

# Egypt: An Overview

**Tewfik Aclimandos**

Research Associate at the Chair of Contemporary  
History of the Arab world  
College de France, Paris

## Geography and Population

Egypt covers an area of one million square kilometres, most of which is desert, and is traversed by the Nile River. Although it has borders with Libya, Sudan, Israel and Gaza, the desert makes it a country that is difficult to invade, with any successful attempts having come from the east. It has a kind of insular mentality. It has a large population of 94 million, including between 8 and 10 million living abroad. Most of the population in Egypt are concentrated in the tiny Nile valley and live in 7% of the territory. The population is homogeneous, with significant exceptions at the periphery: Nubians in the South, Berbers in the East, and Bedouins in Sinai. The latter's troubled relations with the centre are a major issue. Around 6% of the population is Christian.

The country is strategically crucial: it is the only nation state of the area and has the most powerful army of the Arab world, which has increased in importance over the last 15 years, with the developments in Iraq and Syria. The Suez Canal, which links the Red Sea to the Mediterranean, enhances its strategic value.

It is also fragile: Egypt's life depends heavily, even solely, on the Nile, and it is also the last country served by the river. This gives the other Nile countries considerable means to apply pressure, an issue which has been neglected by the successive Egyptian regimes of the last five years. The demographic progression makes things more complicated: the population is growing very fast at 2 million a year over the last

three years. For a long time yet, it is likely to remain a very young country, facing huge challenges

## The Economic Challenge

Egypt's problems are easy to point out and difficult to resolve: for the next two decades at least, it will need to create at least one million jobs per year, if it wants to absorb the new arrivals on the labour market and remain afloat. This is why Egypt's savings are far from being enough, and why it desperately needs foreign investors. These, however, will not come unless the State's finances are sound, which, in turn, will not be the case if the tourism industry does not recover, and if no solution to the subsidies (9% of GNP) problem is found – the subsidies for energy cost more than the Health and the Education budgets *put together*.

The Mubarak regime's economic record was mixed: it succeeded in diversifying the Egyptian economy, which nevertheless remained hugely dependent on tourism and on expatriate remittances and more generally on relatively volatile revenues; in achieving, in its last years, respectable rates of growth; in launching a major privatisation programme; in managing inflation; and in consolidating the State's finances and foreign reserves. However it did little to solve Egypt's structural problems: a huge and bloated bureaucracy, an awkward set of subsidies, an inability to collect taxes and low productivity. Social inequalities increased and human development stalled during the last years.

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GDP at the end of June 2013. Low growth rates posed the danger of fuelling social frustration as they could not deliver the numbers of jobs and opportunities needed. Unemployment reached over 13% in June 2013. Critically, more than three-quarters of the unemployed are between 15 and 29 years of age. Tourism collapsed and foreign reserves shrank, despite a huge increase in expatriate remittances.

Fortunately, the Gulf states, which consider the Muslim Brotherhood to be an existential threat, provide the new regime with enormous support. They have already pledged a large amount of exceptional financial assistance for Egypt's transitional period. In mid-2013, Saudi Arabia, the UAE and Kuwait pledged an aid package totalling around US\$17 billion to support Egypt. This included cash grants of US\$5 billion, in-kind grants of US\$4 billion, interest-free deposits with the Central Bank of Egypt (CBE) of US\$5 billion, and project financing of around US\$3 billion. They are also said to be willing to fund important and huge social programmes against poverty, to deprive the Brotherhood of its support base in poor neighbourhoods. It remains to be seen if this help will last if nothing is done to tackle the structural problems that are stifling the economy.

### Political Life: the Revolution, Transition and Morsi Presidency

A revolution occurred in Egypt that toppled the Mubarak regime in February 2011. Young and not so young activists from right across the political spectrum were involved. The Muslim Brothers, the only organised opposition political force, actively participated, while negotiating with several sectors of the ruling elite. The army, uneasy with the regime's evolution, tried to calm things down, but on seeing that

Mubarak was not willing to make the necessary concessions, and that his counterattack had failed miserably, demanded his resignation.

The military oversaw and mismanaged a tumultuous 18-month transition, based on a roadmap that organised legislative (November 2011/January 2012) and presidential elections (May/June 2012) before the drafting of a new constitution. Most of the time, the army worked with the Brotherhood, in an uneasy cooperation, to counter the young revolutionaries, who wanted radical reforms and trials for the former regime's staff. It also used carrots and sticks to try to placate the social movements while avoiding any significant reform of the state apparatus. The controversial situation that arose from the process was the Muslim Brothers' rise to power, for the first time in Egypt's history, and the withdrawal of the army.

