Egypt’s Adaptable Officers: Business, Nationalism, and Discontent

On a hot Ramadan day last summer, the Egyptian lower and middle classes woke up to dreadful news: their newly elected president significantly reduced food and gas subsidies. Amidst continuous power cuts, the government also announced raising electricity bills. President Abd al-Fattah al-Sisi, former minister of defense who swept elections last summer, called several times on the nation to adopt austerity measures in order to face the ongoing economic crisis, escalated after the 2011 uprisings, and reduce national budget deficit. He asked the patriotic citizens to donate for the state in a fund that he created and called “Long Live Egypt.” Meanwhile, al-Sisi approved an increase of 8.3 billion EGP (about 1.2 billion USD) in the military institution’s budget. Furthermore, military contractors have established a near monopoly over public construction projects, and a gigantic military fuel company obtained vast pieces of land to build new lucrative gas stations. Charitably, army soldiers distribute free boxes of food occasionally to impoverished citizens, who desperately fight over their shares of this food coming from the expansive military farms.¹

In Egyptian post-colonial history, al-Sisi is the fourth officer to take off his uniform and govern the country since 1952. Before him, Nasser, Sadat, and Mubarak all formed authoritarian regimes where fellow officers enjoyed superior political and economic privileges entrenched within the state apparatus. This chapter argues that while Egypt weathered many fundamental moments of political and economic transformation during the last few decades, including a “revolution” in 2011, the country’s semi-autonomous military institution managed to adapt to these changes and survive them. At crucial moments of socialist, neo-liberal, or revolutionary transition in Egypt, the military managed to maintain a hegemonic position within the state structure and maximize its economic profits—while deploying nationalistic rhetoric and constantly forging new socioeconomic alliances. Evidently, the officers have successfully weathered the last shaking wave of change and came out of it with full retention of dominance, by winning back the presidential seat after briefly loosing it to a civilian, Islamist president. Nevertheless, this chapter poses questions about the ability of al-Sisi’s new regime to adapt to simmering discontent in such hard post-revolutionary times, while applying ambiguous economic policies unfavorable to the very socioeconomic groups that elected him.

Focusing on their economic activities, this chapter investigates the recent history and contemporary realities of Egypt’s “adaptable officers,”² as they adjusted to moments of fundamental transition. It first looks at Nasser’s 1950s-60s socialist era, when the ruling officers acted as the “vanguards” of the nation’s progress and allied themselves with the lower and middle classes to create a state-led economy. In the 1970s, Sadat attempted to
demilitarize Egyptian politics and economy—while fighting a war, signing a peace treaty, and liberalizing the market. But the officers managed to rise back to prominence after Sadat’s abruptly terminated reign. Between 1980s and 2000s, as Mubarak fully switched the country’s economy from socialism to neo-liberalism, the officers quickly took advantage of the market economy by expanding a vast business empire. Furthermore, ex-generals occupied a large number of key government positions ushering the liberalization of the economy—as part of Mubarak’s coup-proofing strategy. While the previous “war heroes” claimed to contribute to “national economic development,” military entrepreneurs formed ties with local and foreign capital.

The chapter then explores the days of the uprisings from 2011 till the summer of 2013, examining how the Supreme Council of Armed Forces (SCAF) adapted to revolutionary realities that deposed a fellow military president and profited from them, by reviving Nasser’s discourse and songs on the army as the guardian of the nation and switching allies to the wealthy Islamists. During this short period, the military expanded its business empire, appointed an unprecedented number of ex-generals into government vital positions, and constitutionally maintained a superior status within the state after delivering power to the Muslim Brothers. Finally, the chapter inquires into al-Sisi’s current regime, focusing on his ultra nationalistic rhetoric; the socioeconomic alliances that he forged for electoral and populist support; increasing military business profits; and his ambiguous economic policies that would potentially generate unrest on the side of the same social groups that voted for him.

