other international publications were employing it to suggest a similar level of epochal change was occurring in the Middle East.[1][2][3] "Those who claimed," one editorial began, "that Arabs are an exception to the human tendency to freedom … have been proved wrong."[4] Among Western journalists there was a palpable sense of change sweeping across a region often characterized by its political stagnation.

A year later, much of that hope had faded. The Arab Spring, it seemed, was destined to share the fate of the movement to which it owed its name. Elections in Iraq and Afghanistan were marred by accusations of fraud and outbreaks of sectarian violence. The so-called "Cedar Revolution" in Lebanon had stalled as questions over lingering Syrian influence remained. The electoral reform that Hosni Mubarak had promised in Egypt proved to be a sham, as the president was successful in pushing through a referendum that rendered opposition parties impotent, ultimately winning re-election with 88.6% of the vote. As conflict persisted and regional strongmen reasserted their authority, pundits were left to re-examine the wreckage of their unfulfilled hypotheses.

With the resurrection of the "Arab Spring" in late 2011, Western observers can again be heard proclaiming the arrival of freedom and democracy to the Middle East. And yet, despite the failure of their 2005 prognostications, the narrative remains the

[1] Charles Krauthammer, *The Arab Spring of 2005*, The Seattle Times, March 21st, 2005; accessed July 12th, 2012.
[http://seattletimes.nwsource.com/html/opinion/2002214060_krauthammer21.html]
[2] Guy Sorman, Et si Bush avait raison? Le Figaro, February 26th, 2005; accessed July 12th, 2012.
[http://www.lefigaro.fr/cgi/edition/genimprime?cle=20050226.FIG0105]
[3] Claus Christian Malzahn, *Could George Bush Be Right?* Der Spiegel, February 23rd, 2005; accessed July 14th, 2012.
[http://www.spiegel.de/international/0,1518,343378,00.html]
[4] Charles Krauthammer, *The Arab Spring of 2005*, The Seattle Times, March 21st, 2005; accessed July 12th, 2012.

same: the populations of Egypt, Tunisia, Bahrain, Syria, et al., having long toiled under regimes on the wrong end of the linear path of development, are now ready to join the ranks of liberal democracies. Given the failure of 2005's Arab Spring to come to fruition, it seems prudent to examine the assumptions under which such proclamations of change were originally made.

An oft-stated goal of former US President George Bush's strategy in Iraq was to create an example of democracy to "send forth the message that freedom can be the future of every nation."[5] The administration envisioned that the toppling of the Hussein dictatorship would produce a domino-effect, whereby regional actors would draw inspiration from the Iraqi example and ultimately agitate for their own democratic governance. This perspective provoked global condemnation from the Arab and Western world alike when the US-led invasion created a vacuum of instability and violence in the region. It seemed to gain credence, however, with the green shoots of change during the Arab Spring of 2005. Those previously critical of the Bush administration reassessed their stance and the strategy was, for some, rehabilitated.

"And if Bush Was Right?" began a French editorial, while Germany's der Spiegel referred to "George W. Bush's Infectious Virus [of democracy,]" extolling the (unanticipated) democratic consequences of the US invasion on the Middle East.[6] In this narrative it was not the agency of the Lebanese that expelled the Syrian regime from their country, but rather the spectre of the US in Iraq. Conservative columnist Charles Krauthammer went so far as to attribute the extension of suffrage to women in Kuwait, Mubarak's proposed electoral reform, Syrian overtures toward the legalization of political parties, and Saudi municipal elections to "America's actions and the breaking of the ice [they] initiated."[7] George W. Bush, perhaps emboldened by these associations, announced in a speech at the National Defence University that "the thaw has begun."[8]

[5] Remarks by President George W. Bush at the *20th Anniversary of the National Endowment for Democracy*, United States Chamber of Commerce, Washington D.C., November 6th, 2003; accessed July 17th, 2012.
[http://www.ned.org/george-w-bush/remarks-by-president-george-w-bush-at-the-20th-anniversary]

[6] Claus Christian Malzahn, *Democracy at the Tip of a Sword*, Der Spiegel, March 3rd, 2005; accessed July 14th, 2012. [http://www.spiegel.de/international/democracy-at-the-tip-of-a-sword-george-w-bush-s-infectious-virus-a-344679.html]

[7] Charles Krauthammer, *An Arab Spring?* Hoover Digest, Volume 2, March 30th, 2005.

[8] Peter Wallsten and Tyler Marshall, *Bush Sees Middle East 'Thaw' on Democracy*, The Los Angeles Times, March 9th, 2005; accessed July 17th, 2012.
[http://articles.latimes.com/2005/mar/09/world/fg-bush9]

The subsequent freeze revealed the speciousness of such cause-and-effect associations. On a superficial level, the connection between the alleged indicators of 2005's Arab Spring and US activity in the region were tenuous at best. There is little to suggest, for example, that anti-Syrian demonstrations in Lebanon were related to anything but the cumulative weight of a decades-long interference by Syria in Lebanon's affairs, culminating with the assassination of Prime Minister Rafic Hariri. Similarly, the "concessions" by Hosni Mubarak were disingenuous, a thinly veiled reform effort aimed at *strengthening* his stranglehold on Egyptian politics, not opening it to contestation out of deference to US policy. The same holds true for the Syrian reforms, a fact even acknowledged by the same commentators upholding it as evidence of US-led change in the region.[9]

When approached from its theoretical foundation however, the objectionable nature of this narrative is more fully exposed. To interpret 2005's upheavals as an "Arab Spring" owing to US actions in Iraq is to subscribe to a worldview most famously articulated by Samuel Huntington; for Huntington, modern history is compartmentalized in three democratic waves emanating outward from Europe to all corners of the globe but, as of yet, unable to penetrate the Middle East.[10] In a similar intellectual vein, Francis Fukuyama's influential *The End of History and the Last Man* touted the triumph of "Western" ideology following the collapse of the Soviet Union, speculating that humanity has entered the " … end point of ideological evolution … [with] liberal democracy as the final form of human government."[11] Within this framework, the Middle East, having remained untouched by these democratic waves and portrayed as antagonistic to liberal ideology, is relegated to a lesser level of human socio-political evolution. This dichotomy is implicit even in the term "Arab Spring," which establishes a movement *toward* democracy whose lineage can only be traced *back* to Europe via the Prague Spring, and fraught with the same potential for "failure" (here being anything other than the realization of the historically anointed liberal democracy) – a point of clear irritation for participants in the 2011/12 movement.[12]

[9] Charles Krauthammer, *An Arab Spring?* Hoover Digest, Volume 2, March 30th, 2005.
[10] Amichai Magen, *On Political Order and the Arab Spring*, Israel Journal of Foreign Affairs, VI: 1, 2012; accessed 7th August, 2012.
[http://israelcfr.com/documents/6-1/6-1-2-Magen.pdf]
[11] Francis Fukuyama, The End of History, As read on:
[http://www.wesjones.com/eoh.htm]
[12] Rami G. Khouri, *Drop the Orientalist Term Arab Spring*, The Daily Star Lebanon, August 17th 2011; accessed 7th August, 2012.
[http://www.dailystar.com.lb/Opinion/Columnist/2011/Aug-17/Drop-the-Orientalist-term-Arab-Spring.ashx#axzz1clXQEC6E]

These perspectives are important pillars of modernization theory, in which "progress" is a teleological, systematic, and binary procession toward liberalized democracy, firmly embedded in a distinctly Western experience. In this framework, deviation from said experience can only be understood as a retreat from modernity. It is precisely this paradigm that informed the *Mission civilisatrice* of the colonial era, and justified the imposed stewardship of the Middle East, East-Asia, and elsewhere, by European powers. Though the language and mechanisms of such stewardship have been largely sterilized (the "regime change" of Iraq being a notable exception), the paradigm is essentially unchanged – as evident by the reactions to and expectations of the Arab Spring (noted above). The overt occupation of those considered backward has been replaced by the primacy of international institutions such as the IMF and World Bank, whose mandate to assist "developing" or "third world" (in contrast to "developed" or "first-world) countries is scarcely dissimilar in intent from the colonial administrations of the past.

Post-colonial theorists, dissatisfied with this global history driven solely by European actors, have worked to discredit modernization theory, arguing that it is Eurocentric and reductionist in its inherently binary dichotomy. According to Doreen Massey, a viable alternative method of understanding " … must [involve] the existence of trajectories which have at least some degree of autonomy from each other (which are not simply alignable into one linear story)...[only then does] the existence of alterity begin to emerge.[13] Similarly, Edward Said confronted the discourse of modernization theory as applied to the Middle East, redefining it as "Orientalism," a schema constructed by the West containing "a set of constraints upon and limitations of thought … [with] the eradicable distinction between Western superiority and Oriental inferiority."[14] This dominant discourse of Orientalism, he argued, dictated that " … the Orient and everything in it was, if not patently inferior to, then in need of corrective study by the West."[15] He further noted " … everywhere amongst Orientalists [there has been] the ambition to formulate their discoveries, experiences, and insights suitably in modern terms," so that while the terminology of *Mission civilsatrice* may be passé, the teleology of third-to-first world evolution is not.

Approached from these post-colonial perspectives it is possible to account for the lack of democratic governance in the Middle East without consigning its population to a pre-modern

[13] Doreen Massey, Power Geometries and the Politics of Space-Time, Hettner-Lecture, 1998, Milton Keynes, United Kingdom.
[14] Edward Said, Orientalism, Vintage Books, October 1979.
[15] Ibid.

status, or depriving them of agency in democratic social movements. As applied to the events of 2005, it allows for an interpretation that does not contrive to a predetermined outcome derived from the hope, ambition, and experience of the West. Thus, the mutation of 2005's Arab Spring – the turn toward sectarian violence in Lebanon, electoral fraud in Egypt, repression in Syria – can be understood as distinct and evolving trajectories rather than failures for having not produced prescribed results.

Yet it is the language of modernization theory that continues to be employed in Middle Eastern discourse by Western media and governments. When the Arab Spring began anew in 2011, it was again depicted as a regional progression down a universal development path. As Egyptian protesters gathered en masse in Tahir Square, there was no question about what had caused such diverse elements of a fragmented society to bond together against President Mubarak, but rather a celebration that the inevitable evolution of Egyptian society was occurring. That there might be varied interests at play, that the protesters were not a homogenized entity, and that Egypt may be embarking on a unique trajectory – these details were lost in the media adulation of a conveniently packaged, familiar story: a repressed people rising up against a brutal dictator to embrace democracy. But as the subsequent electoral results demonstrated, the reality was not so easily distilled. Though Egyptians had managed to agree that Mubarak must go, there was a serious fragmentation of visions for the country's direction. Western hopes that a unified movement against Mubarak had arisen through the embrace liberal democracy proved illusory; several competing claims with varied prescriptions for Egypt's future emerged among the newly formed parties. This development raised the question: if it was not the absence of democracy that doomed Mubarak, what did?

In the absence of absolute objectivity, a quality rendered impossible by our very nature, history is a fundamentally human (and thus fallible) construction. For any given event there are a multitude of accounts and explanations jockeying amongst each other and vying for pre-eminence based on the relative merits of their argumentation. Though tangible details can generally (but not always) be agreed upon – that there was a conflict, a leader deposed, or a government elected, for example – the question of *how* and *why* are typically much more contested. The narratives chosen by an individual or collectively by a society are constrained by personal, cultural, and intellectual parameters. Modernization theory and the discourse of Orientalism are narrative lenses whose compromising subjectivity has been laid bare. They are "familiar explanatory strategies and analytic categories with which scholars have traditionally worked," but which "in an age of globality" are rendered irrelevant by their "normative construct of what some civilization or some intellectuals would want the people of this earth to be."[16]

In looking at the *how* and *why* of the Egyptian Revolution, this thesis will discard the explanatory strategies and analytic categories of democracy and cultural evolution. It will apply an economic perspective to recent Egyptian history, juxtaposing popular support for Nasser, Sadat, and Mubarak with several economic indicators. The deterioration of these indicators over time and the transformation of the nature of the Egyptian economy will be correlated with increasing incidents of dissent against the regimes. The evolution of the Muslim Brotherhood as a significant *economic* phenomenon will be explored and their role will be contrasted with that of the state apparatus. Their electoral success over time will be presented in parallel to their extensive economic activities, and the mechanisms by which they filled the void of the receding state will be detailed. Prior incidents of economic dissent in Egyptian history will be explored to strengthen the argument that economic grievances have served to rally Egyptians against the regime in the past, and an argument that 2008's global economic recession pushed the regime past the threshold of legitimacy will be made.

This should not mistook for an attempt to exchange one reductionist explanation (that of a narrowly defined pursuit for democracy) for another (a reaction to economic grievance). Rather, it is an effort to illuminate one variable which can be more objectively quantified, measured over time, and correlated. The causes and motivations of the revolution are multifaceted and complex, and this thesis represents one possible piece of a much larger puzzle. As Malcolm Kerr reflected on the Egyptian Revolution of 1952,

> "To seek [a grand narrative] … is to imagine that the objectives of the revolution are precisely definable even to its leaders … the Egyptian revolution … is still groping for a clear sense of its purposes."[17]

So, too, is the Egyptian Revolution of 2011. A liberal democracy may yet emerge as the direction the revolution proceeds. In the

[16] Michael Geyer and Charles Bright, World History in a Global Age, The American Historical Review, Volume 100, Issue. 4, October 1995, p. 1037, p. 1059.
[17] Malcolm Kerr, *Coming to Terms With Nasser: Attempts and Failures*, International Affairs (Royal Institute of International Affairs 1944), Volume 43, No. 1, January 1967, p. 66.

short term, however, the economic grievances of the people remain in focus, and the cumulative effect of the aforementioned variables indicate that they remain a significant contributing factor to what instigated the events in Tahrir Square.

