

Analysis on the New Round of Turmoil in Egypt

YANG Fuchang^①

(Ministry of Foreign Affairs, People's Republic of China)

Abstract: *The political situation in Egypt has suddenly changed. President Morsi was ousted by the military after one-year in office. The Muslim Brotherhood's ineptitude in many fields caused Morsi's downfall. Egypt, which is entering a new round of turmoil, may be confronted with fierce struggles among all parties. The contest between the Muslim Brotherhood and the military will be intensified. It will be difficult for the interim government to make any achievements. The foreign interference will be strengthened unceasingly, and both the military and the oppositions will face challenges.*

Key Words: *Middle East Security; Arab Revolts; Arab Revolution; Social Transformation; Egyptian Politics*

I.

On June 30, 2013, on the first anniversary of the inauguration of Egyptian President Morsi, the opposition organized massive demonstrations to demand Morsi's resignation and early elections.

^① YANG Fuchang, former Vice Foreign Minister of PRC and ambassador to many Middle East countries.

The demonstrators clashed with supporters of Morsi and caused casualties. In the same year on July 1, on behalf of the armed forces, General Abdel Fattah al-Sisi issued a statement to give Morsi and his opponents 48 hours to resolve their political deadlock, or face a solution announced and imposed by the military. After the deadline, General Sisi gave a televised speech at 9 p.m. of local time on July 2, accusing Morsi of not cooperating with the reconciliation efforts of various political factions. He then announced the suspension of the current constitution, the dissolution of Parliament and the early presidential election. He also announced that the management of state affairs was to be taken over by the Supreme Constitutional Court. The Chief Justice of Egypt's Supreme Constitutional Court, Adli Mansour, was sworn in as interim president of Egypt on July 4, while Morsi was put under house arrest. Mansour issued a constitutional declaration on July 8, announcing that parliamentary elections would be held within six months. On July 9, Mansour appointed Hazem el-Biblawi as Prime Minister.

Since the overthrow of Mubarak in March 2011, the Egyptian political arena has been chaotic; the contest between the Islamists, represented by Muslim Brotherhood, and the opposition that insists that the secular system be implemented in the country has continued. Depending on the elected president, the former has placed personnel from the Muslim Brotherhood in critical departments and issued a constitution with strong religious overtones; among the latter, in addition to some that advocate a secular party system, there are also some religious people who advocate the establishment of a secular state. In the past year, organized protests of the two sides have been growing larger, more frequent and more uncontrollable. On June 30,

Analysis on the New Round of Turmoil in Egypt

the army decided to support the demands of the people and overthrew the Morsi regime. This is the second contest between the military and the Muslim Brotherhood since the overthrow of Mubarak. The first contest was the restructuring and weakening of the armed forces when Morsi came to power. However, in this contest, the Armed Forces were stronger; they forced Morsi to step down.

Egypt is an Islamic country. There is basis for the implementation of Islamic law and a certain degree of religious rule. At the same time, Egypt is a country that accepts the influence from a variety of civilizations. A secular system is the long-term tradition and religious rule is unacceptable to most people. The military is an important force in Egyptian society. Since the revolution of 1952, the successive presidents were all from the military. Since Mubarak stepped down, state affairs have been managed by the military during the transition period. It can be concluded that for 61 years the military has dominated politics in the country until Morsi's ruling with Morsi in office and the military took the backstage.

II.

The fact that Morsi was ousted after just one year in office is due to the multifaceted ineptitude of the Muslim Brotherhood. The MB failed to deal with the relationship between the army, the judiciary, the media and the opposition. Also, it failed to resolve the people's demands, which led to the drop in support and generated violent conflicts. Overseas, it failed to deal with the relations between the Western countries, including the United States and the Gulf states, with the effect that only few countries like Turkey, Iran and Tunisia

showing sympathy and support for Morsi after the turmoil. In general, the root of the problem is within the country. Analysis can draw from both political and economic perspectives.

