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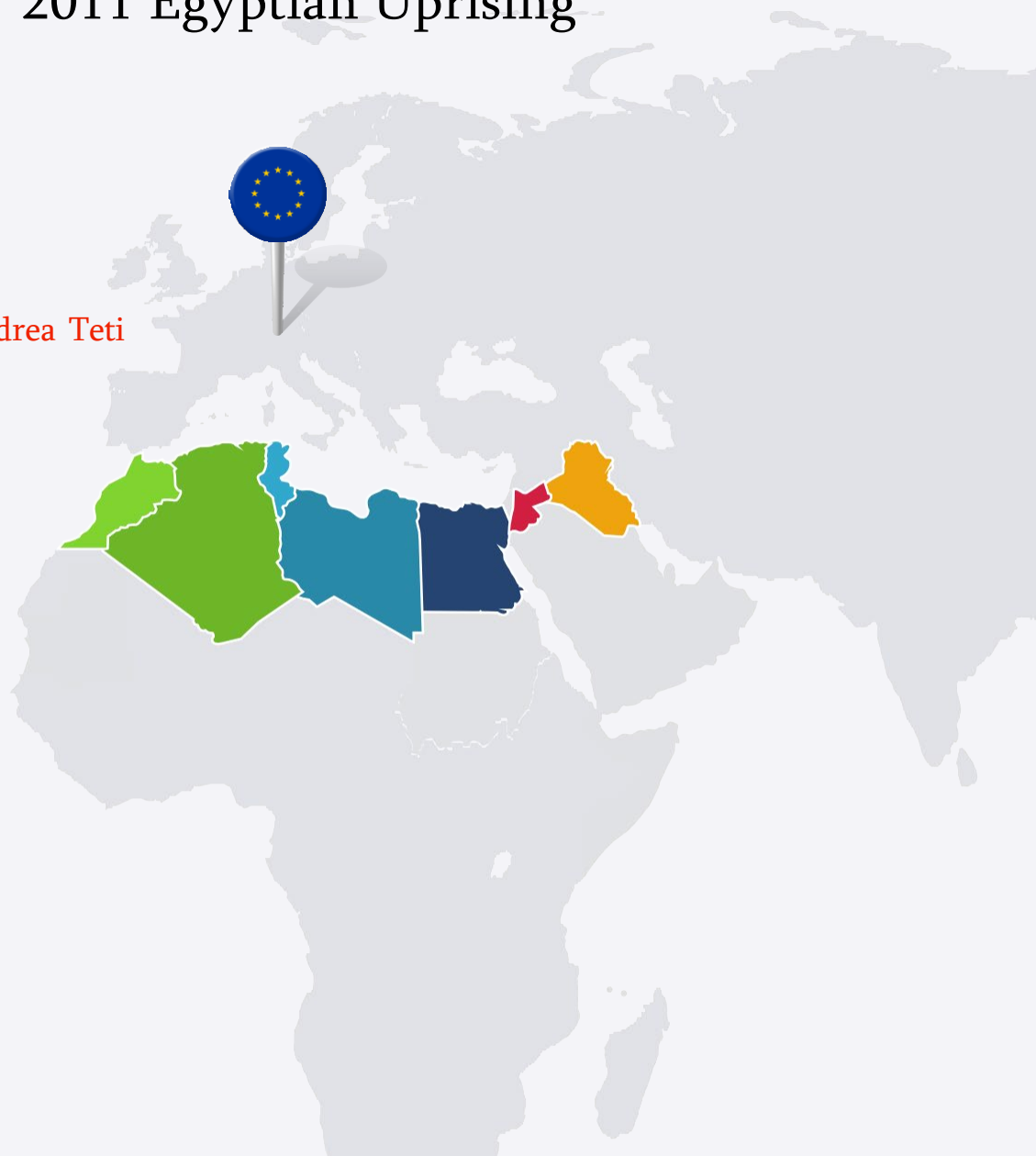
The Arab Transformations WORKING PAPER SERIES

NUMBER 6

The Political, Social and Economic Drivers of the 2011 Egyptian Uprising

Authors:

Pamela Abbott and Andrea Teti



The Arab Transformations Project is an international research project operating within the European Commission's FP7 framework. The project looks comparatively at attitudes and behaviors in the context of the social, political and economic transformations taking place across Middle East and North Africa since February 2011. The countries covered are Morocco, Algeria, Tunisia, Libya, Egypt, Jordan, and Iraq.

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1. Introduction

1.1. Background

In order to understand why the Uprisings happened in the Arab World in 2010-11 and specifically to understand their origins in Egypt, it is necessary to combine a long term political economy trend analysis with an analysis of short term dynamics (della Porta 2015). This enables us to locate the Uprisings in a socio-economic, cultural and political context in Egypt and analyse the interaction between structure and agency (Beinin 2009; della Porta 2014). In doing so we take account of the three temporalities of capitalism: long term changes; mid-term moves between growth and crisis; and the short term dynamics of the immediate juncture. Specifically, the Uprisings can be located in a crisis of neo-liberalism, the growth of the precariat (Standing 2011), a breakdown of the social contract between the state and citizens, and a perception of growing inequalities and a decline in satisfaction with life (Therborn 2013; Subrabmanyam 2014; Verme et al 2014; World Bank 2015). While in the West the growth of the precariat – is a relatively recent phenomenon, in Egypt a large proportion of workers have always been employed in the informal sector, what happened in the 2000s was that an increasing number of the educated sons of the middle classes were forced into this type of employment. This occurred in the face of sluggish real economic growth, at least partly due to the demographic transition with a decline in decent jobs, (full-time, permanent formal sector) for the increasing number of educated young people coming onto the labour market (Hakimian 2013). Ordinary people had become dissatisfied with their standard of living with high inflation and large increases in food prices due to the global food crisis in 2008. Protestors were demanding social justice in the face of a more aggressive implementation of a new modality of capital accumulation under a regime where there had been a persistence of authoritarianism that offered highly restricted economic and political opportunities (Arampatzi et al 2015; Sika 2012). The middle class in particular had become frustrated by a progressive deterioration in their (real and perceived) conditions, a continued lack of meritocracy, and the persistence of a system in which connections and patronage determined progress.

1.2. Medium-term Causes: Reforms and Impasses

The Egyptian Uprising in January 2011 took the country and rest of the world largely by surprise, despite the government's last-minute attempt to dissuade possible protests by introducing social aid packages as a precautionary measure following the Uprisings in Tunisia (Joya 2011). Furthermore, the 'January Revolution' occurred after a decade of relatively strong economic growth in terms of per capita gross national income. Nevertheless, in the years prior to the '18 Days' there had been warning signs, with the benefits of development going to a cosmopolitan and transnationalised elite and the polarisation of wealth. The benefits of economic growth had not trickled down to middle and working classes, with the share of wages in GDP decreasing and unemployment remaining high with the Egyptian middle class feeling that they had not benefitted from the improved economic performance suggested by national-level growth data (Morsy et al 2014). From 1998-2010 as many as four million Egyptian workers participated in strikes, sit-ins and other collective action (Beinin 2009, 2012, 2016; El-Ghobashy

2012; Joya 2008; Sowers 2012) with the pace of strikes accelerating after 2004. At the same time there was a growth in what Bayat (2010, 2012) has called street politics, collective acts of resistance by ordinary people in the face of repression. There was also a growing gap between people's expectations and the reality of their lives, with a decline in life satisfaction from 5.5 to 4.4 between 2007 and 2010 (Arampatz et al 2015; Ianchovichin et al 2015). The 'autocratic bargain', however, led many people to express dissatisfaction with living conditions and quality of life, for example labour market conditions and quality of services, rather than the system responsible for the decline (Ott 2010; Beinin 2016). At the same time, while Arab autocrats had traditionally used temporary and reversible political liberalisation to absorb economically-driven dissent, privatising reforms required closure of the formal political arena (Bush 2004; Joya 2008; Diwan 2014a,b). Ensuing repression drove opposition into informal arenas, such as 'street politics', but also including the politicisation of civil society and professional associations (e.g. Judges Club, Doctors' Club, Journalists' Syndicates etc).

The Arab Uprisings are depicted as a movement for democratic reform but they are more correctly seen as a movement against a very specific form of capitalism - neoliberalism. The central issue for the protestors was social justice, they wanted a responsive government that would deliver a decent society (Acemoglu and Robinson 2013). Protestors were mostly demanding economic reforms and to a lesser extent protesting against corruption and the abuse of power especially by the police with a relatively low priority given to democracy and civil rights (Bessinger et al 2012; author's (Teti) field research). They were protesting against, on the one hand, a growth in precarious employment and on the other against inequalities, growing poverty and poor quality public services (World Bank 2015). This exacerbated class cleavages, and mobilised an increasingly disaffected lower middle class that saw opportunities for decent employment declining and growing inequalities between themselves and the elite, driving it towards a working class that were becoming more concerned about growing inequalities and poverty (Beinin 2009; Joya 2011). Interestingly, there is no evidence that young people were more likely to support regime change, possibly suggesting just how widespread disaffection had grown. In 2008, younger people were no more likely to prefer democracy than older age groups (Diwan 2014) and based on responses to the Arab Barometer II survey (carried out in June 2011) there were no age differences in participation in the '18 Days'. A group nearing middle age formed the core of protestors who were also mainly middle class (Bessinger et al 2012).

Analysis of the World Values Survey for 2000 and 2008 confirms this convergence of interest between a disaffected middle class wanting political reform and a disaffected working class wanting economic reform providing the basis for the development of a social movement (Diwan 2014a,b). This provides strong evidence for a class-based theory as the driver of change. The analysis shows that the grievances of the poor were increasing at the same time as the aspirations of the middle class were increasing. Between 2000 and 2008 there was an increase in support for democracy by both the poor and the middle classes – with the increase in support for democracy noticeably higher among the middle class than the poor – while support for democracy declined among the rich. At the same time there was also a move to the left by the poor (greater support for income redistribution), but less so by the middle class. Workers had been demanding economic and social rights since at least the late 1990s with a wave of strikes, protests and factory occupations (Beinin 2009; Joya 2011).

Mobilisation, however, did not come solely from the left of the political spectrum: both the Muslim Brotherhood and the Salafi Da'wa responded to this disaffection, albeit with different political and economic responses. While the Salafist movement – which until the January Revolution explicitly rejected involvement in a political arena it saw as tainted by corruption – concentrated on charitable work, essentially reflecting the Muslim Brotherhood's historical approach of 'Islamisation from below', the Brotherhood itself was split between a conservative mainstream - seeking compromise with the regime which actively opposed the January Uprisings, until nationwide mass mobilisation forced them to adapt to circumstances, and a relative fringe within the Islamist movement - which had been advocating cooperation with leftist, nationalist, and liberal groups. These groups engaged in various experiments of political collaboration with the left, in the decade preceding the Uprising, pushing for political reform in particular El-Mahdi and Marfleet, 2009; Gervasio and Teti, 2012). What seems to have happened in 2011 was a coming together of these activist groups in the working and middle classes on the backdrop of growing disaffection and mobilisation in both types of groups, as both perceived an interest in fighting for regime change.

1.3. Long-term Causes: Structural Factors

The longer-term parameters within which the events leading up to the 2011 Uprisings took place is provided by the development of patrimonialism as a defensive response designed to ensure that the incumbent elite retained power in the context of demands by the World Bank and IMF in the late 1980s, this required a programme of structural adjustment and economic liberalisation be undertaken. Egypt faced a fiscal crisis in the 1980s, the end of 'political petrolism' (intra-regional fiscal transfers from the oil rich states exacted by 'revolutionary republics like Nasser's Egypt under the rubric of Pan-Arab solidarity), and the return of migrant workers from the Gulf States. These factors put a strain on the labour market, and the Egyptian government responded by taking out commercial loans. However, these resulted in a debt crisis, and the country was forced to seek help from the World Bank and the International Monetary Fund. In exchange for the rescheduling of debt, the latter required that the country undertook structural adjustment and liberalised its economy starting in 1991, a process that was further accelerated by Nazif in 2004. The acute fiscal crisis of the late 1980s was brought under control, but as frequently happens during 'structural adjustments', the policies were implemented with the aim of maintaining the political power of the elite rather than socially inclusive development. The political project for the modernisation of authoritarian rule resulted in a capitalist but non-market economy, patrimonial capitalism (e.g. Schlumberger 2008; Springborg 2011). Structural adjustment was an economic failure but a political success, at least in terms of ruling elites' maintenance of power, enabling that elite to use 'reform' to control a wealthy yet politically dependent bourgeoisie and a particularly capitalist class. There was high political control over the economy and informal modes of interaction between state and businesses (Henry and Springborg 2001). Formal rules were used by incumbent politico-economic elites to maintain political power and control over competitors. The main driver of transformation was the maintaining of power by an 'economy of favours' and patronage networks, as well as the enforcement of formal rules against competitors of the politico-economic elite, thus perpetuating the privileges of the latter and their clients. As famously quipped, 'law is interpreted for friends

and applied to enemies'. The large constraint to economic growth in Egypt has not been economic but political, allowing 'connected' firms to have privilege, despite poorer performances than non-connected firms (Chekir and Diwan 2014).

Policy reform was implemented in such a way that it favoured privilege over job creation (Schiffbauer et al 2015; World Bank 2014) meaning that the private sector did not create a sufficient number of decent jobs to replace those lost through the downsizing of the public sector. The problem was exacerbated by the increasing numbers of young people entering the labour market, due to the youth 'bulge', the large increase in the proportion of young people in the population, a result of the reductions in infant and child mortality. Furthermore, expanding education opportunities in previous decades in the context of Nasser's 'authoritarian social contract' had built the expectations of young people and their parents who were looking for decent jobs in a labour market that was increasingly offering precarious employment. The political and economic elite were more concerned with the extraction and distribution of rents, rather than using resources to promote higher value-added production that would provide decent jobs and equitable delivery of good quality basic services. Rent-seeking agreements were struck between the political elite and 'insider' capitalists which discouraged export led growth, as production was limited to the local market and investment in enterprises were resources rather than labour intensive. A combination of energy subsidies and restrictions on entry guaranteed loyalty from business elites and favoured energy intensive industries at the expense of light manufacturing and construction that would have created employment (World Bank 2014). Energy subsidies, as well as contributing to low growth and high unemployment, also contribute to low agricultural productivity from depletion of the water table. Fuel subsidies are highly regressive and take up 70 per cent of the government budget (Castel 2012; Rohac 2013; World Bank 2010). Entrepreneurs unable and/or unwilling to strike a bargain with the political leadership mainly developed microenterprises, often in the informal sector (Henry and Springborg 2001).

Thus economic reform mandated by the WB and IMF benefitted a political and economic elite, but failed to benefit the middle classes and the poor (Kienile 2000). This put the (implicit) social contract by which citizens exchanged political freedom for public sector employment, health care, education, food and fuel subsidies under pressure (Beck and Huser 2013; Idris 2016; World Bank 2015). The plight of these classes was further exacerbated by austerity measures intended to rebalance the budget and reduce foreign debt which targeted dependent work, but failed to dent corruption or act on elite interests. This provided the basis for the undermining of the authoritarian bargain with high unemployment, poor job prospects with low job creation in the face of the large youth bulge and frustration over relatively modest economic growth and poor quality services. The importance of the (implicit) social contract evidenced in the demands of the demonstrators in Tahrir Square for 'bread, freedom, dignity'¹. This confluence of factors is

¹ 'Dignity' (karamah) means that people have human rights, the right to be a citizen and that the people collectively are sovereign (Khosrokhavar 2012). It is about claiming rights as a person, inalienable rights that all are entitled. It therefore needs to be differentiated from the traditional concept of 'honour' which is favoured by Islamists and which involves the idea of seeking revenge to avoid dishonour, to save honour and avoid humiliation.

strongly reminiscent of the causes of the ‘First January Intifada’ (sometimes reductively referred to as a ‘bread riot’) (Al-Shawarby and El-Laithy 2010) in which Sadat’s reforms had led to widespread socio-economic dislocation, with the uprising itself being triggered by Sadat’s announcement that subsidies to key staples would be cut: two days and 900 deaths later, only army intervention and an announcement subsidy cuts reversed stemmed protests.