It is important here to place the Egyptian army within its global and regional context, among a large group of Third World military institutions that similarly adjusted, or failed to, to transitional realities. Within the Cold War global context, third world armies at large believed in themselves as vanguards of modernization and vehicles of progress in their respective post-colonial or developing states. In the Latin American and Turkish experiences, for instance, armies created military dictators that perceived themselves as “guardians” of their nations and protectors of national values and unity. During this period, many military regimes adopted socialism. Nazih Ayubi explains that in the 1950s and 1960s, global and Middle Eastern military institutions introduced themselves as the more organized, educated, technologically advanced, and able to modernize their societies. Ayubi invites Gramsci’s concept of “revolution from above” to describe the action of many Arab militaries that appropriated politics in the name of “development” and applied “radical socio-economic reforms.” He adds that militaries “tended to justify their intervention either by citing nationalistic reasons (fighting colonialism or confronting a foreign threat), the need for national unity above ethnic and tribal lines, the need for order, discipline and organization, or the need for prompt socio-economic reform.”

By the end of the Cold War, military regime’s socialism failed and transformed to the market economy, and many had to transition to civilian democracies. Forced to adjust to substantial budget cuts due neo-liberal reform schemes, armies in transforming states engaged in civilian production to compensate for their financial and political losses. Frank Mora and Quintan Wiktorowicz indicate that the failure of ISI in the Soviet Union
and the Third World and subsequent economic crises led former socialist states to apply economic reform. They assert that from the 1990s onwards, the priority of security matters declined on Third World states agenda and more urgent socioeconomic dilemmas replaced them. Armed forces that faced severe budgetary cuts started to invest in self-sustenance economic activities, and autocratic governments allowed such investments as a necessary strategic step to maintain the loyalty of their officers and avoid mutinies. The authors indicate, “In the aftermath of the Cold War…, the military’s participation in commercial activities became part of the regime’s survival strategy to “purchase” military support as it sought to either overcome a crisis or implement a series of politically dangerous economic reforms. A number of these armies have built up deeply entrenched commercial interests in key sectors of the economy such as tourism, telecommunications, banking, and transportation, making them influential economic actors.”6 The Egyptian regime and military in the 1990s and 2000s functioned within this rapidly changing global milieu.

Most recently, Middle East armies had to respond to the “Arab Spring” sweeping realities in different successful or failed ways (as this book chapters indicate). Within its regional context, the Egyptian military so far is the most triumphant in adapting to change during the last three years, and coming out of it with ever-maximized gains. This chapter poses questions about whether its victory last.

(1) From Socialism to Neo-liberalism, 1950s-2000s

On July 23rd of 1952, a group of young officers launched a coup that deposed the monarch and kicked out the British colonizer. A few weeks later on September 9th, in response to the long-standing demands of the lower classes, the new military regime issued the land reform law, law No. 178, which resulted in the confiscation of thousands of acres from the landed aristocracy and distributing them to impoverished peasants. This was soon followed by other measures regarding the industrial properties of national and foreign capitalists in the country, gradually nationalizing many of them. In 1956, Colonel Nasser became the first military president of the country through a public referendum.

In his book *the Philosophy of the Revolution*, Nasser spoke about the duty of the army to liberate the country and give her freedom and dignity, and its responsibility to lead a “social revolution” for social justice. The leaders of the Egyptian army’s top-down revolution came from middle- to low-class social background. From the late 1950s onwards, officers and “military technocrats” – officers who studied civilian subjects such as economics, law, journalism, engineering, political sciences, etc.— occupied most leading government positions.7 In 1962, Nasser issued a new constitution stipulating that socialism was now the official state ideology. The state came to own all economic assets through nationalization, and then built numerous public enterprises, aiming for an ambitious plan of “import substitution industrialization” (ISI). In 1964, Nasser issued a new socialist constitution that stated that “the people control all means of production,” and army officers were the self-appointed deputies of the people in controlling these means. Corruption and mismanagement proliferated throughout the public sector, and
Nasser’s project ultimately failed to deliver the promise of economic prosperity. As a result of neglecting their main task of defending national security, Egypt suffered the 1967 war defeat. 8

After humiliating military and economic failures, the army politically fell from grace. Anwar Sadat – the second military president of the country (1970-1981)— took radical steps to demilitarize the state. Sadat marginalized the officers in politics and reduced their economic influence, and had them focus on war efforts to mend the defeat. Every time an officer retired from civil service, Sadat appointed a civilian instead of him. Cooper states that in the 1972 cabinet, “the military declined to a level below any other cabinet since 1952 and it continued to decline…Under Sadat, of 127 ministers, 7.5 percent were officers and 7.5 percent were officer technocrats.” 9 He also radically reduced the number of military governors; in 1980, only 5 governors were military out of 26. 10 Moreover, the army’s economic control over the public sector declined with the Sadat’s “open door” (infitah) policy, as he privatized parts of the state-owned enterprises that socialist officers had managed. The army now had to share influence with a rising community of crony capitalists.

