The Egyptian military in politics and the economy: Recent history and current transition status

The Egyptian military has been playing a decisive role in national politics since the eruption of the 2011 uprisings. The Supreme Council of Armed Forces (SCAF) governed the country from February 2011 until June 2012. They worked closely with the elected civilian President Morsi of the Muslim Brothers. In June 2013, supported by mass protests and in collaboration with youth movements, the military overthrew President Morsi.

The future of the democratic transition in Egypt is closely linked to General Abd al-Fattah al-Sisi, the current Minister of Defence. He was instrumental in forming the current transitional government, and hold key roles in drafting the new constitution and organizing subsequent elections. This CMI Insight explores recent historical episodes that inform the extensive political leverage that the military enjoys in Egyptian politics.

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ARMY, POLITICS, AND BUSINESS (1980-2011)
The militarisation of the Egyptian state and economy began six decades ago. In 1952, a military coup led by a group of young officers brought down the monarch, King Farouk, and kicked out the British. This coup installed the first military president, the charismatic and popular Gamal Abd al-Nasser (1954-1970), who formed an Arab socialist regime in which military officers occupied the most important administrative and economic positions. Two other military presidents succeeded Nasser: Anwar Sadat (1970-1981) and Hosni Mubarak (1981-2011). Sadat attempted to “demilitarise” the Egyptian state by significantly reducing the number of army officers in government positions, making the army focus more on affairs of war. Mubarak brought back the military influence on Egyptian society allowing its leaders to create economic enterprises and occupy high-level administrative positions in the government.

The militarised state that evolved under Mubarak in the course of thirty years, passed through three different phases. In the 1980s, after Egypt signed the Camp David peace treaty of 1979 with Israel, the military switched its attention to economic activities. The Ministry of Defence created an economic arm called the “National Service Products Organisation” (NSPO), which contributed to public infrastructure projects and produced cheap civil goods for the middle and lower classes. The second phase was in the 1990s. Mubarak applied a full-fledged economic liberalisation plan in accordance with the IMF and World Bank’s requirements, and the
military expanded their production of civil goods and services. The military established new companies, built new factories, cultivated vast farms that had untaxed, unaudited special autonomous status in competition with the expanding private sector and the privatised public sector. Finally, the third phase was during the last ten years of Mubarak’s reign, when army officers, especially retired generals and colonels, occupied high administrative positions in the bureaucracy and the public sector and further expanded their profitable military businesses. Mubarak gave the officers such administrative and economic influence in order to get them to accept the planned succession of his son, Gamal Mubarak, who has no military background.4

Under Mubarak three major military bodies were engaged in profitable non-military manufacturing and services: the National Service Products Organization (NSPO), the Ministry of Military Production (MOMP), and the Arab Organization for Industrialization (AOI). NSPO specialises in civilian manufacturing, farming and services. MOMP owns eight manufacturing plants. 40% of their production is geared to civilian markets. AOI owns eleven factories and companies. 70% of their production goes to civilian markets. The three bodies produce a wide variety of goods: steel, cement, chemicals, luxury jeeps, butane gas cylinders, kitchen stoves, home appliances, gas pipelines, infant incubators, mineral water, pasta, olive oil and other foodstuffs. The army owns a large number of gas stations, hotels, wedding halls, supermarkets, parking lots, domestic cleaning offices, transportation and shipping companies across the country.5

At the government level, large numbers of retired officers were appointed to high-ranking positions in many places in the state bureaucracy, as a way to financially reward and politically appease them. A distinct class of military administrators and managers grew in the bureaucracy, the public sector, and the military enterprises, and they received their pensions from military sources in addition to high salaries from the government.6