2. Theoretical Concerns, Methodology, Limitations

The question of what caused the Egyptian Revolution is, at its heart, a question of behaviour: why did people mobilize at this point of time? As such, a theoretical framework examining and explaining the origins of the mobilization is necessary. There are, however, several disciplines amongst the social sciences who would claim explanatory primacy in this regard. History, for example, may contextualize the revolution in explicitly historical terms, portraying it as a sort of inertia, the fulfilment of processes set in motion long ago. Political Science, on the other hand, might explain its origins in the interactions of domestic and international institutions. Sociology may put forth cultural or even fundamentally *human* explanations, an observable pattern of reactions by individuals to environmental inputs. Economics might theorize that the protesters in Tahrir Square made a rational choice, calculating the costs and benefits of their participation in the revolution.

Each of these notions has merit, but is, ultimately, constrained by the walls of the respective discipline. As argued in the introduction, the causes of the revolution are multi-faceted, and as such, any inquiry requires a multidisciplinary approach. Social Movement Theory seems appropriate both in its specificity – it seeks to explain why individuals mobilize – but also in its inclusiveness; it borrows from all of the social sciences. What is an asset is also a weakness however, as the breadth of perspectives available is particularly wide, and there is, of course, no consensus.

Within Social Movement Theory there are an almost endless variety of approaches, with new research constantly emerging and vying for pre-eminence. As Jason Bradley DeFay notes in his paper "The Sociology of Social Movements,":

> "Some researchers focus their attention on the media and its impact on social movement actors, while others look at the impact of poverty and social class on the rise of social movements. There are yet other scholars who explore identity factors and the emergence of new sets of common interests that unite disparate peoples across great physical distances and from different political cultures and political systems …"[18]

[18] Jason Bradley DeFay, *The Sociology of Social Movements*, University of California at San Diego, Department of Sociology, July 2004; accessed August 14th, 2012. [http://defay.org/jason/academic/SM%20Paper.pdf]

These varied approaches can be generally distilled into six main areas: Mass Society Theory, Resource Mobilization Theory, Structural-strain Theory, Value-added Theory, Relative Deprivation theory, and New Social Movement Theory.[19] This paper will privilege Relative Deprivation Theory in its analysis of the Egyptian Revolution.

2.1 Relative Deprivation Theory

Relative Deprivation Theory is

> " … the idea that feelings of deprivation and discontent are related to a desired point of reference … Feelings of relative deprivation arise when desires become legitimate expectations and those desires are blocked by society … [it] is used to explain the quest for social change that inspire social movements; social movements emerge from collective feelings of relative deprivation."[20]

Put another way, Relative Deprivation Theory can be characterized as fuelling social movements through " … rising expectations on the one hand and limited capabilities to actualize those expectations on the other." Essentially, when individuals are confronting with situations in which they expect to achieve or receive *x*, but instead achieve or receive *y* (where *y* is less in value than *x*), their dissatisfaction increases accordingly. At a certain level of dissatisfaction and spread amongst a certain number of people, these feelings will coalesce into a social movement directed against the perceived source of expectations or provider of insufficient value.

The theory gained particular prominence with the publication of Ted Gurr's *Why Men Rebel* in 1970. In his book, Gurr argued that social movements arise when there is a "perceived discrepancy between value expectations and value capabilities" (what he terms relative deprivation), and that the strength and fervor of a given social movement will reflect the duration and intensity of disparity between these variables.[21] He identifies three ways in which relative deprivation emerges. The first is "decrementally," whereby "value expectations remain constant while

[19] Simone E. Flynn, *Relative Deprivation Theory*, Sociology Reference Guide: Theories of Social Movements, Salem Press, California, 2011, p. 102.
[20] Ibid., p. 100.
[21] Ted Gurr, *Why Men Rebel*, Princeton: Princeton University Press 1970, Free Social Science Summary Database; accessed August 17th 2012. [http://wikisum.com/w/Gurr:_Why_men_rebel]

capabilities fall."[22] The second is "aspirationally," in which "value expectations rise while capabilities fall."[23] And the third is "progressively," where " … expectations grow … and capabilities do too," but either at too slow of a pace, or are ultimately curtailed.[24]

In addition to these, " … Gurr identifies four 'sources' of value expectations: past condition, abstract ideals, standards of a leader, and reference groups."[25] In the case of past condition, expectations are derived from the status and environment the individual previously experienced. In abstract ideals, they come from the ideology in which the individual adheres to. For standards of a leader, expectations are typically articulated by a charismatic leader or authoritarian figure. Finally, reference groups refer to external individuals or groups for whom the individual feels equal to and draws comparisons with.

Since the publication of Gurr's work, Relative Deprivation Theory has been applied to several social movements, but has also been criticized.[26] There are three main criticisms to the theory. First, critics contend that "much of the evidence linking social movements to feelings of relative deprivation is indirect."[27] They argue that while there may be a correlation between these feelings, there is no absolute proof that they are the impetus to join a social movement. The second criticism is that relative deprivation tends to ignore the individual, lumping the grievances of individuals into a group, and thus ignoring the spectrum of individual feelings and motivations. The third is that grievances and feelings of deprivation exist everywhere, and often do not produce participation in a social movement. Stated otherwise,

> " … [in relative deprivation theory] little consideration is given to the notion there may be responses to deprivation-induced frustration other than a collective aggressive response. It is instead assumed that there is a critical point

[22] Ibid.
[23] Ted Gurr, *Why Men Rebel*, Princeton: Princeton University Press 1970, Free Social Science Summary Database; accessed August 17th 2012. [http://wikisum.com/w/Gurr:_Why_men_rebel]
[24] Ibid.
[25] Joan Neff Gurney, Kathleen J. Tierney, *Relative Deprivation and Social Movements: A Critical Look at Twenty Years of Theoretical Research*, The Sociological Quarterly, Volume 23, No. 1, p. 35.
[26] For one example of its application, see: Kim S. Law, Edward J. Walsh, *The Interactions of Grievances and Structure in Social Movement Analysis: The Case of JUST*, The Sociological Quarterly, Volume 24, No. 1, pp. 123-136.
[27] Simone E. Flynn, *Relative Deprivation Theory*, Sociology Reference Guide: Theories of Social Movements, Salem Press, California, 2011, p. 108.

> beyond which accumulated frustrations explode into revolt or revolution."[28]

In light of these criticisms, several competing theories within Social Movement Theory have emerged. Perhaps most prominent among these is the work of Charles Tilly, in which he reframes social movements under the terminology of "contentious politics."[29] Within Social Movement Theory, Tilly's work and its acclaim seem to represent an intellectual shift; rather than study the precise causes of a particular social movement, the emphasis is on *observation*. Tilly's work creates an extensive lexicon for the study of social movements, but seems more oriented toward the exploration of structure and interaction of participants rather than explanation of origins. Such development is in line with the aforementioned criticism, as the unreliable nature of individual testimony and the admitted deficit of causation (only correlation) in the relative deprivation approach. Still, this paper argues for the relevance of Relative Deprivation Theory in the Egyptian Revolution, and a 21rst century reimaging of precisely what constitutes "relative."

While the theory may not be relevant for all cases, it seems particularly well suited for analysing the Egyptian Revolution. The subsequent details will explore the following factors in greater depth, but will be stated here brief. First, this paper views the revolution through an economic lens, and it is particularly easy to quantify "deprivation" in economic terms. Similarly, "relative" in this case is easy to identify, as in Egyptian society (as all societies) there are clearly identifiable "haves" and "have-nots." Secondly, the classifications used by Gurr – particularly those of "aspirational deprivation" and "decrimental deprivation" on the expectation side and "past condition" and "standards of a leader" on the values side – align well when the revolution is contextualized within the historical economic development of Egypt. Lastly, the words of the participants in the revolution *make direct assertions* feeling relative deprivation. It seems only prudent to employ this theoretical framework given these factors.

Lastly, the concept of "relative" merits updating in the 21rst century. The Egyptian Revolution did not occur in a vacuum; rather it was influenced by social and economic trends – most notably the global economic recession of 2008 and the Arab Spring – the documentation of which is readily available on an

[28] Joan Neff Gurney, Kathleen J. Tierney, *Relative Deprivation and Social Movements: A Critical Look at Twenty Years of Theoretical Research*, The Sociological Quarterly, Volume 23, No. 1, p. 36.
[29] Charles Tilly, Sidney Tarrow, *Contentious Politics*, Oxford University Press, United States, 2006.

unprecedented level due to developments in media and the internet. Whereas "relative" was once limited to those circumstances an individual was in physical proximity to, expectations and value sources are now formed in the global arena. When the Arab Spring began in Tunisia, it directly impacted the expectations and values of Egyptians, and influenced the events that would unfold. The concept of relative deprivation then takes on new meaning and becomes perhaps more applicable in this particular social movement.

2.2 Methodology and Limitations

In exploring the evolving Egyptian economic situation and how it correlates to unrest, I began by establishing the relevant timeframe. 1954 seemed like a logical starting point, as this seemed to be the moment that the ruling regime of Egypt – here, Nasser's Free Officers movement – had the acquiescence and support of the people. They were, therefore, considered *legitimate* in some form or another. The revolution in 2011 was the end of legitimacy by authoritarian rule in Egypt, and thus the entire period in between seemed relevant for tracking the four variables in question: the economy, the regime, the opposition, and unrest. Exploring the dichotomy between these illuminates the way in which social unrest in Egypt has always been correlated with economic performance. I devoted a chapter to how the global economic recession in 2008 pushed the populace's feelings of relative deprivation across a point in which it decided that the Mubarak regime, due to its inability to deliver value in accordance with their expectations, was no longer legitimate.

In exploring these topics I various forms of literature and testimony: books, magazines, journal articles, and interviews. I read each source thoroughly, and attempted to distil how the information contained within applied to the above variables. I employed Relative Deprivation Theory (above) to explore how the divergence of values from expectations evolved over time until it surpassed a threshold that produced the outburst that toppled the Mubarak regime.

In tracking the economy, I looked at economic indicators over time. These indicators include Gross Domestic Product (GDP), Gross National Income (GNP), inflation, wages, wealth disparity (gap between the rich and poor), unemployment, and food prices. I particularly looked at how these changed in 2008, as it was important to answer the question of why the revolution happened in 2011, and not, say, 1977, when there was another significant incident of protracted unrest (which I cover in chapter 5).

In all of this, there are some obvious limitations. The first of which, not unique to this paper, is that of individual bias. In this context I refer not only to the own inherent bias of culture, upbringing, political affinities and so on, but also that of research bias. At some point in the process of researching the topic I had come to the conclusion that it was, in fact, economic processes that contributed significantly to the revolution. This conclusion therefore guided my additional research and did, it must be admitted, lead to the omission of other relevant sources of information. As I stated in the introduction however, I do *not* contend that economics alone dictated the actions of the people. I only intend to present it was one piece of an infinitely complex story, and one that has been underrepresented and insufficiently articulated in much of the existing literature.

As second limitation is that of time; while there was ample historical scale to draw upon, the revolution is one that is still unfolding. It is still unclear how the tensions between the military and the newly elected parliament and president will unfold. The question of how the Egyptian people determine the legitimacy of their government is, in many ways, bound up in this process. Similarly, the economic situation that the Freedom and Justice party has inherited has not changed significantly since the ousting of the Mubarak regime. If anything, indications are that it has gotten worse.[30] The premise of this thesis is that the revolution was provoked by economic promises by the state that went unmet by such an extent, and for such duration of time, that the people revolted. A large part of that premise rests on the election of the Muslim Brotherhood (via the Freedom and Justice Party), as they had continuously represented a viable economic alternative to the state. If, however, the Egyptian economy flounders for a prolonged period of time and the Freedom and Justice Party remains in power, the premise of this paper may be rightly called into question.

The last limitation is one of sources and language. As I do not speak Arabic, my sources are limited to those written in the English language. This produces a sort of "self-selection," whereby I am only able to consult those able and willing to write in the language. The ability and desire to do so may, in some cases, belie a particular agenda. It was evident for example that many of the more liberal elements of the revolution were exploiting their ability to speak or write in English to gain access to Western media and promulgate a message they felt that media

[30] Michael Schuman, *Why the New Egyptian President's Biggest Worry Could be the Economy*, Time Magazine Online, June 27th, 2012; accessed August 19th, 2012. [http://business.time.com/2012/06/27/why-the-new-egyptian-presidents-biggest-worry-could-be-the-economy/]

would be receptive to. Ultimately, however, this is not an obstacle that I am able to overcome. I have attempted to mitigate it by both my own recognizance of its existence, and by selecting relying on Egyptian sources wherever I could. Authors like Alaa Al Aswany, Tarek Osman, and Ahdaf Soueif are respected Egyptians, and figure prominently in my sources.

3. Contemporary Egyptian Economics Policy: Nasser Sadat, and Mubarak

In order to contextualize the cumulative economic grievances of the revolution, the actors who articulated them, and the organization upon in which the participants have pinned their hope, this chapter will provide a macro-overview of contemporary Egyptian economic policy. It will begin a brief review of the varied economic policies of Egypt prior to the 1952 revolution. Next, the transition to a statist planned economy under Gamal Nasser will be detailed, followed by the gradual unwinding of these policies through *al-Infitah* by his successor, Anwar Sadat. Finally, the policies of Hosni Mubarak's regime will be examined, with particular emphasis on the extensive neoliberal reforms that began in earnest in the early 1990's.

3.1 Pre-Revolution

Prior to the 1952 revolution, Egypt could not be characterized by any particular economic doctrine; there had been, over the previous hundred years, a variety of approaches employed by the regimes in power.[31] The state had initially assumed pre-eminence in the agricultural sector, though nepotism and land disbursements through Muhammad Ali's familial line had ultimately produced large private landholdings. This trend toward privatization was nurtured by European intervention in Egyptian affairs in the second half of the 19th century, when the economically vogue policies of free trade were adopted. As the late 19th century's liberalism gave way to the post-war protectionism however, the government came to assume an increasingly large role in the economy. This ebb-and-flow process was the result of circumstantial expediency however, and not dictated by any particular economic or social mandate.