The country witnessed political instability and social division. Throughout 2013, rallies and demonstrations in Tahrir Square never stopped. In 2011 when the unrest began, the mass demonstrations were spontaneous. Now they are organized by the ruling party or the opposition parties. In 2011, Egyptian people worried about socioeconomic issues; now, their demands are political. Whenever there is referendum, election or dissatisfaction for the Muslim brotherhood and the president, people would go to the streets to express their views and show their strength. There are two reasons for this practice. Firstly, people will revolt and the pressure will surge when people are suppressed, and the greater the pressure, the stronger the explosion. The initial turmoil in Egypt was the outbreak after the strong long-term suppression. Secondly, when it was discovered that going to the square and streets was such a powerful means, it became the used not only under special circumstances, but also one to overthrow unpopular governments. The result is that protests continued, with the military police clashing with protesters and causing casualties. For example, on January 26, 2013, the court heard a case of the conflicts between football fans in Port Said in which at least 70 people were killed and sentenced 21 people to death, which angered people of Port Said, who then took to the streets and were engaged in serious conflict with the police, in which at least 30 people were killed and 312 people were injured (*China News*, 2013: January 27).

Egyptian political difficulties are mainly caused by weak

Analysis on the New Round of Turmoil in Egypt

governance of the authority. The media have criticized the Muslim Brotherhood and regarded Morsi's ability to govern as lacking since he took office in June 2012. It was said that he was unable to achieve social stability, bridge social divisions, improve the economic situation and meet the people's aspirations for improved living standards. Unlike the tribal separatism in Libya, the social disintegration in Egypt was formed because of different political orientations. Since he became President Morsi adopted a constitution with strong religious overtones and appointed personnel from or close to the Muslim Brotherhood in the vital sectors to implement the idea of the Muslim Brotherhood. Worried about the Islamicization of the state and the worsening of social conflicts, the secular opposition parties and persons were against this trend. For the situation at that time, Mohamed ElBaradei, the leader of the Constitution Party and the former Director General of the International Atomic Energy Agency, February 14, 2013 to accept the US Cable News Network (CNN) interview, said: "Egypt is a failed state, and ranked low in failed states worldwide." "The president-elect was given a driver's license. But if he is guilty of a major accident, driver's license can be revoked and this is what happened to the former President Hosni Mubarak." "Some Egyptians miss the Mubarak era, but since the popular uprising against him occurred, they are unwilling to let him come back to power. Since the people will no longer keep quiet about their plight, now Morsi ought to make some improvements." (*Egypt is a failed state*, 2013: February 17). It seems the two contesting forces in Egyptian society are still mainly concerned with state institutional issues, to establish a theocratic state or a secular system. This problem is highlighted by the ruling of the Muslim Brotherhood. Before this

issue is resolved, it would be difficult to talk about social stability, unity of the people and economic development.

The situation was so chaotic since Morsi's ruling for several reasons. On one hand there are congenital reasons. For example, the presidential election was held in the absence of the Constitution and the Parliament. Therefore, the voters did not have criteria and basis to make their judgment and the election lacks the supervision from legislative institutions. On the other hand, despite the Muslim Brotherhood's strong organizational capacity, they lacked experience in politics and governance. Their decision-making was often fast, and so were they fast when they went back on their words, which caused confusion and negative impacts. At the early stage of the turmoil in 2011, the Muslim Brotherhood said that they will not run for president or seek a parliamentary majority, which both turned to be empty promises. Presidential decisions were also capricious. On October 11, 2012, the President dismissed the Attorney General, which the judges strongly opposed. Two days later, the president was forced to withdraw the proposal. On November 22, 2012, the President promulgated a new constitution to declare that all presidential decrees are final and cannot be changed by any party. Once issued, this declaration was opposed by many opposition parties. Vice President Mahmoud Mekki resigned to express his opposition (*As a judge, I know politics is not my thing*, 2012: December 22). The President repealed the declaration amid strong opposition on December 9 in the same year. Nevertheless, this constitutional declaration showed people what the Muslim Brotherhood has really pursued. The negative effects caused were irreparable. In addition to these deficiencies, there were problems after the ruling. The Muslim brotherhood urgently took

Analysis on the New Round of Turmoil in Egypt

power in their grasp and made it their priority to exclude persons of the former government. They also lacked tolerance towards their allies in the “revolution”. Without experience, they were unwilling to ask experienced people to assist. Therefore, many inconsistencies appeared. Morsi’s approach has cut off the process of national development, and created numerous irreconcilable oppositions for himself. According to *the Guardian*, during the late period of his ruling, Morsi almost had differences with all departments: the judiciary, the Muslim elders, the Christianity, the armed forces, the police and the intelligence agencies, while handing more power to the Muslim brotherhood and Islamists.” (*Morsi’s last days*, 2013: July 6).

