

PolicyWatch #1363

## Electoral and Social Tensions Spike in Egypt

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On April 8, Egypt held elections for nearly 53,000 municipal representatives. Not surprisingly, participation was abysmal: Egypt's ruling faction, the National Democratic Party (NDP), ran unopposed for more than 80 percent of the seats, while the Muslim Brotherhood -- the country's only real opposition party -- boycotted the contest in response to government harassment. Although the White House issued a statement expressing concern about "widespread electoral violations," these issues represent only a fraction of Egypt's domestic problems, which also include food shortages, labor unrest, and increasing Islamist social and political penetration. Complicating matters, these crises coincide with the first political transition in decades -- the impending retirement of eighty-year-old President Hosni Mubarak, who has ruled since 1981. Taken together, these developments raise the specter of instability for a key U.S. ally.

### Bread Crisis

Rising global prices of wheat and rice have had a profound impact in Egypt, where nearly 40 percent of the population lives on less than \$2 per day. Rather than adopting policies to raise income levels among the poor, the government's approach has been to subsidize bread, a staple of the Egyptian diet. With bread prices so low, demand is enormous. In fact, farmers are even purchasing bread for their animals since it is less expensive than feed. Worse still, bakeries receive flour almost for free and can make more profit selling it than actually making bread. In essence, the subsidy policy feeds corruption and inefficiency more than it feeds people.

In recent months, the cheapest subsidized loaf of bread doubled in price from 5 to 10 piasters (1 to 2 cents). In March, nearly a dozen Egyptians were killed in fights while waiting in three-hour bread lines for the increasingly scarce low-price commodity. Although the more expensive, unsubsidized bread remains widely available, it costs up to ten times as much as the cheaper loaves, which is prohibitively expensive for the impoverished masses.

Responding to the public outcry, Mubarak announced in late March that the military would take control of baking subsidized bread. He also banned the export of rice, another staple whose international price has doubled in the past three months. These decrees were stopgap measures, at best, and could actually backfire: the export ban will reduce rice farmers' income, and the military may not be efficient at baking bread or at controlling the corruption related to diverted flour.

### Riots in Mahalla

The increase in bread prices has sparked widespread protests in Mahalla al-Kubra, the epicenter of Egypt's textile industry, where wages in government-owned factories are depressed. Despite robust growth in Egypt's overall economy in recent years, wages in such factories have been frozen since 1984 at approximately \$21 per month. The workers' principal demand was a tenfold increase in monthly salary.

In the days leading up to the municipal elections, the Mahalla protests turned violent. Egyptian police used live ammunition and rubber bullets to suppress the gathering, wounding hundreds and killing a teenager.

Hundreds were arrested, and many remain detained. The demonstrations produced unprecedented and striking images of workers pulling down -- and even stepping on -- a giant poster of Mubarak. In an effort to defuse the situation, the government announced on election day that it would give the workers an extra month's salary. This ploy appears to have placated them, at least temporarily.

### **Islamist Inroads and Government Repression**

As the municipal elections approached, the bread crisis should have been good political news for the Muslim Brotherhood. Indeed, after winning an astonishing 88 of 444 elected seats in the 2005 parliamentary elections, the Islamists anticipated a strong showing in the local contests. Initially, they had planned to run 10,000 candidates for the 53,000 seats. But the government, fearing another strong performance, took several steps to limit the Brotherhood's participation.

In the weeks before the election, Cairo undertook a sweeping campaign of arrests, including at least 150 of Brotherhood candidates. By April, the harassment, arrests, and bureaucratic delays had taken their toll: less than twenty-five of the Brotherhood's 10,000 candidates had managed to get on the ballot. Just days prior to voting, the Brotherhood announced that it would boycott the election. The NDP -- running virtually unopposed, with only 1,221 non-regime candidates on the ballot -- secured well over 90 percent of the seats.

Regardless of the election results, government repression has done little to deter the Muslim Brotherhood. The organization takes a long view of history and is clearly encouraged by recent social trends. Anecdotally, at least, their confidence about such trends appears well founded. For example, the vast majority of women in Cairo now cover their heads, a dramatic change from twenty years ago. The political significance of this development is open to debate, but according to Muhammad Habib, the Brotherhood's number two official, the predominance of *hijab* (the headscarf) is evidence that the *dawa* (Islamic preaching) has succeeded in winning hearts and minds in Egypt. The people, he says, are "in complete agreement with us."

### **U.S.-Egyptian Tensions Persevere**

These domestic problems have unfolded at a time when Egypt's relations with the United States are at their nadir -- a situation that undermines Washington's already tenuous ability to encourage the kind of political and economic reforms that might help ameliorate Egypt's internal crises. Until recently, the main issue of contention between the two countries had been aid conditionality. Concerned about Cairo's perceived inaction on arms smuggling into Gaza as well as endemic human rights and governance problems, Congress inserted a provision into the 2008 budget law tying \$100 million in U.S. military funding to Egyptian action on both fronts. Cairo was furious, and senior officials threatened to forgo U.S. assistance entirely. The issue was resolved in early March, but only after President Bush invoked a national security waiver.

Then, in late March, a U.S. Navy-contracted vessel traversing the Suez Canal opened fire on an ostensibly threatening boat, mistakenly killing an innocent Egyptian souvenir salesman. Realizing that the incident would likely remind many locals of the Blackwater controversy in Baghdad, Bush called Mubarak, issued a public apology, and pledged compensation. The Egyptian parliament continues to debate issuing an extradition request for the contractor, but Bush's call appears to have calmed the waters for the time being.

Even if the bilateral relationship improves, Washington faces an uphill battle on certain key issues, especially with regard to politically empowering non-Islamist reformist elements, who have been even more harshly repressed than the Islamists.

### **Conclusion**

Islamist inroads and government incompetence are not exactly new stories in Egypt. Although a food crisis sparked widespread riots in 1977, no one is suggesting that the stability of the most populous Arab state is at immediate risk. But it is not difficult to imagine Egypt's tense domestic situation deteriorating should external

factors -- such as the Suez incident or potential Israeli ground operations in Gaza -- come into play. Hungry citizens constitute a real problem not because instability is imminent, but rather because trends appear to be headed in the wrong direction at exactly the wrong time. In a state where political transition is not routine, the combination of ongoing ineffective governance and an increasingly assertive Islamist opposition is a recipe for volatility.

After decades of repression -- and thousands of years of continuous dictatorship -- most Egyptians tend to be politically apathetic, a fact that has led many in Washington to take the perennial stability of this strategic and diplomatic ally for granted. With a political transition on the horizon, however, the problems in Egypt suggest that Washington has more reason for concern than optimism.

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