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Transformation of Egypt's Authoritarian Welfare Regime:
From the Arab Socialist Model to the Neoliberal Model?!

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Introduction

Egyptians began to demonstrate against the 30-year regime of President Hosni Mubarak on 25th January 2011, demanding his resignation. Although not centrally organised, protests risks, such as unemployment, insufficient wages and shortages of various foodstuffs (especially bread).

Despite high levels of social expenditure during the Mubarak era, social policies did not sufficiently work to ease such risks. During the Mubarak era, Egypt was spending more on social welfare programmes than average developing countries in Latin America and East Asia. Egypt's social expenditure was 4.8% of the GDP in 1995, compared to the average social expenditure between 1972 and 1999 of 2.9% in Latin America and 2.4% in East Asia.²

The Mubarak government enacted very few social policy reforms. The avoidance of drastic social welfare reform largely perpetuated a distributive structure that did not necessarily

spread throughout the country. Consequently, President Mubarak resigned on 11th February 2011. The protests were largely driven by the lack of distributive justice, with many Egyptian citizens suffering from different types of social favour the economically disadvantaged and led to the January 25 Revolution in 2011.

Achieving social justice was the most important issue for Egyptians after the revolution, and the new Egyptian governments began to introduce social policy reforms. In April 2014, the Sisi government introduced a nationwide smart card system to control the rationing of subsidised foodstuffs. Only smart card holders were permitted to purchase subsidised bread. In addition, new cash transfer programmes (*takaful wa karama*) for poor households were introduced in 2015.

This study aims to answer following questions:

- (1) "What characterised the Egyptian welfare regime before 2011?" and
- (2) "How and to

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what extent has it changed since the January 25 Revolution?”

To answer these research questions, this paper first addresses differences in the dynamics of welfare politics between democracy and authoritarianism. It also adopts a framework to analyse the dynamics of welfare politics under authoritarian rule. Second, it focuses on the case of authoritarian Egypt from the July 23 Revolution in 1952 to today. It divides modern Egyptian history into four periods: (1) the Nasser era, (2) the Sadat era, (3) the Mubarak era and (4) the post-revolutionary era.

Theoretical Framework

Politics of Social Welfare: Democratic and Authoritarian Realities

The classic perspective on welfare politics recognises the critical role of organised labour in the politics of welfare provision (the “power

resource mobilisation model”). Countries where organised labour is weak tend to only take responsibility for market failures, thus obliging the majority of their population to obtain private insurance coverage (a “liberal welfare regime”). Consequently, effects of de-commodification are weak under such a welfare regime. By contrast, a universalist approach to welfare provision is more common in countries where organised labour is strong. In Sweden, for example, a “social democratic welfare regime” has been developed. The level of welfare provision under such a regime is much higher than that under a liberal welfare regime. The level of de-commodification is also high under a social democratic regime.³

The existing literature on welfare politics usually presupposes that democracy is an important prerequisite for the development of welfare regimes. Walter Korpi demonstrated that participation in an open political arena gives organised labour the necessary position to

pivotaly shape a welfare regime's development. In such an environment, powerful social democratic parties supported by organised labour help in forming institutional social policies that benefit much of the population. For well-organised labour with strong collective resources, political action is less risky than economic collective action, including strikes, and a more rational way to pursue their demands.⁴

It is necessary to consider other interpretations for the causal relationship between strong organised labour and the development of welfare regimes under authoritarian rule. The first interpretation is that strong organised labour could impede rather than promote welfare expansion. Authoritarian leaders might regard politically powerful trade unions as potential challengers to their rule and, consequently, oppress the labour movement by opposing their demands. In this case,

authoritarian leaders would not be incentivised to expand social welfare programmes.⁵

The second interpretation is that the causal relationship might be the reverse of the assessment of the power resource mobilisation model, which considers that strong organised labour strengthens social welfare programmes.⁶ Studies of authoritarianism suggest that social welfare programmes are utilised as tools to strengthen the political power of the working class. In Latin America, for example, populist governments (such as the Perón administration in Argentina) expanded social welfare programmes to gain political support from the working class.⁷

These works suggest that top-down decisions by political leaders significantly affect the development of social welfare regimes under authoritarian rule, in contrast with democracies. The features of a welfare regime under authoritarian rule are generally determined by

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two types of survival strategies adopted by political leaders: (1) political alliance and (2) economic development strategies. First, political alliance strategies can significantly affect social welfare programmes under authoritarian rule. Launching organisations, including entities such as the military, political parties or royal families, are vital to political leaders who seek to take control of a government and establish an authoritarian regime. Such organisations enable leaders to claim power but can also pose a significant threat to them. For instance, launching organisations generally control the means to remove incumbent political leaders from power, and coup d'états are relevant in this context. In the early stages of authoritarian rule, political leaders' power struggles often arise with the very organisations that enabled their ascent. Authoritarian leaders and launching organisations generally form political alliances centred on one of two strategies: co-option or organisational proliferation.⁸

Authoritarian leaders often use several means to attempt to co-opt the members of launching organisations. Leaders who employ this strategy also create economic rents to consolidate their power. This involves restricting competition through regulatory barriers that seek to deny entry to competitors. Generally, the resulting rents are distributed among a small group. Authoritarian leaders who employ this strategy often regard workers and peasants (who are the main beneficiaries of social welfare programmes) as potential enemies. Therefore, the co-option strategy generally leads to the enactment of restrictive welfare policies to tame a small number of workers who might otherwise resort to labour activism.⁹

By contrast, authoritarian leaders who adopt organisational proliferation work to actively create new organisations and promote competition between them and the launching

organisations. This measure is intended to increase the cost of collective dissent and the action of launching organisations: 'it forces [their] leadership to coordinate with the leadership of the other, newly created, organisations (which might otherwise come to the rescue of the dictator during the coup); and/or it raises the cost of coordination within the launching organisation by aligning the incentives of its membership with the leadership of another organisation'.¹⁰ Political leaders who adopt this strategy generally consider workers and peasants to be staunch supporters of their regimes, and they often develop generous social welfare programmes to reward their followers. Notably, using this strategy, an authoritarian regime was successfully established in Mexico in 1929 and maintained until 2000. Large sections of the population enjoyed enforceable economic rights and were the beneficiaries of generous welfare policies. At the same time, this strategy results in the fragmentation of social welfare

programmes. The Mexican case suggests that this strategy is likely to lead to state-corporatism, under which each organisation is separately associated with an authoritarian leader.¹¹

Second, economic development strategies can also affect social welfare programmes under authoritarian rule.¹² In countries that adopt export-led industrialisation policies, capitalists might require a skilled workforce at low labour cost to ensure that the domestic industry is internationally competitive. Therefore, capital-friendly regimes prefer to invest in human resources, directing more resources to education than to social welfare policies. Consequently, there are no improvements to welfare measures. By contrast, in countries that adopt import substitution industrialisation (ISI) policies, capitalists seek large numbers of workers to strengthen the domestic industry. Such workers are also expected to constitute the consumer market of the very commodities

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that they produce. Therefore, social welfare policies are used to stimulate domestic consumption. ISI-based social welfare policies protect workers from various social risks (particularly injury and sickness), and capitalists are generally tolerant of the large social welfare expenditure that these policies necessitate.¹³ Social welfare policies under authoritarian rule imply a strong link to economic strategy, although they do not take political motives into account.