The economic situation was grim. The economy took a downturn and suffered many difficulties during Morsi’s year in office. The details are mainly as follows.

(A) The economic growth rate has declined. Before the turmoil, the annual GDP growth rate was above 5%, while the economic growth in 2012 was 2% (*Planning and International Cooperation Minister Arabi’s report at the Consultative Council*, 2013: April 23), 3 to 4 percentage points lower than before. According to the plan Morsi announced in his 2012 campaign, Egyptian GDP in 2011 was \$ 220 billion, and he planned to reach \$ 479 billion in 2023; GDP per capita in 2011 was \$ 2,550, and he planned to reach \$ 4,900 in 2023. Roughly, both numbers should double in 10 years. To achieve this goal, a growth rate of more than 7% per year should be maintained. The 2% growth rate is clearly too low, as the growth rate of the Egyptian population is also about 2% per year.

(B) The foreign exchange reserves have decreased. Foreign exchange reserves has dropped from \$ 36 billion at the end of 2010

before the turmoil to \$ 15 billion by the end of 2012, \$ 21 billion less in two years, which is barely enough to pay the minimum of three months of imports. Until the end of January 2013, foreign exchange reserves were reduced by 9.4% to \$ 13.613 billion (*January's foreign exchange reserves fell by 9.4%*, 2013: February 5). In May 2013, Egypt obtained 3 billion and 2 billion dollars in loans respectively from Qatar and Libya, which once alleviated the reserves problem. However, on July 7, the central bank announced that the foreign exchange reserves fell to \$ 14.9 billion (*Al-Ahram*, 2013: July 8). An important reason for the reduction in foreign exchange reserves is that foreign investment has dropped significantly. According to Nile Center for Economic & Strategic Studies, in 2009 foreign investment in Egypt was \$ 13.4 billion, which decreased to \$ 2 billion in 2012 and less than \$ 1 billion in 2013 (*Al-Ahram*, 2013: July 12). In order not to allow the devalued Egyptian pound to fall below the 7:1 mark against the US dollar, banks started to sell dollars, which also led to the reduction in reserves. Whether to liberalize the exchange rate to preserve reserves or to reduce reserves to maintain the exchange rate is an ongoing debate in economic circle of Egypt. Egyptian economist Hany Tawfik believes that the appreciation of the US dollar should be allowed, and the reserves should not be reduced, so that investors could be retained (*The Egyptian Economy in ICU*, 2013: May 14). Since December 24, 2012 when Egypt's sovereign rating was downgraded by S&P, the institution lowered Egypt's long-term credit rating from B- to CCC+ on May 9, 2013. Chinese credit rating agency Dagong Global also decided to downgrade the local and foreign currency sovereign credit ratings of Egypt from B+ to B- on 14 June 2013 and maintained the negative rating outlook. In the tide of downgrading, the foreign

Analysis on the New Round of Turmoil in Egypt

reserves decline was an important indicator in the consideration.

(C) Poverty rate rises. In the 2012 campaign, Morsi pledged that by 2016, the unemployment rate in Egypt would fall from 12% to 7%. Now a year has passed, Minister of Planning and International Cooperation Ashraf al-Araby said in the parliamentary report that the unemployment rate rose to 13%, of which 27% previously had a job and lost it in the past two years. He also said that speaking on a national level, poverty rate reached 25% and 50% in some southern provinces (*Poverty and unemployment will rise*, 2013: April 23). These issues are all related with the decline in production. Mohamed Farag Amer, the Chairman of Borg el Arab Investors Association pointed out that, "since the revolution, 4,500 factories have been shut down. Entrepreneurs, investors and the market are paying the price for the revolution." (*4500 Factories shut down since the Revolution*, 2013: February 24).

(D) Financial difficulties and weak growth remain. Egypt budget expenditures are mainly spent in four areas: wages, subsidies, loans (including interest) and development. These four areas basically each takes a quarter, so there are limited funds for development. To complement the lack of funds, the government has to borrow. Domestic debt was originally 1.1 trillion EGP, and is now 1.3 trillion, with an increase of 200 billion over the last two years (*The Egyptian Economy in ICU*, 2013: May 14). Originally foreign debt was \$ 35 billion, which has now reached \$ 45.4 billion (*Al-Ahram*, 2013: June 18). To repay the debts, the government has to deal with increasingly heavy financial burden.