1.4. Short-term Causes: Trigger Factors

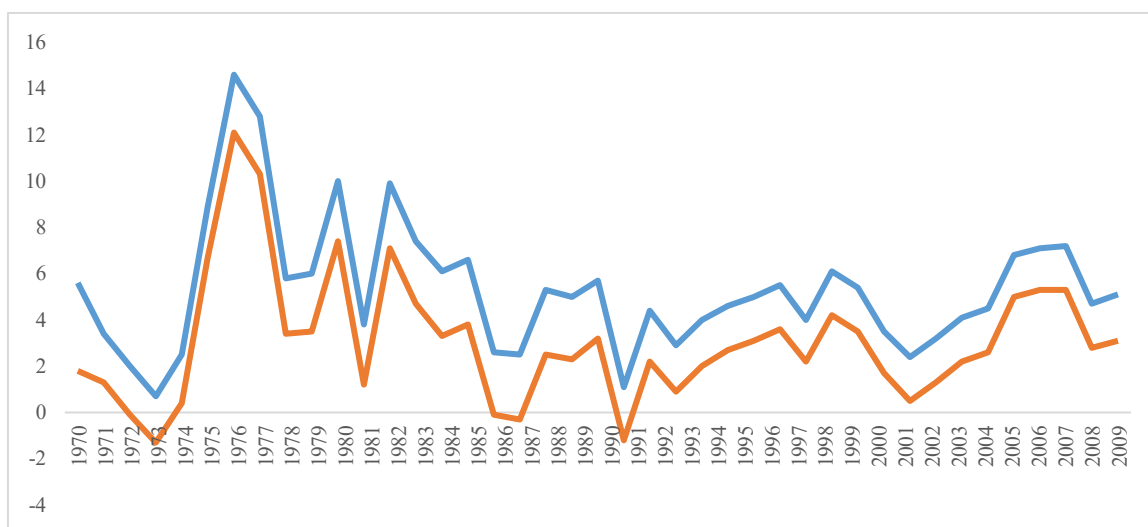
The immediate context of the Uprisings in Egypt is the global economic crisis of 2008, which had a negative impact on the Egyptian economy, both in reducing the demand from Europe for merchandised exports and reducing the flow of remittances (Hanieh 2011). The food crisis also resulted in food price inflation. But the proximate cause of the Uprisings in Egypt is generally seen as the success of the Tunisian Uprising (Idris 2016; Lynch 2012). It was the unexpected and unprecedented success of Tunisians in overthrowing Ben Ali that persuaded Egyptians – like others, from Yemen to Bahrain, Libya to Syria – that they could succeed (Idris 2016).

Other factors that have been identified include popular outrage at the attempt to allow Gamal Mubarak’s ‘succession’ to his father’s Presidency (*tawreeth*), an attempt which notoriously produced an intra-elite split in the 2005 and 2010 elections in particular, and the role of social media in providing a forum for discussion and debate, especially the Facebook page ‘We are All Khaled Said’, which nearly half a million people supported (Margetts et al 2016). Social media has also been said to have played an important role in communication, building confidence that change was possible and in the mobilisation of protestors in what was essentially a leaderless social movement, at least in the traditional sense of a charismatic leader (Howard and Hussain 2013; Margetts et al 2016). However, a number of analysts have argued that its role has been exaggerated (Idris 2016) and it is important to locate the ‘January Revolution’ in the context of a decade at least of smaller-scale mobilisation by the groups referred to above (El-Mahdi and Marfleet, 2009; Rabab El-Mahdi, 2011; Gervasio and Teti, 2012).

2. Economic Growth and Population Pressure Population

One of the principal structural problems in Egypt is over-population combined with low productivity (El-Ghonemy 2003), with the labour market failing to create sufficient jobs to absorb new entrants, Egypt’s economic performance has been relatively strong although it fell from the mid-1980s and has been relatively sluggish since. However, there is now recognition that GDP is not necessarily the only or best measure of development (Stiglitz et al 2010). In Egypt there is a noticeable gap between GDP growth rate and GDP per capita growth rate, due to the rapid growth in the population. Furthermore, often the benefits of economic growth are unevenly distributed across the population, and a country’s *pattern* of development may be just as important as the absolute level of per capita GDP attained in improving human development (Abbott et al 2016). We will discuss this further later in the chapter, here we will consider the importance of population growth.

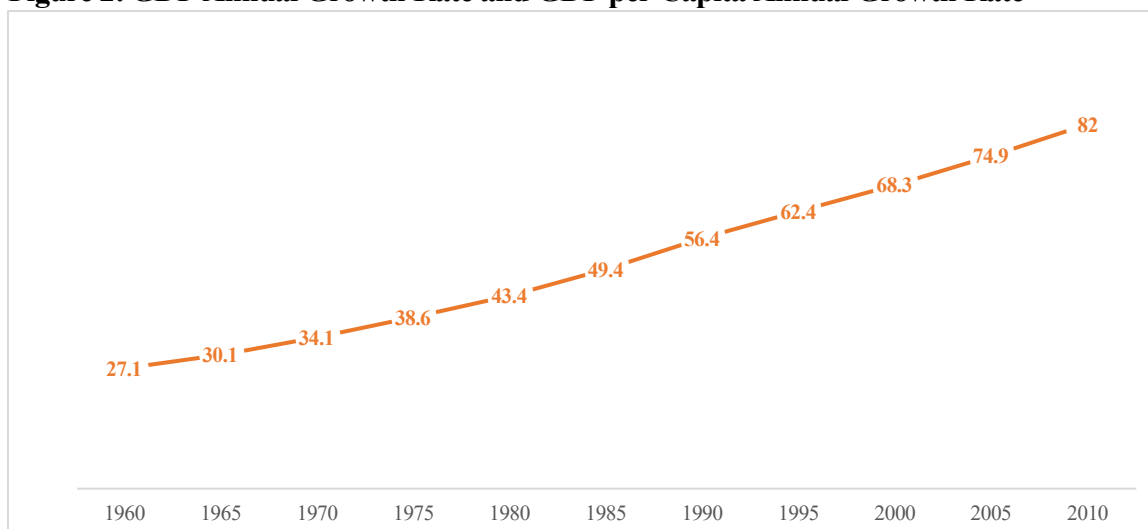
Figure 1: GDP Annual Growth Rate and GDP per Capita Annual Growth Rate



Source: World Development Indicators

Egypt's population grew rapidly, tripling from 27 million in 1960 to 82 million in 2010. The population growth rate increased rapidly from 1973, when it stood at two per cent to 2.8 per cent per annum in 1987, before falling to 1.7 per cent in 1998 and then increasing to two per cent by 2010. Rapid population growth was due to both a decline in infant and child mortality and increasing life expectancy. High rates of population growth put pressure on social and educational services necessary to meet the needs of infants and children, and on the needs of a growing elderly population, but also on labour markets to create sufficient jobs to meet the demands of new entrants. Managing population growth mainly depends on decisions made about family size, which is influenced by among other things cultural norms and the availability, knowledge, and acceptability of modern methods of contraception. During the same period, the fertility rate declined from an average of 6.6 births per woman in 1960 to 3.2 in 2010, leaving it at well above replacement rate of just over two.

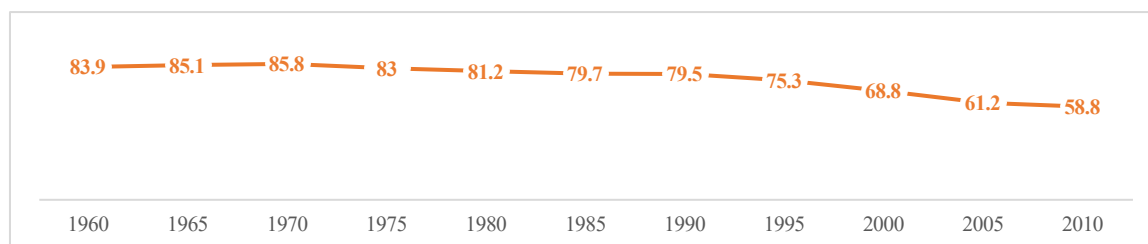
Figure 2: GDP Annual Growth Rate and GDP per Capita Annual Growth Rate



Source: World Bank Development Indicators

Population changes in Egypt resulted in a shift in the population, with a decline in the dependent population (under 15 and 65 years and over) and a corresponding increase in the working age population. Between 1990 and 2005, the proportion of the population under 15 years declined by eighth per cent, while those aged 15-24 years increased two per cent, 25-64 years increased five per cent, and the 65 and over age group increased by one per cent. (UNDP 2012).

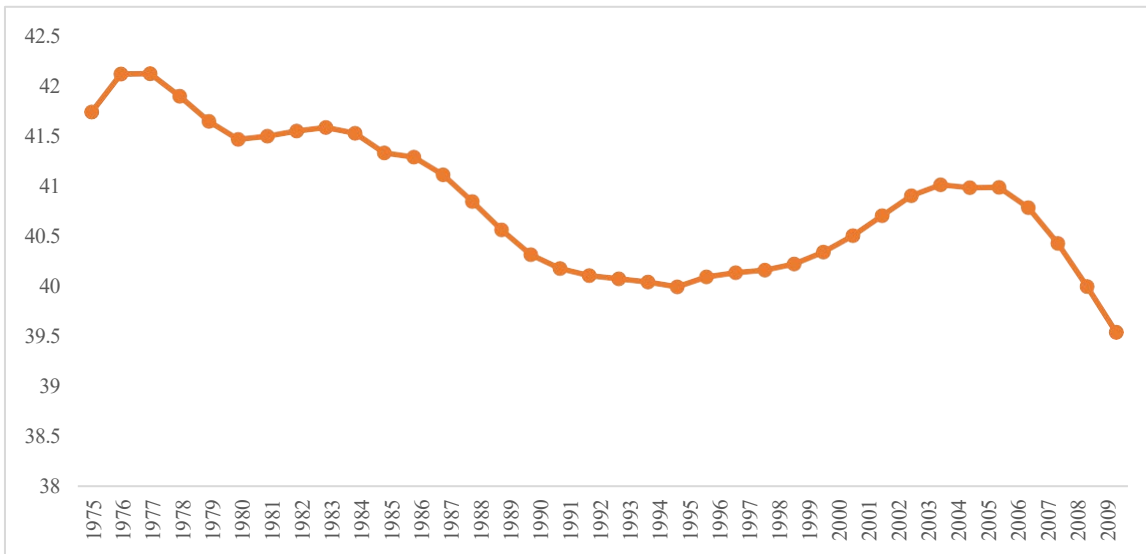
Figure 3: GDP Annual Growth Rate and GDP per Capita Annual Growth Rate



Source: http://www.theglobaleconomy.com/Egypt/Age_dependency_ratio/

The change in the structure of the population creates more producers as opposed to consumers, and increases the relative size of working age population, with the labour force growing at an average rate of between two and 2.5 per cent between 1991 and 2009. This demographic shift created severe challenges for the Egyptian labour market and will continue to do so for some time. The youth bulge has put increased pressure on a labour market where there was already high unemployment and turned what should be a demographic dividend (more producers than consumers) into a demographic bomb. The labour market was unable to absorb the growing number of new entrants, there has been a lack of structural transformation from low to high productivity sectors, and there has been a shortage of decent jobs with growth in employment in the informal sector (we discuss these transformations in more detail in later sections of this report). As Achcar (2013) points out, other world regions have had comparable youth ‘bulges’ but have managed to create sufficient employment to absorb the increased number of young people coming onto the labour market and have thus managed to benefit from economic growth.

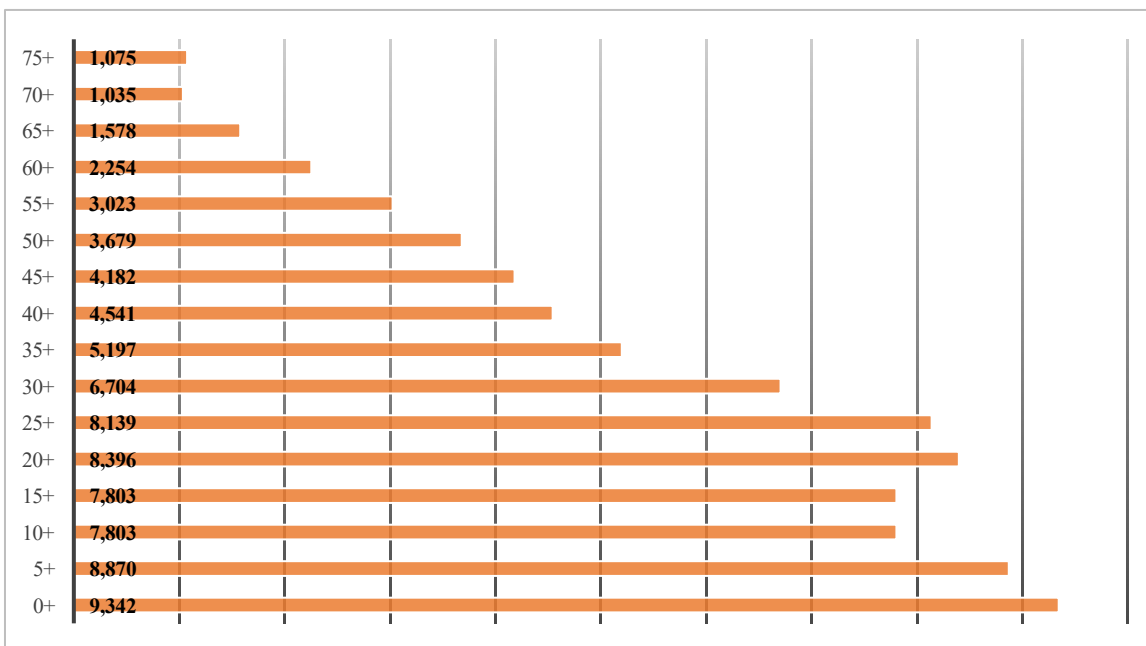
Figure 4: Estimate % Population 15-30



Source: World Bank Development Indicators

While Figure 4 suggests that there is a declining pressure on the labour market from new entrants, the increase in population growth in the 2000s, entirely accounted for by an increase in the birth rate, means that there will be a second youth bulge in the early 2020s, putting further pressure on a labour market that is already unable to absorb new entrants and that already has very high levels of unemployment and especially youth unemployment.

Figure 5: Age Structure in 2013



Source: CAPMAS, Population Department in Egypt Network for Integrated Development, quoted in Egypt Network for Integrated Development (2015)

3. The Roll Back of the State and Repressive Despotism

3.1. Introduction

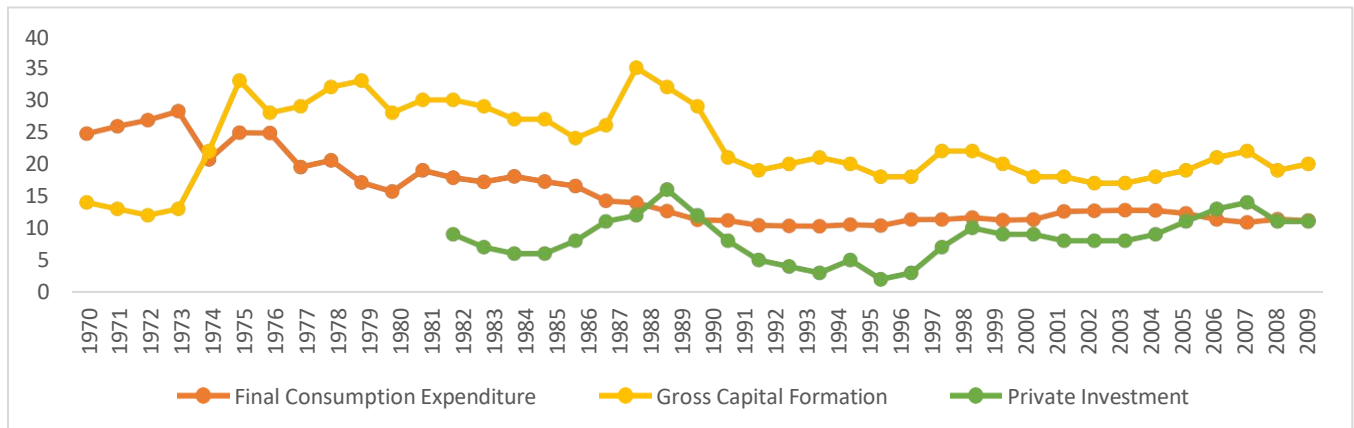
The roots of the discontent that led to the Egyptian Uprising can be traced to the ways in which Egypt responded to structural adjustment and the ways in which the political elite acted to maintain its dominance. Economic institutions became more extractive, reflecting the distribution of political power. Extractive political institutions supported extractive private ones. Extractive economic institutions did not create incentives for people to invest and innovate, and stifled the development potential of a dynamic private sector. Structural adjustment politics drove economic development meaning that the principal obstacles to development were political (Acemoglu and Robinson 2015; Henry and Springborg 2001). The government was not interested in achieving prosperity for ordinary citizens, but used corruption to maintain the regime's privileged position along with that of its cronies, with political calculations taking precedence over economic ones. The consequences are that Egypt has remained in a 'low development' trap (Morsy et al 2014). Crony capitalism has resulted in a limited openness to trade, a low diversification of exports, a failure to develop high productivity sectors, and a failure to provide decent employment to absorb new entrants to the labour market.