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Despite Mubarak's attempts to co-opt the military through privileges to retired officers, they still did not approve of Gamal Mubarak's economic "Washington Consensus" reforms. They silently resented his privatisation plans. Two 2008 Wikileaks cables emerged which indicated that Field Marshal Tantawi, the former Minister of Defence, and the Egyptian military were largely critical of the economic liberalisation because it undermined state control. Margaret Scoby, a former US ambassador to Egypt stated, “The military views the G.O.E.’s privatization efforts as a threat to its economic position, and therefore generally opposes economic reforms. We see the military’s role in the economy as a force that generally sti[1]es free market reform by increasing direct government involvement in the markets.” Tantawi's skepticism regarding the neoliberal reforms is probably due to the potential privatisation of the military’s vast economic empire.7

Under Mubarak, the military enjoyed great leverage in politics through its maintenance of a close relationship with the US and its military-industrial complex. As part of the 1979 peace agreement with Israel, the Egyptian military receives $1.3 billion dollars in annual aid from the U.S. (under the umbrella of the Foreign Military Financing (FMF) programme). This includes training of Egyptian officers in U.S. war colleges, and sales of weapons to Egypt, such as F-16 fighter jets, Apache helicopters, and M1A1 Abraham tanks. The aid programme fostered close relationships between Egyptian generals and their counterparts in the Pentagon.8

THE MILITARY-ISLAMIST ALLIANCE (FEBRUARY 2011- JUNE 2013)

In February of 2011, after an eighteen-day sit-in, the protesters in Tahrir Square celebrated the deposition of Mubarak and the abortion of his son's succession plan. The Supreme Council of the Armed Forces (SCAF) immediately offered to run the country for a short six month transitional period. In response, 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 half until June 2012. During this period, SCAF entrenched its control over essential state institutions, including the media, the bureaucracy, the security apparatus, and the judiciary. SCAF placed a large number of retired
officers in government positions, and expanded military businesses. SCAF also established close alliance with the Muslim Brotherhood and other Islamist organisations. Through such alliances, the Islamists won the majority in the parliamentary and presidential elections, and the military maintained and protected the political and economic privileges that it had inherited from Mubarak’s era.

The former Minister of Defence, Field Marshall Tantawi, and the former chief of staff, Sami ‘Anan, were the most powerful two figures among the generals who sat on the supreme council. From February 2011 until June 2012, SCAF held both the presidential and the legislative authorities. They appointed 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 alleged corrupt army officers, including retired officers, immunity from prosecution also in civilian courts, Decree No. 45 of 2011. In addition, SCAF opened an industrial chemical complex south of Cairo that produced fertilisers, and a cement factory in North Sinai. These came just a few years after a steel factory in northern Egypt, and the purchase of a railway factory on the outskirts of Cairo.

The alliance between SCAF and the Muslim Brotherhood has been close in elections, the constitution and in business.

Elections: Islamists had enjoyed a conspicuous marriage of convenience with SCAF based on power-sharing. After assuming power, SCAF voluntarily adopted a democratic discourse and organised several elections. The Egyptian people went four times to the ballot boxes to vote under SCAF: in a referendum on a constitutional declaration drafted by a committee chosen by SCAF that included Muslim Brotherhood leaders and was headed by an Islamist judge; in two parliamentary elections; and in one presidential election. On every occasion, the ballot boxes results were in favor of the Islamists, particularly the Muslim Brotherhood and the Salafis (the latter are closer in ideology to the Wahhabi school of Islamic law that prevails in Saudi Arabia). In March 2011, the Islamists were very helpful using religious slogans to mobilise the masses to vote in favour of the SCAF’s constitutional declaration, and SCAF repaid the favour. The soldiers of the Armed Forces protected the voting sites, but they allowed the Islamists to violate electoral rules through the use of religious slogans and distribution of publications with religious symbols, both inside and at the doors of voting stations. Civil society organizations that monitored elections also recorded cases of buying votes of rural and urban lower-class citizens through the distribution of food. In the presidential elections, the violations of the Muslim Brothers to support Morsi continued, and the army once again turned a blind eye.