It can be concluded that leading to the Egyptian economic downturn are mainly internal reasons. With the unstable political

situation, foreign investors do not want to enter, the tourism industry can hardly recover and the stock market slumps, affecting the economic development. In return, the economic downturn and the lack of improvement in people's lives have caused dissatisfaction and frequent demonstrations, which has affected the political stability, and thus forming a vicious circle difficult to break.

Egypt is a regional power. How the domestic situation develops would have an impact on the countries in the region. First, after Morsi's rule there was a national unrest. Since talking about the "Arab Spring" a while ago, people are now talking about the "Arab Fall". Secondly, Morsi claimed to be the "President of all the Egyptians" in his inauguration. A year later, not only the former "comrades" became enemies, civil support rate also dropped significantly. The emerging "Tamarud" movement spokesman Mahmoud Bader announced by the end of June 2013 that the organization had collected more than 22 million signatures requiring Morsi to step down and early elections be held (*Al-Ahram*, 2013: June 30). Finally, the unemployment and poverty rates are increasing, contrary to the original intention of the mass uprising. On one hand, all this has brought warning to other countries. The countries with no unrest at present would see the unrest in Egypt as a reference to restrain the tension. On the other hand, some will immitate Egypt, as the "Tamarud" movement also occurred in Tunisia and the collection of signatures against the current regime also appeared.

III.

Today, Egypt has entered a transition period and a new round of unrest. The roadmap released by the army on July 3, 2013 stated that the transitional period would be 9 to 12 months. And the constitutional declaration made by the interim President Mansour on July 8 stipulates that parliamentary elections be completed within six months and then presidential election be held.

During the transition period, there are many problems to be solved, and intense contest to take place between different parties.

(A) The contest between the Muslim Brotherhood and the military will intensify. On the surface, the two contradictory sides are, from the perspective of civil society, the side supporting Morsi and the side against Morsi; from the political perspective, the side supporting the democratically elected president and advocating the religious path as well as the side trying to depose the president and follow a secular path. In essence, it is still a contest between the Muslim Brotherhood and the military. Since July 3, 2013 when Morsi was under house arrest, the prosecutors have threatened to track down whether Hamas intervened in the prison break of Morsi and 30 other members of the Muslim Brotherhood during the 2011 unrest. They also wanted to trace the responsibility of the leading members in instigating violence, which caused 53 dead and 480 injured on July 8, 2013. Because of the protracted mass demonstrations and violent clashes of the Muslim Brotherhood, the interim Deputy Prime Minister and Defense Minister Sisi on July 24 made a speech at the graduate ceremony of Air Force

Academy to reiterate that the army's action on June 30 was in response to the aspirations of the people. He called for people across the country to take to the streets on Friday to authorize the military and police responding to violence and terrorism issues. He also stressed that the legitimacy that the former president (Morsi) talked about was not permanent, because legitimacy belongs to the people, so it could be given and taken by the people (*Al-Ahram*, 2013: July 24). Sisi's speech showed the military's hardline stance. The Muslim Brotherhood took the offensive method and insisted that Morsi's duties be restored. According to one of the leaders of the Muslim Brotherhood Mohammed El-Beltagy in his interview with an American media: "If the Morsi is back to his post, the Parliament and the Constitution will be resumed, the Brotherhood will agree to hold early presidential elections, and those who engaged in coup would be allowed amnesty." (*Al-Ahram*, 2013: July 14). The attitudes of both sides are tough and there is no intention to compromise. The military has strength and has always been a stabilizing force in Egyptian society. If the army is stable, Egypt will not be chaotic. The Muslim Brotherhood is an important political force in Egypt with a broad popular base. Especially now it has entered the political stage, it will not easily concede in the contest with the military.

(B) The transitional government is hardly able to contribute much. Hazem el-Beblawi can form a government of experts, but he can hardly do as he put it, create a national unity government that represents all political forces and all Egyptians. The Muslim Brotherhood has declared not to participate, which means that

Analysis on the New Round of Turmoil in Egypt

“legitimacy” is not to be traded. They also announced that as long as Morsi is not reinstated, the demonstrators will not disperse. The interim government will be faced with a chaotic situation. If the Muslim Brotherhood does not participate, it will be a predicament as to how to engage in constitutional referendum and how to engage in parliamentary and presidential elections. Furthermore, the economic problems facing the government can not be solved overnight. Saudi Arabia, the United Arab Emirates on July 9, Kuwait on July 10 were committed to providing \$ 5 billion, \$ 3 billion and \$ 4 billion aid to Egyptian, which can only help meet the immediate needs and can not fundamentally change the economic situation, but increased debt burden. The Muslim Brotherhood has changed from the authority to the opposition, which allowed them to criticize the interim government for the decline in economy and lack of improvement in people’s living standards. Egypt’s economic development needs a good political environment and a suitable path, which may take a long time.