Varieties of Authoritarian Welfare Regimes

Stephan Haggard and Robert Kaufman described the varieties of welfare regimes under authoritarian rule (hereafter “authoritarian welfare regimes”) in developing countries. They argue that two key components have influenced the development of these governments: critical realignment and economic development strategies.¹⁴ In this context, critical realignment describes ‘a

discontinuity in both the composition of the political elite and in the political and legal status of labor and peasant organisations and mass political parties’.¹⁵ Critical realignments of this kind often lead to changes in strategy that dictate political alliances. Haggard and Kaufman also discussed three types of economic development strategies: socialist, ISI, and export-led industrialisation. The authors report regional varieties of authoritarian welfare regimes. Following their classification, this study groups authoritarian welfare regimes into three regional types: (1) the populist model of Latin America, (2) the developmentalist model of East Asia and (3) the communist model of Eastern Europe (see **Table 1 in Appendix**).

The populist model: In the early twentieth century, a reformist challenge arose to the agro-export oligarchies that had been dominant since the mid-nineteenth century. Under these oligarchic governments, political participation had been limited to the upper and middle

classes. Reformism created opportunities to develop a welfare regime. First, the new governments established through reformism attempted to co-opt organised labour by, for example, passing comprehensive labour codes (organisational proliferation strategy). Second, these governments strengthened ISI by protecting domestic manufacturing with high tariffs, multiple-exchange-rate systems and subsidies. Although the domestic industry was somewhat protected from the initial adoption of ISI goals in the mid-1930s, the supporting policies were strengthened to promote the domestic manufacture of consumer durables, intermediates and even capital goods throughout the region, in Chile, Argentina, Brazil, Uruguay and Mexico, after the Second World War. Policies to promote ISI led to labour-market dualism (between the formal and informal sectors) and exclusion of the agricultural sector. These political and industrial strategies determined the character of the welfare regime, which was more favourable

to urban and formal sector workers than to citizens in the urban informal sector and the agricultural sector. For example, social-insurance-based pension programmes covered urban formal workers, whereas urban residents in the informal sector were excluded or provided with minimal welfare provision.¹⁶

The developmentalist model: The critical alignment that prompted the development of welfare regimes in East Asia was the rise of anti-communist political leaders who did not adopt organisational proliferation and repressed labour and popular movements. Political leaders in these countries (such as South Korea, Taiwan, Thailand and Indonesia) were allied with industrial capitalists and distributed rents to them (co-option strategy). They also adopted export-led industrialisation as their economic development policy. Economic growth as the means to obtain legitimacy was prioritised over egalitarian income distribution. Although political leaders were eager to promote foreign

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investment and distribute rents for export-led industrialisation projects, they lacked the incentive to expand social welfare programmes. Instead, they promoted active investment in human resources and education, meeting the preference of capitalists for highly skilled workers. Investment in fundamental education and occupational training was essential to upgrade the quality of labour and obtain greater economic growth. Accordingly, these countries in East Asia paid closer attention to educational expenditure than to social welfare programmes and restricted the size of social welfare programmes.¹⁷

The communist model: The critical alignment for the development of welfare regimes in Eastern Europe was military occupations by the Soviet Union and the formation of communist governments, which attempted to control all political, social and economic activities. They eliminated other political parties and independent associations and attempted to

integrate these organisations into the Communist Party (organisational proliferation strategy). In addition, these governments created comprehensive and controlling economic plans. In contrast to the East Asian case, the socialist industrialisation strategy adopted by Eastern European countries created comprehensive social welfare programmes in which the governments played an overwhelmingly large role. These governments were in charge of not only guaranteeing full employment but also providing basic foodstuffs. No private markets in insurance or social services were allowed, so the governments planned and implemented all social welfare services (e.g. pensions and healthcare). In this model, the welfare regime covered both rural and urban workers. The policy of collectivising agriculture enabled the communist governments to provide universalist welfare programmes, such as social insurance and services, to the rural sector.¹⁸

How can we characterise authoritarian welfare regimes in the Middle East and North Africa (MENA) region? Although Haggard and Kaufman did not refer to MENA authoritarian regimes, the conditions in that region, especially republic countries in that region, can be described by comparing the three models in their work. The critical alignment rested on the rise of nationalist leaders, such as Mustafa Kemal Atatürk in Turkey, Habib Ben Ali Bourguiba in Tunisia and Gamal Abdel Nasser in Egypt. Similar to cases in Latin America, this group adopted two strategies: co-option of organised labour (and peasants) and ISI. These countries also adopted populist measures to co-opt organised labour into their ruling coalition (organisational proliferation strategy). This expanded the welfare regime in a manner favourable to employees in the urban formal sector.¹⁹ This study categorises this type of authoritarian welfare regime as the “Arab socialist model”.

Transformation of Authoritarian Welfare Regimes from the 1970s

Beginning in the 1970s, two significant changes in developing countries have influenced their welfare regimes: neoliberal economic reforms and democratisation.

In the 1970s, neoclassical theorists accordingly asserted the need to minimise the role of the state in economic development in response to the failure of ISI strategies. This change significantly affected the policies of international financial institutions, especially the World Bank: having adopted its basic needs approach in the 1970s, focused on alleviating poverty through grassroots development projects, it shifted to a neoliberal approach in the 1980s. Thereafter, developing countries could only receive World Bank loans if their governments agreed to implement neoliberal economic reform programmes (structural adjustments) to reduce their fiscal deficits.²⁰

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Democratisation also became a factor during this period. Most countries in Latin America, East Asia and Eastern Europe experienced democratic transitions in the 1980s and 1990s (**Table 1 in Appendix**).

All populist, developmentalist and communist models of authoritarian welfare regimes experienced both of these factors, resulting in increases to their social welfare expenditure. This expansion was determined by the institutional legacies of the mid-twentieth century. Economic liberalisation raised awareness of the social risks that social welfare programmes could potentially mitigate, and the losers of economic liberalisation were encouraged to struggle for their social rights. Meanwhile, democratisation gave citizens the chance to call for increased benefits through social and political movements. At the same time, democratic transition created opportunities for subordinate actors, or the

launching organisations, to utilise institutional structures to support their own interests.

In the Latin American populist model, the main welfare programmes (such as the social insurance programme) targeted the urban middle class and workers in the formal sector. Although the programme did not originally cover workers in rural areas, democratisation contributed to the formation of strong pressure groups, such as trade unions. These groups obtained influence over decision-making. Moreover, trade unions in the public sector, particularly those with influence over the management of social security funds, were often able to obtain concessions from governments in pension reform. Workers in health and education sectors were also resistant to change.²¹

In the Eastern European communist model, trade unions also played an important role in the expansion of social welfare programmes,

functioning as workers' representatives, defending their entitlements and creating a new social safety net. As Haggard and Kaufmann observed:

Eastern European unions continued to encompass a much larger segment of the workforce than those in Latin America or East Asia. At least in some cases, they were also able to mobilise support for large-scale protests and even general strikes in defence of entitlements.²²

The institutional structure constructed under previous authoritarian rule provided specific actors (e.g. trade unions) with the necessary resources to resist the reforms.

