

BACKGROUND

No. 2824 | JULY 11, 2013

Egypt: A Way Forward After a Step Back

James Jay Carafano, PhD, and James Phillips

Egypt's army recently ousted President Mohamed Morsi, just as it removed Hosni Mubarak in 2011, to prevent growing civil disorder from undermining the power of the state and its own privileges within the state. The intervention was widely applauded by opposition political parties and the overwhelming majority of the millions of protesters who demanded that Morsi step down.

By taking steps to preserve public order, the military could help to salvage Egypt's chances of making the difficult transition to a stable democracy. Clearly, Egypt was headed for a civil war as a result of a surging rebellion against Morsi's increasingly authoritarian rule.

To salvage the increasingly difficult situation in Egypt, the United States should press the Egyptian military to lay the groundwork for a return to civilian rule as soon as possible, attach tighter strings to U.S. aid, and recalibrate the U.S. aid program to focus on fighting terrorism and preventing food shortages—the chief threats to Egypt's future.

Morsi's Threat to Democracy

President Mohamed Morsi was his own worst enemy. He ruled in a secretive, authoritarian, and exclusionary manner that derailed Egypt's democratic experiment and alienated far too many Egyptians, even some of his former supporters. During his year in office, he focused more on maximizing his own power and that of the Muslim Brotherhood than on addressing Egypt's worsening economic, social, and political problems. When challenged, he arrogantly ignored, marginalized, and demonized

KEY POINTS

- Egypt's army was justified in ousting President Mohamed Morsi, whose increasingly authoritarian rule was leading Egypt into a civil war.
- The army, however, is sitting on a volcano and knows it.
- The U.S. must recognize that Egypt is much closer to becoming a failed state or economic basket case than it is to becoming a genuine democracy.
- To salvage the increasingly difficult situation in Egypt, the United States should press the Egyptian military to lay the groundwork for a return to civilian rule as soon as possible.
- Washington should attach tighter strings to U.S. aid and recalibrate the aid program to focus on fighting terrorism and preventing food shortages—the chief threats to Egypt's future.
- No amount of aid from Washington can resolve Egypt's deep economic problems, but the U.S. can encourage Cairo to undertake free-market economic reforms to rejuvenate its economy.

This paper, in its entirety, can be found at <http://report.heritage.org/bg2824>

Produced by the Douglas and Sarah Allison
Center for Foreign Policy Studies

The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002
(202) 546-4400 | heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

opposition political parties, which he linked to foreign conspiracies.

Under these conditions, Egypt's army justifiably intervened to restore order in support of the majority of Egyptians who were rebelling against an Islamist authoritarian regime. On July 3, Egyptian Defense Minister General Abdel-Fattah el-Sissi announced that Morsi, who had "failed to meet the demands of the people," was relieved of his duties and that the Islamist-written constitution was suspended.

Unlike Gamal Abdel Nasser's coup in 1952 or the 2011 coup that brought down Hosni Mubarak, this time the military sought the endorsement of religious leaders, political leaders, and youth activists, many of whom shared the stage when General el-Sissi announced Morsi's ouster in a televised statement.

During his year in office, Mohamed Morsi focused more on maximizing his own power and that of the Muslim Brotherhood than on addressing Egypt's worsening economic, social, and political problems.

The next day, the military authorities announced that Adly Mansour, chief justice of the Supreme Constitutional Court, had been sworn in as interim president. Mansour is a little-known but respected low-key technocrat. As a judge, he could be well suited to steering the writing of a new constitution to replace the Islamist document that Morsi had rammed through in December. Mr. Mansour pledged to continue the democratic reforms of the 2011 revolution so that "we stop producing tyrants" and said that new elections were "the only way" forward, although he gave no indication of when they would be held.

President Mansour initially chose former opposition leader Mohamed el-Baradei as prime minister of the interim government on July 6, but this appointment was later rescinded under pressure from the Nour Party, one of the few Islamist groups that supported the coup. Baradei, a secular liberal who led the National Salvation Front, a coalition of

leftist and liberal parties, frequently clashed with the United States over the Iran nuclear issue when he led the International Atomic Energy Agency. It is expected that President Mansour will soon announce the formation of a new government with a cabinet composed of technocrats and caretakers.

Morsi has been detained at an undisclosed location. The authorities have sought to arrest more than 200 top leaders of the Muslim Brotherhood and other Islamist organizations on charges of inciting their followers to kill anti-Morsi demonstrators, but Islamist leaders have vowed not to give up without a fight.