The rollback of the state in Egypt began in the mid-1970s. The two primary drivers of this process were political and economic. At a political level, having inherited the presidency upon Nasser's death, Sadat sought to secure his weak grip on power by re-orienting Egypt towards the USA and by cementing his political credentials. This he did by instigating the 1973 'October War' (aka Ramadan War, Yom Kippur War) 'victory' in which brought him domestic credibility, but the broader aim of which was to induce Israel and the USA to reach a settlement over Sinai and the Suez Canal revenues. Part of the concessions extracted by the US were linked to economic reform. At an economic level, the 1973 war triggered the first oil crisis, and in its impact upon oil prices made the economic fortunes of hydrocarbon exporters, which amongst other effects not only greatly accelerated labour migration towards the Gulf from engineering to construction, thus increasing the dependence of the Egyptian economy on remittances, but also greatly increased the financial leverage of hydrocarbon exporters – none more so than Egypt's conservative regional rival, Saudi Arabia. Saudi Arabia, the US and Israel – and to an extent, Sadat himself – all had an interest in demobilising Egyptian public opinion, which public sector downsizing would effectively contribute to. Taken together, these changes effectively reversed the balance of power within Arab states away from Egypt and the 'revolutionary republics', shifting it toward Saudi Arabia and its Western allies.

At a domestic level, government expenditure increased during the 1970s on the back of rising oil wealth in the region – and eventually, the return of the Suez Canal – and the development of what (Korany 1986) labelled 'petrolism', a system based on the circulation of oil revenues, remittances and direct budgetary support (see also Schlumberger 2000). Cuts in public expenditure hit the middle class as well as the poor, reducing public sector employment as well as investment in public services. The cuts affected consumption expenditure, government expenditure on goods and services including compensation of employees, and investment in fixed assets, including land improvements the construction of roads, railways, schools, offices,

hospitals, private residential dwellings, and on commercial and industrial buildings. The private sector did not grow to compensate for reductions in government expenditure (Diwan 2014).

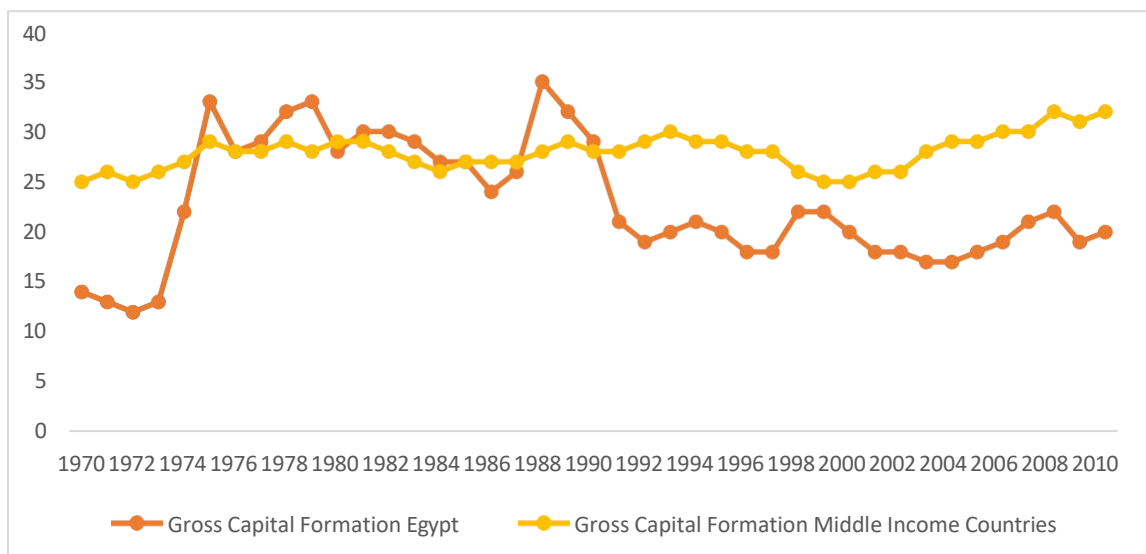
Figure 6: General Government Final Consumption Expenditure and Gross Capital Formation, % of GDP and Private Investment % GDP



Source: World Bank Development Indicators

While the Egyptian government invested as much in infrastructure as other middle income countries in the 1970s and 1980s, it fell below average with the implementation of structural adjustment and neoliberal economic policies from the early 1990s.

Figure 7: Gross Capital Formation, % of GDP Egypt and Middle Income Countries



Source: World Development Indicators

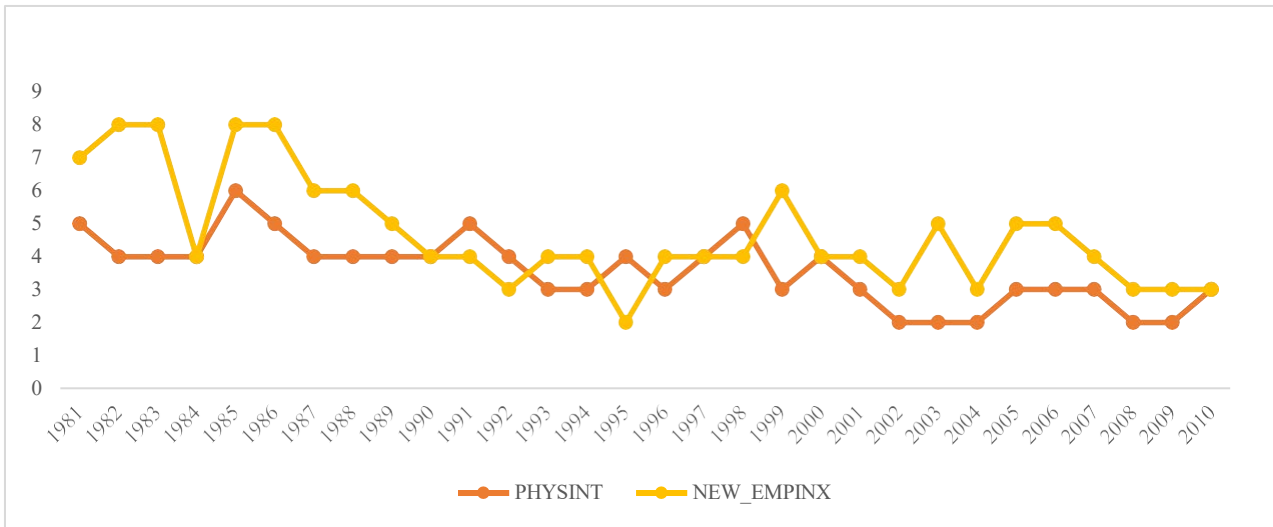
The turmoil created by economic changes in Egypt under Sadat were credited with being the cause of his eventual assassination, as much as the growth of Islamist radicals which he himself had made possible. To stem this toxic mix, Hosni Mubarak, who also inherited the Presidency as Sadat had done, initially liberalised the political sphere and eased off economic changes. However, after the return to some degree of structural adjustment since the late 1980s, Egypt's autocratic rulers did not open up the political sphere to reduce social pressure from the decline

in economic resources but, if anything reduced it (Bush 2004; Joya 2008; Diwan 2014). The regime used a two-fold approach of limited redistribution (subsidies and other welfare benefits) combined with generalised repression. The Emergency Law and the anti-terrorism law have been used to suppress any opposition (Joya 2008). Bush (2004) argues that following the passage of Law 96 of 1992, which revoked rural peasant's rights of tenure, commercialised agricultural production grew, increasing rural poverty and unemployment, there was deliberalisation, with a narrowing of the possibility of political action independent of the state.

On the CIRI Empowerment Rights Index there was general decline in rights from the mid-1980s, from a high of eight – on a scale of 0 (no government respect for these rights) to 14 (total government respect for rights) – and on the Physical Integrity Index from 4 in the early 1980s to a low of two in 1996, with a score of three in 2010. However, on Polity IV the Democracy score was zero from 1960 to 2004, moving to one in 2005, while the Autocracy score moved from seven to six in 1976 and then to four in 2005, with the Polity score moving from -7 to -6 in 1976 and -3 in 2006 where it remained in 2010.²

² <http://www.systemicpeace.org/inscrdata.html>, last accessed 17/07/2016

Figure 8: CIRI Empowerment Rights and Physical Integrity Rights Indexes, 1981-2010

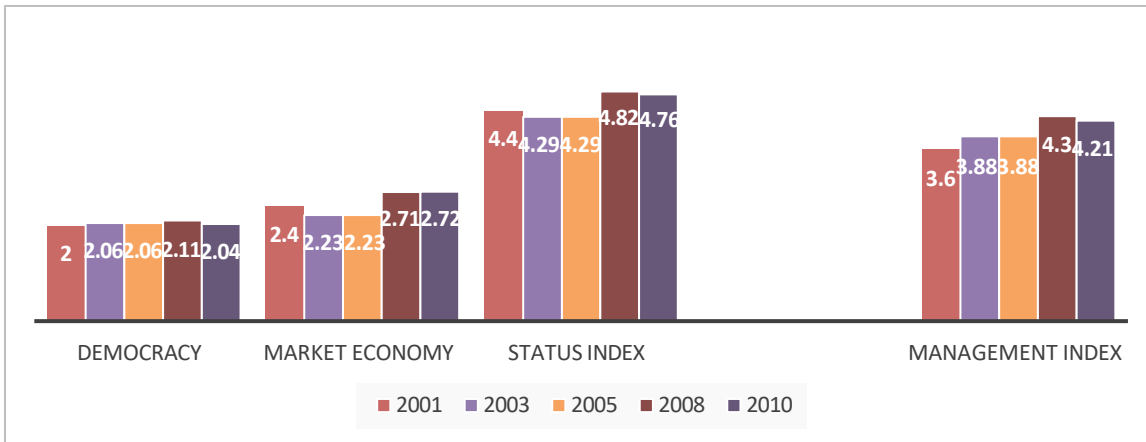


Source: authors own analysis CIRI data: <http://www.humanrightsdata.com/p/data-documentation.html>, last accessed 17/07/2016

The government maintained power with a mix of co-optation and repression, manoeuvring to remain in control (Schlumberger 2008). Co-optation included not only the privileged treatment of ‘insider’ capitalists, but subsidies and social benefits to both the middle classes and the poor. The middle classes benefited especially from highly regressive fuel subsidies and employment in the public sector, while the working class benefited from both fuel and food subsidies, with both groups benefitting from education and health services. The CIRI Physical Integrity Rights Index moved from between four and six on a scale from 0 to 8 in the early 1980s, to a score of between two and three by the first decade of the 21st century. This corroborates ethnographic evidence of increased repression.

Other measures of governance and movement to a market economy also indicate that in 2010 Egypt remained an authoritarian regime that had not made the transition to a market economy. The Bertelsmann Transformation Index is based on the European Union’s integration process criteria of a representative democracy under the rule of law and a socially responsible and sustainable market economy. Egypt was classified as an authoritarian regime and showed no sign of political liberalisation between 2001 -2010, displaying only marginal moves towards a market economy. There were modest improvements on the Management Index, a measure of government effort to become more democratic and develop a market economy, but from a low score.

Figure 9: Bertelsmann Transformation Index



Source: BTI Reports for 2001-2010

The Worldwide Governance Indicators paint a similar picture, with no progress overall on improving governance and in some cases the situation deteriorating. On the two indicators that measure the process by which governments are selected and monitored, *Voice and Accountability* and *Political Stability and Absence of Violence*, Egypt's scores are low and the overall trend between 1996 and 2010 was down. While there has been little change in confidence in the rule of law there has been an increase in the extent to which the public sector is seen as corrupt and that there is 'capture' of the state by elites and private interests. There has been little change in the perception of the capacity of the government to effectively formulate and implement sound policies, *Government Effectiveness* and *Regulatory Quality*.

Figure 10: Worldwide Governance Indicators 1996-2010, Percentile Rank (0 Lowest 100 highest)



Source: <http://info.worldbank.org/governance/wgi/pdf/c67.pdf>

3.2. Structural Adjustment and Neo-Liberalism

Egypt is a failed developmental state, having proven unable to use public investment and state expenditure to create a knowledge economy with a skilled labour force and selective meritocratic recruitment as the Asian tigers did (Dahi 2012). This was because it failed to develop a non-politicised bureaucracy that was able to enforce accountability on the public, as well as the private sector. The bureaucracy served mainly political goals, and the principal aim of government was to maintain its power. As such, Egypt remained a political project for the modernisation of authoritarianism. Economic and political changes since the 1970s have neither fundamentally reshaped the economy nor challenged authoritarianism, but served to retain the political elite in power and enable them to control economic outcomes (Beinin 2009; Schlumberger 2008; Wurzel 2009). Subsets of the elite merged into a new capitalist class in the 1970s and 1980s, that were well integrated into a network of the political elite, state bureaucrats, the military elite and directors of public enterprises. When the government privatisation programme was implemented they were well positioned to turn public monopolies into private ones (Pfeifer 2015). The outcome has been a neo-authoritarian ‘crony’ capitalism and a basic failure of the state to manage economic development, so that all sectors of society benefit.

Development since late 1970s has been based on a regional economic system, ‘petrolism’, the circulation of oil revenues, remittances and direct budgetary support with Egypt becoming a

'semi-rentier' state dependent on economic and political rents from oil, aid, remittances and the Suez Canal revenue for its survival (Schlumberger 2000). Government became the most powerful economic actor, with the biggest resources to allocate and the ability to determine the course of the economy. Private business became dependent on the benevolence of state institutions in a tightly controlled market. The government controlled the private sector politically through economic regulation, and was able to secure political rule within the established system and preclude any serious challenge to the regime. Laws were applied inequitably, competition restricted, monopolies granted like 'gifts' to a loyal client through direct or indirect state intervention and the entire market mechanism largely ruled out. A strong state positioned relatively autonomously above society used its economic and political rents to 'buy' the acquiescence of citizens through subsidies, employment and welfare and the systematic granting of privileges to important and strategic social groups and segments. Internal politics and the economy became dominated by networks of patronage and clients, neopatrimonialism (Achcar 2013). 'Wasta', clientelistic networks of mutual benefit, became the 'lubricant' of a patronage system and a 'societal norm'. Material benefits were gained through loyalty and personal contacts rather than on merit. It resulted in a lack of efficiency with no incentive for innovation and hard work, the undermining of the ability to attract FDI and import-substituting industrialisation and protectionism.