In contrast to these two models, the developmentalist model in East Asia had limited welfare provisions under the previous authoritarian rule, which incentivised politicians to expand social welfare

programmes as a way to win elections. Conservative governments took the initiative in this institutional expansion because of the weak union movements in East Asian countries. Without the advocacy of leftist groups (such as trade unions), unemployment insurance was created or expanded in conjunction with initiatives designed to increase labour-market flexibility. Even after the expansion, the social welfare programmes currently in effect are largely designed to support economic development rather than more equal income distribution.²³

The Arab socialist model followed a different pathway because there was no democratic transition in the MENA region during this period. Although most MENA countries began partial economic liberalisation in the 1970s, the effects differed from those of the steps taken in Latin America, East Asia and Eastern Europe. In all four regions, economic liberalisation produced many economic losers, and this new

class exerted pressure on their governments. In Latin America, East Asia and Eastern Europe, democratisation granted opportunities for populations to demand increased social expenditure. However, social welfare programmes were also expanded in the MENA region, despite the absence of a democratic transition. The authoritarian leaders utilised social welfare programmes to obtain and retain popular support through generous welfare benefits delivered to the economic losers. The rising oil price in the 1970s, which increased both foreign aid in non-oil-producing countries and oil-export revenues in oil-producing countries, enabled governments in this region to expand social welfare programmes.²⁴ Although economic rents from oil exports declined in the 1980s, authoritarian governments in the MENA region tended to maintain the expanded social welfare programmes. Therefore, the Arab socialist model was maintained in most MENA

countries, including Egypt, until the Arab Spring.

Development of the Arab Socialist Welfare Regime in the Nasser Era (1952-1970)

This study focuses on the development of an authoritarian welfare regime in modern Egypt, beginning with the country's adoption of the Arab socialist model in the early 1950s. Three significant features determined the design of the Egyptian welfare regime: (1) a state-dominant economy (*etatism*), (2) alliance with organised labour and (3) Arab socialism.

Etatism and the Egyptian Welfare Regime

The state-dominant economy emerged in the mid-1950s, when the Nasser government began to take control of production measures in the private sector. The Suez War in 1956 gave the Nasser government an opportunity to seize

British and French banks and companies, with a total of 15,000 establishments brought under government control.²⁵ Nationalisation of private companies continued even after the war. In 1961 and 1963, the nationalised industrial sectors were reorganised into 160 joint stock companies (*muassasat amma*), controlled by eleven semi-public organisations. This left most enterprises in manufacturing and trade owned by the government, leading to the downfall of many wealthy families and the entrepreneurial class as a whole.²⁶ The government thus gained control of the industry, transport, finance and trade. The state budget reached over 65% of the GNP by the 1960s.²⁷ Accordingly, rather than merely leading or commanding the economy, the state largely formed the economy, or was at least its most dominant player.

At this point, the welfare regime was also expected to play the role of maximising successful industrialisation. The social insurance programme,²⁸ for example, was a

resource for Nasser's industrialisation project. Covering both the private and public sectors, the programme was used by the government to collect contributions from workers and private companies and channel them into investment in long-term industrial projects. In 1961, this social insurance scheme generated a surplus of £E 9.2 million, most of which was invested in long-term government projects. Social insurance for government employees also produced a surplus, although its resources were originally diverted from national revenue. This surplus was invested in various projects, from which the insurance scheme then received returns (£E 4.7 million in 1961/62).²⁹ Muhammad Badran, Director General of the Social Insurance Organisation (SIO), stated that 'there were three goals of social insurance: limiting inflation, contributing towards financing the development plan, and forming reserves capable of meeting all social insurance requirements'.³⁰ Thus, it was an explicit motivation of the government to utilise

insurance contributions for long-term investments.

The food subsidy programme³¹ also supported Nasser's industrialisation projects. Egypt depended on domestic wheat in the mid-1950s, so the Nasser government utilised a compulsory delivery scheme to provide inexpensive food to consumers, especially urban workers. This scheme also forced farmers to sell a certain amount of their wheat at a fixed price below that found in international markets.³² Besides wheat, the scheme covered several other food staples (e.g. rice, beans, lentils, sesame and groundnuts).³³ Its beneficiaries were concentrated in urban areas as few shops sold subsidised commodities in rural areas until the 1980s. Thus, food subsidies were distributed to and benefited urban workers during this period. The compulsory delivery scheme formed part of Nasser's "low-wage, cheap-food" policy. This scheme helped public enterprises, most of

which were nationalised after 1956, accumulate capital by keeping their employees' wages low in return for inexpensive food.³⁴ Wheat imports increased in the 1960s, ultimately exceeding domestic production in 1962. However, foreign aid (especially from the United States) supported restricting spending on food subsidies and Nasser's industrialisation projects in this period (see **Figure 1 in Appendix**).

Pro-Labour Features of the Welfare Regime

The second feature of this regime was its alliance with organised labour. The Nasser government maintained strong ties with the military—its launching organisation. It also adopted an organisational proliferation strategy, thereby drawing organised labour into the regime. In 1957, a single, hierarchically ordered union confederation was created, called the Egyptian Workers Federation (EWF).³⁵ Furthermore, in 1962, Nasser established a new ruling party, the Arab Socialist Union (ASU),

to increase the mobilisation of organised labour. To obtain the political support of labour, the government developed social rights for every citizen and provided social and economic security to workers.³⁶ Although the social rights it implemented were ultimately superficial and limited, the Nasser government developed additional social welfare programmes that favoured urban workers and organised labour.

The main beneficiaries of the social insurance programme were urban formal workers, most of whom were employed by the government or public enterprises, although the social insurance law was supposedly intended to apply to all wage earners.³⁷ Most private sector workers were not covered by social insurance as their employers, on whom the financial burden would fall, were reluctant to participate in this programme.³⁸ Therefore, the large-scale nationalisation in 1961 led to rapid growth in this programme: between 1956 and 1971, the

number of insured workers leaped from 75,412 to 1,561,344.³⁹

The social insurance programme had several pro-labour features. Beyond being able to influence changes to social insurance laws, they were represented on the SIO board: two of the six SIO board members were workers' representatives. Further, the ETUF had weekly meetings with the administrators about social insurance. Through the combination of these meetings and other avenues of influence, workers' interests were reflected in amendments to the social insurance programme. Organised labour was also able to influence decision-making in local administrations. Each local union committee had to designate a union member to be assigned to overseeing social insurance. After completing a short course on social insurance, the worker became a full-time employee of the organisation that administered social insurance payments and was temporarily discharged from

his/her company. Thus, the implementation of Egypt's social insurance programme was closely tied to workers and organised labour.⁴⁰

Arab Socialism and the Egyptian Welfare Regime

Arab socialism also played an important role in Egypt's governance during the Nasser era. President Nasser cited the concepts of socialism and Arab socialism to justify his policies, especially the nationalisation of private enterprises following the Suez War in 1956. The 1962 National Charter (*al-mithaq*), which instituted the ASU, also justified his strategy of introducing socialism through nationalising private enterprises:

The socialist resolution to the problems of economic and social under-development in Egypt—with a view to achieving progress in a revolutionary way—was never a question of free

choice. The socialist solution was a historical inevitability imposed by reality, the broad aspirations of the masses and the changing nature of the world in the second part of the 20th century.⁴¹

Although Arab socialism was quite different from Marxist socialism, it strongly relied on social welfare programmes to maintain legitimacy.

