CHAPTER-V
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i. EGYPTIAN BUREAUCRACY IN THE POST NASSER ERA: TRANSITION FROM STATE CONTROL TO LIBERALIZATION:

On Nasser's death his successor, Anwar-Al-Sadat assumed the Presidency of Egypt in 1971. He was immediately made aware of the shadow which his administration would permanently operate under. Anwar Sadat had been completely eclipsed by Nasser. Sadat was neither a charismatic nor popular leader and lacked political legitimacy.

After pledging to continue Nasser's policies, the new government altered its course towards Sadat's own agenda. It started with the arrest of ninety one "Nasserites" some of who held high position in government, on charges of treason. The largest change made to government structure was the drafting of the 1971 permanent constitution which laid out Egypt's future. The constitution defined Egypt as a democratic socialist state based on the alliance of the working forces of the people. It further called on Islamic jurisprudence to be the principle source of legislation in the country, and the President was defined as the most powerful member of the government.¹
Under the 1971 constitution, the president is nominated by a one-third vote of people’s Assembly, with approval by a two-thirds vote of the same body, and elected by popular referendum.

The people’s Assembly was composed of 448 delegates. Seats in the Assembly are allocated by party according to the share of the vote each party gets in each election district. Only parties that receive at lease 8 percent of the vote nationwide are represented in the Assembly. Seats remaining after proportional distribution go to the party with the most votes nationwide. Delegates served five year terms. Under the constitution the president can dissolve the Assembly at any time, but this action must be approved by popular referendum and a new election held within 60 days. The people’s Assembly has important constitutional powers in addition to the nomination of the president. It shares with the president the authority to propose legislation and approves the government is general policy and budget. Assembly deputes have the right to question ministers, the prime Minister, and even the president. The Assembly also has the power to pass a vote of no confidence in any cabinet minister.\(^2\)

The power of the President stemmed, in great part, from the enormous constitutional authority and customary prerogatives in his office. Perhaps the foremost key to the President’s power in Egypt in his
wide powers of appointment and dismissal; most important was the right to appoint the Prime Minister, the cabinet and the Chief of the armed forces, but in a highly bureaucratic society, President patronage extended over a much wider scope of positions including public sector managers, newspaper editors, judges and party leaders. Sadat’s right to appoint loyal followers to the strategic levers of state power and to dismiss those who incurred his displeasure was a main source of elite dereference to the President. As chief executive the President also stood at the top of a legal chain of command which entitled him to obedience from the civil and military bureaucracies. The Prime Minister was merely the President’s Chief assistant and the Cabinet a ‘staff’ expected to turn his general policy into detailed legislation and executive action.

This constitution contained one of the very noticeable differences between Egypt under Nasser, and its future. The mention of Islam was a radical alteration of the accepted secularism of the Nasser regime. Sadat attempted to use Islam as a means of gaining much needed political and popular legitimacy. He took on the title of the Believer President” had television coverage of his attendance at daily prayers pushed for increased Islamic programming in the media as well as established religious classes in school. The Sadat government funded the construction of new mosque
used Islamic rhetoric in public statements and promoted the formation of Islamic student organization in schools and universities nationwide.\textsuperscript{4}

Sadat’s 1971 Rectification Revolution, as it would come to be known, steered Egypt down a new path. The Sadat administration would dramatically change course away from Nasserist policy. In 1972 Sadat began a dialogue with King Faisal of Saudi Arabic, and later that year Sadat would order the removal of all soviet advisers currently residing in Egypt. At this time Egypt economy was in shambles as a result of the 1967 war with Israel. Oil reserves from the Israeli occupied Sinai Peninsula were lost; the Suez Canal remained closed due to Nasser’s scuttling blockade, the United States refused communication with Egypt and the Soviet Union failed to produce any aid to the country. Yet by 1973 Egypt’s military had reached a state of rebuild readiness and Sadat’s next plan went into effect. In 1973 the Egyptian army crossed the Suez Canal into the Sinai and began the Yom Kippur or Ramadan war. The resulting peace treaty, brokered by the United States; returned control of the Sinai Peninsula to Egypt.\textsuperscript{5}

Immediately following the war Sadat began his policy of economic reforms, the Infitah or the Open Door Policy. The president was quoted as saying “just as the crossing had brought victory on the battlefield; so this
second crossing will bring victory on the home front in the shape of prosperity for all”. This policy, which was formally adopted in 1974 as a country’s main developmental strategy, represents the outcome of developments on the regional and the international level.