(C) Foreign intervention will continue to strengthen. The change of situation in Egypt has caused global concern. Some countries praise and support, while others criticize and oppose. The US State Department spokesman Jen Psaki said on July 10, 2013, “Morsi government is undemocratic.” The statement was welcomed by the Provisional Government, while condemned by the Muslim Brotherhood. The Brotherhood claimed that “if it was not recognized by the US, Egypt’s military coup can never be completed.” On July 12 2013 the US publicly urged the Egyptian authorities to release Morsi,

which was opposed by Egypt. Egypt claimed that foreign interference in its internal affairs should never be allowed. According to the Muslim Brotherhood leader Mohammed El-Beltagy, the contacts between the Brotherhood and the military are all through foreign envoys stationed in Egypt (*Al-Ahram*, 2013: July 14). Countries in the region also used funding to make a stance, while the Western countries exerted political influence. Egypt is a regional power. The outside intervention would continue, and even be strengthened.

(D) The military and the opposition face the test. This action by the military won the majority of domestic support. Naturally, there were also opposing forces. According to the British *Guardian*, there was also domestic opposition against the Egyptian military action. The newspaper interviewed a number of political activists. Their view was that to overthrow Morsi's rule was a necessary step to achieve the goals of the revolution on January 25, 2011, but the military should not play any role in the future, because the army will remind them of the past dictatorship (*Al-Ahram*, 2013: July 15). Defense Minister Sisi made a speech at the officers' conference on July 14, 2013, highlighting that the army has two codes: the first is to stay far away from politics, and the second is to undertake national responsibility. He stressed that the armed forces recognize people's legitimacy, and that the army was just helping people to restore the power of choice and decision. This action of the military was to undertake the national responsibility, rather than engage in politics (*Al-Ahram*, 2013: July 15). Sisi's speech aimed at internal unity of thinking and correcting the outer impression. The Egyptian opposition parties are various and have

Analysis on the New Round of Turmoil in Egypt

different ideas, without a strong leader. They agree on the anti-Muslim Brotherhood course, in the future they might diverge, compete and fight, unlike the unified and powerful leadership of the Muslim Brotherhood.

A new round of unrest in Egypt has begun. We wish it a smooth ride, but things have their own law of development and track. The development of the situation in Egypt deserves further attention.

References

Al-Ahram (2013: July 12).

Al-Ahram (2013: July 24).

As a judge, I know politics is not my thing. (2012: December 22). *Al-Masry Al-Youm*.

Egypt is a failed state. (2013: February 17). *Al-Masry Al-Youm*.

Foreign exchange reserves fell to \$ 14.9 billion. (2013: July 8). *Al-Ahram*.

4500 factories shut down since the revolution. (2013: February 24). *Al-Masry Al-Youm*.

If Morsi comes back, We agree to hold early Presidential elections. (2013: July 14). *Al-Ahram*.

January's foreign exchange reserves fell by 9.4%. (2013: February 5). *Al-Masry Al-Youm*.

Morsi's last days. (2013: July 6). *Al-Masry Al-Youm*.

Planning and International Cooperation Minister Arabi's report at the Consultative Council. (2013: April 23). *Al-Masry Al-Youm*.

Port said conflict caused at least 30 killed and 312 injured. (2013: January 27).

China News.

Poverty and unemployment will rise. (2013: April 23). *Al-Masry Al-Youm.*

“Rebel” Movement prepares secret location to store 22 million signatures. (2013: June 30). *Al-Ahram.*

The economic consequences after one year’s rule. (2013: June 18). *Al-Ahram.*

The Egyptian army at the crossroads obey orders from people. (2013: July 15).
Al-Ahram.

The Egyptian economy in ICU. (2013: May 14). *Al-Masry Al-Youm.*

Two separate world: Liberation square and Rabaa al-Adawiya. (2013: July 15).
Al-Ahram.