Nonetheless, the military institution adjusted to such hard times and quickly managed to come back to a hegemonic place within the state under Mubarak — the third military president of the country (1981-2011). After the end of the last war between Egypt and Israel and in 1973 and as part of the 1979 peace agreement, the Ministry of Defense created the “National Service Products Organization (NSPO),” whose goal was to assimilate the energy of the officers who were no longer needed to fight into efforts of economic development. Field Marshall Abd al-Halim Abu Ghazala, Mubarak’s first defense minister and also a member in his ruling National Democratic Party, turned NSPO into a business empire for civilian production and services. Abu-Ghazala strongly believed that the liberalizing policies of infitah should be applied not only to the Egyptian economy but the military as well. 11 Throughout the 1980s, NSPO and other military corps established factories of frozen vegetables, mechanized slaughterhouses, chicken farms, fish farms, pasta factories, textile factories, bakeries of subsidized bread, and much more. They constructed thousands of apartment buildings, bridges, roads, schools and hospitals for the government. 12

Consequently, officers disappeared from movies and songs that celebrated their war heroism, and they forged a new discourse about their contribution to “economic development” in the post-war country. In order to justify penetrating into non-military economic realms, the army asserted that its civilian produce and services were mainly for its own self-sufficiency, national price control, and the welfare of the lower classes. Abu Ghazal claimed to help the government with its five-year economic plan by using illiterate, low-class conscripts who were not “medically, culturally, technically, or psychologically fit” for military service in civilian service instead — as free labor. 13 Abu Ghazal started the army’s profitable activities by humble projects of building subsidized apartments for the officers. 14 But he later heavily ventured into the field of construction, as the army assumed the role of a major contractor for government infrastructure projects, and widely invested in food production. While the Engineering Authority of the Armed
Forces (EAAF) busied itself with public works, NSPO extensively occupied itself with the field of “Food Security.”

When the age of accelerated neo-liberalism arrived in Egypt in 1990s and 2000s, the adaptable officers again made new adjustments and took immense advantage of it. They expanded their vast empire of profitable business enterprises, and managed to restore a considerable share in state authority to compensate for their losses during Sadat’s period. Meanwhile, they maintained a public rhetoric on their patriotic contribution to economic development, and switched their old socialist alliances with the lower classes to the rising business elite and foreign capital in a market economy milieu.

Field Marshall Husayn Tantawi, minister of defense from 1991 till 2013, continued what his ambitious predecessor started. The army reclaimed thousands of acres of desert land for commercial agricultural, such as Sharq al-‘Uwaynat and Nubariyya farms. The army also built more public schools, stadiums, affordable housing, roads, water and electricity plants, sewerage, and erected sawmills and brick factories for construction. In addition, Tantawi ventured into new fields, producing chemicals, optics, plastic, and mineral water, and created companies of mining, petroleum, cleaning and maintenance, and much more. The Arab Organization for Industrialization (AOI), originally created in the 1970s of military manufacturing, appeared on the scene during this period as a growing manufacturer of civilian goods, such luxury jeep cars, polyethylene pipes for water, sewerage, gas pipes, and fertilizers. AOI opened projects of treatment of drainage/sewerage water, produced computers, and assembled fire engines.

Furthermore, Mubarak reversed Sadat’s administrative demilitarization, as he appointed retired army generals and colonels in numerous bureaucratic positions in control of the country’s liberalized economy. While former army officers occupied high positions in every part of the country, they preferred certain locations where influence and wealth were concentrated. For example, the majority of governors of provinces were retired army generals, and if they did not make it to governor, they served as governors’ chiefs-of-staff, or as directors of small towns, or heads of both the wealthy and the poor but highly populated districts in Cairo. They ran administrations in key places such as the tourist regions of Upper Egypt, all the Suez Canal provinces, the two Sinai provinces, the major Nile Delta areas, and Alexandria. The state-owned oil sector also became highly militarized as retired generals were put in charge of many natural gas and oil companies. They also controlled part of commercial transportation. The head of the Suez Canal was always a former military chief-of-staff. The heads of the Red Sea ports were retired generals, as was the manager of the maritime and land transport company.