At the regional level the oil boom that took place in many neighboring countries following the war of 1973 stimulated a growing perception that Egypt might be able to benefit from some of this sudden wealth as a mean of solving some of its chronic economic problems. Arab aid as well as ever increasing volume of remittances send from Egyptian working in oil exporting countries, was apparently two strong temptations for capital needy. Egypt to brush aside. Logically the utilization such resources required important policy changes from the part of Egypt that involved all the reconsideration of radical principles, both as a guiding orientation of country’s internal development as well as for the outlook of entire region.

At the international level the cold war atmosphere that had made it possible for some small countries to acquire certain degree of independence of will, and even to play off one super power against another over matter such as receipt of aid was changing in favour of an atmosphere in which the super power were looking for more certain line
of divide and were not inclined to take serious risk. This was also happening at a time when Middle East and oil had became more critically vital to the west, and when a renewed strategic interest in the Middle East had therefore being taking place. Thus the official presentation of the main aim of Infitah reflected by itself the importance of these three groups of factors the domestic, the regional and the international which combine Egyptian human resources with Arab money and the Western know-how for the benefit of Egyptian development.\footnote{8}

The initial experience of this new Open Door Policy was not altogether positive politically and socially it posed serious internal problems. Private investment foreign and domestic was not readily forthcoming. When it did come, it sought access to the domestic market and concentrated on relatively short term, quick" turn around situation that were highly profitable and avoided risk exposure. In spite of initial setback, the economic recovery initiated in 1974 was sustained and substantial vitality returned to the Egyptian economy. The GDP growth rate which had averaged around 4 percent annually between 1967 and 1974 increase to an annual average of over 13 percent between 1975 and 1978. Liberalization permitted a sufficient degree of flexibility to make adjustment in the operation of the economy. However, fundamental
reform in the basic economic policies of Egypt remained elusive and by 1978 there were signs that the economy’s growth was once again slowing. The fiscal situation, after improving for two consecutive years again deteriorated in 1978 and in 1979. In 1980 more than half of the overall deficit had to be bank financed, contributing a roughly 30 percent increase to the money supply. Fiscal 1981 and 1982 showed comparable increases in money supply, 43 percent and 35 percent respectively. Thus, extensive liquidity in the economy and government deficit spending contribution to an accelerating rate of inflation.⁹

On the external side, the balance of payments continued to show strength and improvement with a small deficit on current accounts through 1980. Oil exports, worker remittances; and Suez Canal revenues remained the big elements in this vastly improved situation. Capital inflows for 1981, mostly from foreign assistance and foreign private investment exceeded $2 billion Even so, in the latter part of 1981, events the assassination of Sadat, a troubled world economy, the “oil glut” and a high and growing level of imports—placed Egypt in severe straits in its foreign exchange balances worker remittances and tourism receipts fell sharply and Canal and oil earnings fell far short of expectations(although they did register modest growth); Declining exports and rising imports led
to a 30 percent increase (over the 1980 level) in the trade deficit, ballooning to over $5 billion. 10

