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Egypt's Economy: The Next Challenge for the Regime

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Brief Analysis

As Egyptian President Abdel Fattah el-Sisi traveled by plane to New York City to attend the 74th session of the UN General Assembly, sporadic demonstrations erupted in several Egyptian cities calling for Sisi's ouster and denouncing what they called "military rule." While limited in scope, the demonstrations marked the first time since the President took office that protests have taken place calling for his removal from power.

Though the protests ended quickly, they possibly signal a paradigm shift in the relationship between the security grip and Egyptians angry with the status quo. Even these small demonstrations have given the Egyptian regime cause for worry, evidenced by unprecedented security measures and mass arrests to prevent further protests. Despite the regime's success at reining in these demonstrations, their very appearance remains an indication that there is something within Egypt that must be 'stamped out.'

The story began in late September with the sudden appearance of a series of videos by Mohamed Ali, an Egyptian building contractor living in Spain, in which he spoke out about a nearly 15-year working relationship between him and the Egyptian army. In these videos, Ali directed accusations of corruption at some leaders of the military establishment as well as President Sisi and his family. Before going viral, Mohamed Ali was a virtual no-name without any credentials that would make him a reliable source for Egyptians. Even so, his claims to have been part of a corrupt regime for a decade and a half contributed to his videos spreading like wildfire on Egyptian social media, turning the anonymous contractor into a prominent name overnight. Even Sisi was prompted to personally comment on the videos, defending his own honor and that of the military establishment.

The astonishing spread of the videos and their obvious effect on Sisi's emotions have made Egyptians question Mohamed Ali's intentions as many suspect that he is not motivated merely by anger. Speculation has included that he was somehow coerced or supported to be a part of the struggle of foreign sovereign institutions for power in Egypt, and that the videos were to prepare for an imminent coup. Supporters of the regime have gone so far as to say the Ali is nothing more than a pawn of the Muslim Brotherhood or the Qatari government meant to undermine

Egypt's stability, and that he just happened to pass under the radar of the president and the army.

Regardless of Ali's motivations, the Egyptian state took Mohamed Ali's videos very seriously. In an unusual move, the president became personally involved by both criticizing the videos and defending himself against the accusations they contained. A strong domestic media offensive was launched against Ali while a number of prominent opponents were arrested, including Hazem Hosni, Hassan Nafaa, Khaled Daoud, and Mahinour el-Masry. Security was intensified around downtown Cairo and pedestrians—especially young people—had their mobile phones searched. Those found to be sharing Ali's videos or supporting him were detained. Four metro stations around Tahrir Square were also closed the following Friday.

Meanwhile, in Nasr City, tens of thousands of citizens gathered in support of Sisi in front of the podium where former President Anwar Sadat was assassinated. These supporters condemned terrorism and strongly opposed any attempt to overthrow the government. There was even a video montage shown that featured Egyptian artists and athletes expressing their love and support for the president and their confidence in him.

Though the regime weathered the storm brought about by Mohamed Ali through these various measures, the viral spread of the videos and the silent welcome they received among different swathes of Egyptian society indicate a crisis of confidence that has begun to surface between a large segment of Egyptians and the military establishment. This confidence was previously unquestionable and has, of course, not completely faded. Yet it seems the Egyptian army's involvement and interference in the economy under Sisi has made some Egyptians see what has traditionally been a proud national institution as a giant conglomerate seeking to monopolize markets.

The makeup of those who demonstrated also reflects this frustration. Most of the arrested demonstrators—nearly 3,000 of them—were youth who lacked any political affiliation and hailed from poorer communities that have been severely affected by the economic reforms of the Sisi regime. Egypt's challenging economic situation, which is becoming increasingly difficult for most and especially for those in the lower-income bracket, has been compounded by an expansion of the military's economic projects. These systemic challenges, along with the elimination of any dissenting voices and the nationalization of the public sphere, has paved the way for Mohamed Ali's messages to reach millions.

These events and their aftermath point to the fact that the economy is the most serious challenge now facing the Egyptian regime, a reality that Sisi and his government have only recently realized. On his official Facebook page, the president wrote: "I understand the position of citizens who have been adversely affected by some of the measures to streamline the ration cards and remove some of those who were eligible. Rest assured, I am overseeing these measures myself and promise you that the government is fully committed to doing what is necessary to protect the rights of ordinary citizens." Only 48 hours after the President's post, the Ministry of Supply announced the return of 1.8 million people to the national ration card support system.

Following the president's lead, the Committee on Automatic Pricing of Petroleum Products surprised Egyptians with a landmark decision to reduce the sale price of the three types of petrol products in the domestic market by 25 piasters per liter. There were also a flurry of statements from Egyptian officials—including deputies, ministers, and even the speaker of parliament himself—detailing the economic suffering of Egyptians and the legitimacy of their demands with explicit promises to improve the situation.

This shift in the discourse of pro-regime media has been ironic. Suddenly, the prevailing themes on talk shows have turned from discussions of conspiracy and treason to the legitimacy and reasonability of the demonstrators' demands, as well as the right of the Egyptian people to live in dignity. Even Amr Diab—the anchor whose program the president once called into live on air—spoke about how political prisoners and prisoners of conscience must be released.

President Sisi's statements and recent decisions, in particular the return of nearly two million people to the ration card system and the reduction of oil prices for the first time in Egypt's history, clearly show the regime has realized that the economic crisis is perhaps an existential challenge to its existence. In response, it is likely that Egypt will experience a temporary economic boost, which, however limited, will benefit Egypt's poorest. Such economic changes, however, are unlikely to be accompanied by progress on political freedoms. ❖



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