3.2 Nasserism and the Expansion of the State

Though Nasser's revolution has been retroactively described as socialist, " … [it] was instigated principally by resentment against the corruption of the monarchy and frustration … with the British occupation."[32] And indeed, the first years of the revolution bore out this doctrinal deficiency: the status quo generally prevailed, and the new regime pursued policies in support of and in accordance with existing private sector enterprise and relatively

[31] Khalid Ikram, *The Egyptian Economy 1952-2000: Performance Policies and Issues*, Routledge Studies in Middle Eastern Economics, New York, 2006. p. 1.
[32] Ibid., p. 1.

limited government intervention. One notable exception, however, was the agrarian reform project of 1952, which sought to limit individual agrarian holdings and redistribute land amongst the lower classes. The project was a reflection of Nasser's stated intent to " … build his power base … on a mandate from the people … to translate the desires and wants of the people into state policies and national socio-economic strategies."[33] Land redistribution was immensely popular politically, as " … land ownership lay at the very heart of social inequality in Egypt … " with just .05% of the population owning more than 1/3rd of the farmable land by 1950.[34][35]

The Suez Canal War of 1956 provided the economic impetus and popular mandate that produced the dramatic state-planned restructuring of the Egyptian economy. The origins of the war lay in Egypt's attempted financing of the Aswan High Dam. The dam was intended to regulate the flooding of the Nile River, allowing for a predictable and regular agricultural cycle, the expansion of which was a goal of Nasser. Financing for the dam was to be provided by the United Kingdom, United States, and the World Bank, but both the UK and US, in accordance with Cold War era pressures, sought to attach certain restrictions on Egyptian foreign policy to the agreement.[36] When Nasser balked at these provisions, the UK and US withdrew their bids, followed shortly after by the World Bank opting to forego financing of the project. In response, Nasser nationalized the Suez Canal to raise the revenue for the dam's construction. This move isolated Egypt from Western finance markets, necessitating an unprecedented level of intervention by the government – a process facilitated through the popular mandate earned by the regime's success in the Suez crisis.[37][38]

In the aftermath of the Suez Canal War, the Nasser Administration

33 Tarek Osman, *Egypt on the Brink – From the Rise of Nasser to the Fall of Mubarak*, Yale University Press, London, 2010. p. 54.
34 Roy Delwin and William Ireland, *Law and Economics in the Evolution of Contemporary Egypt*, Middle Eastern Studies, Vol. 25 No. 2, April 1989, p. 163.
35 Tarek Osman, *Egypt on the Brink – From the Rise of Nasser to the Fall of Mubarak*, Yale University Press, London, 2010. p. 54.
36 Malcolm Kerr, *Coming to Terms With Nasser: Attempts and Failures*, International Affairs (Royal Institute of International Affairs 1944), Volume 43, No. 1, January 1967, p. 71.
37 Khalid Ikram, *The Egyptian Economy 1952-2000: Performance Policies and Issues*, Routledge Studies in Middle Eastern Economics, New York, 2006. p. 3.
38 Tarek Osman, *Egypt on the Brink*, p. 59: "At that moment in history Gamal Abdel Nasser was, in their eyes, doing much more than nationalizing the vital economic asset the Suez Canal represented, more than evening the score with yesterday's powers. He was asserting national pride."

> " … [extended] government strategic control … [through] tightly planned investment allocations, large-scale nationalization, administered pricing, and wage-fixing, as well as the controlled foreign trade and resource use in farming."[39]

1956 saw the introduction of the state's Economic Organization department to oversee the management of the newly nationalized assets. These first included the British, French, and American, and Israeli assets seized during the Suez War, and later included other foreign and Egyptian companies, as " … all banks, insurance, companies, and commercial agencies were required to be converted into domestically owned joint stock companies within five years."[40] Shortly after, the Nasser regime created the National Planning Committee, tasked with establishing highly regimented plans for directing the government's role in managing the economy. The creation of these two branches represented a definitive shift in Egypt's economic structure, as private enterprise was replaced by public management and oversight. The changes were significant: in 1952 the public sector was responsible for 28% of gross investment in the Egyptian economy; by 1960 that number had ballooned to 74%, reaching a peak of 90% by 1973.[41] The National Charter of 1962 (*al-Mithaq al Witany*) expressed the rationale for the decisive change, emphasizing prior "market failures," and tasking the government with providing

> " … access of *all* citizens to free education and health services, the provision of cheap housing to working classes and the elimination of exploitation in transactions [through] the public sector, regulating wage rates and subsidizing consumer prices … [as well as] guaranteed employment of graduates … "[42]

To this end, the government engaged in a sustained nationalization push to enable the mobilization of all necessary assets and income. In 1961 the Alexandria Cotton Market was closed and replaced by the state-controlled Cotton Authority, all remaining banks and insurance companies were liquidated, 44 companies in material industries taken over, the capital of 86 manufacturing

[39] M. Riad El-Ghonemy, *Egypt in the Twenty-First Century – Challenges for Development*, Routledge Curzon, New York, 2003. p. 76.
[40] Khalid Ikram, *The Egyptian Economy 1952-2000: Performance Policies and Issues*, Routledge Studies in Middle Eastern Economics, New York, 2006. p. 5.
[41] Ibid., p. 5.
[42] M. Riad El-Ghonemy, *Egypt in the Twenty-First Century – Challenges for Development*, Routledge Curzon, New York, 2003. p. 77.

firms seized as well as the shares of 147 firms – moves that placed an additional two-thirds of the country's capital in government hands.[43]

Thus, the transition from what had been at the outset of the revolution an economy dominated mostly by the private sector, to a state-planned centralized socialist economy was complete. Though the revolution had not been fuelled by ideological socialism, international circumstances combined with the domestic political benefits of egalitarianism were increasingly expressed in Nasser's restructuring program. As Nasser's ambition to raise the average Egyptian from poverty were incorporated into the five-year plans of the Economic Organization department, the government took on additional functions, including: increased predominance in agriculture, an " … extensive system of cost and price controls … to improve income distribution and resource mobilization," cost of living regulations, minimum wage hikes, increased health-care expenditures, investment in public education, and on-going land reform that shifted ownership of 57% of the land to the lowest end of the income scale.[44]

The cumulative effect of these policies was, on a social level, an unprecedented resource redistribution and intervention on behalf of the Egyptian lower classes. The redistribution is best illustrated through the evolution of Egypt's middle class:

> "At the time of the fall of the Egyptian monarchy in the early 1950s, the Egyptian middle class comprised roughly 4 million people (in a population of 21 million, of which 17 million were considered lower class and poor, and less than half a million upper class and rich) … Nasser changed that … [by] flattening the social curve; millions of previously poor Egyptians, through education and jobs in the public sector, joined the middle class."[45]

This dramatic expansion of the middle class mitigated the seething class tensions in society prior to the revolution, typified by the 1951 riots in Behout in which poor peasants, angered over working conditions and high rents, attacked the properties of the Al-Badrawis, one of Egypt's wealthiest families.[46] Though Nasser's lustre faded following Egypt's defeat in the 1967 war with Israel, and the Egyptian economy grew increasingly stagnant as re-

[43] Khalid Ikram, *The Egyptian Economy 1952-2000: Performance Policies and Issues*, Routledge Studies in Middle Eastern Economics, New York, 2006. p. 7.
[44] Ibid., p. 9.
[45] Tarek Osman, *Egypt on the Brink – From the Rise of Nasser to the Fall of Mubarak*, Yale University Press, London, 2010. p. 132.
[46] Ibid., p. 46.

sources were directed toward the military, his resonance with the masses persisted: 2 ½ million people filled the streets of Cairo in protest when he was briefly forced to step down as terms of the peace treaty.[47]

3.3 Sadat's *al-Infitah*

Anwar Sadat succeeded Nasser after the latter's sudden death in 1970. The Egyptian economic situation had deteriorated following defeat in the 1967 war with Israel; foreign aid was reduced, oil revenues plummeted following the loss of the Sinai fields, and disproportionate investment in the military at the expense of other productive sectors began to take its toll on the state's finances. Before his death, Nasser began to question the efficacy of the state-led planned economic strategy, but ultimately neglected to make any significant changes.[48] By the end of Nasser's reign, it became clear that

> " … Egypt's aims greatly exceeded its means. It could not afford to maintain a military confrontation with Israel, to prosecute a war in Yemen, to act as a leader of the 'non-aligned' group of countries, to champion the anti-colonial movement in Africa, to set up a welfare state with guaranteed employment and free access to education and healthcare, and at the same time antagonize the Western countries and the West-dominated international financial institutions that were the chief sources of concessional capital and of modern technology." [49]

The price of these endeavours vastly exceeded the productivity of the state's economic enterprises and tax base. As a result, the government was forced to rely on borrowing to finance its expenditures. This increased borrowing coincided with inflationary pressures both at home and abroad, which in turn increased the cost of price-control and subsidy programs: in 1974 the Egyptian price indices rose between 20 and 25%, while the costs incurred by the state with these programs reached $1.26 billion (or nearly 30% of the state's expenditures).[50] This strained the overall budget, producing a budget deficit of 22% in 1975.[51] The state

47 Peter Johnson, *Egypt Under Nasser*, MERIP Reports, No. 10, July 1972, p. 9.
48 Hamza Ates, Mehmet Duman, and Yuksel Bayraktar, *A Story of Infitah: Egyptian Liberalization Under Stress*, Yapi Kredi Economic Review, Volume 17, No. 1, June 2006, p. 62.
49 Khalid Ikram, *The Egyptian Economy 1952-2000: Performance Policies and Issues*, Routledge Studies in Middle Eastern Economics, New York, 2006. p. 13.
50 Ibid., p. 14.
51 Ibid., p. 15.

eased monetary policy to mitigate the budget deficit, but this action increased the cost of imports, a disastrous consequence at a time when demand for Egypt's exports was particularly low. This disparity produced a balance of payments crisis, and by 1975 Egypt's current account deficit reached 1.4 billion. To balance this, Egypt was forced to rely even further on short-term credit, the high interest rates of which produced such a burden that by 1975 these debt obligations consumed "the entire proceeds of Egypt's estimated exports" *and* the annual foreign aid contribution of Arab countries.[52] Thus, in speech addressing Egypt's economic predicament, Sadat stated:

> "Let me tell you that our economy has fallen below zero. We have commitments (to the banks, and so on), which we should but cannot meet by the end of the year. In three months' time … we shan't have enough bread in the pantry!"[53]

It was this recognition that led Sadat to implement a series of reforms dubbed *al-Infitah* (the opening), the content of which he outlined in his October Working Paper of 1974. The premise of the working paper was institutionalized by Law 43, passed in 1974, that called for

> " … the opening up of the Egyptian economy to foreign investment, protection of investment against nationalization and confiscation, tax exemption for new investment, covering varying periods depending on the field of activity and the recognition that private companies would not be subject to legislation or regulations covering public sector enterprises and their employees."[54]

These policies were intended to remedy Egypt's balance of payment issues by stimulating commercial activity and exports through the attraction of foreign investment via the private sector. To this end, the government implemented reforms in industry, agriculture, and finance. In industry, this paved the way for privatisation by "permitting foreigners to have total ownership of specific [industrial] projects and to own up to 49 percent of [state-owned enterprises].[55] Similarly, in agriculture the state rein-

52 Khalid Ikram, *The Egyptian Economy 1952-2000: Performance Policies and Issues*, Routledge Studies in Middle Eastern Economics, New York, 2006. p. 16.
53 Ibid., p. 13.
54 Hamza Ates, Mehmet Duman, and Yuksel Bayraktar, *A Story of Infitah: Egyptian Liberalization Under Stress*, Yapi Kredi Economic Review, Volume 17, No. 1, June 2006, p.62.
55 Ibid., p. 63.

troduced the purchase of land by private individuals, and in finance eased restrictions on investment in an effort to woo foreign capital. In touting the success of these moves, the Sadat regime emphasized the improving GDP growth, which increased by 13% in 1975-1978, as opposed to 4% in 1967-1974 (Fig. 1, below).[56]

Fig. 1[57]

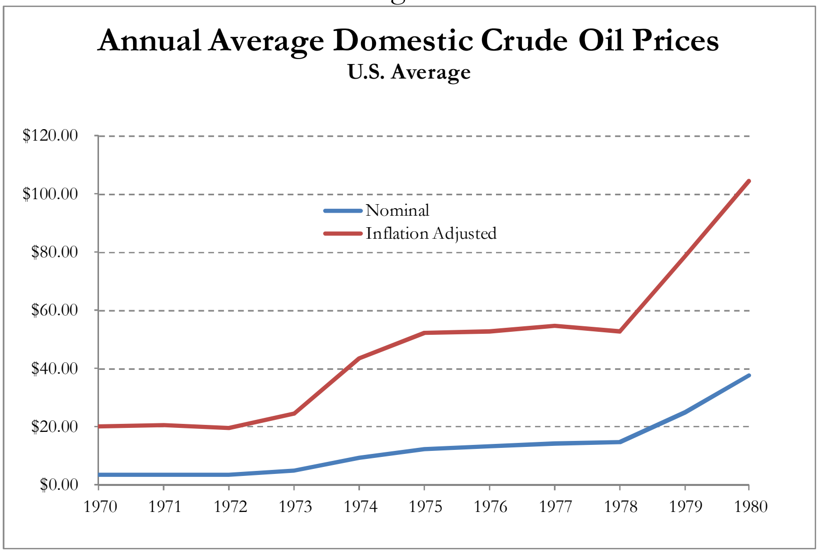
Furthermore, despite the alleged shift away from the explicit investment in *people* (as embodied by Nasser's rhetoric) and toward *structure* as represented by Sadat's economic opening, social indicators reflected improvement for the masses:

> "The number of absolute poor rural households declined from 51 percent in the early 1970s to 30 percent by the early 1980s; the infant mortality rate declined from 117 per thousand to 93; life expectancy at birth rose from 50 to 58 years; the average caloric intake per capita increased from 100 to 128 percent of minimum standard requirements; and the primary school enrolment ratio improved from 72 to 78 percent."[58]

[56] Ibid., p. 64.
[57] Statistics Obtained from Google Public Data Explorer. Accessed August 15, 2012. [http://www.google.com/publicdata/directory]
[58] Khalid Ikram, *The Egyptian Economy 1952-2000: Performance Policies and Issues*, Routledge Studies in Middle Eastern Economics, New York, 2006. p. 25.