Military entrepreneurs expanded much further in the 2000s, taking advantage of the rapidly accelerated pace of applying market reforms. This was also part of Mubarak’s strategy to coup-proof his regime and his son’s succession scheme. Mubarak’s oldest son, Gamal, took lead of the Ruling National Democratic Party with conscious plans to succeed his aging father in ruling the country, and the military’s consent was fundamentally needed. In 2004, Gamal installed a cabinet from his close clientlist circle of business tycoons, infamously called the “government of businessmen,” and they
fastened the pace of privatization, eliminating subsidies, and opening the market to international investments. The army then started to invest in projects with capitalist and globalized orientation, such as in heavy industries, export-oriented agriculture, and constructing toll roads. For instance, in 2004, AOI purchased Simaf, the railway wagons factory located in the outskirts of Cairo from the state; in 2005, the Ministry of Military Production opened a steel factory in Qaliubiyia; in 2010, NSOP started building a cement factory in North Sinai; in 2011, the same organization finished building a complex for chemicals— including fertilizers— in Fayyum. NSPO invested in Tushka export-oriented farms, neighboring other local and Arabian Gulf capitalists, and created a Nile transportation company in Aswan to ship Tushka’s farms’ commercial produce. Furthermore, military contractors developed many regular roads to toll highways, and military companies now collect their daily fees.

As Tantawi was a member in the public-sector privatization committee, military entrepreneurs formed lucrative ties with local and international capital—especially Arabian Gulf partners. For instance, Shana Marshall and Joshua Stacher explain, “[t]he Kuwaiti group M. A. Kharafi and Sons…has joined the Egyptian military in a number of ventures, including the Arab Company for Computer Manufacturing, Egypt’s only producer of computer hardware and laptops, in which Kharafi owns 71 percent of shares and the AOI and a Ministry of Military Production subsidiary each own 5 percent. The military and Kharafi also run an operation called Maxalto, which relies on technology from the German firm Schlumberger to manufacture smart cards...”

At the event of the opening of every new economic enterprise, official statements of military managers of the enterprises filled national newspapers about how this project would work for self-sufficiency to make the military less of a burden on the state budget, help the state with its developmental plans, serve the welfare of the masses by providing them with cheap goods, and contribute to price control. However, the reality was different: they were other competitors in the neoliberal market, yet with exceptional privileges. The army’s untaxed, unaudited enterprises distorted the free market for their own interest rather than correcting it for the interest of the masses. For instance, the cement factory of ‘Arish— erected on free state land in Sinai in collaboration with a Chinese company and using German technology— claims to help control prices, but the price of the military cement is almost the same as that of other public and private factories, or sometimes higher. In fact, cement prices skyrocketed after the military factory was opened in April 2012. Newspapers celebrate the cheap prices of the military cement, but the reality is otherwise. Similarly, the Simaf railway wagons factory does not give its products to the masses at affordable prices to the government for the interest of the working masses who use railways, otherwise the Ministry of Transportation would have renewed the whole railroad system at reduced prices and saved the lives of thousands who annually die in train accidents.

Another example is related to the work of military engineers, in EAAF, in the construction of affordable houses. The military engineers authority presents itself as the most efficient and disciplined contractor in the country, and it always won government contracts without entering into free and fair tenders where other private contractors could
compete. This kind of direct agreement with the government is called *bil-ittifaq* or *bil-Isnad al-mubashir*, and the military engineers constantly exploit the public tenders law that permits this as an exceptional means to hire contractors. After obtaining a government contract, the authority uses subcontractors from the private sector to execute the project and finally the state foots the bill. More importantly, the authority charges the government way above the market price. Although the government pays the bill, the military propaganda in media brags about how the army kindly builds projects for the peoples. Every year, the army holds the “Engineers Authority Day” day to celebrate its excellence, “*youm tafawwug al-hay’a al-handasiyya*.” On this day, Tantawi used to praise the organization’s contribution to economic development and the welfare of the lower classes, and he also watched a documentary on fundamental role of the organization in designing a historic bridge to cross the Suez Canal in the 1973 war.