The Morsi presidency was a disaster. The set of measures undertaken by the Brotherhood looked like the implementation of a totalitarian plan, as it relentlessly tried to destroy the rule of law and judiciary. It opted for a set of alliances (with some Salafists, jihadists, and old regime members) antagonising public opinion, including those who voted for them and used militias to attack peaceful demonstrators, threaten judges, journalists, media and civil society, etc. It imposed a constitution with a set of controversial and worrying clauses and seemed to scorn Egypt's nationalistic feelings by showing itself willing to toy with Egypt's frontiers in Sinai and Sudan, to the benefit of its Islamist allies. Its regional policies set Egypt on a collision course with the Gulf monarchies, which were key allies and employers of Egyptian workers. Its internal policies led to increased polarisation. Its repeated attempts to weaken the military and create parallel institutions antagonised the army and the bureaucracy. Their way of doing things was seen by many actors as overt aggression, threatening the State, society, identity, and public and private liberties. They lost the crucial support of both the Salafists and the army.

At the end of April 2013, young Nasserists started a campaign to collect signatures calling for early presidential elections and for the organisation of a day (June 30<sup>th</sup>) of massive protest against the Muslim Brothers' rule. This was hugely successful and they soon claimed to have collected more than 20 million signatures – from disgruntled Morsi electors, old regime supporters, Nasserist sympathisers and apoliti-

cal citizens fearing the Brotherhood, etc. The leadership of this campaign, which became the Tamarod movement, worked closely with non-Islamist political forces, security organisms and the army, to form a vast coalition. The Brothers' leadership was oblivious to the threat and was unwilling to offer even minor concessions. The June 30 demonstrations were an impressive success, and allowed the army to topple President Morsi, on "behalf of the Egyptian people." It soon jailed much of the Brotherhood leadership, including President Morsi, the Brotherhood's Supreme Guide Badie, and its top strongman Khairat al-Shatir.

### The New Regime

The new regime began with widespread popular support. It proposed a roadmap, based on radical modifications of the constitution (in effect, a new one was written), submitted to popular approval, and on the organisation of new presidential and legislative elections. The new constitution was drafted. In a referendum, it obtained more than 20 million "yes" votes (nearly twice more than the Brothers' constitution). It is now set to organise presidential elections, with Field Marshall Abdel Fattah el-Sisi looking like the most likely winner. As President, he could probably count on massive financial support from the Gulf. But the regime mismanaged the Muslim Brothers' expected reaction. The latter's leadership was in no mood to compromise – for them, the rational strategy was to opt for the worst, to prevent the regime from capitalising on the Gulf and Egypt's positive public opinion. They played a complicated hand, combining the organisation of a massive and long sit-in, lasting more than 40 days, peaceful and violent demonstrations, and terrorist attacks by their armed branch and jihadist allies. On August 14, the police dispersed the main sit-in, killing hundreds of Morsi's supporters, most of them peaceful. It seems that the Muslim Brothers were the first to open fire, but this is no excuse for such a violent police reaction. For a long while, this state crime was very costly for the new coalition in terms of popular support, but the trend was reverted once again when terrorist attacks in the Nile Valley gained in strength.

### Security

Egypt can be described as being the stage for two asymmetrical wars: one between the police and terrorist organisations in the Nile Valley, and the other between the Army and terrorists in Sinai. In Sinai alone, there are at least 7,000 jihadists, and probably many more. The police seem to be winning in the Valley, despite some serious setbacks. In Sinai, the situation is less clear and things are not going well, despite certain gains in certain areas. The main problem for the regime is that it cannot afford to lose either of the battles. The terrorists' strategy seems to be to: a) target the conscripts, hoping for mass desertions that would decisively weaken both the police and the army (in Egypt the police as well as the army rely on massive conscription) b) exact revenge by killing key police officers. Until now, the first objective seems to have been out of reach.

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This is not the only security issue: Egypt has major issues regarding "human security": crime is growing, reaching unusual heights for the country (which remains relatively safe compared to others in the area), poverty is rapidly spreading, millions of weapons are in non-state actors' hands (and not necessarily the hands of criminals or terrorists). Water security is another major concern: Egypt is looking on at Ethiopia's Nile projects with great anxiety, concerned that they will seriously endanger its share of the water.

Security is now the major issue for state actors and public opinion. Its deterioration has created a strong "demand" for a powerful and strong state and has led Egyptian public opinion to (temporarily, most probably) "forget" its democratic demands.