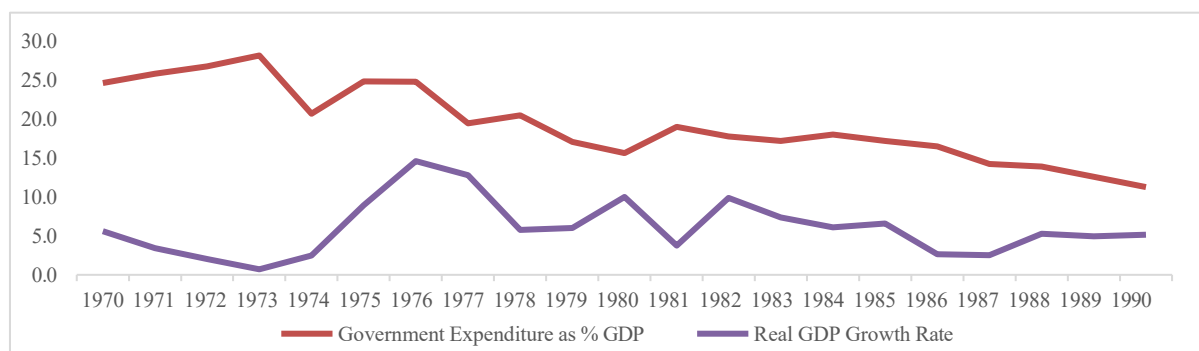
3.3. From State Capitalism to Neo-liberalism

The introduction of policies of structural adjustment and neoliberalism began in Egypt in the 1970s, following the death of Nasser in 1970. In the 1950s and 1960s, Nasser developed a centrally planned state capitalism and nationalised all foreign assets. There was a massive expansion of the public sector and the building of a bureaucratic and managerial oligarchy that exercised a very tight control over Egyptian society. However, his successor Sadat who became President in 1970, retreated from socialism, but his attempt at liberalism were incomplete and contradictory, he became a dictatorial ruler, purging leftist groups and allied with the centre right. In the early 1970s there was constant unrest with various groups protesting against government inaction as the Sadat regime was seen not to be delivering on its promises with a stagnant economy rising levels of debt and an inefficient public sector. The October 1973 war against Israel restored some lost pride, but at a high economic cost. In 1974 Sadat introduced the Infitah, or 'open door policy', to attract investment, foreign and domestic, Western technology and developed strong links with West. The agricultural sectors and construction were opened up to foreign investors and up to 49 per cent of public companies could be privately owned. However, little private investment went into industrial activity, there was limited technology transfer and production was mainly of low quality products using low levels of technology for the domestic market, the external debt increased as the gap between exports and imports had to be financed and Egypt had to be bailed out by the Gulf States. However, although it retrieved Suez Canal revenues, when Egypt signed the peace treaty with Israel, which it had sought and which the US brokered in 1979, funding from Gulf States was reduced and it became reliant on US aid. The regime favoured the wealthy elite and the middle classes and poor benefited little. In January 1977, the government cut subsidies lowering purchasing power of ordinary people by 15 per cent (Cooper 1982). Riots ensued and after over 800 dead between 18 and 19 January, order

was only restored by a combination of army intervention and the government restored the food subsidies.

Real GDP grew rapidly from 1973 to 1977 and government expenditure remained high, but both GDP and government expenditure then began to decline and this decline continued throughout the 1980s.

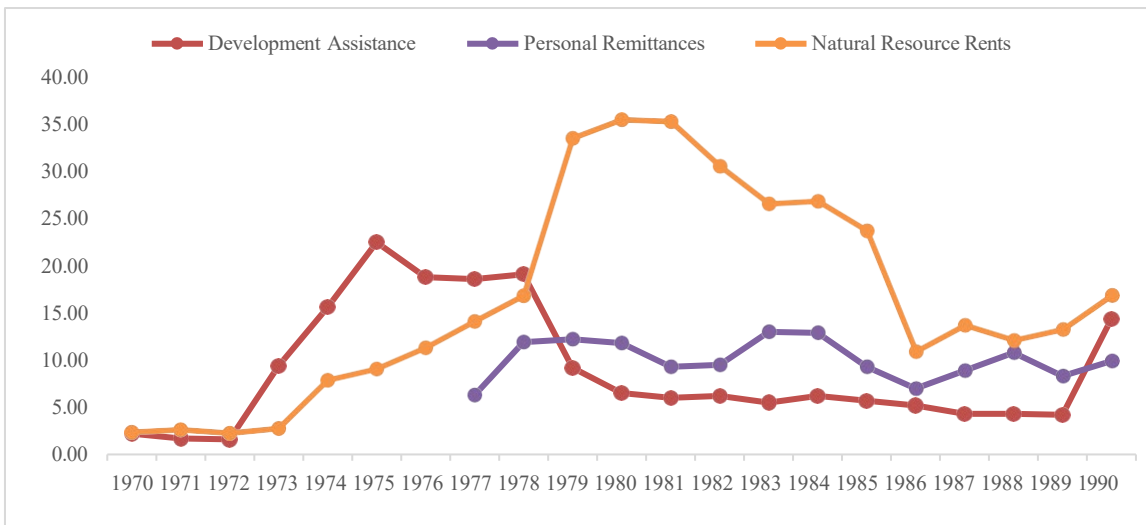
Figure 11: GDP per Capita Growth Rate and Government Expenditure as % of GDP



Source: *World Development Indicators*

The surge in output growth was financed by influx of foreign currency inflows from oil revenue, tourism receipts, worker remittances, and foreign aid (Figure 12). The rentier economy was dependent on external sources of finance but did not use these to build foundation for more sustainable growth and to reduce reliance on external finance, due to the drop in oil prices and political instability. The high rates of growth funded by inflows of external finance masked feeble fundamentals, structural imbalances and a shaky economic base. With the withdrawal of support from the Gulf States following the signing of the Camp David Accord in 1979, the Egyptian government became dependent on the US for development assistance, not just military aid but also economic assistance. It also took out foreign commercial loans to fund its domestic spending. By the mid-1980s there was a slowdown in foreign inflows, a huge government deficit, double-digit inflation, and a growing foreign debt. Instead of reducing public spending, the government had continued to spend heavily financing its growing budget deficit with foreign borrowing.

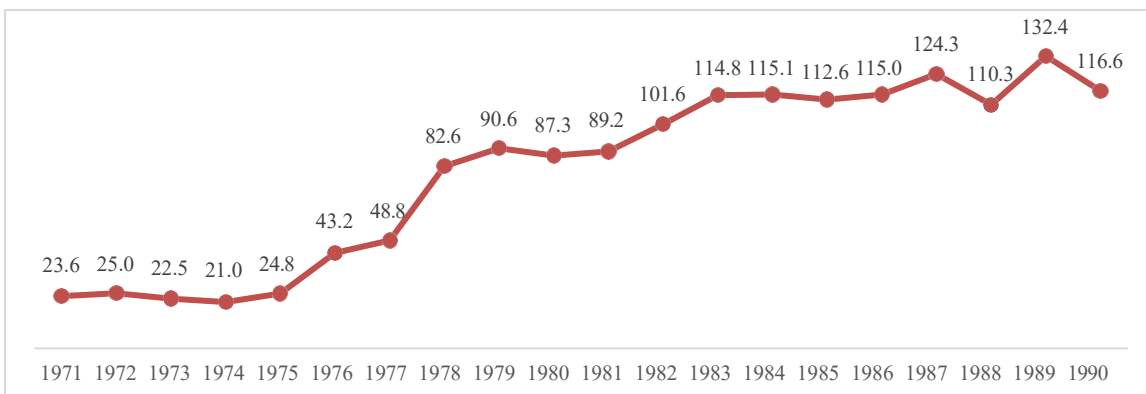
Figure 12: Economic and Political Rents, % GDP, 1970-1990



Source: World Development Indicators

By the end of the 1980s Egypt faced a financial crisis with a large external debt, high inflation, large budget deficit, and unsustainable balance of payments deficit. The crisis was brought on not just by a spendthrift state, but the collapse in oil prices in the mid-1980s and reduction in remittances. The Egyptian government took on large debt through lending from Arab states and then Western governments, particularly for military equipment through the 1970s and 1980s. In the 1980s, the huge debt led to stagflation. Debt increased from 23 per cent of GDP in 1973 to 83 per cent in 1978, with much of the lending from Arab states but also from Western countries. In the 1980s, Western governments continued to give loans, and by 1982 debt was 101 per cent of GDP. By 1989 national debt reached 132 per cent of national income.

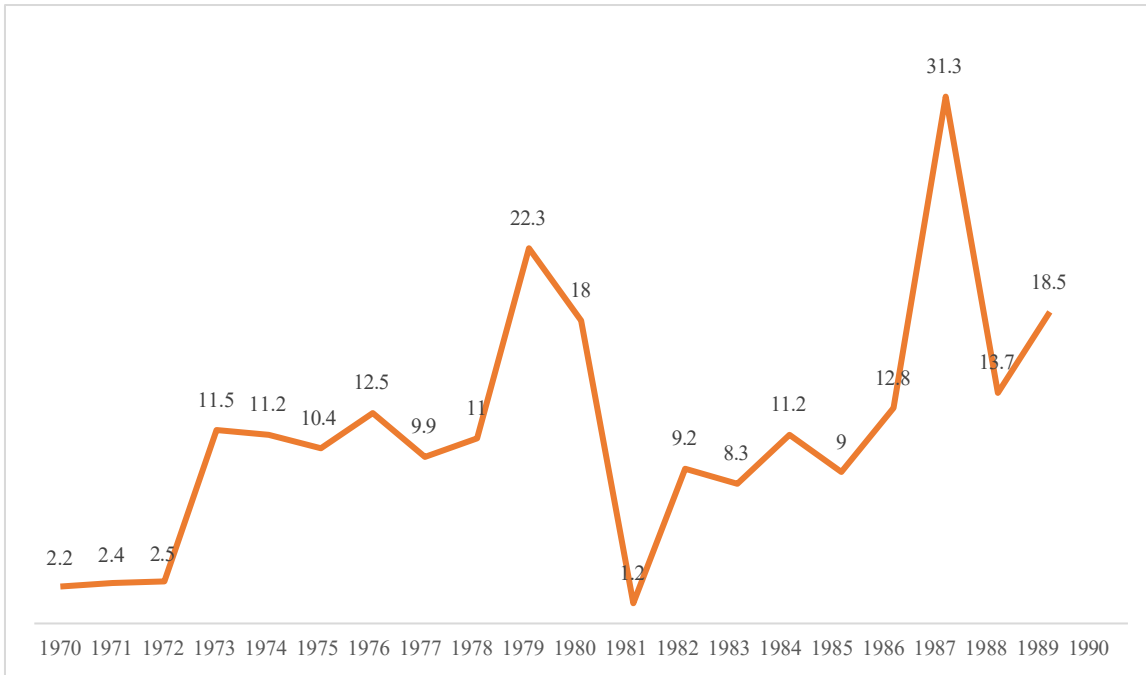
Figure 13: External Debt Stocks, %GNI, 1971-1990



Source: World Development Indicators

At the same time there was high inflation increasing from 1.2 per cent in 1981 to a high of 31 per cent in 1988 and then declining to 18.5 per cent in 1990.

Figure 14: Inflation, GDP Deflator, Annual %, 1970-90



Source: World Development Indicators

3.4. The Structural Adjustment Programme 1991-2010

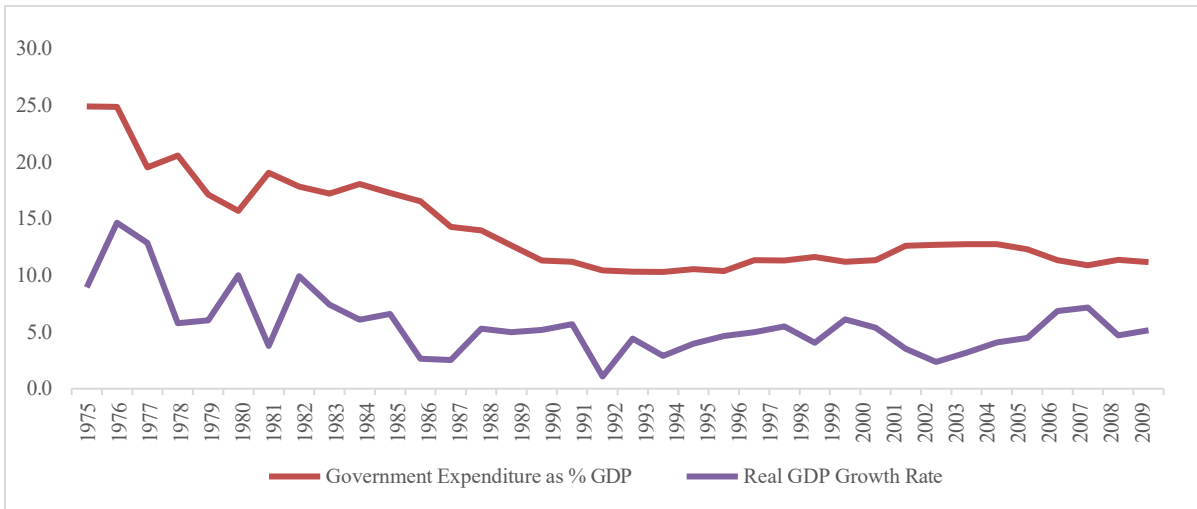
The debt crisis at the end of the 1980s, with the impending loss of US aid as Egypt was about to default on the loans it had for military expenditure, forced the Egyptian government to seek support from the World Bank and IMF. In exchange for the re-scheduling of debt Egypt was required to restructure and liberalise its economy under the Economic Reform and Structural Adjustment Programme (ERSAP). A further pressure to implement neoliberal economic policies came from conditionality of US development assistance given with the key purpose of promoting ‘market freedom’ (Hickel 2012). It was designed to stabilise the economy and transform it from a centrally planned one to a dynamic free market based economy. The woes of the Egyptian economy were considered to be caused by irrational economic planning state intervention in the economy. The solution to the economic crisis was seen as liberalisation and the privatisation of state assets that could be run by the private sector. The government had to: privatise the public sector; encourage competition among privatised firms to increase productivity and economic growth; and restructure the labour market by removing subsidies to consumers and policies that increased the cost of labour. The programme sought to limit the role of the government in the economy, promote the private sector and ensure that the market determined the prices of goods and services. The outcome of these it was argued would be: micro-economic stability, economic growth and improvements in the rate of GDP growth. The ERSAP agreement signed in 1991 had six components: stabilisation programme, privatisation, price liberalisation, trade liberalisation, investment-friendly policies and a social fund for creating labour intensive employment and help create micro-enterprises.

The implementation of the ERSAP was aided by the writing off of 50 per cent of Egypt’s foreign debt as recompense for Egypt’s support to the US effort to drive Saddam Hussein’s forces out of

Kuwait. In the early 1990s there were hesitant moves to reform and then from mid-1990s more active ones but the reforms demanded by World Bank/IMF were delayed, watered down or obstructed when to have implemented them would have undermined the political stability of the regime. By the late 1990s micro-economic stability had been achieved.

Fiscal restraint meant growth plummeted sharply in 1991 and remained slow until the mid-1990s when it began to pick up, mainly driven by private investment. In 1998 growth again dropped sharply due to the Asian financial crisis, a notorious terrorist attack against tourists in Luxor, and a sharp drop in oil prices. It picked up again after 2004 when the government resumed the programme of the privatisation with the appointment of Ahmed Naïf's neoliberal business orientated cabinet in 2004, which was tasked with creating a business friendly environment. While the IMF and the World Bank have praised the Egyptian government for the success of its ERSAP, others have pointed out that it was at best only partially successful and there have been increases in unemployment as well as poverty as a consequence of the programme (e.g. Nagarajan 2013; Pfeifer 2015).

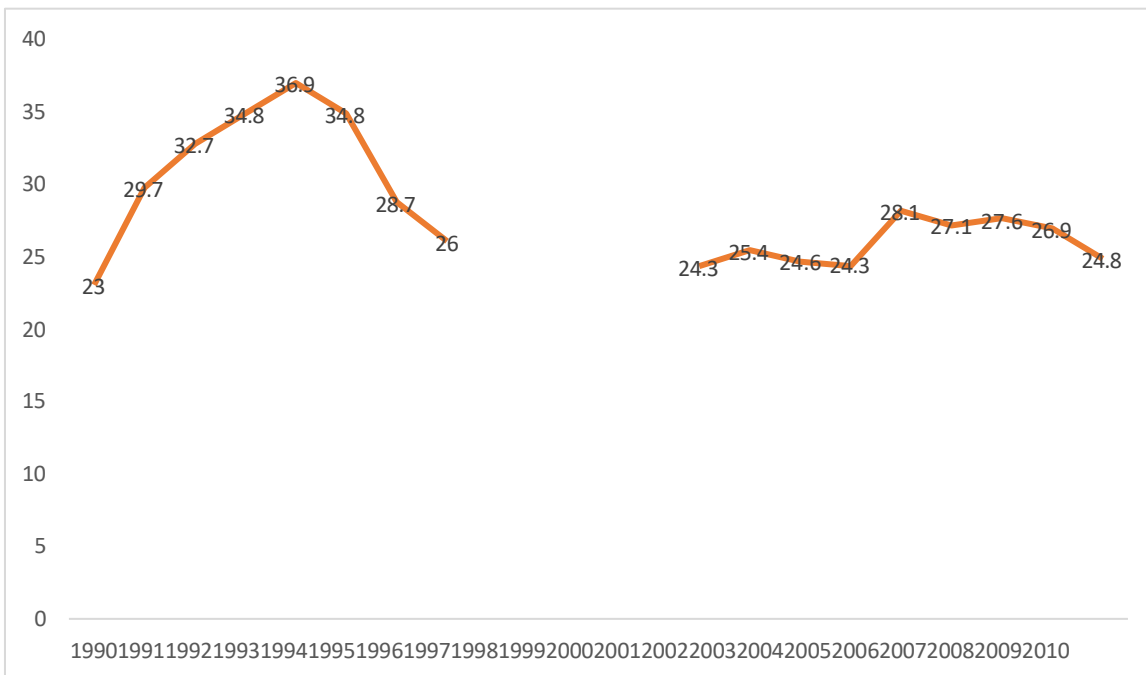
Figure 15: GDP per Capita Growth Rate and Government Expenditure as % of GDP



Source: World Development Indicators

The public sector began to experience a shortage of revenues and these continued to be low with the government lowering income and corporation tax rates in 2003.