**BUREAUCRATIC DEVELOPMENT UNDER SADAT**

Since the Open Door Economic Policy was formally adopted in the mid-seventies, the role of the Egyptian public bureaucracy has undergone several changes. Such changes, however, do not amount to a retrenchment of the state” as some observers have interpreted them. The state bureaucracy is still large and expanding, both in terms of personnel and expenditure, and the control functions assumed by the bureaucracy have by no means declined. In the economic sphere, the public sector has not really given way to the private sector (except in the special case of commerce and finance), but the state has merely chosen to cooperate with international capital. This has signified a transformation of the state role from a developmental one to a production-oriented one (seeking profit and cutting down on welfare activities within the joint public sector/international capital enterprises). However, the welfare functions of the state bureaucracy towards the society at large (education and health, food subsidies, etc.) have not been significantly curtailed although the state has become increasingly dependent on external sources for financing them. 11
Bureaucracy both in terms of size and the low performance were the new feature of the well entrenched Egyptian bureaucracy. However, during the seventies and especially following the war of 1973 quantitative growth and qualitative decline both accelerated simultaneously and to an unprecedented degree that threatens to produce very serious organizational and political repercussions. This situation has, created at least two major ironies. The first is in the fact that the impetus of bureaucratic growth (which acquired sizeable dimensions under Nasser) is now continuing under its own momentum, even though the role of the state especially in the economic field has declined noticeably under the Open Door Policy. The other irony is that, for a variety of organizational and political reasons, the performance of the Egyptian bureaucracy has declined sharply in quality, just at a time when the desire, under unfaith, to encourage investments—especially from Arab and foreign sources—actually requires a more innovative, flexible and efficient bureaucracy.\textsuperscript{12}

Contrary to many expectations, the Egyptian bureaucracy has not slowed down its expansion in terms of personnel or expenditure as a result of adopting the Open Door Policy (infithah) in 1974. Public employment continues its phenomenal growth: in 1986/87 the state employed some fine million people out of a labour force of some 13 million (of which
about 500,000 were in the armed forces and about two million were working abroad).

This means that at least 40% and most likely more, of the civilian labour force, resident in the country, work for the state. Of these 3.4 million were in the civil service (roughly evenly divided between central and local government) and 1.6 million were in the Public sector, just under half of them engaged in industry. Bureaucratic expenses also remain very high. Out of a total public expenditure of some $E20 billion in 1986/87 budget, £E3.865 millions was earmarked for wages and salaries, and £E8.670 million was allocated for other current expenditure (including £E1.746 million for subsidies). This compares with £E7.467 million, earmarked for investments and £E2.317 million for capital transfers (payment of domestic and external debts, financing deficits, etc.). Itemized figures are available for the period 1977 to 1980/81, and their analysis reveals some very interesting characteristics of the bureaucratic growth that has taken place.

Bureaucratic personnel grew noticeably even after the adoption of infitah. In only three years from 1977 to 1980/81, employment in the bureaucratic machine increased from 1,911,000 to 2,474,000 i.e. by 29.6% or some 10% per annum. This is about four times the population
growth rate during that period (2.6%) and actually surpasses the rate of bureaucratic growth even at the highest stage of “socialist transformation in the sixties, when it reached about 8.5% annually. Bureaucratic growth did not take place however, in an even way across all sectors. In spite of the rhetoric about decentralization and local government, employment in the central bureaucracy increased during the same period by 60.4% whereas it increased only by 28.7% in local government. These general figures shows that some specific employment in public welfare services grew by only 5.4% and in public economic organizations by only 4.1%. This reveals that the “Conventional” rather than the Developmental” bureaucracy has received the main bulk of the new recruits. The growth in public personnel also tended to be proportionately larger at the top echelons of each category of the bureaucracy: thus monitorial posts (to include governors) grew by 48.4%, under secretaries by 132.1%, and directors general by 126.1%. However, higher posts in general increased by 25.9%. In the remaining categories, although middle management positions had increased by 155.7%, the lower executive and administrative posts had grown by only 114.5%.

Looking at the expansion by sector we find that it was unfavourable to several development’ sectors. With the exception of the industry and
petroleum sector where personnel grew by 145.2% (partly due to the expansion in the petroleum industry following the “oil boom”), the largest expansion between 1977 and 1980/81 took place in law and order sectors (defense, police and justice) by 212.6% in insurance by 163.1% in supplies and commerce by 142.1% and in Presidential services by 140.3%. The lowest growth rates were in electricity and energy, 63.4%; in culture and information, 67.8%; in tourism and aviation 113.1%; in agriculture and irrigation, 116.0%; and in education, research, and youth by 120.8%. Thus in general, the growth in personnel has been on the whole more favourable to law and order, “sovereignty” and other control and “repressive” organs of the state bureaucracy than it has been to the developmental” and social welfare sectors (with the exception of oil and some industries).  