In June 2012, when Mohamed Morsi of the Muslim Brotherhood won the presidential elections, he was the first civilian president of Egypt since Nasser. 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].” Days before he was declared the winner, SCAF issued a supplement to the Constitutional Declaration that deprived Morsi of any substantial authority over the armed forces. Morsi maintained the privileged status of the army in the state administration, by hiring ministers, governors, and other top administrators from army officers. In August 2012, he sacked Tantawi and replaced him with General al-Sisi, after a grave incident in Sinai where armed groups killed a number of army soldiers. In response to his appointment, al-Sisi started to cooperate closely with the Morsi government. Rumours quickly spread, that al-Sisi was a closet member of the Muslim Brotherhood.

The Constitution: In order to please the army even further, the Muslim Brotherhood maintained the privileged, autonomous status of the military in the constitution that they drafted and had ratified through a public referendum in December 2012. The Brotherhood’s constitution gave the military a semi-independent status over its own affairs. Article No. 197 of this constitution, kept the military budget, even the revenues from civilian businesses, above state oversight and public scrutiny. It placed the authority to oversee the military budget in the hands of the National Defence Council, a governmental body that consisted mostly of internally nominated military officers. Parliament was obliged to consult the council on any future laws relevant to the armed forces, before they were issued. Article No. 195 guaranteed that the Minister of Defence should always be chosen from ranking officers.

Business: Morsi and the Brotherhood’s government granted the military extensive advantages that overstepped sound civil-military relations. The Muslim Brotherhood’s legislature, the al-Shura Council, helped the military expand its unaudited, untaxed business empire. The 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, while other ministries in the cabinet ordered thousands of these tablets without competitive public tenders. The military was also permitted to acquire more land to build new shopping malls, and to establish a medical school to staff its profitable hospitals treating civilians. In addition, the budgets of the military’s many financial enterprises remained secret. The Head of the State’s Central Auditing Organization has confirmed that he has no access to the accounts of military-owned businesses.

COUP OR REVOLUTION? (JUNE-JULY 2013)

While most international media and analysts perceived the events of June and July 2013 as a “military coup,” most Egyptians called it “our revolution.” After massive
The Egyptian military decided to oust Morsi, despite the fact that his deposition worked against its own interests. During Morsi’s regime, the Muslim Brotherhood granted the military exceptional political and economic privileges and even included them in the constitution. General al-Sisi was content with the privileges. He invited Morsi to many military ceremonies, to the graduation of new officers and to openings of new military projects. Al-Sisi asserted on several occasions that the army would not interfere in politics and invest its efforts into protecting the country internally and externally. Thus, for the military to side with youth and opposition groups that had long chanted against such privileges, was risky and could have resulted in significant future losses. The military also risked losing US aid, of which the Obama administration has recently suspended parts to punish the Egyptian military for ousting Morsi. However, the Egyptian military decided to take these risks because internally, they classified the Muslim Brotherhood as an international terrorist organization whose participation in the power structure threatened national security.

Two weeks before his ousting, Morsi gathered tens of thousands of Islamists from different factions in Cairo Stadium in order to declare international Jihad in Syria. Without military approval, Morsi announced that the “Egyptian people and army” together were going to help free Syria from its tyrannical regime by supporting the rebels. Within this large meeting, many extremist Sunni clerics made highly sectarian statements with Morsi’s consent, and this was followed a few days later by the massacre of eight Shi’is in a village near Cairo. In his meeting with US Secretary of Defense Chuck Hagel in Cairo last April, al-Sisi expressed deep concern that the severity of the situation in Syria might spill over into other countries in the region.

Three weeks before the stadium incident, armed cells on the Sinai Peninsula kidnapped seven Egyptian soldiers. Morsi interfered to stop a planned military operation against the kidnappers. The kidnappers eventually released the soldiers and escaped without being arrested or identified. After the end of this crisis, many former military generals asserted that the Muslim Brotherhood sponsored the Sinai Jihadists and that they had facilitated the criminals’ escape from security forces. The former founder of the military counter-terrorism unit, Team 777, claimed that the Brotherhood and Hamas were responsible for many other incidents of kidnapping soldiers on the peninsula.