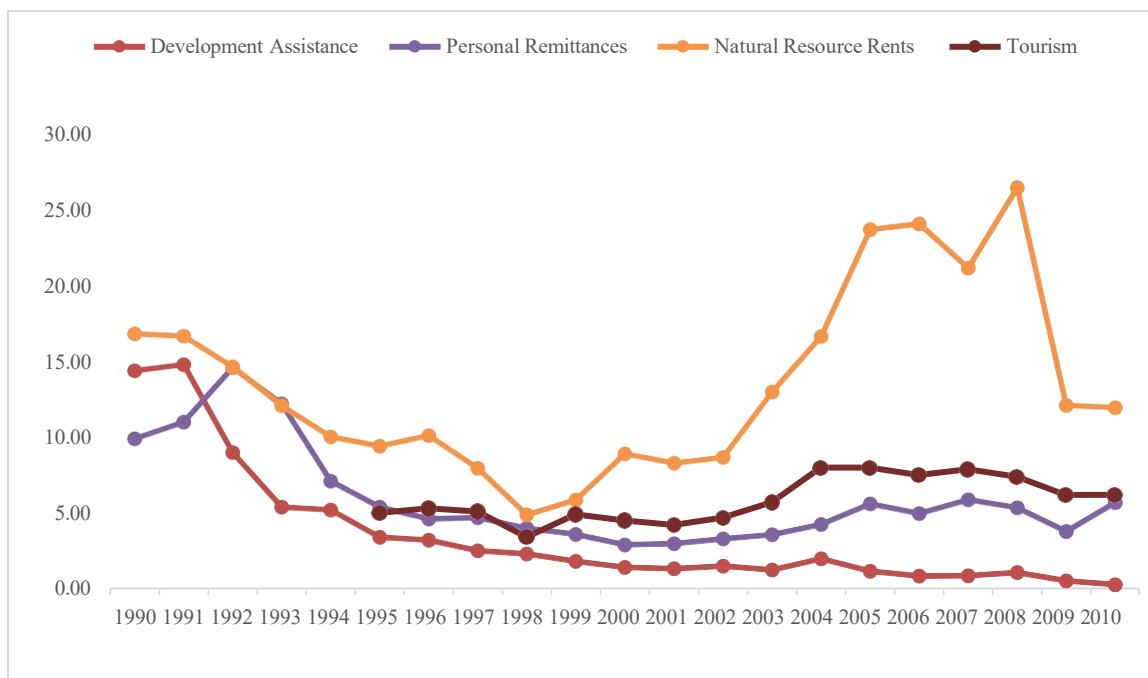
Figure 16: Total Government Revenue as % GDP 1990-2010



Source: World Development Indicators

At the same time income from economic and political rents (regular income not generated by labour) declined. Income from development assistance and remittances declined from the early 1990s, although remittances picked up in the 2000s with the rise in oil prices increasing the demand for labour in the Gulf States. Natural resource rents followed the same pattern as remittances and mainly accounted for the growth in GDP in 2000, demonstrating the continuing reliance of Egypt on rents.

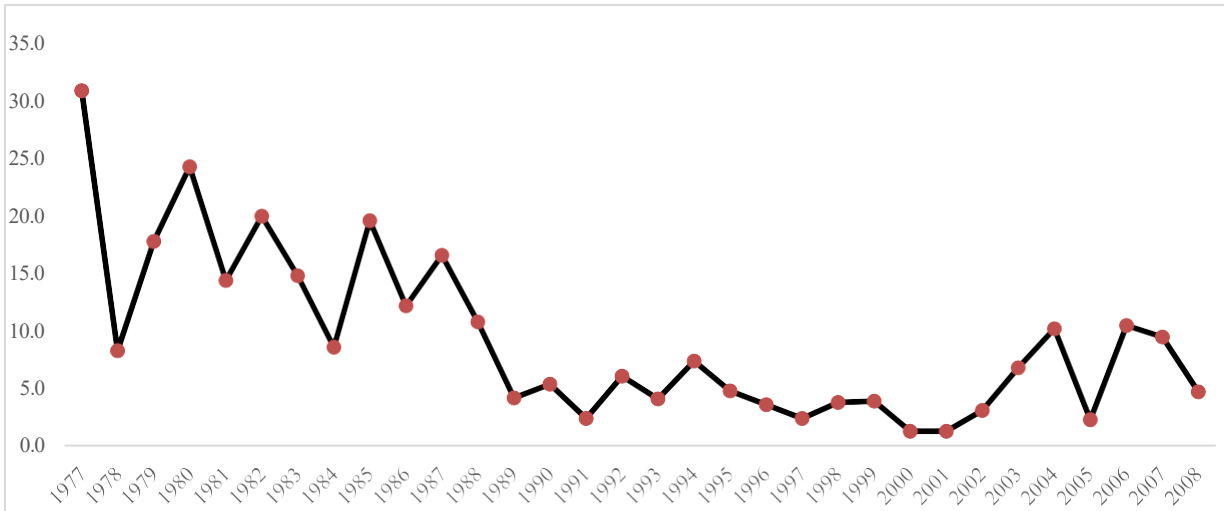
Figure 17: Economic and Political Rents, % GDP



Source: World Development Indicators

Egypt has also lost potential finance through illicit financial flows. One estimate of the loss to the Egyptian economy from capital flight (illicit money leaving the country) between 1970 and 2010 was an annual average of US\$ 1.5 billion (in 2010 US\$), roughly the same amount by which the US subsidised the Egyptian state (excluding military expenditure), the equivalent of 2.9 per cent of GDP or 7.6 per cent of gross capital formation (Ndikumana and Boyce 2012). Global Financial Integrity have estimated that the total loss through illicit financial flows (including import smuggling as well as illicit money leaving the country) between 1970-2008 at US\$105.17 billion, an average of US\$3.0 billion (in 2004 US\$). Between 1977 and 2008 the average annual loss was 9.3 per cent of GDP.

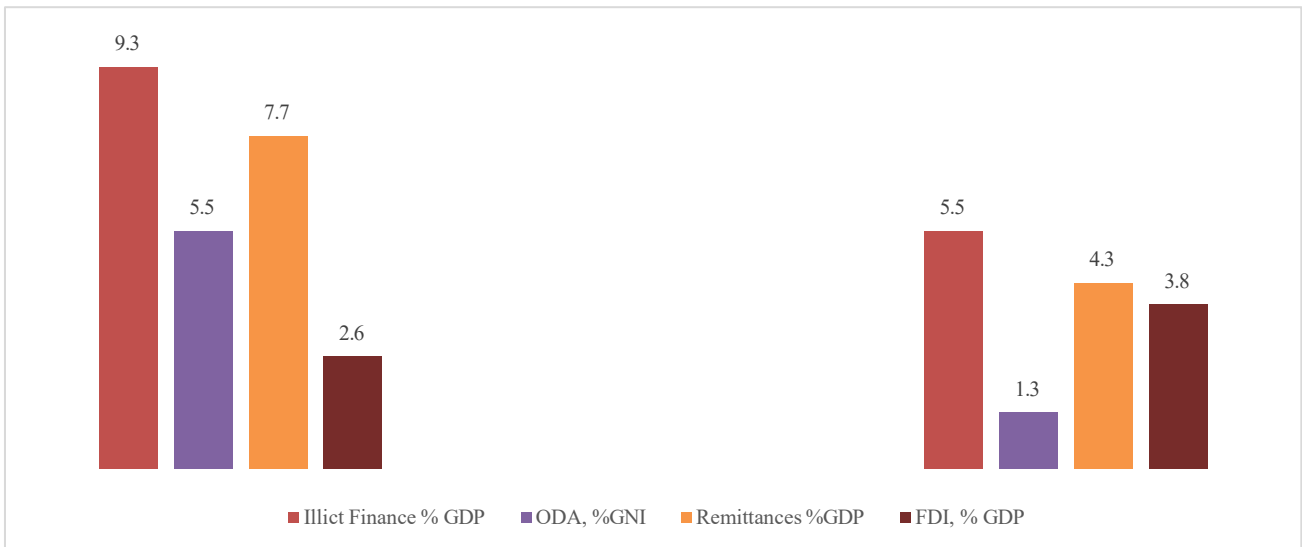
Figure 18: Illicit Finance, % of GDP 1977-2008



Sources: World Governance Indicators; Illicit financial flows calculated from data in Kar and Cartwright-Smith (2010)

This was more than half the combined total over the same period of remittances 7.7 per cent of GDP, FDI 2.6 per cent of GDP and ODA 5.4 per cent of GNI. Between 2000-2008, illicit financial flows had fallen to 5.5 per cent of GDP but was still just over half the combined total of remittances (4.3%), FDA (3.8%) and ODA (1.3%).

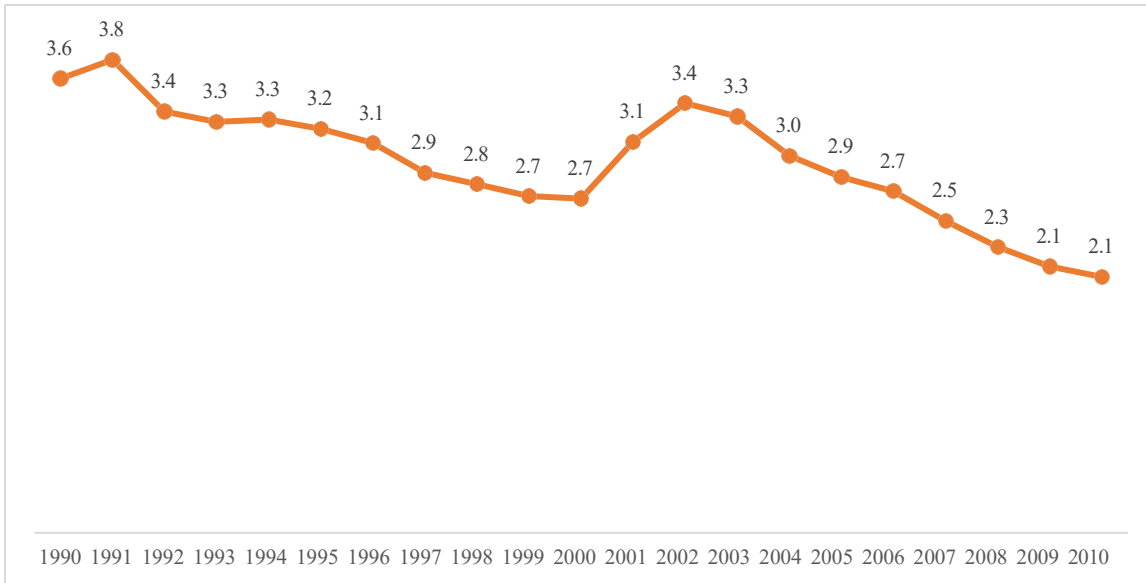
Figure 19: Loss to Illicit Finance Compared to Inward Flows of Remittance, ODA and FDI, Annual Average 1977-2008 and 2000-08



Sources: World Governance Indicators; Illicit financial flows calculated from data in Kar and Cartwright-Smith 2010

Despite the decline in government revenues and the austerity programme, military expenditure remained relatively high. This reflects the powerful position the army and the security sector generally have in Egypt and the need of the political elite to incorporate them.

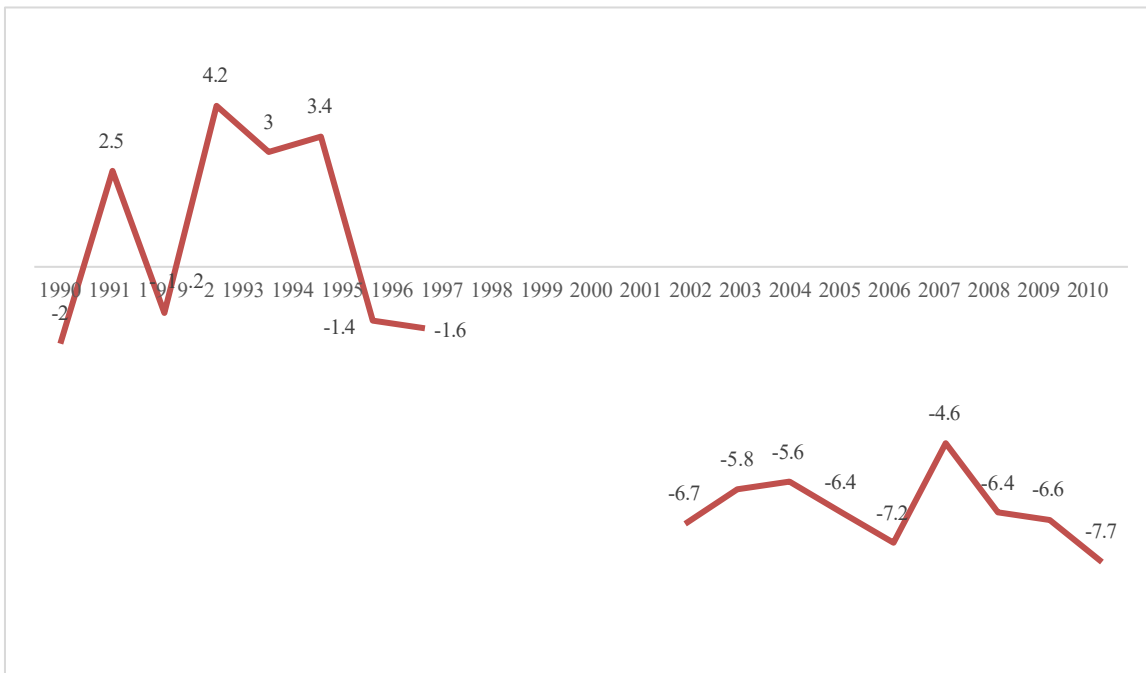
Figure 20: Government Expenditure on the Military 1990-2010, %



Source: World Development Indicators

Following the implementation of the austerity programme in 1991, the government budget quickly came into surplus, but moved into deficit again in 1996 and remained in deficit for the first decade of the century.

Figure 21: Cash Surplus/Deficit % GDP (Government Budget)

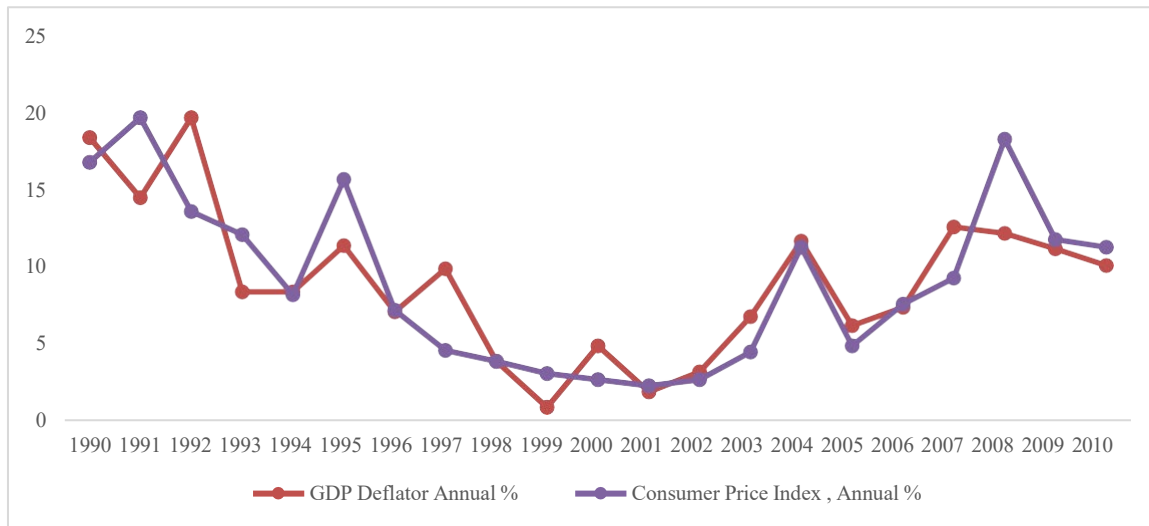


Source: World Development Indicators

Inflation was gradually brought under control, and by 1999 the GDP deflator (price change in the economy as a whole) had declined to 0.9 per cent and the Consumer Price Index (price change in a basket of goods) reached a low of 2.7 per cent. However, they both increased again

in the 2000s, although there was a dip in 2005 and again following the impact of the 2008 global economic recession.