Mohammed Badie, the supreme leader of the Muslim Brotherhood, has called for continued protests until Morsi is reinstated as president. Speaking at Cairo's Rabaa Mosque during a demonstration on "Rejection Friday," Badie warned, "We are all willing to sacrifice our necks and our souls for him."¹ Tens of thousands of Morsi supporters poured out of mosques on Friday to protest Morsi's ouster. Pro-Morsi demonstrations were quickly countered by anti-Morsi protests in a highly charged atmosphere that degenerated into widespread clashes, leaving at least 36 dead and more than 1,000 injured. On Monday, at least 51 of Morsi's supporters were killed when troops responded to an attack on the Republican Guard headquarters where Morsi was last seen before his ouster.

Egypt's mushrooming political violence will be hard to control. Even in the unlikely event that the Muslim Brotherhood reins in its members as part of some deal to allow it to compete in future elections, more radical Islamists are sure to push back violently.

Islamist militants in the northern Sinai, a hotbed of Islamist extremism, launched coordinated attacks against police facilities and an airport at El Arish, the provincial capital. Ansar al-Sharia in Egypt (Supporters of Islamic Law), a new Islamist group, announced its formation on an online forum for militants in the Sinai region and proclaimed that it will gather arms and train recruits for a jihad against Egypt's new government. Similar organizations in Libya, Yemen, and Tunisia have served as front groups for attracting recruits to al-Qaeda-like terrorist organizations.

1. Matt Bradley, Tamer El-Ghobashy, and Reem Abdellatif, "Post-Coup Violence Spreads in Egypt," *The Wall Street Journal*, July 6, 2013, <http://online.wsj.com/article/SB10001424127887323899704578587131736732940.html> (accessed July 8, 2013).

Islamist militants will likely soon expand their attacks beyond the Sinai region to include army, police, and government facilities; anti-Morsi political groups; symbols of the anti-Morsi revolution such as Tahrir Square; and symbols of “foreign conspiracies” such as the U.S. embassy, American companies, and other Western companies. Egypt’s Coptic Christian minority, about 10 percent of Egypt’s more than 80 million people, will likely become even more of a lightning rod for terrorist attacks. Islamists charge that Egypt’s ancient Christian community was complicit in inciting protests to bring down Morsi. There will likely be a surge in anti-Christian attacks, particularly in southern Egypt, a focal point for sectarian violence.

The splintered Islamist movement is by no means unified in support of Morsi. The Nour Party, a Salafist movement that favors the immediate imposition of Sharia law and resented Morsi’s high-handed efforts to monopolize political power, joined non-Islamist opposition parties in pushing for early elections. Other Islamists will likely increasingly criticize and ostracize the Nour leaders, who supported the military intervention.

An outburst of violence by Islamist extremists could open a dangerous new chapter in Egypt’s unfinished revolution. Left unchecked, it could devolve into an even bloodier version of Algeria’s civil war, which has consumed more than 100,000 lives since the Algerian Army stepped in to avert an Islamist election victory in 1991.

Sitting on a Volcano

Egypt’s army is sitting on a volcano and knows it. Egypt has fallen into dire economic straits, and political stability will likely be elusive until the country’s worsening economic situation is reversed. Nearly one-quarter of Egypt’s workers are unemployed, and the figure is much higher for young men, who form the shock troops for street protests. Egypt’s economic woes have created a huge reservoir of unemployed youth who are vulnerable to the siren call of radical ideologies, particularly Islamist extremism.

The political turmoil and rising crime rates of the past two years have severely hurt tourism, which formerly generated the bulk of Egypt’s foreign currency earnings and provided jobs to about one of every seven workers. Morsi further sabotaged the tourism industry by appointing as governor of Luxor

Province a member of the Islamist terrorist group that massacred 62 tourists in Luxor in 1997—not exactly a reassuring signal for nervous tourists. Islamist extremists will likely target tourists once again to undermine the new government.

The army cannot stabilize Egypt without resolving Egypt’s worsening economic problems, which will require considerable American and international support.

Egypt is imploding in a bitter political struggle fought amid economic collapse, social turmoil, surging crime rates, widespread unemployment, falling standards of living, and rising sectarian tensions. The imminent bankruptcy of Egypt’s state-dominated economy could quickly lead to catastrophic food shortages, bread riots, labor strikes, and growing political polarization. Foreign currency reserves are nearly exhausted, which will make it difficult to pay for wheat imports, which provide nearly half of Egypt’s food consumption.