On the eve of and after the 30 June protests, armed members of the Muslim Brotherhood retaliated against the discontented masses by committing several massacres in various neighbourhoods in Greater Cairo, such as in Bayn al-Sarayat and al-Manqal, and in many provincial areas, where dozens of unarmed civilians were brutally killed. Al-Sisi opted to employ counter-terrorism tactics against the Brotherhood afterwards.

For many Egyptians of different generations, the dark memories of the 1990s and the widespread armed violence in the country are still vivid and alive in their minds. During this period, the military played a marginal role in arresting Jihadists who were charged with committing violent attacks. It was other security forces who took over this duty. The January 2011 uprisings fundamentally weakened those security forces and left them incapable of performing such tasks. Thus, the military, already humiliated by Jihadists kidnapping their soldiers in Sinai, felt obliged to take responsibility this time. In a speech only one week before the 30 June uprisings, al-Sisi asserted that the army would not tolerate those who try to “scare and terrorise” the Egyptian people.

In the process of ousting Morsi, al-Sisi made careful calculations to make sure he would not lose support on the internal, regional or international fronts. On the internal front, he received the overwhelming support of the masses, who had feared the return of terrorism. These masses now compare him to Nasser. He also received support from various political parties that are not concerned by the military’s businesses and their elevated status. At the regional level, al-Sisi received extensive support and billions of dollars from Arabian Gulf regimes that represented the Muslim Brotherhoods’ regional schemes, including Saudi Arabia, UAE, and Qatar. Internationally, although the US suspended part of its military aid to Egypt, it did not use the term “military coup” to describe the military intervention. President Obama does not seem to have plans to cut aid to Egypt altogether.

**THE ARMY AND THE TRANSITION TO DEMOCRACY**

Since the ousting of Morsi, the Egyptian military has partially withdrawn from politics - in comparison with the full administrative role it played after January 2011 - and has mainly focused on security matters, especially in Sinai. Democratic transition in Egypt is taking place according to a road map that General al-Sisi, civilian political parties, youth groups, and Muslim and Christian religious leaders drew up in early July. The road map includes the drafting of a new constitution, to be followed by presidential and parliamentary elections within a few months. The process of drafting a new constitution is currently being undertaken by a committee of 50 members; only one of whom is an army general. However, the democratic transition is taking place under heavy security measures in the face of the Brotherhood’s retaliations in response to the ousting Morsi. When rumours started to spread about al-Sisi running for president, he made a declaration that he has no such plans and that his focus is only the security of the country.
In July and early August, the Muslim Brotherhood organized two large sit-ins in Cairo, and a smaller sit-in in other provinces in order to demand the return of Morsi and the restoration of the suspended constitution. These sit-ins were armed, as many foreign observers noted. The demonstrators launched several violent attacks against civilians and state buildings. Members of the Brotherhood killed many unarmed citizens in several parts of Greater Cairo, and clashed with the military in bloody battles. The continuity of these armed sit-ins that launched violent attacks across Cairo became a severe threat to people’s lives and national security.

In retaliation for their sit-ins being dispersed by the police, the Muslim Brotherhood destroyed and burned several churches of the Coptic Christian minority in Upper Egypt, burned shops, injured and killed civilians, and attacked police stations. According to an Amnesty International Report, the Muslim Brotherhood brutally tortured civilians in the sit-ins. More importantly, the Jihadist allies of the Brotherhood in Sinai intensified their attacks against army soldiers and police stations in the peninsula. As a result, the interim government imposed a curfew and proclaimed a state of emergency in the country for a month; they have recently extended this period. The state arrested key leaders of the Brotherhood and accused them of inciting violence and killing unarmed protesters when Morsi was in power. The leaders of the Brotherhood were arrested on the basis of accusations of criminal behaviour rather than through the emergency law. The military, however, did use the state of emergency to put former president Mubarak under house arrest, after he had been released from prison because the Morsi-appointed prosecutor general did not present sufficient evidence to convict Mubarak last year. The state placed Mubarak in confinement in a military hospital in south Cairo.