The field of building affordable public housing (or subsidized social housing) for middle and low-income classes—*masakin al-shabab* for example—was in the hands of the military engineers authority, in collaboration with the Ministry of Housing and its “Organization of New Urban Communities.” Retired army generals and colonels dominate high administrative positions in the Ministry of Housing and its new urban communities organization. Without public tenders, the ministry of housing and its urban communities organization directly grant the authority contracts to build middle to low-income suburbs in the outskirts of Cairo. Evidently, the work of authority is not the most efficient: the public complains about extensive delays and corruption, and private sector contractors accused authority of stealing their designs. Employees inside the ministry and the organization called for firing the corrupt retired officers there.

(2) Winning a Revolution, 2011-2013

In February of 2011, after a long sit-in of eighteen days, the protesters in Tahrir Square celebrated deposing Mubarak and aborting his son’s succession plan. They carried banners calling for social justice against Mubarak’s destructive market transition. Led by Field Marshall Tantawi, the Supreme Council of Armed Forces (SCAF) immediately offered its help to run the country for a short transitional period of six months. Grateful for such support, the Egyptian masses chanted: “the army and the people are one hand,” and state-owned media played the 1960s national songs of Nasser’s era. SCAF stayed in power for a full year and a half, till they delivered power to an elected president from the Muslim Brothers in June 2012. When the January 2011 uprisings targeted the failed neoliberal regime of Mubarak, his son, and their crony capitalists, the officers again quickly adapted to the new situation. After serving as Mubarak’s minister of defense for two decades. Tantawi abandoned Mubarak’s regime of business tycoons, and so did in-service and retired officers who enjoyed market and political influence under the deposed president. Moreover, the military switched alliances to the rising Islamists, and winningly collected more advantages in business and politics—amidst prolonged protest and turmoil.
Upon assuming power, SCAF hired two weak prime ministers, who signed letters of appointment for a large number of retired army generals and colonels in the state bureaucracy and the public sector. SCAF also issued a law giving allegedly corrupt army officers, including those who retired and occupied civilian offices, immunity from prosecution in civilian courts—Decree of Law No. 45 of 2011. In addition, SCAF opened an industrial chemicals complex south of Cairo producing fertilizers, and a cement factory in North Sinai. It also constructed new toll highways in Upper Egypt for profit. 23

More importantly, SCAF had a conspicuous marriage of convenience with the Muslim Brothers based on power sharing. After assuming power, this SCAF voluntarily adopted a democratic discourse and oversaw many elections. The Egyptian people went to the ballot boxes to vote four times under old SCAF: in a referendum on a constitutional declaration drafted by a committee chosen by SCAF to include Muslim Brothers leaders and be headed by an Islamist judges; two parliamentary elections; and one presidential election. At every occasion of elections, the ballot boxes were in favor of the Islamists—particularly the Muslim Brothers and the Salafis. In March 2011, the Islamists were very helpful in using religious slogans to mobilize the masses to vote in favor of the SCAF’s constitutional declaration, and SCAF paid back the favor. The soldiers of the Armed Forces protected the polling stations, but they allowed the Islamists to violate electoral rules by heavily using religious slogans and distributing publications with religious signs inside and at the doors of electoral commissions. In addition, civil society organizations that monitored elections recorded cases of buying votes from rural and urban low-class citizens through distributing food items to them. 23 In the presidential elections, the electoral violations of the Muslim Brothers to support Morsi were evident, but the army turned a blind eye to them. 25

The Muslim Brothers returned the favor. In June 2012, when Mohamed Morsi of the Muslim Brothers won presidential elections, he began his first national address by deeply thanking the Armed Forces. He saluted the Egyptian military and added, “Only God knows how much love I have in my heart [for it].” 26 Morsi maintained the privileged status of the army in the bureaucracy, by hiring ministers, governors, and other top administrators from army officers. In August 2012, he sacked Tantawi and replaced him by General al-Sisi, after a grave incident in Sinai where terrorist groups killed a number of conscripts. As rumors spread about al-Sisi that he was a closeted Muslim Brother, he engaged in full co-operation with Morsi’s government.