Figure 22: Inflation 1990-2010



Source: World Development Indicators

The Euro-Mediterranean Partnership (EMP) was established in 2005 and Egypt joined the World Trade Organisation (WTO), stimulating a growth in exports, however, while the penetration of overseas markets increased it was much weaker than in Turkey, for example (Pfeifer 2015). Furthermore, the increase in exports had no impact on the structure of production, on the overall level of investment, or on employment. The growth in exports and imports are closely related as Egypt relies on importing raw materials for its import substituting manufacturing, as well as importing food.

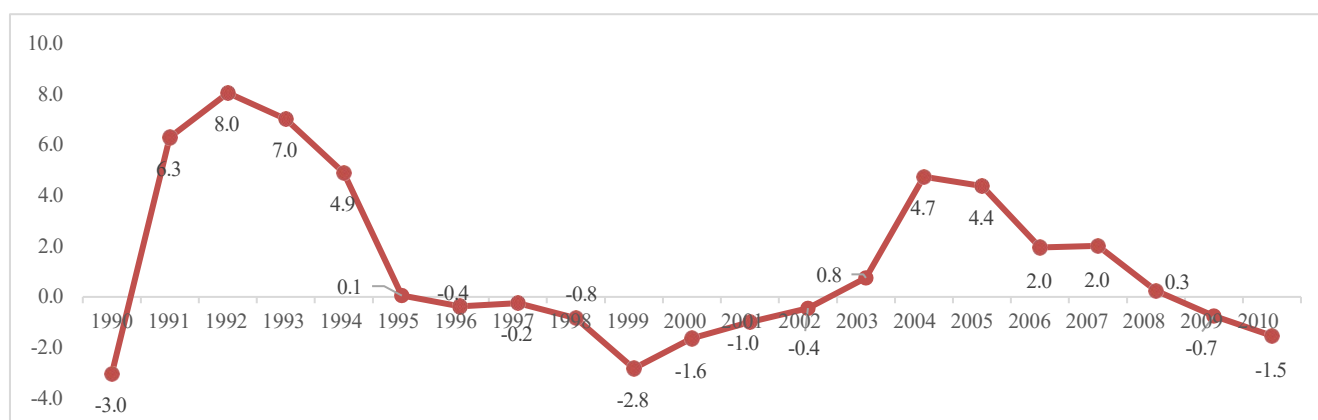
Figure 23: Exports and Imports, % Annual Growth



Source: World Development Indicators

The balance of payment initially improved, but became negative again in 1995 and only became positive after the Egyptian pound was floated in 2003 and depreciated by 25 per cent, making Egyptian exports more competitive, together with the increase in receipts from oil during the mid-2000s. The balance of payments become negative again in 2008, with the impact on oil prices of the global economic recession. The government's export substitution industrialisation strategy failed because the high costs of production made it difficult to export and therefore earn sufficient foreign exchange to pay for the imported raw materials and equipment necessary to build industry.

Figure 24: Balance of Payments, 1990-2010

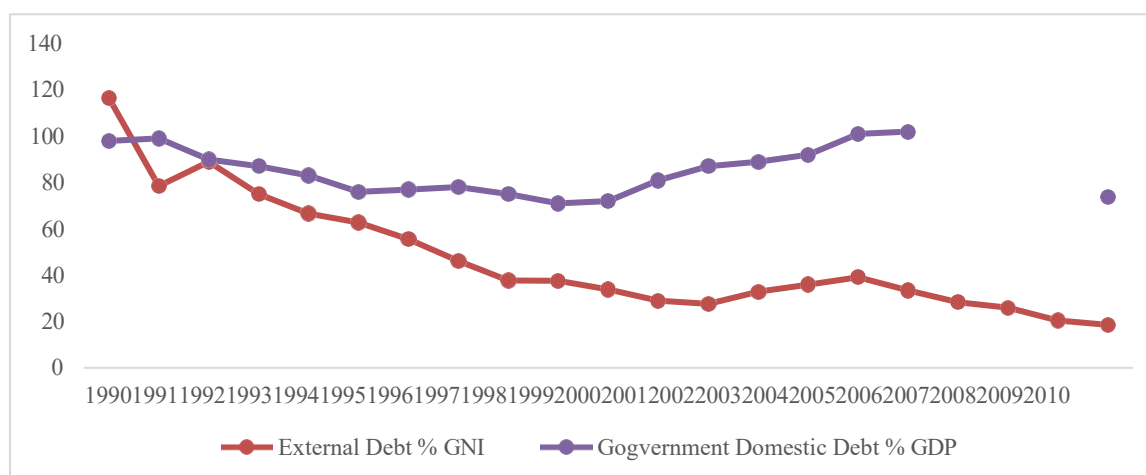


Source: *World Development Indicators*

While the external government debt declined due to the restrictions placed on Egypt's borrowing as part of the ERSAP, there has been an increase in domestic borrowing. Some external debt was cancelled in 1991 by Western countries in return for support in the first Iraq war and the final write-off of debt in 1996 reduced the World Bank/IMF leverage over the Egyptian government. The absolute size of the external debt remained at about US\$30 billion, but reduced from 89 per cent of GNI (65% of GDP) in 1992 to 18.5 per cent GNI (15% GDP) in 2010. Given the government's commitment to maintaining a ceiling on foreign borrowing, it turned to domestic borrowing, raising concerns about the sustainability of the domestic debt (Abdel-Khalek 2007; El-Mahdy and Torayeh 2009; Massoud 2015) to finance its budget deficit. Domestic debt has remained high as a proportion of GDP since the 1990s, reaching 100 per cent in 2006 and then declining to around 73.6 per cent in 2010. While some commentators consider the level of debt sustainable (Alba et al 2004; El-Mahdy and Torayeh 2009; IMF 2005; Massoud 2015), this depends on austerity measures with government creating an environment conducive to economic growth and with public spending invested in infrastructure to support private sector investment while reducing current spending. However, such neo-liberal economic policies are unlikely to produce inclusive growth and may result in redistributing income from the poor (Abdel-Khalek 2007). High public debt also reduces the amount of domestic savings available for private investment. Combined with loans being given preferably to large enterprises mainly owned by large entrepreneurs with links to the political elite, this has created a shortage of funds available for investment. Many small and medium size firms have found it difficult if not impossible to borrow from financial institutions (Kabbani and Kalhoefer 2011). They have had to

rely on savings, borrowing from family and reinvesting profits, meaning that they are under capitalised, underproductive and with limited capacity to grow and access markets.

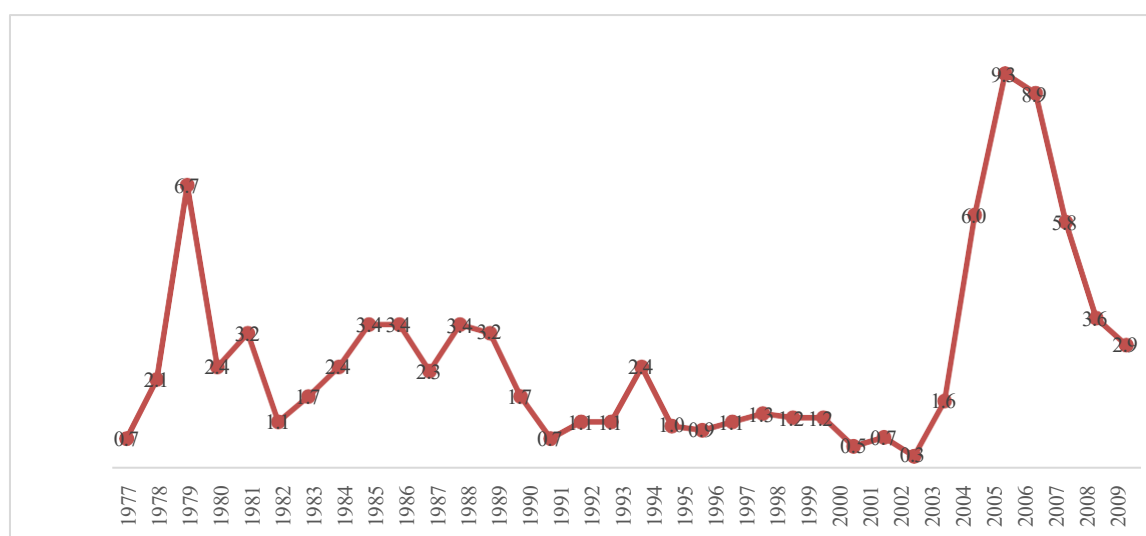
Figure 25: External Debt Stock 1990-2010, % GNI



Source: World Bank Development Indicators; Abdel-Khalek 2007; Massoud 2015.

While the government stabilised the economy, it did so without facilitating structural reform (Harrigan and El-Said 2009; Loewe 2013). Investment in the economy remained low and capital flight high (Diwan et al 2014). Foreign investment (and domestic) were not sectors and enterprises that generate large numbers of decent jobs. Rather it has been concentrated in very few industries and mainly invested real estate, tourism facilities and the purchase of privatised industries with few investments directed to non-extractive sectors, which are pro-poor and highly labour intensive or the manufacturing sector with a high potential for spill-over (Mitchell 1999a,b; Soumare 2015). More than half of FDI went into hydrocarbons and related industries in the 2000s, with investment in natural gas extraction, oil refining and natural gas liquefaction (Pfeifer 2012). Much of the FDI comes from the Gulf States with the increase in the 2000s, for example, being attributable to the oil boom.

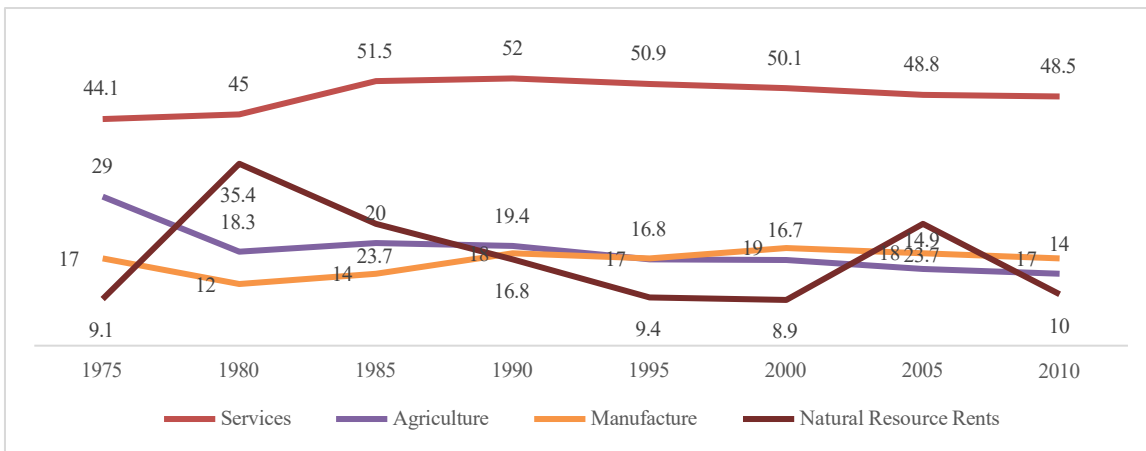
Figure 26: Foreign Direct Investment, % of GDP



Source: World Development Indicators

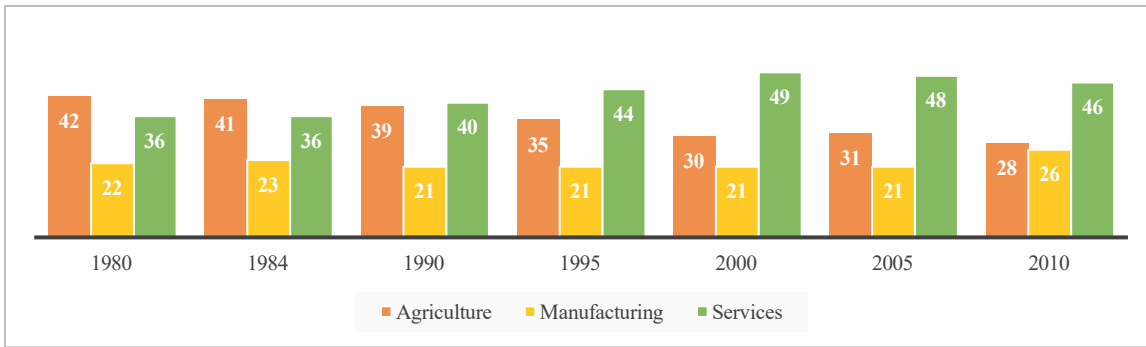
There has been a lack of structural change in the sector mix and a lack of reallocation of excess labour from traditional low productivity industries including agriculture towards more productive sectors, and especially high end manufacturing. Structural change is essential for achieving a higher level of development. Egypt suffered incomplete manufacturing transformation, the share of GDP in the manufacturing sector only increased marginally and the share in employment did not change.

Figure 27: % Value Added GDP



Source: World Development Indicators

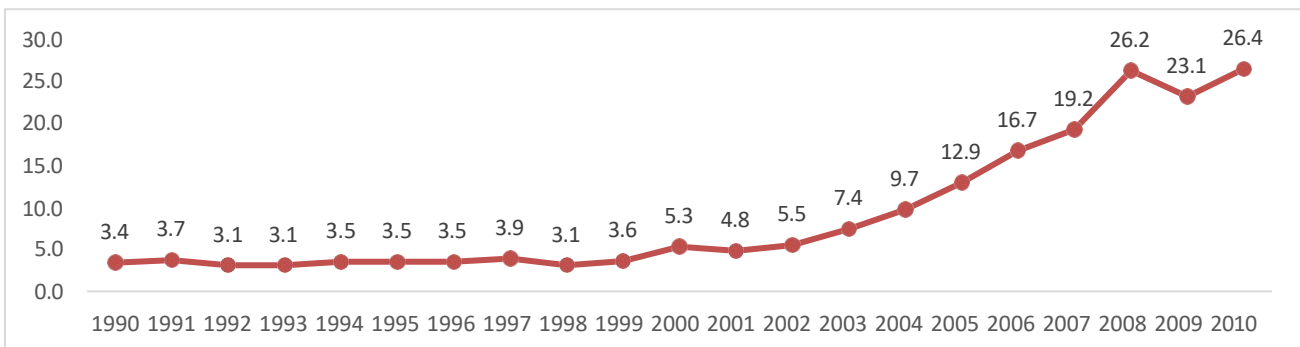
Figure 28: % of Employment in Agriculture, Manufacturing and Services 1980-2010



Source: World Development Indicators

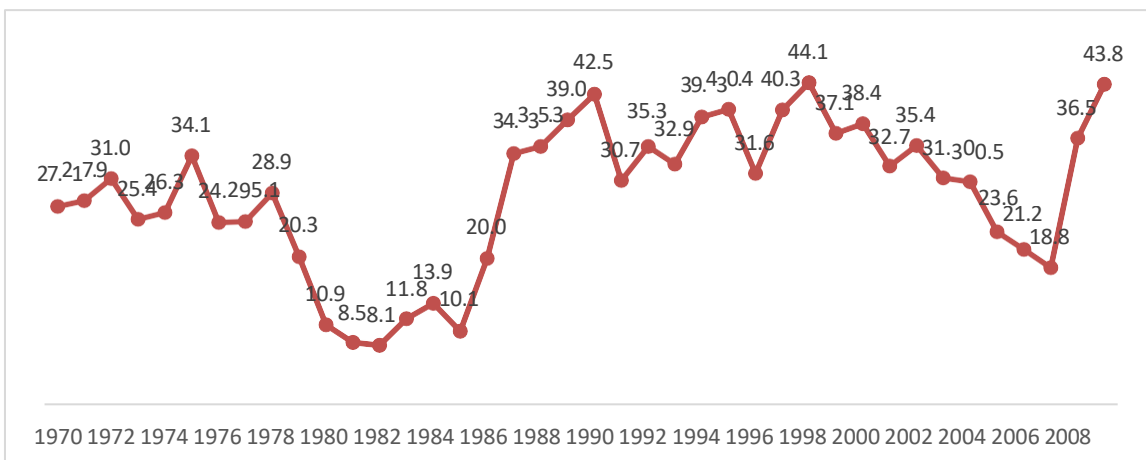
However, the overall level of industrialisation does not explain low growth rates and almost total stagnation in manufacturing exports (Adly 2012). The level of industrialisation in Egypt is higher than many comparable economies but its manufactured exports are much lower. This is because of an anti-export bias with manufacturers preferring to sell in the domestic market because of high tariff protection. The growth in the manufacturing sector was mainly in industries with high tariff protection. While merchandised exports increased in the 2000s, the increase in manufactured exports was much lower.