The army needs to put Egypt’s house in order quickly and then get out of the way. It inevitably will lose popular support the longer it rules, as it did between Mubarak’s fall in February 2011 and Morsi’s purge of top army leaders in August 2012. The army can only do so much to repair Egypt’s dysfunctional political system. Moreover, it cannot stabilize Egypt without resolving Egypt’s worsening economic problems, which will require considerable American and international support.

U.S. Help Needed in the Struggle for Freedom

Egypt, the largest Arab country, is a bellwether for the Arab Middle East. The United States has a national interest in stabilizing Egypt, preventing the rise of an Islamist totalitarian state, and preventing the eruption of a full-blown civil war on the scale of Algeria’s in the heart of the Arab world. Washington also has a humanitarian interest in preventing food shortages if Egypt’s social fabric continues to unravel.

The Obama Administration has been asleep at the switch for much of the past two years. It eagerly

embraced Morsi's Muslim Brotherhood-dominated government and was surprised that Egypt's people so quickly became violently opposed to Islamist rule. The Administration gambled that the practical responsibilities of governing would dilute the hostile anti-Western ideology of the Muslim Brotherhood. Yet once in office, Morsi relentlessly expanded his own power in a winner-take-all manner while neglecting Egypt's festering economic problems.

The Obama Administration's enthusiasm for the Muslim Brotherhood led it to turn a blind eye to Morsi's power grabs, the rising persecution of Egypt's Coptic Christian minority, the crackdown on pro-democracy nongovernmental organizations (NGOs) that the Mubarak regime formerly tolerated, and the restrictions that the Morsi government placed on freedom of the press, freedom of speech, and freedom of religion.

The Obama Administration failed to publicly criticize Morsi's excesses, power grabs, and abuses. This led Egypt's secular and liberal opposition to turn to Egypt's army in despair, angry that the Obama Administration uncritically supported the Morsi regime. Many protesters demonstrating against Morsi before the coup also carried signs protesting President Obama's support for the Morsi regime. Morsi, for his part, felt no need to compromise with the opposition or temper his Islamist ambitions because the Administration was reluctant to use the leverage afforded by \$1.5 billion in annual U.S. aid to Egypt.

Secular, democratic, and liberal Egyptians opposed to an Islamist takeover should be natural allies of the U.S., not leading a backlash against American policy. The fact that Egyptians resent the Obama Administration's courting of the Muslim Brotherhood should be a wake-up call for the White House. It is a sad sign that U.S. policy toward Egypt has gone off the rails. Egyptian advocates of freedom should know that Americans support their efforts and do not side with an Islamist authoritarian leader who is hostile to American values and policies.

The United States should support freedom in Egypt to advance its own interests as well as those of the Egyptian people. The interim government established by the army has a better chance of laying the groundwork for a democratic transition than did Morsi's regime, which was headed for dictatorship.

Military coups have advanced the prospects for democracy at least two times in the past: Portugal in 1974, and Egypt in 2011. It remains to be seen whether Egypt's latest coup will succeed in salvaging Egypt's dim democratic prospects. However, General el-Sissi reportedly was a student at the U.S. Army War College in 2006, in which case he may have absorbed the professional standards and non-partisan apolitical tradition of the U.S. Army. In any event, Egypt's military leaders are much more likely than Morsi's cronies to advance freedom in Egypt, support economic reforms to revive the economy, and play a stabilizing role in the volatile Middle East.

What the U.S. Should Do

In addressing Egypt's deepening crisis, the United States should:

- **Press Egypt's army to hold elections and step aside as soon as possible.** General el-Sissi's "road map" for a democratic transition included no dates. President Mansour has laid out a vague timetable for a constitutional referendum in four and a half months and parliamentary elections in six months. Washington should urge the interim government to adhere to this timetable. It should also find an inclusive way of writing a new constitution to establish the rules of the political competition before elections. The lack of a shared understanding of the rules of the game enabled Morsi to stage a power grab. The Administration has called for a transparent and inclusive political transition process, but the Muslim Brotherhood and other Islamist parties should be allowed to participate only if they publicly choose a path of nonviolence.
- **Attach tight strings to any U.S. aid.** The Obama Administration has stopped short of calling the army's intervention a coup to avoid triggering an aid cutoff. Section 7008 of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012, as contained in the Consolidated Appropriations Act, 2012, bars "any assistance to the government of any country whose duly elected head of government is deposed by military coup d'état or decree or, after the date of enactment of this Act, a coup d'état or decree

in which the military plays a decisive role.”² The Administration’s review of whether Section 7008 has been triggered may take several weeks and is likely to be led by the Legal Adviser of the State Department.