The Muslim Brothers granted the military a semi-autonomous status in the constitution that they issued through a public referendum in December 2012. Article No. 197 of this constitution kept the military budget—even pertaining to revenue from civilian businesses—above state oversight and public scrutiny. It placed the authority to oversee the military budget in the hands of the National Defense Council, a governmental body consisting mainly of military officers internally nominated. The parliament was obliged to consult the same council about any future laws relevant to the armed forces before they were issued. Furthermore, Article No. 195 in the same constitution stipulated that the minister of defense should always be chosen from ranking officers, i.e., no civilian could be appointed as the minister of defense. 27
SCAF expanded its business empire during this period, Morsi and the brotherhood’s government granted the military extensive advantages overstepping sound civil-military relations. The Shura Council, the parliamentary upper-house under Muslim Brothers control, helped the military expand its business empire in collaboration with Morsi’s cabinet. This council’s “Committee of Human Development” transferred the property rights of a state-owned car factory to the Ministry of Military Production. The same ministry invested in assembling tablets, and different other ministries in the brothers’ cabinet placed orders to buy thousands of this item outside competitive public tenders. In addition, the military was allowed to acquire more land to build new malls, and received a state permit to establish a medical school to train staff for its profitable hospitals that admit civilians. As the budget of the army’s civilian enterprises remained secret, the head of the state’s Central Auditing Organization complained that he had no access to the accounts of military-owned businesses.

Furthermore, Morsi hired a large number of retired officers in top bureaucratic positions, including 7 governors of provinces. He directly granted the Military Engineers Authority contracts for many public construction projects, outside of competitive public tenders. The Brother’s minister of transportation granted the military the right to turn the Cairo-Alexandria desert road into a toll highway and administer it for profit. The Muslim Brothers’ legislature, al-Shura Council transferred the property rights of a state-owned car factory to the Ministry of Military Production. In addition, the military was allowed to acquire more land to build new malls. In November 2012, the head of the state’s Central Auditing Organization confirmed that he has no access to the accounts of military-owned businesses.

Although the new SCAF of al-Sisi collected enormous advantages from Morsi, it decided to side with the protesting masses and depose him a year after his inauguration. For many long months, al-Sisi was content with such advantages and he invited Morsi to many military ceremonies, where the deposed president watched the graduation of new officers and the opening of new military projects. However, apparently the military perceived the brothers—the wealthy, widely spread international organizations— as a threat to national security, and Gulf States who feared the ideological expansion of the brothers supported this vision—and later funded its political outcomes. Besides suffering from severe economic failure and crushed oppositional protests by police brutality, the brothers publicly supported Jihadist groups in and outside the country. Two weeks before his ousting, in a horrifying scene to the Egyptian peoples, Morsi gathered tens of thousands of Islamists from different factions in Cairo Stadium in order to declare international Jihad in Syria. Within this large meeting, many extremist Sunni clerics made heavy sectarian statements with Morsi’s consent, and this was followed a few days later by massacring eight Shi’is in a village near Cairo.

In response to tens of millions who took to the street calling on Morsi to step down on the anniversary of his inauguration, al-Sisi announced ousting him and forming a coalition
interim government, led by the head of the constitutional court, on July 3rd of 2013. Cheerfully expressing their appreciation of this military action, the celebrating masses filled Tahrir Square with posters of Nasser next to those of al-Sisi. The army’s public relations department funded the production of a song, titled *Tisalm al-Ayadi*, greeting the soldiers’ hands that saved the nation and invoking the 1973 war victory. The song quickly became so popular among Egyptians of all social classes that they play it in weddings. This marked a new phase for the adaptable officers to once more switch alliances and deploy old nationalistic rhetoric to reach ultimate gains.

(3) Al-Sisi vs. Discontents

On the path to sweep presidential elections last summer, General al-Sisi sought the support of variant social groups, mainly the business elite, workers at the public and private sectors, and middle-class women. Patriotic, popular songs celebrating al-Sisi’s candidacy for and winning elections have become basic wedding and dancing music across all social classes. However, al-Sisi has adopted economic policies that have displeased the very social groups that voted for him. They are ambiguous policies lacking clear planning and do not make clear choices about which economic model to follow. On the one hand, he imposes a state and military upper hand in running the economy and extends government support to the middle and lower classes, *a la* Nasser’s model. On the other hand, he pursues market reforms by eliminating subsidies and stimulating the investments of the business elite, following Mubarak’s footsteps. Wrapped in an ultra nationalistic discourse, al-Sisi aspires to revive Nasser’s socialist state under military control, and yet he is in dire need for local and foreign capital that is only attracted to and thrives in a liberalized market. His confused economic policies so far have not assuaged post-revolutionary discontent on the side of the very social groups that voted for him; on the contrary, unrest is evolving.