Figure 29: Merchandise Exports, US\$ Billions



Source: World Development Indicators

Figure 30: Manufacturing as % Merchandised Exports



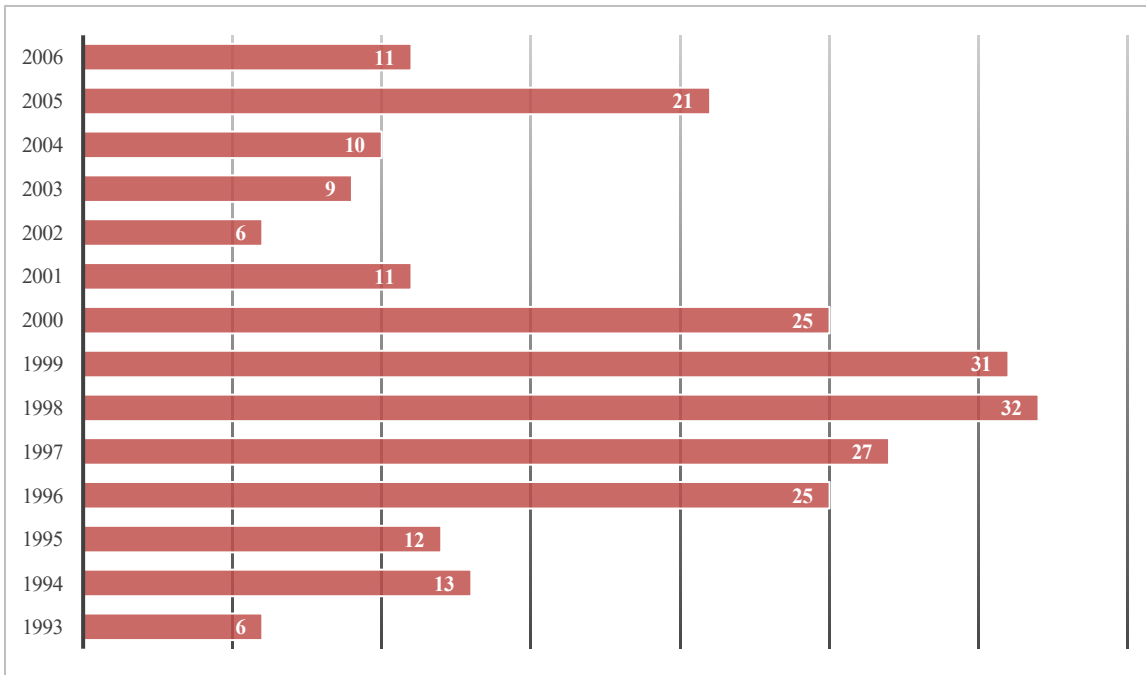
Source: World Development Indicators

Privatisation/partial privation of state enterprises was aimed at streamlining the public sector through restructuring and creating a more dynamic market-orientated economy. Official policy was to privatise poorly reforming enterprises so they could be turned round by the injection of private capital and the expertise of the business sector. The goal eventually became to privatise 314 specific companies (Saby 2012). The privatised firms were capital intensive with low productivity and more favourable access to subsidised capital, bank loans and energy subsidies, as well as reportedly to cheap land (World Bank 2014). The lack of a level playing field in the private sector – a discriminatory business environment that favoured politically connected firms – distorted private sector competition and reduced job creation.

Moreover, the process created a complicated relationship between the public sector and the business sector. There were accusations of phony privatisation and that the government was selling well-performing companies to its favoured well-connected buyers and undervaluing them. The process created a small number of private monopolies and oligopolies mainly concentrated in finance, construction, real estate or the assembly of high end consumer goods for the domestic market (Mitchell 1999a, b; Nagarajan 2013). The state reduced investment in agriculture and public services while providing subsidies to the business sector. It reduced corporation tax to 20 per cent in the mid-2000s. At the same time the government used the proceeds from privatisation to bail out the bankers in crisis because of the large numbers of non-performing loans. The military economic sector is also thought to have grown to as much as 20-30 per cent of GDP (Loewe 2013) with many commentators putting it as high as a third (Achcar 2013). The military-industrial complex directly oversees the operation of subsidiaries of state-owned holding companies and has shares in public-private enterprises (Marshall and Stacher 2012). The military have used the privatisation process to diversify their portfolio of business holdings, establishing joint ventures (public-private partnerships) with Gulf conglomerates and foreign multinationals, as well as converting many military enterprises to non-military production (Achcar 2013; Marshall and Stacher 2012).

The pace of privatisation increased gradually through the 1990s but then fell back as it became harder to privatise state enterprises that were less attractive to the private sector. Growth was then mainly in micro and small firms with the numbers of workers employed in large and medium sized firms declining (7% for large, 2% medium) and the proportion employed in micro and one person enterprises correspondingly growing (World Bank 2014). Young firms are not growing and many large firms were 'born' old, being privatised former state enterprises. Employment in the public sector declined and the official unemployment rate fell. However, it was the informal private sector that expanded most, absorbing 75 per cent of new labour market entrants' and accounting for 63 per cent of employment and between one third and a half of officially measured GDP by 2006 (Assaad 2007).

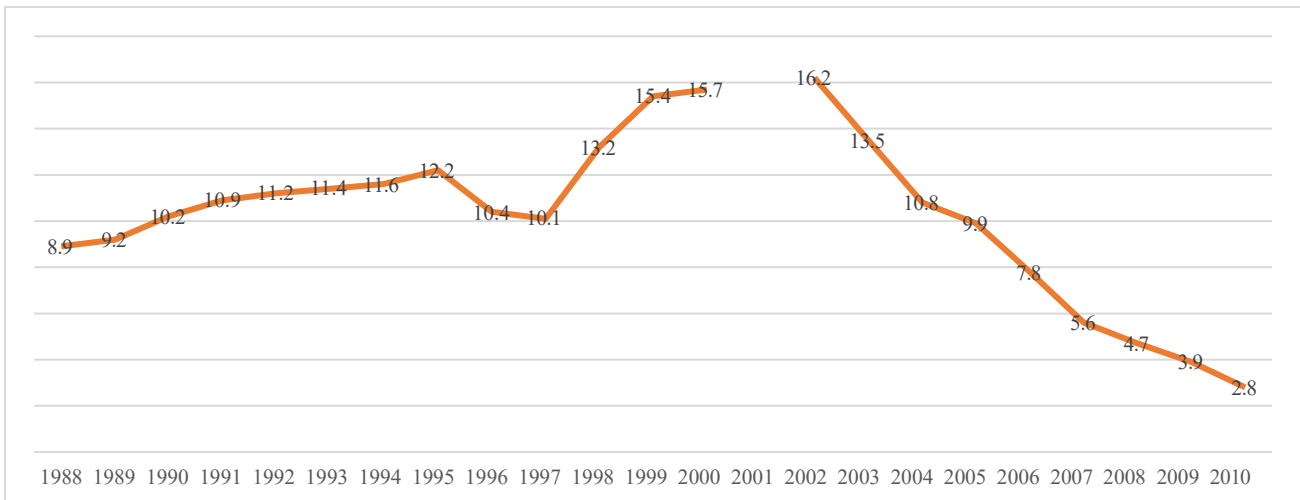
Figure 31: State -owned Enterprisrise , Totally or Partially Privatised , 1993-2006



Source: Dahi 2012; Omran 2007; Emerging Market Monitor 2007

The concentration of economic power in the hands of a small number of capitalists is demonstrated by the number of public companies listed on the Egyptian Stock Exchange, with the actual number of listed companies actually falling between 2003 and by 2010 there were 212 listed firms compared with 435 in 2007 (Dhaman 2011 quoted in Pfeifer 2016).

Figure 32: No of Listed Companies per 1 Million Population



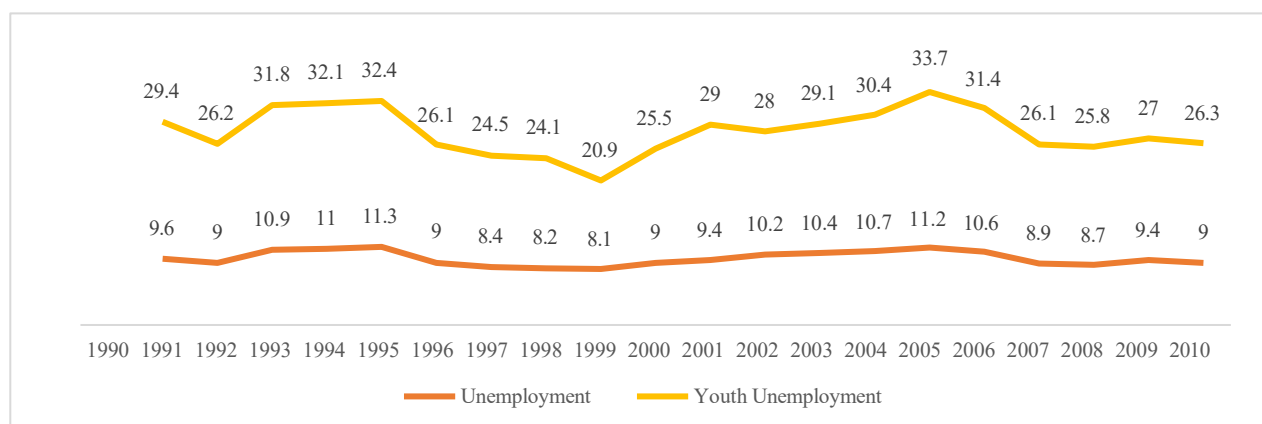
Source: World Bank Global Development Finance Database.

Limited trade openness, a low diversification of exports, and deficient access to finance have been suggested as explaining the paradox of Egypt’s economic growth not driving inclusive human development (Morsy et al 2014). The consequence is an underperforming economy where private sector investment never went beyond 15 per cent of GDP (Richards et al 2014).

There was a weak relationship between economic growth, with the correlation between output and employment being much weaker than in other countries because the policy environment shifted economic activity to sectors that are not labour intensive or are outside the formal sector (World Bank 2014). Ninety-five per cent of firms are micro or small, mainly in the informal sector and engaged in services activities with low productivity, slow growth and lack of access to finance. At the same time capital-intensive large enterprises with low productivity and employment growth benefit from privileged access to capital and energy. The few large firms do not create enough jobs. Unemployment has remained high and especially so for youth, and although it declined from 2006 this was because of an increased uptake of employment in the private sector. Under structural adjustment the trend has been towards lower quality jobs, with an increasing proportion of workers employed in precarious jobs in the informal sector with little or no employment protection or in casual employment. Between 1998 and 2006 unemployment increased due to a decline in public sector employment, while employment in the informal sector increased, and while unemployment fell between 2006 and 2012 the increase in employment was in the informal sector. Between 1998 and 2012 informal private sector employment increased by 13 percentage points from 34 per cent to 47 per cent, while private formal sector employment only increased by one percentage point from 15 per cent to 16 per cent for men aged 15 to 64 (World Bank 2014). At the same time public sector employment declined by nine percentage points from 32 per cent to 23 per cent.

The government promoted early retirement schemes for workers in the public sector to shrink the numbers of workers prior to sale. They offered the workers lump sums so that they could invest in starting a small enterprise, thereby actually encouraging a move to precarious employment. Furthermore, massive layoffs, an end to job security, and a decrease in real wages and benefits accompanied the sale of the public sector for workers (Joya 2008), without the creation of more decent jobs in the formal private sector (World Bank 2014). The labour law passed in 2003 made it easier to lay off workers in both the private and the public sectors, and introduced other measures in order to create a more flexible labour market. It made it easier to set lower wages and to keep workers on temporary contracts. Workers already in permanent formal employment were protected, but only after public enterprises had been rationalised (Pfeifer 2012).

Figure 33: Unemployment and Youth Unemployment, % Economically Active 15+



Source: World Development Indicators

3.5. The Rise of Nepotism and ‘Crony’ Capitalism

The underperformance of the Egyptian economy in terms of both growth and job creation has been attributed to the way in which neo-liberal economic reforms were implemented. One of the main outcomes of the way the government implemented structural adjustment and liberalisation was a distorted form of capitalism, which has been called ‘crony’ capitalism. This system enabled the incumbent political elite to retain power and benefited a small elite of ‘insider’ capitalists who were able to benefit from the privatisation of state assets at discounted prices and from favourable treatment from the government (Achcar 2013; Adly 2014; Chekir and Diwan 2012; Diwan et al 2014; Richards et al 2014; Rolls 2010; Wurzel 2009). This created a mutual dependency between the old political elite and a top entrepreneurial elite, in effect a state-linked capitalist class made up from a merger of the ‘old’ political elite, military elites, and ‘emerging’ financial and business elites. The fiscal crisis of the 1980s forced structural adjustment and a liberalisation of economy, but authoritarian rulers were able to maintain control by providing privileged access to loyal/potentially loyal entrepreneurial elites.

Liberalisation of the financial sector was manipulated with credit allocated preferentially by Government-owned /influenced banks to the businesses elite with close connections to the political regime (Rolls 2010). As well a preferential access to credit politically connected, firms were able to get preferential access to land and industrial zones and preferential treatment in the enforcement of regulations (Diwan et al 2014). The regulatory environment, trade barriers, restricted competition, subsidies, access to land, industrial zones and bank loans; benefit disproportionately a small number of politically connected enterprises and networks of political, military, financial and business elites that had few incentives to innovate, create employment and drive change. Egypt has developed a form of ‘adventure and speculative trading capitalism’ with a pursuit of short term profits rather than long term investment for growth (Achar 2013). Investment, for example has been in construction rather than industry. Meanwhile the majority of mostly smaller non-connected firms in the manufacturing sector stagnated.

Crony capitalists benefit from subsidies, between two-thirds and three-quarters of subsidies for hydrocarbons and electricity are consumed by industries that are mainly owned by crony capitalists and whose profits are in essence guaranteed through the form of government-provided rents (Springborg 2011). Politically connected firms profit margins are only higher than non-politically connected firms when they are protected from competition and/or benefit from energy subsidies. In 2006 about 15 per cent of government expenditure was on energy subsidies (2 times spending on defence, 3 to 4 times that on health and more than on education) (Selim 2008). In 2010 energy subsidies to industry accounted for 2.9 per cent of GDP with public investment accounting to 6.2 per cent of GDP (Diwan et al 2014). The major beneficiaries were energy intensive industries that provide few jobs and could absorb the costs of abolition of subsidies, as are they highly profitable, due to monopolistic power with lack of government regulation and consumer protection. Politically connected firms were heavily concentrated in these sectors and disproportionately benefited from subsidies (Diwan et al 2014). Politically connected firms were also protected from the competition that imports bring, for example, 71 per cent of politically protected firms benefitted from at least three non-tariff measures in 2010, compared with only four per cent of all firms.

The benefits that financially connected firms gained from their political connections have been shown to be significant (Chekir and Diwan 2012; Diwan et al 2014). An analysis of the corporate performance of politically connected firms between 2005 and 2010 found that they had a larger market share than non-connected competitors, and that they were able to borrow more than their competitors. However, they were also generally less profitable than their competitors (Chekir and Diwan 2012). Politically connected firms accounted for 92 per cent of the loans granted to firms in the Orbis firm database but only made up 16.9 per cent of firms (Diwan et al 2014). They only employed 11 per cent of employees in Orbis firms and accounted for 60 per cent of profits.