The GDP growth and social indicator results were primarily the result of three external macroeconomic factors however, and not attributable to a liberal shift in Egypt's economic structure. First, following the war with Israel in 1973, Egypt's stalled oil production resumed, producing a windfall of oil revenue following the price spikes of 1973 and 1979 (Fig. 2, below).

Fig. 2[59]

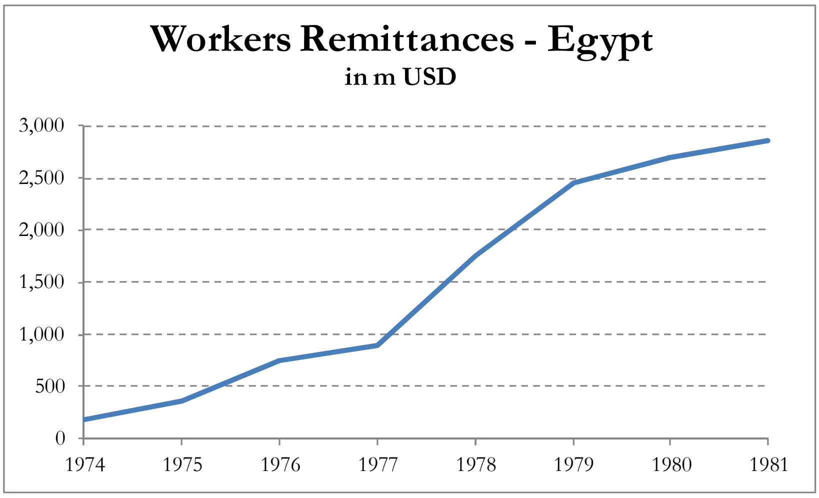


Secondly, the associated growth of the oil industry in nearby Arab states prompted an outflow of Egyptian labor to these countries. This was important as it both relieved demographic pressure and led to an influx of foreign currency via worker's remittances (Fig. 3, p. 16). Lastly, an increase in external aid served as protective buffer for Egypt's debt obligations. In 1976 the Gulf Organization for the Development of Egypt was created by Saudi Arabia, Kuwait, Abu Dhabi, and Qatar, and provided Egypt with immediate cash assistance to service their short-term debt.[60] When this organization cut funding after Egypt's signing of the Camp David Peace Accords with Israel in 1978, Western institutions and country-specific AID programs replaced the GODE's contributions.[61] The combined effect of these three factors – oil revenues, work-

[59] Inflation Data, *Historical Crude Oil Prices*, 1946-Present, June 2012. [http://inflationdata.com/inflation/inflation_rate/historical_oil_prices_table.asp]
[60] Khalid Ikram, *The Egyptian Economy 1952-2000: Performance Policies and Issues*, Routledge Studies in Middle Eastern Economics, New York, 2006. p. 16.
[61] Paul Rivlin, *Arab Economies in the Twenty-First Century*, Cambridge University Press, Cambridge, 2009, p. 108.

ers remittances, and foreign aid – accounted for 24% of Egypt's GDP in 1980, as opposed to merely 3% in 1970.[62]

Fig. 3[63]



As state revenues increased and balance of payment pressures waned, so too did the impetus for real structural reform. The Sadat regime found it prudent to maintain its extensive investment in the public sector, primarily through government employment, welfare, and increasingly expensive subsidies. The policy of guaranteeing employment to new graduates that began during Nasser's era was continued, and throughout Sadat's reign 40% of Egypt's entire work force was employed in the public sector.[64] A brief flirtation with IMF-influenced subsidy cuts was abruptly scrapped in the aftermath of massive riots in Cairo in 1977, the scale of which prompted a renewed dedication by the regime to the statist policies. This was perhaps best typified by the National Democratic Party's (established in 1978) slogan "food for every mouth and a house for every citizen."[65]

Therefore, throughout the Sadat regime there remained a tension between the expressed desire for economic liberalisation, and the regime's actions that tended to reinforce the statist poli-

[62] Ibid, p. 108.
[63] Statistics Obtained from Google Public Data Explorer. Accessed August 15, 2012. [http://www.google.com/publicdata/directory]
[64] Tarek Osman, *Egypt on the Brink – From the Rise of Nasser to the Fall of Mubarak*, Yale University Press, London, 2010. p. 137.
[65] Ibid., p. 138.

cies established during Nasser's reign. This ideological contradiction was acknowledged in the regime's 1978-82 plan:

> "More and more young people and workers perceive the contradictions of a socialist society which thinks with a capitalist mind, which takes from socialism and communism the concepts of public ownership, dominance of the public sector, guaranteed employment, education, services, and social security … it has not adopted from the capitalist system the stringency of market competition … The end result of a society lacking in discipline or supervision, distribution without production, promises without obligations, freedom without responsibility."[66]

Sadat's legacy then "was an unreformed public sector and a liberalized foreign-trade sector."[67] There was appreciable growth in both economic and social indicators, and private activity did increase. The middle class – the object of Nasser's reforms – languished, however. The bulk of their employment lay in the public sector, and the demographic explosions of the 1950's and 60's swelled their ranks, precluding any real increase in salaries; this stagnancy in purchasing power was exacerbated by the era's monetary inflation.[68] The new opportunities afforded by the legislative changes of *al-Infitah* seemed to be primarily exploited by those closest to them; namely, those in the government who oversaw the influx of capital flows from oil revenues, managed the land purchasing programs, or former ministers newly appointed to managerial positions within the semi-privatised industries– a phenomena referred to as "crony capitalism." This created a new class of elites in Egyptian society. Just as Nasser's coup and subsequent reforms swept away the monarchy and diluted the large landholding agrarian elites, *al-Infitah* too redistributed the wealth and opportunities available:

> "At the center of *al-Infitah*'s new elite, closest to the regime, were former military and intelligence officers – many of whom were simultaneously playing a number of roles (as associates of influential security organisations, leaders of semi-government companies, businessmen, and entrepreneurs, members of parliament) … [including

[66] Khalid Ikram, *The Egyptian Economy 1952-2000: Performance Policies and Issues*, Routledge Studies in Middle Eastern Economics, New York, 2006, p. 58.
[67] Paul Rivlin, *Arab Economies in the Twenty-First Century*, Cambridge University Press, Cambridge, 2009, p. 109.
[68] Tarek Osman, *Egypt on the Brink – From the Rise of Nasser to the Fall of Mubarak*, Yale University Press, London, 2010, p. 132.

> those] who siphoned their capital to Europe in the first few years of Nasser's era …[many] sensing the changes as a result of *al-Infitah,* returned to Egypt … the result was many business partnerships … between men who, a few years earlier, had been ardent socialists and Nasserites."[69]

Twenty years of Nasser's socialism had left Egypt lacking the labor and intellectual capital to immediately assume competitiveness in the free market environment *al-Infitah* fostered. Therefore the transition was, by necessity, largely managed by members of the regime. As these individuals transitioned to an ostensibly private role, they emerged as a new elite class that was loyal to the government. In exchange for their support they were the beneficiary of policies that supported them, under the mandate of liberalizing and privatising the Egyptian economy. This development, coupled with the enduring strength of the military (augmented increasingly by US military aid) and the aforementioned stagnation of the public sector, produced a socioeconomic rigidity whereby growth was disproportionately obtained by these new elite. The masses did receive auxiliary benefits from the development of certain industries (like transportation, for example) and by a continued redirection of revenues into public welfare programs, but this spending increasingly came under pressure by the international institutions that financed Egypt's debt following the drop in oil prices and associated economic downturns. Sadat's administration had largely refused to cut public spending, but the subsequent administration was ultimately forced to comply with such measures.

3.4 Staying the Course: Mubarak's Gradualism

Hosni Mubarak ascended to the position of Prime Minister following the assassination of Sadat in 1981. Though the early years of his rule were characterized by deteriorating economic indicators (primarily a function of the declining gas prices and the absence of compensatory exports), they witnessed "few economic reforms with long-term effects."[70] The situation became increasingly precarious however, as "petroleum export prices plummeted from an average of $33.60 per barrel … in 1981 to $14.29 per

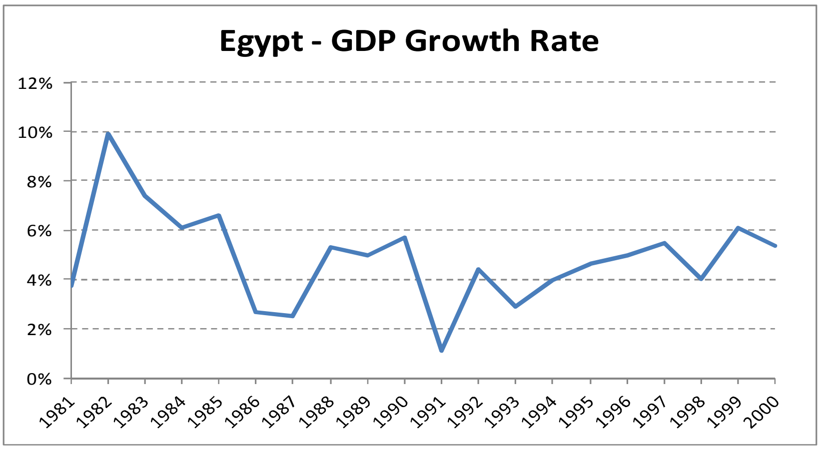
69 Tarek Osman, *Egypt on the Brink – From the Rise of Nasser to the Fall of Mubarak*, Yale University Press, London, 2010, p. 135.

70 Paul Rivlin, *Arab Economies in the Twenty-First Century*, Cambridge University Press, Cambridge, 2009, 109.

barrel in 1987."[71] This decline in oil price paralleled the decline in Egypt's GDP growth during this era (depicting in Fig. 4 on page 20). This decline in GDP was not countered by budget cuts; rather, the government continued to spend at the same right, accruing a greater ratio of debt-to-GDP during these years. This produced an acute debt crisis in 1988, in which Mubarak was forced to enter into extensive discussions with the IMF and concede to implement the sort of policy recommendations that had, to that point, been resisted:

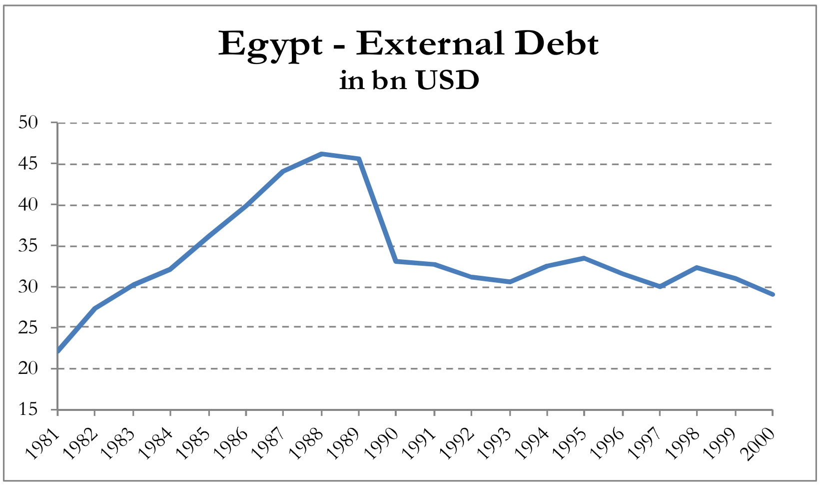
> "In May 1987, following long negotiations with the IMF, the government adopted a partial stabilization package … steps were taken to reduce [the] budget deficit of 11.3 per cent of GDP in 1981-85 and 16 per cent in 1987-90 through budgetary cuts, including the removal of non-food subsidies (electricity, fuel and transport), and the reduction of food subsidies from 10 per cent of the national income in 1981 to only 2.5 per cent in 1990."[72]

Fig. 4[73]



[71] Khalid Ikram, *The Egyptian Economy 1952-2000: Performance Policies and Issues*, Routledge Studies in Middle Eastern Economics, New York, 2006, p. 55.
[72] M. Riad El-Ghonemy, *Egypt in the Twenty-First Century – Challenges for Development*, Routledge Curzon, New York, 2003, p. 80.
[73] Statistics Obtained from Google Public Data Explorer. Accessed August 15, 2012. [http://www.google.com/publicdata/directory]

Fig. 5[74]



Despite the agreement, the program was only partially implemented. The regime's reluctance to fully implement the IMF's recommendations stemmed in part from the 1977 Cairo riots, the implications of which – a ferocious reaction to the threat of subsidy reductions – remained at the forefront of policymakers' minds.[75] This fear of unrest in the face of public spending cuts was manifested in Mubarak's reaction to the IMF's prescription-based assistance, as stated in 1988:

> " … I tell the IMF that economic reform should proceed according to the social and economic situation in the state and according to the people's standard of living. One should not come and say increase the price by 40 percent. Surely, no one will be able to live. This will not be an IMF process: it will be a slaughter."[76]

The regime acknowledged the structural deficiencies of Egypt's economy, but fearing the social repercussions, preferred a "gradualist" approach rather than a "big bang" change.[77] Still, by 1991 the budget deficit had become unsustainable. In 1991 the

[74] World Bank (Google Public Data)
[75] Khalid Ikram, *The Egyptian Economy 1952-2000: Performance Policies and Issues*, p. 60: "At the time of the 1987 negotiations, the demons of the 1977 bread riots had not yet been exorcized; policymakers were uncertain of the public's reaction to the reforms proposed by the multilateral agencies, and felt compelled to proceed with caution."
[76] Ibid., p. 38.
[77] Ibid., p. 52.