Social assistance was the most symbolic programme in the idea of Arab socialism. At the beginning of the revolutionary rule, the government was not interested in expanding social assistance and maintained its existing programme until the 1960s. The policies of Arab socialism reaffirmed the social rights of the economically vulnerable. The Nasser government used social assistance programmes as a tool to justify Arab socialist rule. Law 133/1964 asserted the state's commitment to

securing a decent income for all. Its enactment led to a dramatic increase in expenditure on the programme in 1964. Although the food price index increased by approximately 50% between 1963 and 1971, programme expenditure more than doubled during the same period, from £E 1.27 million to £E 3.03 million.⁴²

It should be noted that the social assistance programme was much more marginal than the social insurance programme during the Nasser era. Although the introduction of Arab socialism fuelled these programmes' expansion, financial shortages restricted their scale. Indeed, the amount of social assistance benefits administered only slightly increased after the introduction of Arab socialism, whereas social insurance benefits, which already exceeded social assistance benefits in 1960, dramatically increased thereafter. This was due to the expansion of social insurance as

the public sector grew (see **Figure 2 in Appendix**).

Expansion of the Arab Socialist Welfare Regime in the Sadat Era (1970-1981)

Anwar al-Sadat took office after the death of President Nasser in 1970. In the late 1960s, Egypt encountered economic difficulties. To boost the still-slow economy, the Sadat government implemented a partial economic liberalisation policy (*infitah*) to promote foreign investment in industrialisation, particularly by Western Europe and the Gulf countries. According to conventional understanding, the *infitah* encouraged Egypt to shift from distributive justice to economic growth or efficiency. As Asef Bayat remarked, 'faced with a choice between "egalitarian/populist measures" and "economic growth/productivity", the [Sadat] regime eventually chose the latter'.⁴³ This study, however, demonstrates

that Sadat's choice of economic growth and productivity (the *infitah*) ultimately addressed distributive justice, leading to the expansion of the Arab socialist welfare regime.

The *infitah* produced an increasing income gap between the haves and the have-nots, providing the haves with additional opportunities to expand their fortunes. Most of the investors who found investment opportunities were from the pre-revolutionary upper class or had made their fortunes in the Gulf countries in the 1950s and 1960s. By contrast, the have-nots suffered extremely from the inflation and witnessed declining living standards. **Table 2 (in Appendix)** shows that income inequality had declined from the 1950s until 1972 because of the Nasser government's egalitarian measures, including agrarian reforms and the nationalisation of private enterprises. After 1972, however, income inequality began to grow again because of the *infitah*. In the 1970s, the income share of the top 10% rose slightly,

whereas that of the middle 30% shrunk slightly.

This indicates that the middle class was being gradually eroded.⁴⁴ With the *infitah* differentially affecting the rich and the poor, exacerbating the gaps between them, the government needed to find another source of legitimacy to counter the deficits of distributive justice.

In these economic and social conditions, the Sadat government considered generous welfare provisions to be a means of enhancing its legitimacy and strengthening the regime's sustainability. The Arab socialist features of the Egyptian welfare regime were thus strengthened by expanding social welfare programmes to the economically vulnerable.

The first example was social assistance. Law 30/1977 stipulated that the government should further expand non-contributory, means-tested payments to all unmarried women not covered by the social insurance programme to create a

chastity pension.⁴⁵ Moreover, the government introduced a new safety net, termed the Sadat pension. Established by Law 112/1980, this direct, non-contributory scheme was created to aid the economically vulnerable, such as those aged over 65, widows, divorced women, their children, and disabled people. The beneficiaries of this scheme accounted for 15.9% of all pensioners in 1994/95.⁴⁶

The second example was social insurance, which the government began to provide to Egyptian citizens working abroad in 1973, employers and the self-employed in 1976, and casual workers in 1980. The expansion of social insurance to casual workers had the most significant impact on the programme's character: as a non-contributory scheme, it supplemented fully contributory social insurance, which had been largely dependent on contributions from employers and insured workers. The relatively low wages of casual workers rather restricted the amounts that could

be collected from them. Therefore, in contrast with the previously developed social insurance programme, the government attempted to mobilise other resources to stabilise insurance for casual workers as a poverty alleviation programme.⁴⁷ The expansion brought a dramatic increase in the number of beneficiaries of the social insurance programme. The number of contributors rose by 204% in the Sadat era, from 3.6 million in 1973 to 10.94 million in 1983; over the same period, payments to beneficiaries grew by 447%.⁴⁸

The third example was food subsidies. To confront popular discontent with inflation caused by the *infitah*, the Sadat government reduced the price of subsidised commodities. Although the urban consumer food price index in Egypt more than tripled over ten years (1971–1981), the price of subsidised flour remained low, growing from 5.5 piastres per kilogram in 1971 to 9.0 piastres in 1981.

Moreover, Sadat increased the number of subsidised commodities, adding beans, lentils, frozen fish, meat and chicken to the existing list of wheat, rice and yellow maize. At its peak, this programme covered eighteen food items.⁴⁹ Although the devaluation of the Egyptian pound between 1977 and 1979 increased the cost of imported food, the government absorbed some of the cost increase and covered the difference between the rising import costs and the subsidised prices. Thus, food subsidy programme expenditure continued to grow. Before the currency devaluation, the government had benefited from the programme by monopolising transactions. After the devaluation, however, it sold most imported commodities at great expense.⁵⁰ Consequently, the food subsidy programme mainly functioned as a mechanism to provide cheap food to citizens, rather than to support industrialisation.

An increase in external resources enabled the Sadat government to implement expansionary

measures. The first source of these funds was a steep rise in oil prices. The second was the signing of a peace agreement with Israel, which promised the return of the Suez Canal to Egypt and restored access to the oil resources of the Sinai Peninsula. This treaty also brought tourists from Western countries back to Egypt. The third source was a renewal of foreign aid: after agreeing the treaty with Israel, the Egyptian government received aid from the United States and Arab countries.⁵¹ An increase in external resources benefited the national budget, with the ratio of this inflow to the total revenue continuously increasing from about 10% in FY 1976 to 35% in FY 1980/81.⁵²

Neoliberal Economic Reform and Stagnating Welfare Reform in the Mubarak Era (1981-2011)

President Mubarak took office after Sadat's assassination in 1981. The economic

liberalisation that followed the *infatih* had shifted the economic structure from *etatism* to crony capitalism. In the 1990s, the government began the structural adjustment programme recommended by the World Bank and the International Monetary Fund (IMF). Further economic liberalisation was then implemented in the 2000s by Prime Minister Ahmed Nazif and Gamal Mubarak (a son of President Mubarak). The Egyptian ruling elites exploited economic policies to maximise economic rents under the developing economic liberalisation. Their behaviour strengthened existing informal connections between the government and the private sector, particularly big businesses. The government provided a restricted group of businessmen with privileges and financial support in exchange for political support.⁵³

With most citizens still struggling economically, the wealthy took advantage of their relationship with the government, exploiting opportunities to become the

economic winners. Indeed, household expenditure surveys indicate that real per capita consumption declined between 1990/91 and 1995/96. The percentage of the population living below the poverty line increased during this period, from about 40% overall to 45% in urban areas and over 50% in rural areas.⁵⁴ This demonstrates that economic liberalisation led to an increase in the number of people in poverty. Although conditions improved slightly in the 2000s, widespread economic deprivation obliged the Mubarak government to address social justice challenges.⁵⁵

In the 2000s, protests against the Mubarak administration became more common, showing a regime in the process of losing legitimacy. For example, the *Kefaya* Movement (Egyptian Movement for Change), which was active between 2003 and 2005, was the first large political movement supporting liberty and democracy since the 1952 Revolution. Beyond the *Kefaya* Movement, there were increasing

strikes, sit-ins, demonstrations and riots throughout the 2000s. The number of protests jumped from 114 in 1998 to 454 in 2008. Labour protests were especially common from 2006 to 2007. One strike occurred at one of the largest public-sector spinning and weaving factories, employing 27,000 workers.⁵⁶ Under the prevailing conditions of economic and political deprivation, maintaining the Arab socialist welfare regime was the sole means for Mubarak to retain power.