Within this climate, General al-Sisi asked the nation in a televised speech to authorise him to fight violence and terrorism, and by the end of July, millions of peoples showed up in mass marches across the country to grant him this authorisation. Given such popular support, the military started extended military operations in Sinai against Jihadists and al-Qaeda members. Al-Sisi did not appear in media or address the nation and generally refrained from public appearances. Some civilians launched campaigns asking General al-Sisi to run for the presidency, but the military asserted that al-Sisi does not have such political intentions.

PROMISING PROSPECTS FROM DEMOCRATIC TRANSITION

The prospects for a transition to democracy in Egypt are promising, despite security struggles against violent clashes. The current committee that is amending the Muslim Brotherhoods constitution, or possibly drafting a new one, includes representatives from several liberal, leftist, and Islamist political parties, in addition to representatives of trade unions, youth movements, women, Nubians, Copts and Bedouins. There is only one army general on the committee, and he is low-key and rarely speaks in discussions. The committee’s debates reflect a considerable degree of liberal thinking and protection of rights of religious minorities and women. For example, it has indicated that it will amend Article No. 3 in the previous constitution that acknowledged the rights only of Sunni Muslims, Christians, and Jews to resort to their respective religious laws, and extended the provisions of the article to include the rights of all non-Muslims, in the hope of empowering Egypt’s religious minorities. These revisions have been rejected by the Salafis on the committee. The committee will also amend Article No. 11, to make it clear that the government is obliged to achieve equality between women and men in all realms and guarantee fair representation of women in all elected councils. In addition, the committee indicated that it will limit the authority of the elected president, in order not to produce new despots in the Egyptian political system, and to grant the cabinet of ministers and the parliament wider authorities. The committee is expected to finish its work within three months and then hold a referendum for or against the document, after which presidential and parliamentary elections will take place. After al-Sisi asserted that he does not plan to run for election, other civilian candidates have made public statements about running and initiated their campaigns. Presidential candidates include Hamdin Sabbabhi and Khalid Ali. Furthermore, the interim government has introduced new laws and measures to ensure social justice and fare wages, which were among the main demands of the 2011 and 2013 popular uprisings. In response to pressure from labour movements and government employees, the cabinet of ministers has recently made the long-awaited decision to raise the minimum wage in the public sector.

Although the military abstains from full political control, it still maintains partial political domination. Many of the recently appointed governors of Egyptian provinces in the north and the south of the country are retired army generals. More importantly, the problem of the military’s economic hegemony is still pressing. The new draft of the constitution is very likely to restore the articles in the Muslim Brotherhood’s 2012 constitution that granted the military financial autonomy exemption from public scrutiny. The new Egyptian constitution must place military business under state and parliamentary oversight. In addition, reforms are needed in the Egyptian economy to ensure that military businesses will not distort the market through their privileges and lack of transparency.

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NOTES


10. See http://www.ahram.org.eg/Archive/2005/12/7/FRONT7HTM http://www.ahram.org.eg/flash/flashhome.htm


13. See http://www.youtube.com/watch?v=ps7R8i8LeUQ

14. For the full text of the constitution see: http://www.masrawy.com/node/1283056


17. See http://www.alarabiya.net/ar/arab-and-world/egypt Com/node/865166


27. See http://online-news.com/article/SB10001421278873242520457859798162542480.html


34. See: Zeinab Abul-Magd, “US Military Aid to Egypt Lost Value,” Jadaliyya, July 25 2013


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