Cutting ties with the Egyptian army immediately after it has ousted an authoritarian Islamist regime would make little sense. The Egyptian army has long been a vital partner in fighting terrorism and acting as a stabilizing force in the region. The army is now the only widely trusted national institution in Egypt. It also remains committed to peace with Israel, one of the highest U.S. priorities.

But a coup is a coup. Despite the Administration’s semantic gymnastics, the law will likely compel it to shut down the aid pipeline. Accordingly, the Administration should then work with Congress to gain the legal authority to provide aid on a conditional basis as long as Egypt’s interim government remains committed to a democratic transition. Aid should be renewed only if the interim government schedules free and fair elections, reverses the Morsi regime’s crackdown on pro-democracy NGOs,³ reinstates the NGOs, and publicly commits to (1) fully protect U.S. citizens and property, particularly the U.S. embassy and other diplomatic posts; (2) maintain the peace treaty with Israel; (3) cooperate in fighting al-Qaeda and other terrorist organizations; and (4) implement policies that protect the rights of its citizens, including due process of law and freedom of religion, expression, and association.

- **Recalibrate U.S. aid to Egypt.** Even if Section 7008 of the Department of State, Foreign Operations, and Related Programs Appropriations Act is not triggered, Washington should overhaul its aid program to Egypt. Military assistance should be retailored to address Egypt’s chief security threat: the proliferation of Islamist militant groups, particularly in the Sinai, that seek the overthrow of Egypt’s government and threaten to

provoke a crisis with Israel by launching cross-border terrorist attacks. Washington should provide military equipment useful for counterterrorism operations and intelligence-gathering systems for tracking and monitoring militant groups. Instead of providing F-16 warplanes that could pose a threat to Israel or the U.S. if Egypt slides back into Islamism, Washington should provide helicopters, light armored vehicles, night vision devices, and other equipment useful for mounting special forces operations against terrorists who have carved out a sanctuary in the Sinai.

Some of the \$1.3 billion in military aid should be reprogrammed as food aid. One chief threat to the interim government is bread riots that could ensue from a failure to import enough wheat for subsidized bread for Egypt’s huge poor population.

- **Seek international support for economic and political reforms.** Egypt’s deep economic problems stem from decades of socialism, corruption, and a bloated and dysfunctional state bureaucracy that has hindered economic growth. No amount of aid from Washington can resolve these problems, but the U.S. can encourage Cairo to undertake free-market economic reforms by working with other countries and international economic institutions to incentivize the state to cut subsidies, reduce barriers to private and foreign investment, and look to the private sector as an engine of growth.

Egypt is negotiating with the International Monetary Fund to secure a \$4.8 billion loan. Washington should support this request if Egypt meets the above conditions on bilateral U.S. aid. Washington also should encourage Saudi Arabia, Kuwait, and the United Arab Emirates to provide direct aid to Egypt’s new government. All were critical of Morsi’s regime and applauded his ouster. Saudi Arabia may also be amenable to bankrolling the new regime because it offers an opportunity to eclipse its rival, Qatar, which has donated \$8 billion in recent years to support the rule of the Muslim Brotherhood in Egypt.

2. Public Law 112-74, Consolidated Appropriations Act, 2012, December 23, 2011, <http://www.gpo.gov/fdsys/pkg/PLAW-112publ74/pdf/PLAW-112publ74.pdf> (accessed July 9, 2013).

3. See James Phillips, “Time to Freeze U.S. Aid to Egypt,” Heritage Foundation *Issue Brief* No. 3967, June 14, 2013, <http://www.heritage.org/research/reports/2013/06/time-to-freeze-us-aid-to-egypt>.

Long-Term Goal: A Free Egypt

Egypt's transition to democracy, like that of many other countries affected by the Arab Spring protests, will be extremely difficult and will take much longer than was hoped at the outset of the revolution. Washington needs to recognize that Egypt is much closer to becoming a failed state or an economic basket case than it is to becoming a genuine democracy.

Political and economic reforms are vital to building a genuine democracy, but the U.S. cannot resort to social engineering and can only help Egyptians to help themselves. Washington should not delude itself into thinking that it can build a perfect

democracy or a "51st state" in Egypt, but it can use aid as leverage both to keep Egypt from sliding back into Islamist rule and to preserve the hope of a free and democratic Egypt in the future.

—**James Jay Carafano, PhD**, is Vice President for Foreign and Defense Policy Studies and Director of the Kathryn and Shelby Cullom Davis Institute for International Studies at The Heritage Foundation. **James Phillips** is Senior Research Fellow for Middle Eastern Affairs in the Douglas and Sarah Allison Center for Foreign Policy Studies, a division of the Davis Institute, at The Heritage Foundation.