Shortly after removing the Islamists, al-Sisi-led interim regime opted to ally itself with the country’s leftist groups, especially social democrats and Nasserites. Apparently this alliance was in order to appease the working classes and reduce their protests mainly demanding minimum wages. For instance, the appointed prime minister, Hazim al-Biblawi, belonged to the party of the social democrats and he hired a number of ministers with the same political stance. More importantly, the minister of labor, Kamal Abu ‘Ita, was a Nassri leader of independent labor unions. The minister of social solidarity, Ahmad Al-Bura‘i, was also strong supporter of independent labor unions. However, this left-oriented cabinet noticeably failed in calming workers’ strikes, and had to resign partially due to this failure—especially after its inability to effectively resolve the longstanding, massive demands of minimum wage. Al-Sis-led system then quickly switched alliances again, as the succeeding cabinet of Ibrahim Mihlib replaced leftists officials with either technocrats or liberal ones. This cabinet also was not successful in assuaging labor protests.

Before presidential elections, al-Sisi-led interim government appointed a committee of 50 public figures, many of them leftists, and they drafted a new constitution and passed it
through a public referendum in January 2014. Although its text introduced many progressive workers, women, youth, etc., it maintained the exact same privileges that military obtained in the brotherhood’s constitution. Article No. 203 of the new constitution states that the military budget should be listed as only one number in the state budget, and should be discussed only by the “National Defense Council”—the majority of whose members are officers. The same council should be consulted on any law drafts related to the armed forces. Article No. 201 states that the minister of defense must be an officer, i.e., no civilians could occupy this position. Article No. 204 impedes that civilians who attack military enterprises should be tried in military courts. In one incident when this constitution was applied after al-Sisi’s election, one young citizen had a fight with a colonel running military gas station and the army sent him to a military court.

The interim government carried on the tradition of hiring a large number of retired officers in top government positions, and they have kept these offices after al-Sisi’s election. To mention a few, 15 out of 25 governors of provinces are retired army generals. Other fellow retired officers are currently heads of sea and Nile ports, including the Damietta, Alexandria, Port Said, and the Red Sea Port Authorities. The heads of the government authorities of industrial development, agricultural development, and land survey are all retired generals. The heads of many state-owned holding companies of, for instance, chemicals, land and sea transportation, grain silos. After his election, al-Sisi appointed more of fellow generals in key other positions, such as the head of the subways and tunnels authority and the maritime navigation safety authority.

Furthermore, different military contractors embarked on large public construction projects worth billions of Egyptian pounds, without having to go through competitive and fair public tenders. In order to ease the process, the interim president issued decree No. 48 of 2014 to amend public bids and tenders law, allowing the government to conclude agreements with contractors through “direct allotment” in “urgent” matters for construction projects of LE 10 million or less. Thus, the government hired military contractors to build or develop hospitals, bridges, roads, tunnels, thousands of social houses, and the Cairo-Alexandria toll road and collect its fees. Between the two months of September and November 2013 only, different army entities obtained public construction contracts worth around LE 7 billion—according to official statements. After al-Sisi’s election last August, the head of the military engineers authority stated that his corps was engaged in 850 public construction projects in the fields of transportation, affordable housing, education, health, sanitation services, government buildings, and land reclamation. In addition, after his election the military obtained 10 thousand acres for land reclamation and commercial farming in the western desert, and another total of 40 thousand square meters to build four gas stations in Upper Egypt.