Mubarak regime reached an agreement with the IMF and World Bank. The agreement, titled "Economic Reform and Structural Adjustment Program" (ESRAP),

> " … aimed at stabilizing the economy and starting structural reform … it [focused] on both the external accounts and budgetary deficit, focusing especially on the links between the two."[78]

The ESRAP covered all facets of the Egyptian economy, and including privatization measures, the banking and financial sectors, expenditures, budgets, and exchange rates. Two big impacts of the ESRAP stand out, however. First, " … a part of the labor force in public enterprises that were privatized would likely be made redundant."[79] This meant that in the short term, at least, the package would produce an increase in unemployment. The second was the decrease in expenditures. This was felt almost immediately, as " … budgetary expenditures were cut by 7.5 percent of GDP between 1992 and 1997. The main items of reduced expenditures were public investment, subsidies, and foreign loans."[80] Subsidy reductions comprised 3.6% of the GDP reduction, and reduced existing staple subsidies to bread, wheat, flour, and cooking oil.[81]

The impact of these reductions will be explored in later chapters, but they cannot be underestimated. Full employment and subsidies had been a staple of the Egyptian system since Nasser came to power; their government's willingness to concede them in negotiations with the IMF was both in recognition of the extent of economic problem, as well as a dramatic departure from the policies of the previous administrations.

The ESRAP significantly liberalized the Egyptian economy to an unprecedented extent. In the years following its implementation, GDP growth accelerated and foreign investment exceeded any previous level. The economic benefits of these changes were disproportionate, however, and the lower and middle classes increasingly felt pinched. The agricultural sector declined, and people increasingly moved to cities to seek work. Unemployment increased as publicly owned operations were privatized and jobs were cut for the sake of efficiency. The government continued to be an employer of last resort, but attempts maintaining a steady exchange-rate produced inflation. By and large,

78 Khalid Ikram, *The Egyptian Economy 1952-2000: Performance Policies and Issues*, p. 64.
79 Ibid., p. 64.
80 Ibid., p. 67.
81 Ibid., p. 67.

the ESRAP had produced the desired macro-economic effects, but on a micro-level, the population was not enriched.

3.5 Summary of the Three Regimes

The economic policies of the three reigns departed significantly from each other. Nasser came to power without any stated economic ambition, but gradually transitioned to a socialist system with explicit investment in egalitarian principles. Sadat inherited this system, but was saddled with budgetary short-falls and a global economic situation that necessitated changes to remain sustainable. Thus *al-Infitah* was born, which shifted the Egyptian economy toward a more liberalized direction in the attempt to attract foreign investment. The food riots of 1977 limited the regime's willingness to continue down that path, however, and the state-dominated economy remained largely intact.

After Sadat's assassination, Hosni Mubarak was impelled to complete the shift toward a liberalized open economy due to significant budgetary shortfalls. After an agreement with the IMF and World Bank, the ESRAP guided a dramatic restructuring of the Egyptian economy. Growth was attained, but prosperity eluded the vast majority of Egyptians. This result had dire consequences for the regime, and would ultimately be its downfall.

4. The Muslim Brotherhood as an Economic Actor

In Egypt's 2005 parliamentary elections – the first following the 2005 electoral reforms of the Mubarak regime and in which Muslim Brotherhood candidates were able to openly campaign more than ever before – the Muslim Brotherhood won 88 seats, or 20% of the People's Assembly of Egypt. This result came despite a wave of repression and voter intimidation in which

> " … gangs of thugs from the ruling National Democratic Party blockaded access to dozens of polling sites … opened fire on citizens who tried to vote … blatantly stuffed ballet boxes in full view of judicial monitors … [and] ignored court orders seeking to prevent them from buying votes or bussing in non-residents to defeat opposition candidates."[82]

In short, the regime did all it could to ensure its dominance, and yet the Muslim Brotherhood was able to procure 20% of parliamentary seats. Nor was the choice a binary one; in addition to Mubarak's National Democratic Party and the Muslim Brotherhood (running as independents), five other political parties were represented in the election. Following heavy repression in 2010's elections, the success was duplicated in 2011's first post-Mubarak elections in which the Muslim Brotherhood, under the banner of the Freedom and Justice Party, won 37.5% of the available seats, as well as the presidency. Thus, from the moment Egyptian elections became relatively open and contested – they had previously produced results of over 75% for the ruling party – the Muslim Brotherhood received heavy support from the population. Though this has been heralded by some as symptomatic of Egypt's a turn toward radicalism, one Muslim Brotherhood voter articulated a more innocuous reason for their success: "they help with expensive things."[83]

Nawal Sleem's statement was recorded at a Muslim Brotherhood operated market in a poor Cairo neighborhood, where prices "were about half price compared [to regular markets]."[84] The market is one of many that the Muslim Brotherhood

[82] Egypt's Ugly Election, The Washington Post, Saturday, December 10th, 2005; accessed August 23rd 2012. [http://www.washingtonpost.com/wp-dyn/content/article/2005/12/09/AR2005120901837.html]
[83] Leila Fadel, Brotherhood Lure Voters with Charity, The Sydney Morning Herald, November 7th, 2011; accessed August 23rd 2012. [http://www.smh.com.au/world/brotherhood-lures-voters-with-charity-20111106-1n1xc.html]
[84] Ibid.

operates in Egypt, and is part an extensive socioeconomic network that includes schools, hospitals, and other social services, as well as an estimated 20% of NGOs in the country.[85] It is the wallet then, as much as the mosque, which is responsible for familiarizing the Egyptian people with the Muslim Brotherhood. Their preference for a party whose execution in the economic realm surpassed (and replaced) that of the state is a testimony to the role of Egypt's deteriorating economy in 2011's revolution. The Muslim Brotherhood's charitable efforts did not begin as strategy to secure votes, however. The organization has over ninety years of history as an economic actor within Egypt, and this chapter will explore its development in parallel to the three authoritarian regimes.

The Muslim brotherhood was founded by Hasan al-Banna in Isma'iliya, Egypt, in March of 1928. After moving to Cairo in 1932, the organization expanded rapidly, opening 300 branches and having an estimated 50,000 to 150,000 members by 1938.[86] From its very founding the organization was philanthropic in nature, devoted to "mutual aid" and "building a social service organization."[87] Al-Banna believed that the Egypt of the early 20th century was suffering from an acute illness, and that Muslims could "find strength in the total self-sufficiency of Islam."[88] His language was couched in the terms of anti-imperialism, as the British occupation of Egypt was the single largest political issue of the time. To demonstrate that objective within the framework of Islam, al-Banna used his organization to create "medical clinics, hospitals, charitable societies, cultural associations, and schools … to display [how] Islam fit into … everyday life."[89]

Though it would be disingenuous to claim that al-Banna was consciously counteracting a prevailing economic system or advocating a particular strand of economic thought, the imprint of socialism is visible in many of his statements and initiatives. His critique of Western society made reference to its "[crumbling] economic foundations," while he lamented the "exploitation of [Egyptian] resources and natural treasures," and aimed to repre-

[85] IRIN Humanitarian News and Analysis (United Nations Service), *Egypt: Social Programs Bolster Appeal of Muslim Brotherhood*, February 22nd, 2006; accessed 25th August 2012. [http://www.irinnews.org/Report/26150/EGYPT-Social-programmes-bolster-appeal-of-Muslim-Brotherhood]
[86] Ziad Munson, Islamic Mobilization: *Social Movement Theory and the Egyptian Muslim Brotherhood*, The Sociological Quarterly, Volume 42, Number 4, 2001, pp. 487-510.
[87] Ibid., p. 488.
[88] Michelle Paison, The History of the Muslim Brotherhood: The Political, Social, and Economic Transformation of the Arab Republic of Egypt, New Initiative For the Middle East Peace, March 31rst, 2009, Tufts University, p. 2.
[89] Ibid., p. 2.

sent *all* "the diverse masses."[90] Thus, from the very outset, an important ideological pillar of the Muslim Brotherhood was egalitarianism and outreach to those marginalized by the economy.

As the Egyptian public was increasingly mobilized against British occupation, the Brotherhood entered the political realm. They organized support for the Arab strike in Palestine, mobilizing funds and recruiting individuals to send in the effort. By 1941 they had fielded candidates in elections under an explicitly anti-British platform, which chaffed imperial authorities and resulted in al-Banna being expelled from Cairo. As Britain's attention turned toward the war effort, al-Banna regrouped, and the by 1949 "the organization had over two thousand branches throughout Egypt and between 300,000 and 600,000 active members – the largest organized force in the country."[91] Al-Banna would not live to see its entrenchment into Egypt's political life, however. Following the assassination of the monarchy's Prime Minister Mahmud Fahmi al-Nuqrashi by a Muslim Brotherhood member, al-Banna himself was assassinated by the Egyptian police force.

Following these incidents, the Brotherhood was banned from Egyptian society for the second time. They experienced a brief reprieve with the coup in 1952, as many of Nasser's fellow officers were either Brotherhood members or sympathetic to the cause, but this was short-lived. During Nasser's ensuing consolidation of power a Brotherhood member made an attempt on his life, provoking a brutal crackdown on the organization that saw the imprisonment, torture, and execution of several key leaders, as well as a total ban within Egyptian social, political, and religious life. This began the five-decade long antagonistic relationship between the ruling regimes of Nasser, Sadat, and Mubarak and the Muslim Brotherhood. Rather than wage an underground campaign of violence however, the organization focused their message, shifting their critique from the illegitimacy and failures of Western rule to that of the authoritarian regimes. As before, their target was not of oppression or the absence of democratic ideals, but rather poverty, inequality, and the failure to provide for the masses. As such, a critical element of their anti-establishment message and appeal was rooted in fundamentally economic activities.

As detailed in chapter two, Nasser regime pursued a socialist policy, and the state intervened directly in the economy to

[90] Michelle Paison, The History of the Muslim Brotherhood: The Political, Social, and Economic Transformation of the Arab Republic of Egypt, New Initiative For the Middle East Peace, March 31st, 2009, Tufts University, pp. 2-4.
[91] Ziad Munson, Islamic Mobilization: *Social Movement Theory and the Egyptian Muslim Brotherhood*, The Sociological Quarterly, Volume 42, Number 4, 2001, p. 489.

fulfil his stated goals of uplifting the Egyptian people from poverty. In light of this restructuring, one might suspect the appeal of the Muslim Brotherhood would diminish, as their charitable activities would be in less demand as the state redistributed its resources. This was, however, not the case, as the state's efforts were either ineffective or insufficient. The Brotherhood's activities continued unabated, and

> "State department records indicate … the system was so large that the government was forced to fund and continue staffing [their] extensive network of services after the organization was dissolved by al-Nasser in 1954 for fear that their collapse would lead to widespread unrest."[92]

This excerpt establishes two important things: first, as early as 1954 the Muslim Brotherhood had assumed a vital role in the economic activity of the state, and second that the government drew a correlation between social welfare programs and unrest. The Muslim Brotherhood, then, emerged as both a contributor to Egyptian stability, and a threat to the regime. Their

> " … public works brought millions of Egyptians into contact with the organization and its ideology … [and] created an institutional infrastructure in which [they] could demonstrate its ability to deliver on promises of social and economic change to the Egyptian population."[93]

As Nasser's regime evolved, he staked its legitimacy on its investment in the people. The ideological corner-stone, as embodied in the National Charter of 1962, bore significant resemblance to the message of the Muslim Brotherhood.

The National Charter of 1962 intended to grant

> " … access of *all* citizens to free education and health services, the provision of cheap housing to working classes and the elimination of exploitation in transactions [through] the public sector, regulating wage rates and subsidizing consumer prices … [as well as] guaranteed employment of graduates … "[94]

[92] Ziad Munson, Islamic Mobilization: *Social Movement Theory and the Egyptian Muslim Brotherhood*, The Sociological Quarterly, Volume 42, Number 4, 2001, p. 501.
[93] Ibid., p. 501.
[94] M. Riad El-Ghonemy, *Egypt in the Twenty-First Century – Challenges for Development*, Routledge Curzon, New York, 2003, p. 77.

While the Muslim Brotherhood sought to "reform" society through "outreached focused on [impoverished] neighborhoods based on the need for aspects of societal advancements, such as adequate schools, hospitals, and youth clinics," to appeal to 'all social classes," as well as end the "exploitation" of the Egyptian people.[95]

The similarity of these messages is particularly striking when one considers that Nasser did *not* come to power under this rhetoric, but adopted it later as he consolidated his power. It is reasonable to conclude that his restructuring of the economy and attempt to redistribute its resource were in recognizance of the Brotherhood's enduring popularity, and the reasons for that popularity: the subsidizing of health, food, and education, all three of which the regime soon copied. The importance of these measures are reflected in a state department memo indicating the counter-propaganda actions the government took against the Brotherhood, in which plain-clothes officers would enter mosques led by Muslim Brotherhood Sheikhs and "[point] up the Regime's projects for the good of the people."[96]

With their defeat in the 1967 Arab-Israeli war, the resources of the regime dwindled, and when Anwar Sadat succeeded Nasser as president, he was confronted by the fact that he did not possess the means to continue the extensive social programs of Nasser. In light of this, Sadat attempted to co-opt the popularity of the Muslim Brotherhood by easing its persecution and integrating them within the public sector. From the Brotherhood's perspective,

> " … the end of Nasser's era was marked with economic recession, military defeat, and political crisis, providing [them] with the ideal setting to parade into the political scene … the formerly silent population found its voice through the reaction against the regime's failures to deliver what had been promise to it …"[97]

Sadat faced a crisis of legitimation; Nasser's reign and economic programs had established that the basis of its legitimacy was in

[95] Michelle Paison, *The History of the Muslim Brotherhood: The Political, Social, and Economic Transformation of the Arab Republic of Egypt*, New Initiative For the Middle East Peace, March 31st, 2009, Tufts University, pp. 2, 9.
[96] Ziad Munson, Islamic Mobilization: *Social Movement Theory and the Egyptian Muslim Brotherhood*, The Sociological Quarterly, Volume 42, Number 4, 2001, p. 502.
[97] Michelle Paison, *The History of the Muslim Brotherhood: The Political, Social, and Economic Transformation of the Arab Republic of Egypt*, New Initiative For the Middle East Peace, March 31st, 2009, Tufts University, p. 12.

supplying for the people, but he faced a situation in which he was no longer able to do so, and there was, in the Brotherhood, a viable alternative. That left-wing opposition had gained steamed in Egypt was a testament to this hinge upon which legitimacy rested, and the expectations of the population. The Brotherhood had

> " … proved themselves capable in meeting both the political and economic problems … including the lack of economic development, the need to modernize the infrastructure, and the desire to extend the basic social and political freedoms."[98]

Sadat's welcoming of the Brotherhood back into the mainstream did not last long, however. It was increasingly evident the extent to which the organization represented a threat to his power, and he was soon pressured to act. He "began to arrest and ban official publications for publicly criticizing his regime," and further tightened the screws on the Brotherhood, arresting members, and placing the control of over 40,000 mosques in state hands.[99] The zeitgeist of the era was stacked against Sadat: both economic and geopolitical trends were against him, as a religious revitalization worked in conjunction with a deteriorating economy to sway converts to the message that Islam – and not the ruling regime – could improve people's lives.