However, Egypt was facing a fiscal crisis. When Mubarak assumed power in 1981, the government's annual revenues were about 60% of GDP. Since the mid-1970s, Egypt had maintained political stability through the large influx of money from oil exporting, Suez Canal revenues and foreign aid. In the late 2000s, however, the state's share of revenue decreased to only half the 1980s' level. Egypt experienced a steep decline in revenues for several reasons. First, the fiscal crisis that rocked industrialised

countries during this period naturally reduced the amount of foreign aid it received. Egypt was one of the largest recipients of foreign aid among developing countries, so the impact on its budget was significant. At the same time, demographic factors further reduced the effects of foreign aid, with the dependent population drastically increasing in the 1980s. Second, rentier incomes from oil and Suez Canal revenues concurrently declined. Third, Egyptian tax revenue was also influenced by the economic depression because the government depended on taxes from public organisations, including the General Petroleum Organisation and the Suez Canal Company. The taxes paid by those organisations declined as rentier incomes dropped.⁵⁷ Although the economic and political deprivation of Egypt's people led the Mubarak government to continue promoting Arab socialism in its expansion of the welfare regime (adopting a similar approach to the Sadat administration),

the decline in state revenues appeared to make this strategy impossible.

Ultimately the Mubarak government prioritised political stability (and regime survival), implementing only minimal reforms to the welfare regime. The high dependency ratio of old-age pensions (part of the social insurance programme) was just one of the challenges. Although Egypt had a young population, the programme's dependency ratio was relatively high (38% in 1998).⁵⁸ Comparison with the rates of other countries in the MENA region (27%), Latin America (25%) and Asia (11%) highlights its remarkable profile. The dependency ratio increased because of several factors: improved life expectancy, declining birth rates and increasing engagement in informal employment, especially among young people.⁵⁹ In the 1990s, the introduction of early retirement schemes, which were intended to facilitate the privatisation of public enterprises and to ease pressure on the labour market, also increased the number of beneficiaries.

Accordingly, between 1983 and 1998, the beneficiary rolls expanded from 4.16 million to 6.5 million.⁶⁰

Despite this, the Mubarak government continued to supply the programme with funds without implementing drastic reforms.⁶¹ In 1987, the exchequer began financially supporting a scheme to pay assured pension benefits (in addition to existing contributions that the government was required to pay). The government's additional payments to social insurance funds were intended to alleviate the high costs of living and to maintain benefits at existing levels. Consequently, appropriations steadily increased, from approximately £E 8.0 billion in 2000/2001 to approximately £E 13 billion in 2004/2005 (equivalent to 8.2% of the total public expenditure).⁶² The inefficiencies of the government's investment strategy also imposed a heavy burden on the exchequer. The social insurance funds rested on accumulated reserves, which were invested in government

debt instruments (such as bonds and Treasury bills) and in the National Investment Bank. Although these reserves were expected to generate a surplus, low or even negative actual returns had been recorded since 1975, and the reserves had eroded. These failed investments forced the government to spend on *ad hoc* financial support to maintain existing benefit levels.⁶³

As with the social insurance programme, the Mubarak government could not long ignore the shortcomings of the food subsidy programme. This programme was strongly linked to the monopolisation of food distribution and price control mechanisms—legacies of the *etatist* economic structure. The Mubarak government was pressured to reform this programme by Washington-based donors (such as the US government, the World Bank and the IMF). Despite this pressure, the programme survived because the government prioritised social stability over drastic reform. This left the

government's financial mismanagement uncorrected.⁶⁴

Although the Mubarak government started to reform the food subsidy programme in the 1980s, its approach was performed in stealthy ways.⁶⁵ By gradually raising prices of bread without any warnings, it successfully reduced the burden on the exchequer in the 1990s, but did not alter the institutional feature enabling every citizen to access subsidised bread. Consequently, expenditure on the programme automatically increased when Egypt was faced with steep rises in food prices in the 2000s.⁶⁶ As food prices rose, those in middle-income groups, who had not purchased subsidised food before the crisis, began to buy inexpensive subsidised food.⁶⁷ Moreover, the government took measures to expand the programme to ease the negative effects of these steep food price rises. It issued ration cards to young people without ration cards and introduced subsidies for several items, such as rice and

tea.⁶⁸ Expenditure on the programme reached £E 16.4 billion in 2007/08 and exceeded £E 30 billion in 2010/1011.⁶⁹ The Mubarak government tended to expand programmes without fundamentally reallocating resources.

Egyptian Welfare Regime After the Arab Spring

Since the uprisings in 2011, Egypt has experienced rapid political changes. The revolution led to President Mubarak's resignation and the purging of his supporters (such as Gamal Mubarak and members of the business elite) from the government and ruling party. Economic instability ensued: between 2010 and 2012, Egypt's GDP growth rate fell from 5.15% to 2.23%, whereas its unemployment rate grew from 8.98% to 12.68%. The revolution damaged the tourism industry and caused capital flight.

To recover from this and rebuild the Egyptian economy, President Mohamed Morsi, who took office in June 2012, agreed to accept a loan from the IMF in November 2012. The loan was conditional on the Egyptian government increasing taxes and cutting subsidies for foodstuffs and fuel, which provoked domestic dissatisfaction. Strong objections ultimately forced the Morsi government to decline the loan.⁷⁰ The resulting economic hardship led to the anti-Morsi movement (*Tamarod*), with secularist young Egyptians at the forefront. The military, controlled by then Minister of Defence Abdel Fattah al-Sisi, overthrew the Morsi government in a coup d'état and arrested a number of its supporters among the Muslim Brotherhood.

After taking office in June 2014, President Sisi implemented drastic neoliberal fiscal and economic reforms, following the strong recommendations of the IMF. The government initially increased tobacco and liquor taxes in

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July 2014. After accepting the IMF's loan in June 2016, it implemented additional reforms, such as introducing a 13% value-added tax and increases to fuel and electricity prices.⁷¹ Moreover, the Central Bank of Egypt shifted the Egyptian pound from a managed-float system to a free-float system in November 2016.⁷²

Alongside the implementation of these neoliberal reforms, the government also began to reform its social welfare programmes, supported by the World Bank and the IMF. It is too early to unequivocally conclude that the Egyptian welfare regime has shifted from the Arab socialist model to a neoliberal model. However, social welfare reforms have made more progress since the Arab Spring than during the Mubarak era.

A central example of this is the food subsidy reform. The Mubarak government could not alter the programme's universalist features for

fear of triggering anti-government protests (such as a repeat of the 1977 food riots). During the Mubarak era, therefore, the programme's efficiency was restricted by allowing every citizen to access subsidised *baladi* bread. However, this feature has been altered since the 2011 revolution. In 2013, the Morsi government started piloting smart cards to control the rationing system for *baladi* bread in Port Said. This programme ensures that only smart card holders can purchase subsidised bread. Following this initiative, the Sisi government began rolling out the smart card system nationwide in April 2014.⁷³ It is expected that this reform will improve the overall efficiency of the food subsidy programme.