Public expenditure in general did not decline either, as a result of the adoption of the Open Door Policy. If anything the percentage of total public expenditure of GDP had grown from 48.7% in 1976 to 62.9% in 1981/82 (at current prices). This indicates that the economic role of the state bureaucracy had actually grown under infitah, especially with regard to income distribution. Total public consumption had indeed grown in the four years following infilah (1976 to 1980/81) from £E3.2 billion (i.e., by
84%). Not all of the increase was due to expansion in development activity but was caused rather by the huge growth of the law and order and repressive organs of the state (e.g. Central Security Forces, State Security Investigation, State Security Courts, and the so-called “Morals Courts”, the armed forces, etc.) Expenditures on law and order grew from £E91.5 million in 1976 to £E241 million in 1980/81 (i.e., by 263 % at current prices, and by 139.6% at fixed prices). There share of total public consumption increased from 3.6% in 1976 to 4.1% in 1980/81. Expenditure on the armed forces increased by 153% during the same period although its share of total public expenditure had decreased from 22.6% in 1976 to 18.2% in 1980/81. This remained a high percentage and military expenditures was in any case, soon to resume its upward climb. By contrast, expenditure on education remained unchanged and its share of total public consumption stayed almost the same. 10.9% in 1976, and 11.0% in 1980/81. Expenditure on public health deceased, however; its index number in fixed prices dropping from 340 in 1976 (1962/63 =100) to 273 in 1980/81, while its share of total public consumption remained the same in 1980/81 as it had been in 1976.

The general conclusion applicable to both 1976 and 1980/81 is that expenditure on law and order was in both years about double the
expenditure on education and health (26.2%; 12.9% in 1976, and 22.2%
12.9% in 1980/81). The political and developmental implications of this
are significant, as the first type of expenditure represents the "repressive"
function of the state, whereas the second represents its role in reproducing
the labour force and improving its productivity.\textsuperscript{17}

It can be concluded that, the Open Door Policy notwithstanding; the
Egyptian bureaucracy has continued to expand in terms of personnel and
expenditure. This expansion, however, has been more remarkable in areas
related to the "control" or repressive functions of the state of the state than
it has been in areas related to its "service" or socio economic functions.
The figures surveyed above confirm that the role of the state bureaucracy
has by no means declined, although it has witnessed some important
changes.

On the 6th of October 1981 Sadat was assassinated by a group of soldiers
passing in front of his reviewing stand at a military parade marking the
anniversary of the 1973 war. Despite Sadat’s violent end, power passed
relatively smoothly to Husni Mubarak, who was the vice president.

In a speech to the people’s Assembly in November 1981, Mubarak
outlined the principles of his governments policy and spoke about the
future he wanted for Egypt. Infitah would continue, and there would be no
return to the restrictive days of Nasser. Mubarak called for an infitah of production, however, rather than of consumption, that would benefit all of society and not just the wealthy few. Food subsidies would remain, and imports of unnecessary luxury goods would be curtailed. Opposition parties would be allowed. The peace treaty with Israel would be observed. Thus, Mubarak sought to chart a middle course between the conflicting legacies of Nasser and Sadat. Since 1981 Mubarak has allowed more overt political activity. Slowly, parties and newspapers began to function again, and political opponents jailed by Sadat were released.