In the 1980's, the Muslim Brotherhood continued to make in-roads among Egyptians, as inflation caused "state entitlements … to lose value," and there was a "migratory tendency toward 'non-political' groups and organizations."[100] In this environment, the National Democratic Party's slogan of "Food for every mouth," lost resonance, as it was the Muslim Brotherhood's markets, and not state subsidies, which the poor increasingly turned toward. The poor were not the only ones whose support was lost in lieu of the state's failure to act on its promise, however. As Hosni Mubarak came to power, young professionals were turning toward Muslim Brotherhood membership as a way for personal and professional advancement in a society unable to provide for such.

The failure of one policy in particular can help to explain this phenomenon. Since Nasser's reign, a pillar of the regime's social program was the guarantee of full employment to all university graduates. Though the program was never intended to be

[98] Michelle Paison, *The History of the Muslim Brotherhood: The Political, Social, and Economic Transformation of the Arab Republic of Egypt*, New Initiative For the Middle East Peace, March 31st, 2009, Tufts University, p. 13.
[99] Ibid., p. 9.
[100] Ibid., p. 16.

permanent, the inability for the private sector to create new jobs – and the government's fear of unrest stemming from unemployment – necessitated its extension. As noted on page 18 and 19, the demographic explosion of the 60's and 70's swelled the ranks of those employed by the government, limiting opportunities and creating redundancies. This was exacerbated by inflation and the cuts to entitlements, both of which decreased the earnings of public sector employees in real terms. Between 1973 and 1986, the wages of government employees collapsed, falling more than 55%.[101]

As the ranks of those eligible for employment far exceeded the availability of jobs, "individuals graduating with college degrees [were forced] to accept jobs traditionally associated with a different social class."[102] Furthermore, "the number of graduates increased by 7.4% each year between 1976 and 1986, [while] the labor force grew only 2.2%."[103] The Mubarak regime eventually modified the guarantee, increasing the time from graduation to employment, intending to ease the strain on the system. In practice, however, this merely produced graduates who endured a limbo period where they could not find jobs in the private sector, nor were they able to be employed by the government. This fomented dissatisfaction within the ranks of individuals typically less inclined to join opposition movements – the educated middle class. In short, the

> " … overextension of the Egyptian state system of populist entitlements … created an 'aggravated constituency available for mobilization by Islamic groups … the state's continued unresponsive nature in dealing with the problems of chronic unemployment offered an opening to the Muslim Brotherhood to capitalize on the misfortune of the people of Egypt who were suffering both at the hands of the economy and the government's unwillingness to mend the matter.'[104]

Seeking to exploit the disparity between the regime's promises and what they were able to deliver, the Brotherhood became increasingly active on university campuses during Mubarak's rule. With increased involvement and recruitment on campuses, the Brotherhood gained an important foothold in the pro-

[101] Michelle Paison, *The History of the Muslim Brotherhood: The Political, Social, and Economic Transformation of the Arab Republic of Egypt*, New Initiative For the Middle East Peace, March 31st, 2009, Tufts University, p. 18.
[102] Ibid., p. 18.
[103] Ibid., p. 18.
[104] Ibid., p. 19.

fessional associations of Egypt, which represented a sort of proto-civil society within the authoritarian rule. The Brotherhood began to enter association elections, and succeeded in securing votes for its members in " … Doctors', Engineers', Dentists', Scientists', Pharmacists', and Journalists' Associations elections, among others."[105] By penetrating these professional associations and using their resources to open schooling and training centers, the Muslim Brotherhood offered young graduates a level of opportunity and mobility that the state, despite its promises, was unable to match.

Through their role in these professional associations, the Brotherhood gained new levels of access to their charitable activities, increasing involvement in " …welfare societies, cultural organization, health clinics, and schools … as well as businesses enterprises … and investment companies."[106] This development came to be termed rise of Egypt's "Islamic Sector," and gave the Brotherhood a societal reach that paralleled that of the state. Through the "Islamic Sector," the Brotherhood stated its "goal to reach out to the most marginalized people in society."[107] Through the Brotherhood's assistance, feelings of deprivation regarding "education, career advancement, and material wealth diminished, along with the graduates' feelings of disappointment and frustration."[108] Thus, the grievances which produced these feelings and expectations led people to what would ultimately coalesce into the Freedom and Justice party, a viable opposition to Mubarak and authoritarian rule.

It was through its experience in the electoral campaigns of these professional associations that the notion of forming a political party first emerged.[109] The organization first ran candidates in professional associations in 1984, and this was followed by parliamentary candidates in 1987, under the banner of the "Islamic Alliance." The party received 17% of the total votes and won 60 seats in parliament, demonstrating their popularity despite gov-

105 Michelle Paison, *The History of the Muslim Brotherhood: The Political, Social, and Economic Transformation of the Arab Republic of Egypt*, New Initiative For the Middle East Peace, March 31st, 2009, Tufts University, p. 14.

106 Ibid., p. 20.

107 IRIN Humanitarian News and Analysis (United Nations Service), *Egypt: Social Programs Bolster Appeal of Muslim Brotherhood*, February 22nd, 2006; accessed 25th August 2012. [http://www.irinnews.org/Report/26150/EGYPT-Social-programmes-bolster-appeal-of-Muslim-Brotherhood]

108 Michelle Paison, *The History of the Muslim Brotherhood: The Political, Social, and Economic Transformation of the Arab Republic of Egypt*, New Initiative For the Middle East Peace, March 31st, 2009, Tufts University, p. 21.

109 Carrie Rosefsky Wickham, *The Muslim Brotherhood After Mubarak: What the Brotherhood is and how it will Shape the Future, Foreign Affairs*, February 3rd, 2011; accessed August 28th 2012.[http://www.foreignaffairs.com/articles/67348/carrie-rosefsky-wickham/the-muslim-brotherhood-after-mubarak?page=show]

ernment suppression and de facto illegal status. As the Egyptian economy waned in the 1990s and agreements between the regime and the IMF and World Bank forced further expenditure cuts, " … the appeal of [the Muslim Brotherhood] was magnified under socioeconomic conditions in which conventional routes of self-advancement were blocked."[110] Following an Engineers' Association election in 1991, a voter testified to this experience, commenting: "I voted for [the Muslim Brotherhood] … I support [them] because … they have a *future-oriented* point of view."[111] In response to their electoral success, Mubarak barred their participation in parliament in 1995, claiming that they were merely a terrorist front. This failed to stem the tide of their growing success however, and running as independents, the organization seated 112 candidates in that year's election.

As Egypt's economy continued farther down the path of liberalization in the 2000s, the Brotherhood moved to fill the void of social expenditures created by the receding state. These efforts paid dividends in the 2005 parliamentary election, when the organization (running candidates as independents due to the ban) obtained 20% of the available seats. For "many political observers, the Brotherhood's devotion to social work was the primary strength behind its remarkable results in [the elections]."[112] A report by the UN Office for the Coordination of Humanitarian Affairs in 2006 titled "Social Programmes Bolster Appeal of Muslim Brotherhood" echoed this sentiment, outlining the myriad of charitable activities of the brotherhood. According to the report, the organization operated "22 hospitals, [as well as maintaining] schools in every governate in the country."[113] In illuminating the high degree of support the organization offers to Egyptians, the report noted that "a woman would usually pay $875 to give birth in a private clinic, compared to just $175 in a [Muslim Brotherhood] hospital."[114]

The Muslim Brotherhood implicitly acknowledged the importance of these programs, and aimed to institutionalize them in their 2007 party platform. The platform advocated "a strongly

110 Michelle Paison, *The History of the Muslim Brotherhood: The Political, Social, and Economic Transformation of the Arab Republic of Egypt*, New Initiative For the Middle East Peace, March 31st, 2009, Tufts University, p. 21.
111 Ibid., p. 15.
112 Ibid., p. 23.
113 IRIN Humanitarian News and Analysis (United Nations Service), *Egypt: Social Programs Bolster Appeal of Muslim Brotherhood*, February 22nd, 2006; accessed 25th August 2012. [http://www.irinnews.org/Report/26150/EGYPT-Social-programmes-bolster-appeal-of-Muslim-Brotherhood]
114 Ibid., p. 1.

interventionist state."[115] This is consistent with the charitable activities they engaged in as an organization and political party, and in stark contrast to the ruling regime, which had systematically dissembled the interventions beginning with Sadat's al-Infitah, and culminating with the IMF and World Bank agreements of Mubarak. During the campaign for presidency in 2012, Mr.Morsi explicitly acknowledged the importance of the economy in deposing the regime, stating in an interview that the " .. nature of the crisis" was that the regime had " … failed miserably in its task of running the country."[116]

The Freedom and Justice party (the political wing of the Muslim Brotherhood) released an economic platform that further reinforces the notion that they represented a sharp economic divergence from the regime, and that their election was a reflection of this importance in the eyes of the populace. In their policies, the party makes it clear that

> " … Egypt's main economic problems stem from high rates of poverty and unemployment … the widening gap between rich and poor, the increase in prices of basic goods, and the absence of social justice."[117]

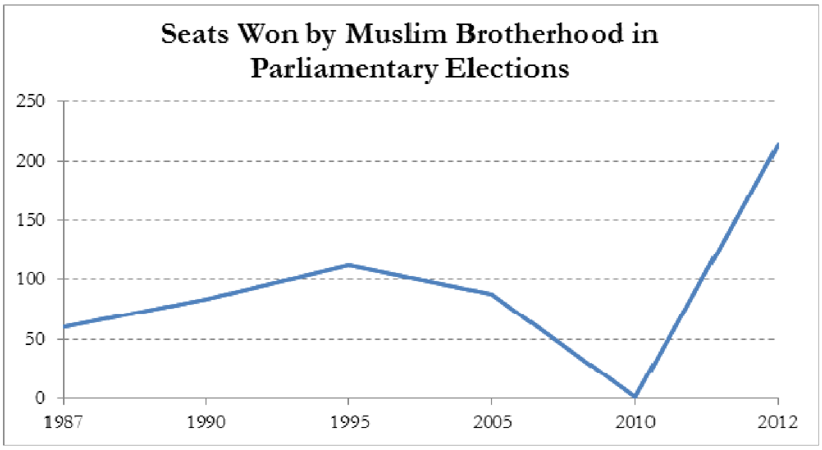
These are precisely the symptoms that the Muslim Brotherhood attempted to combat through their charitable activities since their founding. Overall, the economic prescription of the party reverses several of the spending cuts implemented by the Mubarak regime, and represents a clearly different route than the one which had provoked such anger and resentment that culminated in the revolution. In 2011's post-Mubarak elections, the Freedom and Justice party won 37.5% of the vote and 213 seats (see Fig.6 below).

[115] Amr Hamzawy, *Regression in the Muslim Brotherhood's Platform?* Carnegie Endowment for International Peace, November 1st, 2007; accessed August 22nd, 2012. [http://www.carnegieendowment.org/2007/11/01/regression-in-muslim-brotherhood-s-platform/7hi]

[116] Amani Maged, *Backing the Brotherhood*, Al-Ahram Weekly, May 10-16th, 2012; accessed August 24th, 2012. [http://islamists2day-e.blogspot.de/2012/05/backing-brotherhood.html]

[117] Ibrahim Saif, Muhammad Abu Rumman, *The Economic Agenda of the Islamist Parties*, Carnegie Endowment for International Peace, May 2012, accessed August 13th, 2012. [http://carnegieendowment.org/2012/05/29/economic-agenda-of-islamist-parties/b0fh#]

Fig. 6[118]



Almost immediately upon their founding, the Muslim Brotherhood assumed an important role in the economy of Egypt. The Nasser regime had staked its legitimacy upon its socialist principles, but it was only through the Brotherhood's intervention in providing social services that the unrest of poverty was averted. This point indicates the correlation between these factors, with democratic freedoms conspicuously absent. Indeed, Nasser's reign was as oppressive as his successors, but unrest was at its lowest. Though this cannot all be attributed to economic factors, the subsequent trends (socially and economically) demonstrate a compelling correlation.

With the introduction of al-Infitah by President Sadat, the basis of this legitimacy was broken. As Sadat cut social spending and entitlements, it was no longer possible to draw credibility

[118] Gamal Essam El-Din, *Egypt's Post-Mubarak Legislative Life Begins Amid Tensions and Divisions*, Ahram Online, January 23rd, 2012; accessed August 27th 2012.
[http://english.ahram.org.eg/NewsContent/33/100/32384/Elections-/News/Egypts-postMubarak-legislative-life-begins-amid-te.aspx]
See also: Al Jazeera, No Gains for Muslim Brotherhood, November 29th, 2010; accessed August 28th 2012.
[http://www.aljazeera.com/news/middleeast/2010/11/20101129102949839336.html]
and Inter-Parliamentary Union, Egypt – Elections Held (2005, 2000, 1995, 1990, 1987)
[http://www.ipu.org/parline-e/reports/arc/2097_05.htm]
Inter-Parliamentary Union, Egypt – Elections Held in 2000
[http://www.ipu.org/parline-e/reports/arc/2097_00.htm]
Inter-Parliamentary Union, Egypt – Elections Held in 1995
[http://www.ipu.org/parline-e/reports/arc/2097_95.htm]
Inter-Parliamentary Union, Egypt – Elections Held in 1990
[http://www.ipu.org/parline-e/reports/arc/2097_90.htm]
Inter-Parliamentary Union, Egypt – Elections Held in 1987
[http://www.ipu.org/parline-e/reports/arc/EGYPT_1987_E.PDF]

from investment in the people, and economic conditions exacerbated this political conundrum. In response, Sadat attempted to ease unrest by co-opting the economic success of the Muslim Brotherhood and integrating them into the mainstream. Like Nasser's turn toward socialism before him, Sadat's move indicates the implicit correlation between economic conditions and unrest in Egypt. Sadat was forced to abandon this maneuver however when it became evident that the Brotherhood's popularity far exceeded his. To combat this political threat, he again instituted a ban on the organization.