The second example is the introduction of a new cash transfer programme for poverty alleviation (*takaful wa karama*) in December 2014. This programme comprises two schemes that target different social groups. First, the

takaful scheme targets families with children living in poverty. To allow economically disadvantaged children to access basic education, it provides a base pension of £E 320, with increments per child ranging from £E 60 to £E 100, depending on their age. Second, the *karama* scheme provides a monthly stipend of £E 320 to the elderly and the severely handicapped. Both schemes employ a proxy means-testing formula, which identifies impoverished households at low cost by surveying on incomes or expenditures.⁷⁴

Conclusion

This case study revealed that the January 25 Revolution and the 2013 coup changed the relationship between Egypt's authoritarian government and citizens with respect to welfare. Authoritarian leaders, such as Anwar al-Sadat and Hosni Mubarak, were reluctant to implement social welfare reforms. Instead, they used social welfare programmes to legitimise

their rule by improving citizens' socio-economic status. Consequently, they paid careful attention to the impact of social welfare reforms on social groups, particularly the urban middle class. By contrast, Abdel Fattah al-Sisi is maintaining his legitimacy through political stability and security, rather than social benefits. Moreover, he often uses repressive measures to stabilise the political order and to control his opponents.⁷⁵ It appears that neoliberal social welfare reform will continue to move Egypt's welfare regime away from the features of the Arab socialist model.

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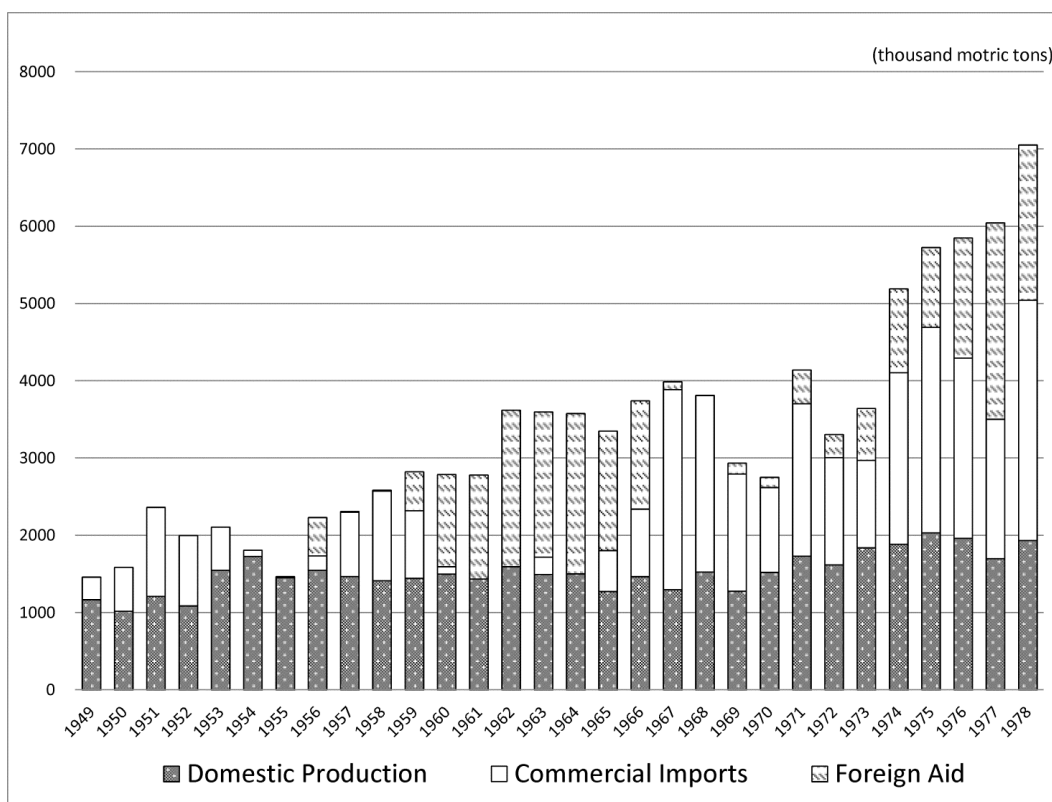
Appendix

Table 1: Regional Varieties of Authoritarian Welfare Regimes

Model	Region	Leaders' Survival Strategy before the 1970s		Polity after the 1970s
		Political Alliance	Economic Development	
Developmentalist	East Asia	Co-option	Export-led Industrialisation	Democracy
Communist	Eastern Europe	Organisational Proliferation	Socialist Industrialisation	Democracy
Populist	Latin America	Organisational Proliferation	ISI	Democracy
Arab Socialist	MENA	Organisational Proliferation	ISI	Authoritarianism

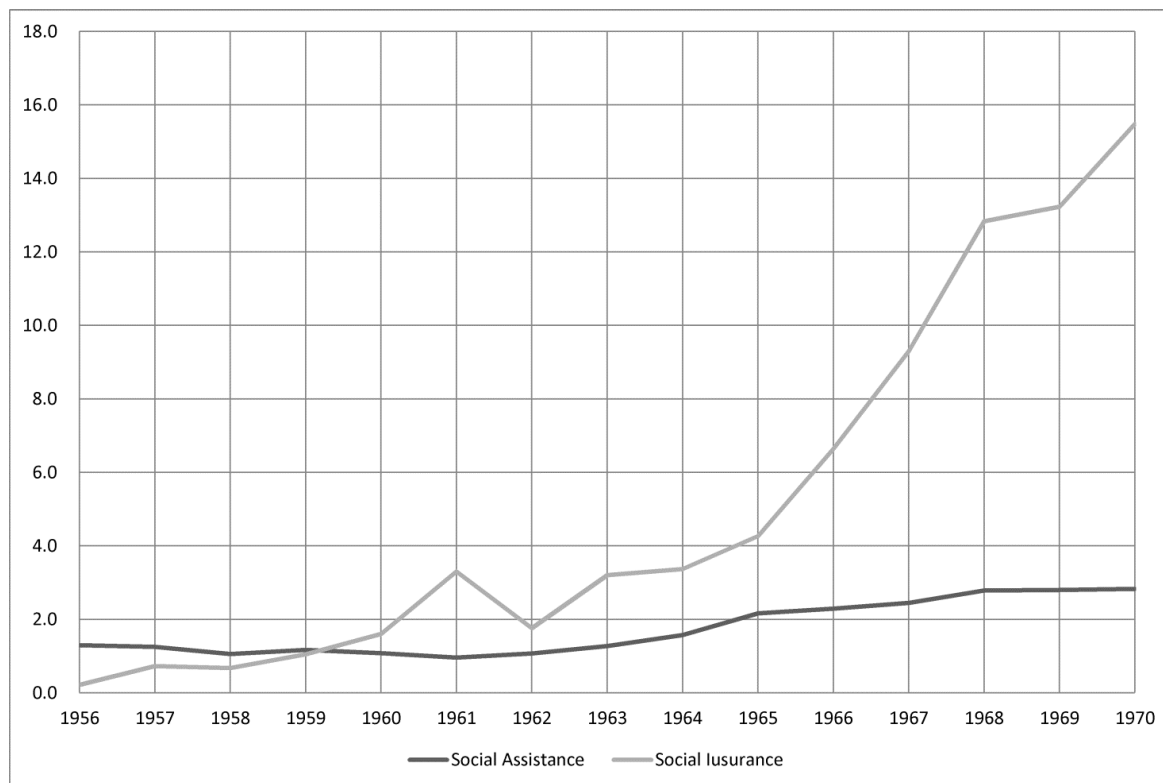
Source: Author

Figure 1: Wheat Production, Commercial Imports and Foreign Aid (1949-1978)



Source: Grant M. Scobie, *Government Policy and Food Imports: The Case of Wheat in Egypt* (Washington, D.C.: International Food Policy Research Institute, 1981), pp. 69–70, Table 14.