President Mubarak who inherited a complex legacy from the Nasser and Sadat era, and with its mélange of policies and institutions that date back to the period of socialist transformation or else to the days of the 'Open Door Policy. The social base of the state that Mubarak inherited can not be separated from the realignment of classes that took place under infitah, and which brought to the fore an alliance between elements from the pre-revolutionary semi-aristocracy, the state bourgeoisie of the 1960's and the commercial/financial cliques of the infitah era. Yet, it should be clear that the role of the state bourgeoisie has not really been seriously reduced, since the state continues to allocate to itself a significant
proportion of national resources. In particular a large expansion in the control and repressive organs of the state has been taking place since the 1970s as already indicated, e.g. the Central Security Forces. State Security Courts and 'Morals’ Courts, the Public Prosecutor’s functions as well as the bureaucracy, the armed forces, and the state information machine in general. Furthermore, much of the country’s growth in bureaucratic expenditure in recent years has been directed to the country’s higher political and administrative echelons.\footnote{19}

The first parliamentary elections held under the new regime took place in May of that year, according to a rather curious new electoral law, based on proportional representation. According to this law, no parties were allowed representation in Parliament unless they obtained at least eight per cent of all national votes (i.e. some 423,000 votes in the 1984 elections). All votes and (and seats) acquired by those political parties that did not reach the required percentage, were added automatically to those of the winning party, which also monopolised the thirty seats allocated exclusively for women in the People’s Assembly (this provision for Women’s representation was cancelled in the 1987 elections). The ruling National Democratic Party achieved 72.9 per cent of the votes and 87 per cent of the seats in the People’s Assembly (total number of seats 448), the
right wing Wafel Party 15 per cent of the Votes and 13 percent of the seats. The elections made it clear, therefore, that the ruling party, headed by Mubarak himself, was well in control. But the extent to which this control was actually responsible for the results of the elections remained controversial for quite some time. One obvious thing was that the ruling party fared much better in the countryside, where the government’s grip over local government and the security machine in tighter. The opposition, by contrast, registered impressive victories in the large cities, gaining 38.4 per cent of all votes in Cairo, 32.7 per cent in Alexandria, 36 per cent in Suez, and as much as 53.3 per cent of all votes in Port Said.

Mubarak made a point of saying that he was neither a Nassernor a Sadat, but whether he intended to be something in between these two or something all his own, has remained somewhat of an open question. It could safely be said that with the 1984 elections Mubarak had established himself well in power. Yet he has not found it necessary or possible to rid the regime of several of the ‘Sadat factions’. In principle the president enjoys tremendous powers, especially under the existing ‘emergency laws’ that were passed after the assassination on Sadat in 1981, yet Mubarak has chosen not to use them, either to change the composition of the ruling elite, or to make important shifts in the socio-economic system
along the lines of Nasser’s ‘Socialist transformation’ or Sadat’s policy of Infitah. He continues to middle through, pursuing basically the same policies (infilah and ‘peace’) and relying on the same political party. Although political & liberalization has progressed noticeably, the ‘Sadatists’ alliance is most intent on preventing real competition.\(^{21}\)

The economic liberalization that started with Sadat’s Economic Open Door Policy’ spluttered along for a long time but accelerated during late 1990s. The fear of evoking another mass uprising like that of January 1977 at long continued to make it impolitic for Mubarak to proceed with drastic cuts in subsidies. Because the capitalist developed countries that dominated the IMF and World Bank shared the goal of preserving political stability, these institutions muted their expectations for reform. The IMF and the Paris club of international creditors recurrently reached agreements with Cairo that provided financial relief without the normal stringent demands relating to subsidies, and Egypt was admitted to the World Trade Organization signifying its integration into a liberal global economic system in 1995. After 1996, the process proceeded faster, particularly under the government of Prime Minister Atif Ubayd, which came to office in 1999 with a strong commitment to liberal economic policies. The artificially high exchange rates for the Egyptian pound of the
Nasser era had been modified over the years, and the transition to floating rates determined by the market finally went into effect in 2003. Expected to provide a boon for exports, this deeply cut into the purchasing power of ordinary people. The regime's goal of privatizing state-owned enterprises also proceeded slowly. But the mid 1990s saw few companies sold to private entrepreneurs. The process proceeded more seriously from 1996 on but by 2000, about 60 percent of the business designated for privatization still were state reen.
REFERENCES


5. Ibid., pp 3-4.


10. Ibid, p.18.