Egypt's continued economic underperformance in the 1980's prompted further budgetary constraints, as well as eroded the earnings of the public sector – the historical safety valve for the combustible issue of unemployment. Mubarak was forced to agree to austerity measures in compliance with IMF and World Bank stipulations, and the trend that had favoured the Muslim Brotherhood's increase in popularity continued. As the state cut back on subsidies, cut government wages, and struggled to deal with the inflation, the Muslim Brotherhood continued to fill the gaps by providing social services (medical and educational), essential commodities at reduced prices (gas, food), and mobility options through the professional associations. These associations in particular helped gain support among the middle class, who were increasingly marginalized by the inability of the government to fulfil its full employment guarantee to university graduates.

When the electoral system gradually opened, the Muslim Brotherhood was able to capitalize on the familiarity it had built among the Egyptian population over the preceding four decades. It had acted as a parallel actor to the state in the economy, and had made good on the bargain – the provision of basic services, food, and social mobility – that was promised by Nasser following the 1954 coup. The Brotherhood appealed to all segments of society: they provided for the poor, gave jobs to the middle class, and even offered opportunity to the upper class, as attested to by millionaire businessman Hassan Malek who, in clarifying for his support of the Brotherhood, stated "[the Mubarak regime] allowed me to reach a certain level (of economic activities and projects), but there was a ceiling."[119]

As the 2008 global economic recession deepened Egypt's economic woes to untenable levels, the spark of revolution that began in Tunisia exploded in Cairo. When the dust settled, Muba-

[119] Wael Gamel, The Brotherhood's One-Percent, Ahram Online, July 17th, 2012; accessed August 27th 2012.
[http://English.ahram.org.eg./NewsContentPrint/4/0/47929/Opinion/O/TheBrotherhoods-One-per-cent.aspx]

rak was gone, and the people were left to elect, for the first time, their own government. In doing so, they further illuminated precisely *why* they had erupted in furor to begin with. Had they sought Western-liberalism, they would have elected the New Wafd party. Were it in pursuit of Sharia law, the al-Nour party would rule Egypt today. Instead, they elected the Muslim Brotherhood, on the basis that it had demonstrated the ability to succeed where the state had always failed to fulfil their expectations: the economy.

5. The 1977 Bread Riots

Prior to the 2011 uprising, there have been numerous incidents of dissent in Egypt with direct origins in mass feelings of economic deprivation. None, however, have had the psychological impact of the so-called "bread riots" of 1977. The large-scale outrage and violence that ensued when the Sadat regime attempted to cut subsidizes to flour and wheat foreshadowed the capacity for revolution should expectations be divorced from capability. Indeed,

> " … Egypt's provision of subsidized bread in particular [had] become a powerful symbol of the broader social contract between the government and the population … political exclusion had gone hand in hand with [the] public commitment to provide for the basic needs of the population."[120]

This chapter will explore this particular incident in depth. It will apply the concept of relative deprivation, and contextualize it within the basis of the regime's claim to legitimacy. In exploring this vignette of Egyptian history, it will draw a connection between this outburst of violence, and that which occurred in 2011.

Though food subsidies had existed under the monarchy, programs began in earnest under Nasser as part his stated objectives to provide for all Egyptians, and raise the poorest out of poverty. As Nasser's economic restructuring and investment in infrastructure produced growth in the 60's, subsidy programs gained in urgency and importance as a mechanism to keep staple product costs down. Food subsidies were " … part of a broader set of consumer welfare programs that also subsidized transport, housing, and some non-food consumer products …"[121]

Wheat subsidies in particular, however, became one of the more critical pillars of these policies. This development occurred for two particular reasons. First, Egypt's largest provider of wheat imports, the United States, ceased its aid programs following Egypt's war against Israel in 1967. Secondly, Nasser's agrarian reforms seemed to reduce the efficacy and production of Egypt's wheat production. Egypt's " …self-sufficiency … began to decline in the 1960's. Wheat imports began exceeding domestic production in 1963…"[122] Due to this reliance on importation,

[120] Tammi Gutner, *The Political Economy of Food Subsidy Reform in Egypt*, International Food Policy Research Institute, FCND Discussion Paper No. 77, November 1999, p. 3; accessed September 5th, 2012.
[http://www.ifpri.org/sites/default/files/pubs/divs/fcnd/dp/papers/dp77.pdf]

[121] Ibid., p. 15.

[122] Tammi Gutner, The Political Economy of Food Subsidy Reform in Egypt, p. 17.

Egypt grew increasingly susceptible to price shocks. In the event of any disrupt in the global supply chain of wheat, for example, Egypt would be forced to pay the accompanying price increase – particularly in the absence of US aid programs.

This is precisely what occurred in the 1970's. As the Egyptian consumer – particularly the large strata of poorer citizens – was unable to bear the brunt of price increases, the government was forced to expand its subsidy programs and fill the gap between what the consumer could afford and what the market was charging. The statistics bear out this dramatic increase in cost and expenditures:

> " … World wheat prices skyrocketed from $60 a ton to $250 a ton by 1973, and Egypt's wheat imports surged from $147 million to $400 million. Overall, expenditures on food subsidies jumped from 3 million [Egyptian pounds] in 1970/71 (only 0.2 percent of total government expenditure) to 1.4 billion [Egyptian pounds] in 1980/81, which accounted for 14% of total government expenditure."[123]

As detailed in sub-chapter 3.3, Sadat was already encumbered by a deteriorating economy; oil revenues were down, the tax base had not expanded sufficiently to support the social welfare programs, and there was a significant budget shortfall. It was these conditions that had led Sadat to implement al-Infitah, the intended restructuring of the Egyptian economy to make it more open to trade. In the short term however, his program had failed to alleviate the debt pressures. Sadat had no choice but to seek external help. The IMF extended its assistance, but it was contingent on several prescriptive policy maneuvers, one of which included a reduction in Egypt's subsidy programs. Sadat felt he had no choice, and his administration acquiesced to the IMF's demands. The reaction was immediate:

> "On January 17, 1977, the government announced plans to cancel around 277 [Egyptian pounds] worth of subsidies, especially on food, as well as the cancellation of bonuses and pay raises for state employees … On the morning of the 18th workers in factories around Cairo walked out. At Helwan, an industrial city just south of the capital, workers rushed out of the factories and on to the streets in spontaneous demonstration against the government. Workers in Shoubra el Kheima, to the north of Cairo, did

[123] Ibid., p. 16.

> much the same, in many places occupying their workplaces. Students of engineering at Ain Shams University held mass meetings and organised a march on parliament, which was joined by civil servants and students from Cairo University … Factory workers in Alexandria led demonstrations and strikes with support from students of Alexandria University, and in a few days unrest had spread to Mansoura, Quena, Suez, Aswan and many other urban areas around the country."[124]

In some places, the reaction was not as peaceful:

> "Incidents of violence between protesters and the police increased, as did acts of sabotage. Railway lines were cut and tracks blocked, railway stations were set on fire and police stations attacked. Hotels, shops, casinos and upper-class districts became targets of popular anger … In Helwan, large-scale rioting broke out, with the railway lines between the city and Cairo being cut … Government buildings in Cairo were ransacked …"[125]

The response was of such scope and intensity that the government was forced to back down. Three days later, on January 20th, 1977, it was announced that the subsidy cuts had been suspended.

5.1 An Explosion of Relative-Deprivation

These mass demonstrations were not a spontaneous event; that they occurred all across Egypt and across professions testifies to that. Rather, it was the boiling over of pent-up frustrations stemming from feelings of inequity and lack of confidence in the government. What transpired on January 18-20th was actually part of a larger protest movement in response to the economic turbulence of the Sadat era. In March of the previous year, workers in Damiette had demonstrated over unpaid wages, and in May workers in a military factory aggressively protested over wages.[126] These actions were repeated in several cities across Egypt, and prior to the bread riot explosions, culminated in a Cairo public transport workers striking out of disgust the day after Sadat was

[124] 1977: Egypt's Bread Infitada, December 29th, 2009, Libcom.org. [http://libcom.org/history/1977-egypts-bread-intifada] Accessed September 8th, 2012.

[125] Ibid.

[126] Hossam el-Hamalawy, 1977: The Lost Revolution, The American University of Cairo, p. 1. [http://www.scribd.com/doc/12893045/1977-Bread-Uprising] Accessed September 14th, 2012.

re-elected with 99% approval.[127] The public was responding to feelings of economic deprivation, but their mode of articulation emphasizes its *relative* nature. When a journalist stopped and asked a boy destroying a car during the bread riots "why are you burning your country?" he responded "it's not mine, its [theirs]!"[128]

Fig. 7[129]

Gurr's analytical categories within his Relative Deprivation Theory provide the tools to conceptually frame the riot and understand the boy's sentiment. We can consider the outbursts a combination of "decremental deprivation" and "progressive deprivation," while the source of the value expectations is derived from all four categories of "past condition," "abstract ideals," "standards of a leader," and "reference groups."

[127] Hossam el-Hamalawy, 1977: The Lost Revolution, p. 1.
[128] Ibid., p. 10.
[129] 1977: Egypt's Bread Infitada

The deprivation can be viewed as decremental, because in both the case of the striking factory workers and the bread riot participants, their expectations had previously been met. Their past condition was the primary source of their expectations, but over time the value diminished (subsidies were cut, wages were not paid). At the same time, we can consider them to be progressive as well, as expectations of employment and subsistence were part of the social contract that underlay the basis of the regime's legitimacy in the absence of democratization: its ability to provide for people.

In this sense, abstract ideals and standards of a leader come in to play too. When the protesters demonstrated during the bread riots, they were heard " … invoking Nasser's name and chanting 'Oh hero of the crossing, where is our breakfast?"[130] The idealism of Nasser's socialist program and his professed standards were sources of expectations for them that had failed to be met. This sense of deprivation fuelled their anger, and contributed to the violence that ensued.

Finally, the category of "reference groups" is articulated by the boy's statement "it's not [his country] it's [theirs]!" "They" is a reference group, and was in response to the regime. As Tammi Gutner notes in her paper on the political economy of food subsidy reform in Egypt,

> " … the public perceived the changes to be [inequitable] … Although he riots are commonly termed 'food riots,' … they were in fact 'equity riots' since the underlying issues had more to do with the perception that the policy change was unfair …"[131]

Thus, we can see that several strands of analytical categories within Relative Deprivation Theory were typified in the bread riots of 1977. The Sadat regimes response implicitly acknowledged this; in addition to cancelling the proposed reductions, they engaged in an expansionary subsidies policy, "in an effort to placate the public and counter widespread public criticism that his government was not doing enough to promote social equity."[132] Sadat institutionalized this in the economic five year plan of

[130] Nancy Elshami, A Historical Appraisal of Egypt's January 25 Day of Wrath: Incentives, Characteristics, and Implications, January 27th, 2011, Muftah.org [http://muftah.org/a-historical-appraisal-of-egypts-january-25-day-of-wrath-incentives-characteristics-implications-by-nancy-elshami/] Accessed September 14th, 2012.

[131] Tammi Gutner, The Political Economy of Food Subsidy Reform in Egypt, p. 18.

[132] Tammi Gutner, The Political Economy of Food Subsidy Reform in Egypt, p. 19.

1978-82, in which he prioritized the government's tasks as " …[protecting] the consumer from price increases [and] to make available to the public necessary food items."[133]

The riots of 1977 were quelled in the short-term by Sadat's concessions, but the psychological scars bore by the regime lingered. Soon after acceding to the presidency Mubarak, too, was impelled by the IMF and World Bank to reduce subsidies. Wary of a repeat of the incident, his administration engaged in a gradual reduction of subsidies over the course of the following two decades. While this presented the sort of immediate response witnessed in 1977, it had the same corresponding impact on the Egyptian people: grievances created, deprivation exacerbated, and values declining relative to expectation. It was only a matter time before these issues would again come to the forefront in mass demonstrations.

[133] Tammi Gutner, The Political Economy of Food Subsidy Reform in Egypt, p. 19.

6. The Threshold – 2008's Global Recession

One of the most pertinent questions for any exploration of the origins of 2011's revolution is a temporal one: why did the Egyptian people, at that particular moment in time, rise up against the Mubarak regime? What was fundamentally different about 2011 than 1977? Or 1981? Or 2002? In arguing that the cumulative economic situation is a significant part of the variable, 2008 stands as a seminal moment. Egypt, like the rest of the world, was deeply impacted by the global economic recession. This chapter will explore precisely how the country was affected, and, drawing on the historical context and Relative Deprivation Theory, put forth an argument that in the recession the country lurched past an important threshold, after which it became significantly more likely that that the cumulative deprivations would coalesce into a social movement against the regime.

When looking at the various countries mobilized by the Arab Spring, Egypt's revolution might, at first glance, appear to be unlikely. It had impressive GDP growth beginning in the second half of the 2000's, and its economic development, by this macro indicator, far exceeded countries like Yemen and Tunisia. On a microeconomic level however – one that considers labor, wages, and productivity – Egypt's GDP masked significant internal problems that would rise to the surface in 2008. One prime symptom of these underlying issues was Egypt's lagging Total Factor Productivity relative to GDP. Total Factor Productivity

> " … embodies gains in output due to improvements in technological efficiency, as well as levels of education, worker motivation, levels of health and education and change in overall efficiency with which factors are allocated in the production process."[134]

GDP growth without accompanying TFP growth makes a country particularly vulnerable to external shocks, as it reflects a population that is not benefiting from whatever force is contributing most significantly to the GDP. In the case of Egypt, investment, rather than the manufacturing or agricultural sectors for example, was driving the economy. This was reflected in the persistently troublesome levels of unemployment, as well as stagnated wages amongst the employed.