Figure 2: A Comparison of Social Assistance and Social Insurance Benefits, 1956 to 1970 (£E million)



Source: Jean L. Garrison, "Public Assistance in Egypt: An Ideological Analysis", *Middle East Journal*, vol. 32, no. 3 (1978), p. 289, Table 1.

Table 2: The Personal Distribution of Income

Relative Share of Income Groups	Early 1950s	1972	1975	1976
Lowest 60%	18.0	29.8	34.9	33.7
Middle 30%	38.5	37.0	30.2	31.7
Top 10%	43.5	33.2	34.9	34.6

Source: Ibrahim El-Issawy, "Interconnections between Income Distribution and Economic Growth in the Context of Egypt's Economic Development", in Gouda Abdel-Khalek & Robert Tignor eds., *The Political Economy of Income Distribution in Egypt* (New York: Holmes & Meier, 1982), p. 101, Table 4.9.

Notes

- ¹ An early version of this paper was presented at the Fourth MENA Social Policy Conference (American University in Cairo: 30–31 October 2019).
- ² World Bank, *Egypt: Toward a More Effective Social Policy* (Washington, D.C.: World Bank, 2005), p. 12.
- ³ Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton, N.J.: Princeton University Press, 1990), pp. 26–29.
- ⁴ Walter Korpi, *The Democratic Class Struggle* (London: Routledge & Kegan Paul, 1983).
- ⁵ Alexander M. Hicks, *Social Democracy and Welfare Capitalism: A Century of Income Security Politics* (Ithaca, N.Y.: Cornell University Press, 1999).
- ⁶ Korpi, *The Democratic Class Struggle*.
- ⁷ Guillermo A. O'Donnell, *Modernization and Bureaucratic-Authoritarianism: Studies in South American Politics* (Berkeley, Calif.: University of California, Institute of International Studies, 1973).
- ⁸ Stephen Haber, "Authoritarian Government", in Barry R. Weingast and Donald A. Wittman ed., *The Oxford Handbook of Political Economy* (Oxford: Oxford University Press, 2006), Isabela Mares and Matthew E. Carnes, "Social Policy in Developing Countries", *Annual Review of Political Science*, vol. 12 (2009). In addition to these two categories, the authors indicate the third type of political leaders' strategies (the terror strategy). As this strategy does not create social welfare programmes, it is omitted in this paper.
- ⁹ Mares and Carnes, "Social Policy in Developing Countries", p. 99.
- ¹⁰ Haber, "Authoritarian Government", p. 702.
- ¹¹ Mares and Carnes, "Social Policy in Developing Countries".
- ¹² Erik Wibbels and John S. Ahlquist, "Development, Trade, and Social Insurance", *International Studies Quarterly*, vol. 55, no. 1 (2011).
- ¹³ Mares and Carnes, "Social Policy in Developing Countries".
- ¹⁴ Stephan Haggard and Robert R. Kaufman, *Development, Democracy, and Welfare States: Latin America, East Asia, and Eastern Europe* (Princeton, N.J.: Princeton University Press, 2008), pp. 44–72.
- ¹⁵ *Ibid.*, p. 45.
- ¹⁶ *Ibid.*, pp. 46–51, 61–65.
- ¹⁷ *Ibid.*, pp. 51–56, 65–69.
- ¹⁸ *Ibid.*, pp. 56–59, 69–71.
- ¹⁹ Raymond Hinnebusch, "Authoritarian Persistence, Democratization Theory and the Middle East: An Overview and Critique," *Democratization*, vol. 13, no. 3 (2006), Alan Richards and John Waterbury, *A Political Economy of the Middle East*, 3rd ed. (Boulder, Colo.: Westview, 2008).
- ²⁰ John Rapley, *Understanding Development: Theory and Practice in the Third World*, 3rd ed. (Boulder, Colo.: Lynne Rienner Publishers, 2007), pp. 75–79.
- ²¹ Haggard and Kaufman, *Development, Democracy, and Welfare States*, p. 200.
- ²² *Ibid.*, p. 199.
- ²³ *Ibid.*, p. 259.
- ²⁴ Richards and Waterbury, *A Political Economy of the Middle East*, pp. 50–57.
- ²⁵ P. J. Vatikiotis, *The History of Modern Egypt: From Muhammad Ali to Mubarak*, 4th ed. (Baltimore, Md.: Johns Hopkins University Press, 1991), p. 396.
- ²⁶ Bent Hansen, *The Political Economy of Poverty, Equity and Growth: Egypt and Turkey* (Oxford: Oxford University Press, 1991), pp. 126–127.
- ²⁷ Vatikiotis, *The History of Modern Egypt*, p. 396.
- ²⁸ This programme covers five types of social risks: (1) work injury, (2) old-age, (3) disability and death, (4) unemployment and (5) disease.
- ²⁹ Bent Hansen and Girgis A. Marzouk, *Development and Economic Policy in the UAR (Egypt)* (Amsterdam: North-Holland Publishing Company, 1965), pp. 217–219.
- ³⁰ Jean L. Garrison, "Public Assistance in Egypt: An Ideological Analysis", *Middle East Journal*, vol. 32, no. 3 (1978), p. 290.
- ³¹ This programme principally aims to stabilise food prices, especially those of basic foodstuffs (e.g. wheat and *baladi* bread). The Egyptian government purchases and imports a large amount of foodstuffs. Although food prices in international markets are unstable, the government does its best to control domestic prices by absorbing the gaps

between their purchase and retail prices. This programme functions as a poverty alleviation programme by supplying inexpensive foodstuffs to the economically vulnerable.