Such hegemony over this field generated discontent on the side of the business elite. During his presidential elections campaign, al-Sisi sought the support of the business tycoons still influential from Mubarak’s era. Many of them did back him, especially those who own media networks, but others showed noticeable apathy. Last April, the head of
the “Federation of Egyptian Industries” complained about the outraging privileges of military contractors in developing and administering toll roads, and insisted that the Cairo-Alexandria highway contract in particular was illegal. The presidential elections witnessed low turn out that entailed extending the voting time into a third day, and one of the reasons for such crisis was that owners of private-sector factories refused to give their laborers time off to go cast their votes. A few weeks after his election, al-Sisi invited a large group of businessmen for a Ramadan breakfast meal at the presidential palace, where he encouraged them to contribute to the country’s development and promised to revise investment laws in order to stimulate more local and foreign capital. Meanwhile, his new cabinet imposed a 10 per cent tax on capital gains on the stock market in an attempt to boost state revenue, which scared investments and led to a drastic drop in the country’s already suffering bourse. In addition, businessmen are intimidated to donate to the “Long Live Egypt” fund set by al-Sisi, and his supporters made a blacklist for those who would not.

On the side of laborers, the situation does not seem better. Workers’ protests in various sectors to demand minimum wage and other financial rights never stop in the country. During his presidential campaign, al-Sisi appealed the workers for electoral support, and succeeded in securing endorsement of both the old labor unions, previously affiliated with Mubarak’s ruling National Democratic Party, as well as many of the newly formed independent unions. After becoming president, Al-Sisi’s cabinet decided to introduce minimum wage, but only to the bureaucratic government employees, and not to workers at the public or private sector or the state-run holding companies. In an after-election statement, al-Sisi strongly affirmed that he would not respond to labor protests and their “sectorial demands,” because the government does not have the resources. In reaction, various labor unions rose objections and wide controversy about this statement. Meanwhile, al-Sisi issued a new law to increase military pensions by 10 percent, after they were already raised by 15 per cent under SCAF in 2011, and another 15 per cent under Morsi in 2012, and raised the military budget from around 31 billion to 39 billion EGP this fiscal year.

As for middle-class women, whom al-Sisi have always addressed in his speeches and repeatedly appealed to them for support, they now have to face financial crises with their home economics. Al-Sisi intensively targets women with an ultra-nationalistic rhetoric about their duties as wives and mothers for the nation, and the majority who voted him president were surprisingly women across social classes and ages. Immediately after elections, al-Sisi opted for austerity as the cabinet suddenly reduced food and gas subsidies in the middle of last Ramadan in order to reduce budget deficit. For subsidized bread in particular, as special government smart IDs are now required to buy only a few loaves of it daily. The government also has raised electricity and natural gas fees, which would multiply the figures on the bills that these middle-class women monthly pay in their houses. Greater Cairo and all provinces in the south and the north of Egypt have been suffering from sever power outages for hours during the day and for some period on a daily basis throughout this year before and after presidential elections, but poorer areas and villages carry more of the burden by longer hours.
Conclusion
Throughout the last six decades, the Egyptian military institution weathered many waves of fundamental transformation in the country’s politics and economy, and maintained a hegemonic status within successive authoritarian regimes. It swiftly shifted socioeconomic alliances and deployed nationalistic rhetoric to accumulate political privileges and create a business empire. Most recently, the military has succeeded in surviving difficult moments of revolutionary changes, and emerged out of them triumphant over all other civilian actors in an unstable state and society—especially by winning back the presidential seat after briefly losing it. Nevertheless, the new military president’s ambiguous economic policies are causing growing discontent among his socioeconomic base of supporters, and it is not clear whether the military would manage once more to survive continuous, post-revolutionary unrest.

2 This term is inspired by Joshua Stacker’s Adaptable Autocrats: Regime Power in Egypt and Syria (Palo Alto: Stanford University Press, 2012).
4 Ibid., p. 259.
8 See: Anouar Abdel-Malek, Egypt: Military Society, the Army Regime, the Left, and Social Change under Nasser, ch. 2.Wheelock, Nasser’s New Egypt, 145-172.
10 Springborg in Ahmed Abdalla, p.66.
17 For an overview of their civilian produce and services, see the official websites of NSOP and AOI: http://www.nspoc.com.eg; http://www.aoi.com.eg/aoiarab/index.html

For example: http://www.masress.com/elbalad/244730

For more details see: Zeinab Abul-Magd, “Time for a Civilian Handover,” Egypt Independent, 1 April 2012.

http://www.almasryalyoum.com/node/1283056
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For instance, see this report compiled by the “South Center for Rights” on labor in Upper Egypt: Rania Rabi, “‘Ummal Sa’id Misr: Ihtijajat wa Ra‘is Jadid,” Mada Masr, 18 June 2014.

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