[134] Samir Radwan, Economic and Social Impact of the Financial Crisis on Egypt, International Labor Organization , April 2009, p. 12.
[http://www.escwa.un.org/information/publications/edit/upload/sdd-09-TP6.pdf] Accessed on September 16th, 2012.

Once the recession hit in earnest, Egypt's unemployment reached epidemic levels. According to an ILO report,

> "The most immediate impact of the crisis has been the inability of the labor market to adjust, thus exacerbating the problem of unemployment, and accentuating the position of different groups, particularly women and youth."[135]

This impacted not only Egyptians within Egypt, but the many who worked abroad and sent remittances home. As the economic malaise spread and the price of oil collapsed, Gulf countries laid off workers in the oil industry, and many Egyptians returned home unemployed, and without the prospect for employment. Between the second quarter of 2007 and the second quarter of 2008, job opportunities decreased by 30%.[136]

In addition to the dramatic rise in unemployment, the 2008 crisis seemed to disproportionately affect the youth. The

> "unemployment rates for the age groups 15-20 and 20-25 who are new entrants to the labor market, amounted to 22.2% and 28% respectively for the last quarter of 2008 … in fact they were the two age groups where unemployment rates went up as a result of the crisis … firs-time-job-seekers [made] up 92% of total unemployment."[137]

This created a particularly combustible situation for Egypt, due to demographic trends that had been emerging since the 1970's. In what is referred to as the "youth bulge," Egypt (as well as many Middle Eastern countries) experienced a population boom that destabilized the generational balance. In 2008, a remarkable 54% of its population was under the age of 24.[138] This, despite the regime's policy of full university employment, created a situation in which a large segment of the population had followed the prescribed instructions for employment, and yet had failed to obtain a job.

135 Samir Radwan, Economic and Social Impact of the Financial Crisis on Egypt, p. 26.
136 Ibid., p. 27.
137 Ibid., p. 29.
138 Dan LaGraffe, The Youth Bulge in Egypt: An Intersection of Demographics, Security, and the Arab Spring, Journal of Strategic Security: Volume 5, Issue 2, 2012, pp. 65-80, p. 72.
[http://scholarcommons.usf.edu/cgi/viewcontent.cgi?article=1156&context=jss] Accessed September 20th, 2012.

The second most important consequence of the 2008 global recession Egypt was in the price of food. There are a variety of reasons why the price of food skyrocketed in the aftermath – a particularly tragic confluence of environmental factors and poor crop harvest among them – but one that is less often discussed is the inflationary consequences of the US monetary policy. In response to both tightened liquidity markets and decreasing exports, the United States engaged in a policy of "quantitative easing," in which they flooded the market with US dollars in an effort to increase loaning and spending, as well as devalue the dollar and make US exports more attractive. While this policy may indeed have benefited the US, it had a dramatic impact the price of food, as

> " … [a] wave of speculative money [flowed] into commodities and gold, seeking protection against a declining U.S dollar … since the implementation of [quantitative easing round 2] in mid-2010, wheat and sugar prices … have gone through the roof."[139]

The impact of this was most dramatically realized when Mohammed Bouazizi, a Tunisian street vendor, set himself afire in protest over Tunisian authorities harassment over his inability to afford the permit to operate his food cart. It was this event that ignited the flame of revolution in Tunisia, and that same flame soon blew toward Egypt. This was not an arbitrary development, but rather a reflection that the same conditions of escalating food-prices impacting Tunisians were endemic in Egypt, too.

The food subsidy program that had been a staple of Egyptian society since Nasser's initiation of the program had all but disappeared by the time of the 2008 crisis. When price rose, " … [it] had a direct and horrible effect on Egyptians living on the edge. Many of the poor got hungrier."[140] The poorest Egyptians became unable to afford staple foodstuffs, and there no longer existed a welfare safety net to provide for them. For the middle class, the inflation in commodity prices converged with the stagnation of their wages, and life suddenly became significantly more difficult.

When viewed through the lens of Relative Deprivation Theory, the level of anger directed at the regime during this par-

[139] David Paul, Food Matters: Commodity Prices and the Egyptian Revolution, The Huffington Post, February 9th, 2011. [http://www.huffingtonpost.com/david-paul/food-matters-commodity-pr_b_820580.html] Accessed September 16, 2012.

[140] Juan Cole, Egypt's Class Conflict, January 1rst, 2011. [http://www.juancole.com/2011/01/egypts-class-conflict.html]

ticular moment of crisis becomes more easy to understand. The unemployed youth endured decremental deprivation; their expectations for employment remained constant, but value (a job) was not returned. The source of that value (the regime) therefore became the target of their anger and frustration. This was compounded by the fact that the unemployed are, by function of their unemployment, more readily available to mobilize for protest and demonstrations.

Those impacted by inflation, particularly in food, experienced a similar level of decremental deprivation. All humans expect to be able to eat, so expectations of value are static in that regard, but similarly static is that the state will provide a stable set of conditions upon which to obtain food. Thus, in the same way, the regime acted as the source of those expectations, and again became the target of frustration and anger. This was compounded by the dismantling of the social programs that had, in the past, provided a safety net in such a situation.

These deprivations were not only perceived as expectations relative to received value, but also as individual deprivation relative to fellow Egyptians – particularly members of the state apparatus who were beneficiaries of the policies that improved GDP, but failed to improve TFP. As Alaa Al-Aswany notes in his book *On the State of Egypt: What Made the Revolution Inevitable,*

> " … [at the moment of revolution] Forty million Egyptians, half the population, were living below the poverty line, on less than two dollars a day. Egypt was in decline by every measure: from public health and education to the economy and foreign policy. *A few rich lived like kings in their palaces and resorts,* moving around in private planes, while the poor unable to support their families were committing suicide or sometimes dying in the crush to obtain cheap bread or bottles of propane."[141]

Observers visiting Egypt noted the disparity as well. According to one report:

" …the contrast between rich and poor was readily apparent. On the road from Cairo to the new campus of American University New Cairo, gated communities with names like Beverly Hills, Mayfair, and Le Reve are under construction, with stand-alone villas going for anywhere between $250,000 and well over $1 million … Meanwhile, in the small town of Darshour we

[141] Alaa Al-Aswany, On the State of Egypt: What Made the Revolution Inevitable, Vintage Books, United States, 2011, p. VIII.

visited fourty kilometres south of Cairo, families lived in mud houses along potted dirt roads lined with garbage and raw sewage. They have few material possessions, apart from cellphones and television. In other words, while they are poor, they're connected to the outside world in unprecedented ways, reinforcing a sense of *relative deprivation*."[142]

Without this profound sense of inequitable economic deprivation, it is unlikely that the frustrations of the Egyptian people would have coalesced into a social movement against the regime. The 2008 global recession however exacerbated the underlying tensions within Egyptian society (structural deficiencies producing unemployment, a neutered social safety net relative to the past) that downtrodden individuals, their expectations having been so spectacularly failed to be met, turned against the source of those failures, and the contrast in their positions. As noted above, the inter-connectedness through technology added a new dimension to *relative*, and Egyptians were made away not only how impoverished they were compared to others within the country, but also to others within the world. The compounding impact of this new *global relative* can be seen in how quickly the spirit of revolution spread from Tunisia to Egypt.

[142] Isobel Coleman, Egypt's Uphill Economic Struggle, Council on Foreign Relations, February 2nd, 2011
[http://www.cfr.org/africa/egypts-uphill-economic-struggles/p23985]
Accessed September 15th, 2012.

7. Conclusion

Those who seek to refashion Egypt's 2011 revolution in their image by claiming that the revolution was the inevitable step toward a liberal democracy rob the Egyptian people of what is a significantly more impressive feat than simply yielding to teleology. When contextualized on the backdrop of the three post-monarchy regimes, what is revealed is a population negotiating the basis under which it consents to be governed. While some may struggle that this basis is not necessarily that of their own, it is precisely that egoistic hubris that is responsible for the shameful past of colonialism and imperialism, and from which, painful as it may be, we face an intellectual obligation to move away from. In doing so we not only restore agency to the Egyptian people, but dignity as well.

It has been the attempt of this thesis to move away from the hackneyed explanations of modernization theory, and instead propose a narrative that contextualizes the revolution within the graduated stages of the economic development of the Nasser, Sadat, and Mubarak regime's, and the associated feelings of deprivation fomented when expectations that underlay the legitimacy of a each respective regime's reign were not met. Nasser came to power on the wings of his anti-colonial credentials, but the potential for social unrest in the face of poverty soon necessitated a social contract to legitimize his rule. This was articulated his socialist agenda, whereby he assumed a patriarchal role in providing for the Egyptian people. His extensive agrarian reform sought to address the relative deprivation the masses had always felt toward the landed elite, and quelled social tensions by actively invested in the egalitarian ideal. In this regard he was quite successful, as Egypt experienced unprecedented levels of growth, and the most impoverished did, by and large, see their lot improve. While the Muslim Brotherhood represented an opposition to the status quo from the very beginning, they remained ideologically stunted by the era's socioeconomics.

Nasser's agenda began to crumble in the face of over ambition, however. His efforts at restructuring Egypt's internal dynamics were paralleled by his attempts to posture it on the world-stage, and ultimately his failure in that regard proved his undoing. Drained of resources by defeat in the 1967 Arab-Israeli war, his social project soon experienced budgetary deficiencies, and basic economics necessitated a departure from socialist ideals. Nasser passed away before he became culpable, however, and the unenviable task of renegotiating the basis of authoritarian rule without accompanying economic growth fell to his successor, Anwar Sadat.

When Sadat came to power, he inherited an economy that had overextended itself, and could no longer afford to fund the mechanisms by which his rule was legitimized. Recognizing the growing popularity of the Muslim Brotherhood, he sought to co-opt their economic success through the appeal of Islam. In this way he mistook the source of their popularity; it was not that people were drawn to the Brotherhood's particular vision of Islam and *then* made use of their social expenditures, but the other way around. The organization succeeded in penetrating the consciousness of the Egyptian people because they succeeded where the state did not. In effect, they fulfilled the ideals of Nasser where Nasser himself was unable to. While the state promised the feed, shelter, and provide mobility, it was the Muslim Brotherhood who increasingly was able to.

Sadat's al-Infitah, then, would prove fatal to the regime. Egypt had consented to be governed under specific terms, and al-Infitah attempted to re-write those terms without consultation. This attempt was most dramatically embodied by the aborted subsidy cuts that, when proposed, produced such a violent reaction the regime was forced to repeal them in only three days. The Egyptian people clung strongly to the source of their value expectations – their previous condition in receiving those expectations, and the ideals (of socialism) that created them.

Mubarak raced much the same difficulties as Sadat, but had learned from the Bread Riot of 1977. Rather than engage in a sudden overhaul of the social contract, his regime made gradual changes. It produced the desired result in that violent outbursts on the scale of the Bread Riot were averted, but it created an undesirable situation in which the benefits of his economic program were hoarded by those closest to its creation. The regime and its businessmen cronies grew rich, the GDP grew, and yet the Egyptian people remained largely impoverished. The structural deficiency of his efforts necessitated the maintenance of Nasser's full-university graduate employment program, but the recipients of this aid experienced stagnation in earnings and opportunity.

All the while, in parallel to this process, the Muslim Brotherhood made good on their promises. As the state receded from economic activities it had traditionally reserved for itself, the Brotherhood moved to fill the vacuum. When subsidies were cut, they provided markets with discounted products. When infrastructure divestment led to crumbling hospitals and schools, they created their own network of these services. And when young university students waited for the government to create opportunities for them, the Brotherhood empowered them through professional associations, creating the level of mobility they had been promised. In effect, the Muslim Brotherhood became what the state had been. In doing so, it became a viable actor to replace the state. It would take an event of significant magnitude to lurch the entrenched state apparatus, however. The 2008 economic recession served that purpose.

When the economy rapidly deteriorated, the problems that had been brewing under the surface were quickly revealed. Unemployment, which had always been a lingering problem, exploded as state was unable to offer jobs to the largest demographic – the under 25 age group. The regime was also saddled with a problem not of its own creation in the dramatically escalating price of foodstuffs and propane. Their dismantling of the subsidy system and other aspects of the social safety net created by Nasser exacerbated the problem, however, and it became increasingly evident the degree to which Mubarak's legitimacy was undermined by his inability to provide economic opportunity for the Egyptian people. Equally problematic was the visibility of the minority who had been enriched through the process of economic liberalization.

These two strands met and produced distinct feelings of relative deprivation in the population. Egyptians of all ages and classes felt their expectations, created through prior experience under a more socialist system (subsidies), the explicit promises of the regime (full employment), or the very nature of their consent to be ruled (a state that will provide for them) diverged significantly from the value returned on these expectations. Frustration boiled over, and when revolution hit Tunisia, Egyptians felt compelled to act as well. Their feelings of deprivation were not only relative to other Egyptians – as they had been in the 1977 food riots, for example – but relative to all whom they were connected to via mobile phones, television, and the internet. This new global aspect of relative deprivation allowed for the quick transmission of the revolutionary atmosphere to Egypt. Integrating the experience of Tunisians into their own, Egyptians took to the streets, and a short month later, Mubarak was gone, the regime deposed, and the opportunity to forge a new basis of consent between the people and government was created.

It was their demonstrated ability to deliver what the state had promised that produced an electoral landslide for the Muslim Brotherhood. Where expectations of value had gone unmet, the organization demonstrated an ability to correct that deprivation. Their election represents not a turn toward religious radicalism, but toward a certain practicality; they had, for many people, long fulfilled the function of the state. Whether or not they will be successful in that role is a question that has yet to be answered. It is, as of now, unclear whether the economic concerns that helped prompt their election will retain pre-eminence in the minds of those who took to the streets in January 2011 to dispose a regime that had failed so spectacularly in that regard.

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