

EGYPT UPDATE NUMBER 5



CHRONICLES OF THE CONTINUED EGYPTIAN REVOLUTION OF 25 JANUARY 2011

CONTACTS

Tel:

+1 312.943.5797

Fax:

+1 312.943.2756

Email:

cbassiou@depaul.edu

Twitter:

@cherifbassiouni

Facebook:

www.facebook.com/mcbassiouni

Web:

www.mcherifbassiouni.com



M. CHERIF BASSIOUNI

Emeritus Professor of Law
DePaul University College of Law
Chicago, IL, USA



Egypt Update No. 5

March 1, 2011

1. The Mubarak regime, like its predecessors, the Sadat and Nasser regimes, has a military and a political establishment. Under Nasser, the military prevailed and ran the country with the civilians simply taking orders. The primary instrument of governance was the General Intelligence Agency that used the police to engage in large scale arbitrary arrests and detentions as well as tortures and disappearances. Under Sadat, the military establishment and the General Intelligence Agency receded in the background, benefiting after 1979 of an average annual military aid of \$1.3 billion from the U.S. In addition, the military was also the beneficiary of profits from the military industrial complex that was started under Nasser. In time, under Mubarak, that complex grew to an estimated 10 to 20% of the Egyptian economy. No one knows exactly how much it grew because its operations, budgets and profits are undisclosed. This entire sector of the economy is not only beyond civilian control, it is secret, not taxed, and its undisclosed profits are distributed by the military establishment as the senior leadership sees fit.

This is a sector of the economy which is outside any type of accountability, and even the public does not know that many of their consumer goods originate from the military. These goods include bottled water, refrigerators, stoves, electrical appliances, metal furniture and more. These industries are not taxed, they obtain free land from the government, they are not subject to any operational controls, they import the materials they use free from import duty, and they also export goods free from duty.

One can only estimate the gross volume of income and profit that derives from such a sector of the economy, bearing in mind of course, that the civilian production mentioned above is probably only a small portion of the total volume of business which is essentially military production. Military acquisitions and sales are done through a special office in the Minister of Defense's office and that office receives a commission on all imports and exports. No one knows how much that income is, or where it goes. Upon retiring, the generals who were more compliant with the establishment during their years of service are rewarded with appointments to these various business entities and receive substantial income and bonuses (as profit sharing) in addition to their pensions.

To accommodate lower-ranking officers, the ministry of defense uses some of these profits to build housing projects, hotels, summer residences,



Figure 1 Egyptian Republican Guard tanks are positioned at Cairo's central square. (Photo credit: CNN).

clubs and produce subsidies for food products - all of which is for officers and their families. The cost of housing and vacation homes is about 10% of the market cost.

2. The military establishment is not going against the political establishment for a variety of reasons, including what the political establishment knows of the secret benefits described above, and many other services such as medical. The military establishment is concerned with its reputation and it is not likely to risk it by pushing the political establishment too hard.

The prosecutor-general, Abdel-Megid Mahmoud, who is part of the political establishment, has not indicted such major figures as the former Speaker of the House, Fahti Sorour, or the president of the senate, Safwat el Sherif, or Zakaria Azmi, the former chief of staff of President Mubarak, who still goes to his office at the Presidency and apparently must be doing something there. His staff is still there working on whatever it is that they are doing, as are so many others. There will for sure be a number of prosecutions for corruption, but the military establishment will protect the political establishment up to a point, if for no other reason than the likelihood that those in the political establishment could cause them embarrassment.

3. What is happening in Egypt is something of a charade. It includes a process of give and take in which the military establishment appears to be responsive to popular requests for reforms and democratic changes, but in reality it makes only those changes which will keep the regime in place. The SCAF's present policy seems to be to have a change in the faces of the regime. The second wave, which has been waiting in the wings for at least a decade is now being readied to take over.

4. The proposed changes in the constitution are minimal. They open the door for more presidential candidates, but with little time for political parties to organize and for parties to get accustomed to working together there is likely to be a number of candidates for the presidency and some confusion. The Muslim Brotherhood will probably support one candidate; Kefayeh and others in the opposition will support another candidate; Amr Mousa, Egypt's former Minister of Foreign Affairs, is organizing a party to support him. Having elections in six months affords limited time to the opposition, and the regime's candidate can win if for no other reason than by the confusion that is likely to occur among a large field of contenders. There are some in the military/intelligence sectors who still believe that Omar Suleiman could be the regime's candidate.

It should be noted that the proposed cosmetic changes to the 1971 constitution concern the election of the president, judicial supervision of the elections, and challenges to electoral results. These draft amendments, which are subject to a public referendum, are nothing more than the removal of amendments made by Mubarak two years ago. They add nothing to an overall democratization and rule of law-based system of government.

One of the gimmicks contained in these amendments is to exclude from candidacy to the presidency any Egyptian who at any time may have had dual citizenship or is married to a non-Egyptian. This is the first step to having these conditions extend to candidates for the

legislative elections. They could also be the basis for excluding Egyptian expatriates from voting. There are 8 million Egyptian expatriates, and the Mubarak regime has consistently fought their right to vote abroad as well as their ability to present themselves as candidates for legislative office if they have dual citizenship. It is clear in this latest maneuver by the regime, that it intends to maintain control over the electoral process and in particular by excluding expatriates who are known to oppose the Mubarak regime.

The SCAF has still not expressed its views on parliamentary elections, when or how they will take place, just as there is no indication as to when new laws will be enacted, obviously by the military, since there is no legislative body to regulate legislative and presidential elections. That in itself is quite telling.

5. Most importantly for both the military and political establishments of the regime, is to cover up for the massive economic fraud that has been perpetrated on the country. Estimates of the outstanding loans of Egyptian banks, as well as foreign banks, range from 500 billion dollars to a trillion dollars. The Central Bank has not disclosed how many of these loans it has guaranteed. When that becomes known, Egypt's currency will be strongly affected as well as its standing at the IMF and the World Bank, not to speak of private markets. This could lead to the economic collapse of the country, unless the IMF and World Bank come in with an emergency package. Even then, the impact on the economy and on the people will have already taken its toll. An increase in the cost of food that would range from a minimum of 30% up to 100% or more (unless government subsidies are employed) would lead to riots that would produce looting, theft, destruction of property, and arson (which in view of Egypt's weak fire departments are likely to expand and cause extensive damage to property and harm to people). At that point, the army is bound to intervene and that becomes the end of its "good neighbor" policy. What happens next is impossible to foretell - a military council takes over and runs the country as a military dictatorship - reminiscent of 1952.

6. Many in Egypt are aware of some of these prospects and the leadership of the 25 January movement intend to keep up the pressure on the SCAF by holding Friday demonstrations of at least a million people each week. They believe that this will keep the military under pressure. The latter however feel that time is on their side and that as weeks progress, the number of demonstrators will diminish. Both the military establishment not represented by the SCAF, and the surviving political establishment are also counting on the fact that uprisings in other Arab countries are diverting U.S. and world public attention away from Egypt. This means that the regime will have to make fewer concessions in the weeks to come provided all else remains the same. The regime's priorities at this point are to control the street (which is now limited to a weekly Friday demonstration) and to maintain the lid on the massive financial fraud mentioned above in order to avoid an economic crises with untold consequences.

No one knows, however, what the popular reactions to all the above may be.

Egypt's saga is ongoing.