- ³² Mylène Kherallah, Nicholas Minot, and Peter Gruhn, "Adjustment of Wheat Production to Market Reform in Egypt," in Hans Löfgren ed., *Food, Agriculture, and Economic Policy in the Middle East and North Africa*, (Amsterdam: JAI Press, 2003), p. 3.
- ³³ Joachim von Braun and Hartwig de Haen, *The Effects of Food Price and Subsidy Policies on Egyptian Agriculture* (Washington, D.C.: International Food Policy Research Institute, 1983), p. 23.
- ³⁴ J. Rowntree, "Marketing Channels and Price Determination for Agricultural Commodities", in Gillian M. Craig ed., *The Agriculture of Egypt* (Oxford: Oxford University Press, 1993), p. 423.
- ³⁵ The EWF was subsequently reorganised and became the Egyptian Trade Union Federation (ETUF). See Marsha Pripstein Posusney, *Labor and the State in Egypt: Workers, Unions, and Economic Restructuring* (New York: Columbia University Press, 1997), pp. 60–63.
- ³⁶ Ali E. Hillal Dessouki, "The Politics of Income Distribution in Egypt", in Gouda Abdel-Khalek and Robert Tignor ed., *The Political Economy of Income Distribution in Egypt* (New York: Holmes & Meier, 1982), p. 73.
- ³⁷ According to the then social insurance laws, agricultural workers, casual workers, members of employers' families and domestic servants are excluded from the social insurance programme in principle.
- ³⁸ Markus Loewe, *Social Security in Egypt: An Analysis and Agenda for Policy Reform* (Cairo: Economic Research Forum, 2000), p. 14.
- ³⁹ Jean L. Garrison, "The Development of Social Security in Egypt" (Doctoral Thesis, University of Chicago, 1976), pp. 220–221.
- ⁴⁰ Ibid., pp. 168–172.
- ⁴¹ Information Department, *The Charter* (Cairo: United Arab Republic, Information Department, 1962), p. 49.
- ⁴² Garrison, "The Development of Social Security in Egypt", p. 205.
- ⁴³ Asef Bayat, "The Political Economy of Social Policy in Egypt", in Massoud Karshenas and Valentine M. Moghadam ed., *Social Policy in the Middle East: Economic, Political, and Gender Dynamics* (Basingstoke: Palgrave Macmillan, 2006), p. 138.
- ⁴⁴ Ibrahim Hassan El-Issawy, "Interconnections between Income Distribution and Economic Growth in the Context of Egypt's Economic Development", in Gouda Abdel-Khalek and Robert Tignor ed., *The Political Economy of Income Distribution in Egypt* (New York: Holmes & Meier, 1982), pp. 101–102.
- ⁴⁵ Iman Bibars, *Victims and Heroines: Women, Welfare and the Egyptian State* (London: Zed, 2001), p. 83.
- ⁴⁶ Heba Nassar, "Social Protection for the Poor in Egypt", in Moustafa Kamel Sayed ed., *Facing Social Consequences of Structural Adjustment in Latin America and the Arab World* (Cairo: Cairo University, Center of Developing Countries Studies, 2002), p. 193.
- ⁴⁷ In addition to contributions and government financial supports, this scheme had other indirect sources: (1) the resources allocated for this scheme in the budget of the Nasser Social Bank, which was an Egyptian social bank to finance some social security expenditure and (2) miscellaneous license fees and taxes.
- ⁴⁸ Mohamed Maait, Gala Ismail, and Zaki Khorasane, "The Effects of Privatisation and Liberalisation of the Economy on the Actuarial Soundness of the Egyptian Funded and Defined Benefits Social Security Scheme", in *the Year 2000 International Research Conference on Social Security* (Helsinki: 2000), pp. 4–10.
- ⁴⁹ Akhter U. Ahmed et al., *The Egyptian Food Subsidy System: Structure, Performance, and Options for Reform* (Washington, D.C.: International Food Policy Research Institute, 2001), p. 6.
- ⁵⁰ Harold Alderman, Joachim von Braun, and Sakr Ahmad Sakr, *Egypt's Food Subsidy and Rationing System: A Description* (Washington, D.C.: International Food Policy Research Institute, 1982), pp. 15–16.
- ⁵¹ Galal A. Amin, *Egypt in the Era of Hosni Mubarak, 1981-2010* (Cairo: American University in Cairo Press, 2011), pp. 53–54.
- ⁵² Sadiq Ahmed, *Public Finance in Egypt: Its Structure and Trends* (Washington, D.C.: World Bank, 1984), p. 13.
- ⁵³ Amr Ismail Adly, *State Reform and Development in the Middle East: Turkey and Egypt in the Post-Liberalization Era* (Abingdon, Oxon: Routledge, 2013), p. 92.
- ⁵⁴ Timothy Mitchell, "Dreamland: The Neoliberalism of Your Desires", *Middle East Report*, no. 210 (1999), p. 32.
- ⁵⁵ Jane Harrigan and Hamed El-Said, *Economic Liberalisation, Social Capital and Islamic Welfare Provision* (Basingstoke: Palgrave Macmillan, 2009), p. 87.
- ⁵⁶ Ulrich G. Wurzel, "The Political Economy of Authoritarianism in Egypt: Insufficient Structural Reforms, Limited Outcomes and a Lack of New Actors", in Laura Guazzone and Daniela Pioppi ed., *The Arab State and Neo-Liberal Globalization: The Restructuring of State Power in the Middle East* (Reading: Ithaca Press, 2009), p. 121.

- ⁵⁷ Samer Soliman, *The Autumn of Dictatorship: Fiscal Crisis and Political Change in Egypt under Mubarak* (Stanford, Calif.: Stanford University Press, 2011).
- ⁵⁸ Maait, Ismail, and Khorasanee, “The Effects of Privatisation and Liberalisation of the Economy on the Actuarial Soundness of the Egyptian Funded and Defined Benefits Social Security Scheme”, p. 4.
- ⁵⁹ Omneia Helmy, “Toward a More Efficient and Equitable Pension System in Egypt”, in Hanaa Kheir-El-Din ed., *The Egyptian Economy: Current Challenges and Future Prospects* (Cairo: American University in Cairo Press, 2008), p. 204.
- ⁶⁰ Maait, Ismail, and Khorasanee, “The Effects of Privatisation and Liberalisation of the Economy on the Actuarial Soundness of the Egyptian Funded and Defined Benefits Social Security Scheme”, p. 4.
- ⁶¹ The exception was the pension reform in 2010. Although the pension reform was supposed to take into effect in 2012, the successor governments after the January 25 Revolution in 2011 decided to cancel the reform plan.
- ⁶² Helmy, “Toward a More Efficient and Equitable Pension System in Egypt”, p. 207.
- ⁶³ Mohamed Maait and Gustavo Demarco, “Egypt’s New Social Insurance System: An NDC Reform in an Emerging Economy”, in Robert Holzmann, Edward E. Palmer, and David A. Robalino ed., *Nonfinancial Defined Contribution Pension Schemes in a Changing Pension World (Vo.1): Progress, Lessons, and Implementation* (Washington, D.C.: World Bank, 2012), p. 162.
- ⁶⁴ World Bank, *Egypt: Toward a More Effective Social Policy*, Rachel Trego, “The Functioning of the Egyptian Food-Subsidy System During Food-Price Shocks”, *Development in Practice*, vol. 21, no. 4–5 (2011).
- ⁶⁵ As for details of the stealthy reform, see Yahya M. Sadowski, *Political Vegetables?: Businessman and Bureaucrat in the Development of Egyptian Agriculture* (Washington, D.C.: Brookings Institution, 1991).
- ⁶⁶ The devaluation of the Egyptian pound triggered an increase in food-retail prices by 38% in 2003. Furthermore, between 2006 and 2008, a steep price rise in international market prices increased domestic prices of cereals by 139%.
- ⁶⁷ *Financial Times*, 10 December 2007.
- ⁶⁸ Trego, “The Functioning of the Egyptian Food-Subsidy System During Food-Price Shocks”, pp. 670–674.
- ⁶⁹ Central Agency for Public Mobilization and Statistics (CAPMAS), *A Study of Subsidised Baladi Bread* [Arabic] (Cairo: Arab Republic of Egypt, CAPMAS, 2014), p. 19.
- ⁷⁰ *Daily News Egypt*, 13 April 2016.
- ⁷¹ *Reuters*, 29 August 2016.
- ⁷² *Reuters*, 3 November 2016.
- ⁷³ *Ahram Online*, 11 May 2014.
- ⁷⁴ *Ahram Online*, 7 October 2015; *Daily News Egypt*, 15 April 2018.
- ⁷⁵ Markus Loewe and Lars Westemeier, “Social Insurance Reforms in Egypt: Needed, Belated, Flopped”, in Marc Lynch, Melani Cammett, and Kristin Fabbe ed., *Social Policy in the Middle East and North Africa* (Washington, D.C.: George Washington University, Project on Middle East Political Science, 2018).