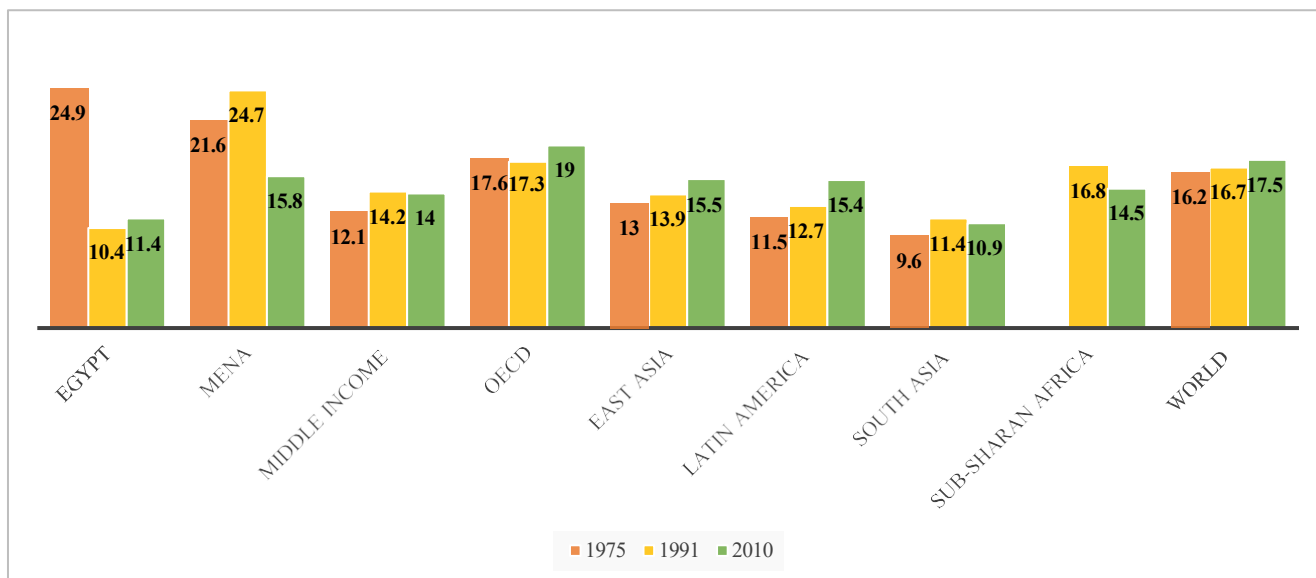
Another form of corruption that benefited the elite and had a negative impact on economic growth were illicit financial flows, regarding: class power, wealth, conflict and the state (<http://www.taxjustice.net/topics/inequality-democracy/capital-flight-illicit-flows/>). Illicit money is money that is illegally earned, transferred or utilised. It also includes illicit inflows, that is capital coming into the country that is unrecorded. Illicit money fuelled the accumulation of private wealth by political elites and their business associates. It enabled them to build their illicit wealth largely from the appropriation of public assets, through opaque privatisation processes, the establishment of monopolies and duopolies in key sectors of the economy and possibly the legal embezzlement of government funds (Ndikumana and Boyce 2012). They have important implications for economic development, social equity and political dynamics and represent a high opportunity cost for the country and its people. Illicit financial outflows mean a net-reduction in national savings, resulting in less domestic money being available for investment. Inflows and outflows reduce the tax base, lowering government revenues and reducing investment in public infrastructure and social services such as health and education.

4. The Drivers of the 2011 Uprising

4.1. The Social Contract and the Authoritarian Bargain

Structural adjustment and the liberalisation of the economy resulted in a rolling back of the state and a breakdown in the social contract by which citizens accepted a limited political voice in exchange for redistribution, including employment, subsidies and public services. The steady decline in public welfare spending from the 1980s with the reduction in rent income affected all segments of the population, except the wealthy elite (Richards et al 2014). In particular, it eroded the authoritarian bargain with the middle classes as cutbacks in public sector employment reduced opportunities for young people to get decent employment and declining investment in public services, meant that rising expectations could not be met. In the 1970s, government consumption spending as a proportion of GDP had been high by regional and international standards but by 1991, following the financial crisis of the 1980s, it had fallen dramatically and remained at much the same level, and by 2010 Egyptian government expenditure as proportion of GDP was among the lowest in the world.

Figure 33: Egypt and Major World Regions Government Consumption Expenditure as % GDP, 1975, 1991, 2010



Source: World Development Indicators

The problem of uneven development was discussed in a UNDP report published in 2011 which argued that financial liberalisation had resulted in uneven development and that the benefits of economic growth had not ‘trickled down’. The challenges identified, included; the quality of institutions and governance, development investment and investment in human capital, employment and unemployment, income and wealth inequality and poverty.

Three key factors triggered the 2010 Uprisings in Egypt: corruption and the limited ability to get ahead without ‘wasta’ (connection); a lack of decent employment opportunities; and dissatisfaction with the standard of living especially by the middle classes (World Bank 2014). Ordinary people were frustrated that they were not able to share in the prosperity of the relatively few, as a gap grew between the elite that benefitted from ‘crony’ capitalism and the rest. While the poor saw poverty increase and were hit hard by cuts in subsidies, the middle class grew increasingly dissatisfied with their quality of life and felt increasingly insecure and concerned about future prospects for themselves and their children. They saw employment opportunities decreasing for their children and were concerned about the poor quality of public services and the increasing need for out-of-pocket expenditure on health and education. Dissatisfaction with life increased drastically between 2007 and 2010, a measure of how people feel about their lives from 5.5 on a scale from 0 to 10 to 4.4 with Egyptians being some of the unhappiest people in the world (Ianchovichina et al 2015). The increase was larger among the middle class than the poor.

4.2. Corruption

Concerns about high levels of corruption were one of the main complaints of those that took part in the Uprising and public opinion surveys have also found high levels of concern about government corruption and the need to use connections in order to secure employment. This contributes to a feeling that there is inequitable access to opportunities and the perception of

living in an inequitable society. In particular, the middle classes have seen the gap between themselves and the wealthy elite increase, and a decline in the differences between their standard of living and that of the working class. At the same time, cut backs in public sector employment have reduced opportunities for young people to gain secure formal sector employment, (Assaad and Krafft 2015b) a growing concern that getting on had more to do with who you know than to ability.

In the 2010 Pew survey, corruption was the top concern for 46 per cent of Egyptians and in the 2011 Arab Barometer, 79 per cent of Egyptians thought that corruption was a serious problem. In the 2009 Gallup poll, 75 per cent of respondents agreed that knowing people in a high position is critical for getting a job and 47 per cent of respondents to the 2011 Arab Barometer, thought that connections were indispensable for getting employment, with a further 30 per cent saying they were sometimes important. Corruption was also seen as the second most important reason for the Uprisings with only the economic factors having more nominations. In total 71 per cent of Egyptians nominated corruption as one of the two most important causes of the Uprisings, 29 per cent as the most important reason and 42 per cent as the second. In the 2009 Youth Survey (El-Kogali and Krafft 2011), nearly 88 per cent of young people (18-29 years), thought that fighting corruption was an important issue for Egypt and 27 per cent said they had witnessed bribery and 28 per cent nepotism (*wasta*), with the rates much higher for young men and those living in urban areas. In the 2012 Labour Market Panel survey 47 per cent of young people (15-29) had obtained employment in the private sector through family/friends and 14 per cent in the public sector³ (Barsoum 2015). Another measure of the pervasiveness of corruption is the extent to which it is thought that other people can be trusted, the 2009 Youth Survey found that only 10 per cent of young people aged 18-29 years thought this was the case.

Enterprises also find corruption problematic. Research using World Bank Enterprise Survey data for 2008 indicates that 45 per cent of firms identified corruption as a major constraint to business (Nugent 2014). However, more detailed analysis and using the Enterprise Survey for 2006, suggested that corruption by labour administrators that enforce labour laws and regulations affects 85 per cent of firms and that corruption by the tax administration affects 84 per cent.

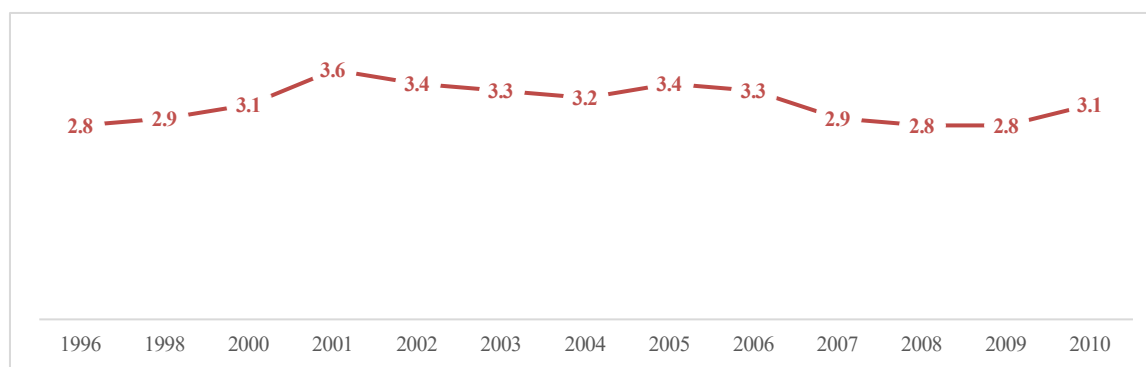
Other measures of corruption in Egypt⁴ also suggest that levels are high and that there was little change in its incidence between the 1980s and 2010 or that it actually increased. The score on the International Transparency Country Risk was two, in both 1988 and 2009 and on the Heritage Foundation Index 30 in 1990, improving marginally to 33 in 2009 in both years (quoted in Nugent 2014). On Transparency International Corruption Perception Index between 1996 and 2010 it varied from a low (most corrupt) of 2.8 in both 1996 and 2009, to a high of 3.6 in of 2001.

On the Worldwide Governance Indicators (Figure 9 above) the level of corruption increased significantly between 1996 and 2010 – the percentile score was 56.6 in 1996 but only 34 in 2010 (and was only 27 in 2008).

³ This is almost certainly an underestimate of proportion of young people using connections to get public sector employment (see World Bank 2014).

⁴ The higher the score on each of the measures the lower the levels of corruption)

Figure 34: Transparency International Corruption Perception Index 1996-2010, Score out of 10



Source: Transparency International

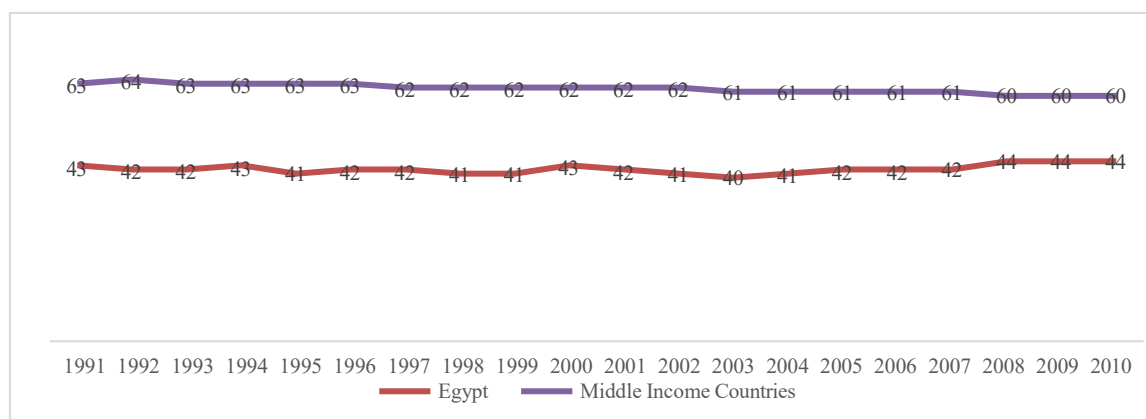
4.3. Employment and Unemployment

Another demand of those who supported the Arab Uprisings was for jobs, a protest not just against unemployment and the lack of employment opportunities, but also the prevalence of precarious employment (R El-Mahdi, 2011). A concern especially for middle class parents and youth who can no longer be certain that educational credentials will ‘buy’ decent employment. There has been a decline in job quality and in job security since the 1990s, and a decline in labour force participation (World Bank 2014). A major constraint to employment is a low-skill, low-productivity, low wage economy that cannot provide decent jobs for educated young people (ILO and UNDP 2012). This is the result of political considerations and crony capitalism. The sale of state-owned enterprises went to establishment insiders. The state failed to invest in infrastructure and FDI remained low. Consequently, the Egyptian economy failed to deliver sufficient jobs in high labour productivity industries to absorb new entrants to the labour market or provide decent well-paid jobs that matched the qualifications of its labour force, with high unemployment even among the well-educated and low wages as workers concentrated in precarious employment low-productive industries, often in the informal sector. Real wages in the private sector stagnated between 2000 and 2010 (Morsy et al 2014), with the share of GDP going to workers’ wages declining between 2000 and 2010 and standing at 29 per cent of value added in 2009, a low share by international standards including in emerging economies. Public sector wages rose with inflation (Centre for Economic and Social Rights 2013).

A majority of young people think that the government is responsible for providing them with a job, 81 per cent of young men in the labour force and 80 per cent of females (Roushdy et al 2011). Young people continued to see employment in the public sector as the preferred option, even being prepared to accept lower wages in exchange for security of employment and social insurance protection it generally provides. Almost 70 per cent of young people expressed a preference for government employment in the 2009 Youth Survey (Barsoum 2015), and those in public sector employment are much more satisfied with all aspects of their job than those in private sector employment. Young women prefer government employment because it offers them terms and conditions comparable to those of men, while the conditions they are offered in the private sector are less favourable and they are more likely to experience sexual harassment (World Bank 2014).

The Egyptian labour market has a low absorption capacity. One of the factors seriously inhibiting development in Egypt is that the economy is not capable of absorbing the potential labour force in step with expansion, resulting in economic growth alongside serious underemployment. Egypt has a relatively low proportion of the adult population in the labour force compared to other countries, with around a 20 percentage point gap between its employment to population ratio and that of other middle income countries.

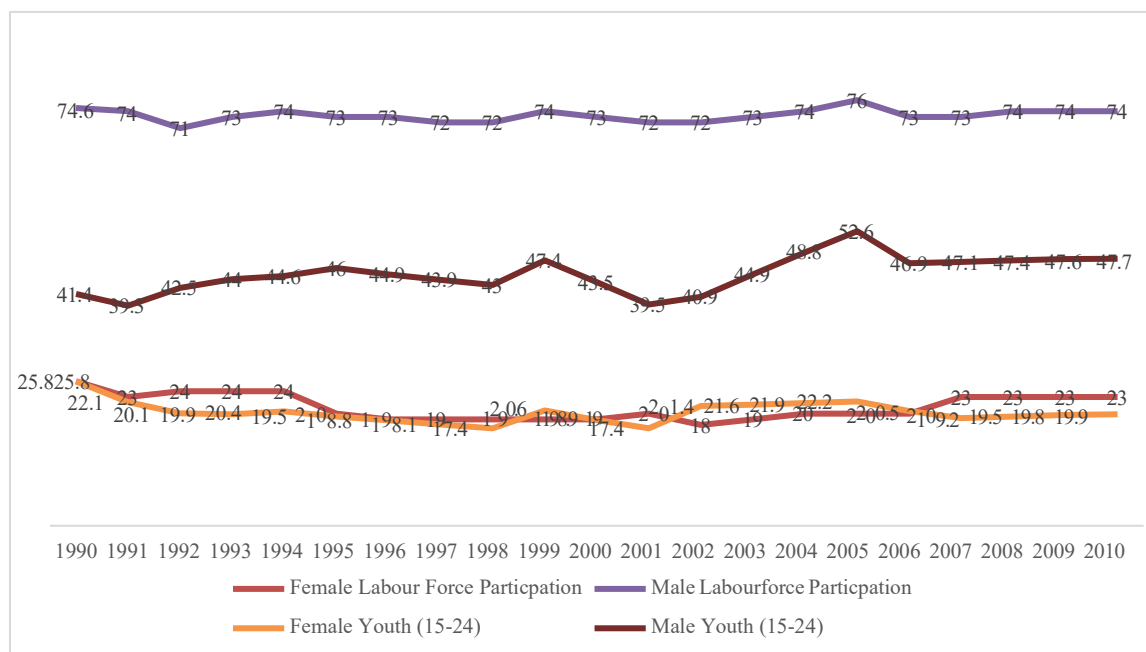
Figure 35: Employment to Population Ratio 15+ Egypt and Middle Income Countries



Source: World Development Indicators

This is mainly accounted for by the low participation of women in the labour market, women are not part of the labour force as they are in other regions of the world. Transitions into the labour market are heavily gendered, but while young men eventually get employment less than a fifth of young women do, by 29 years around 92 per cent of men are employed, while for women the maximum employment rate is 15 per cent reached at 23 years.

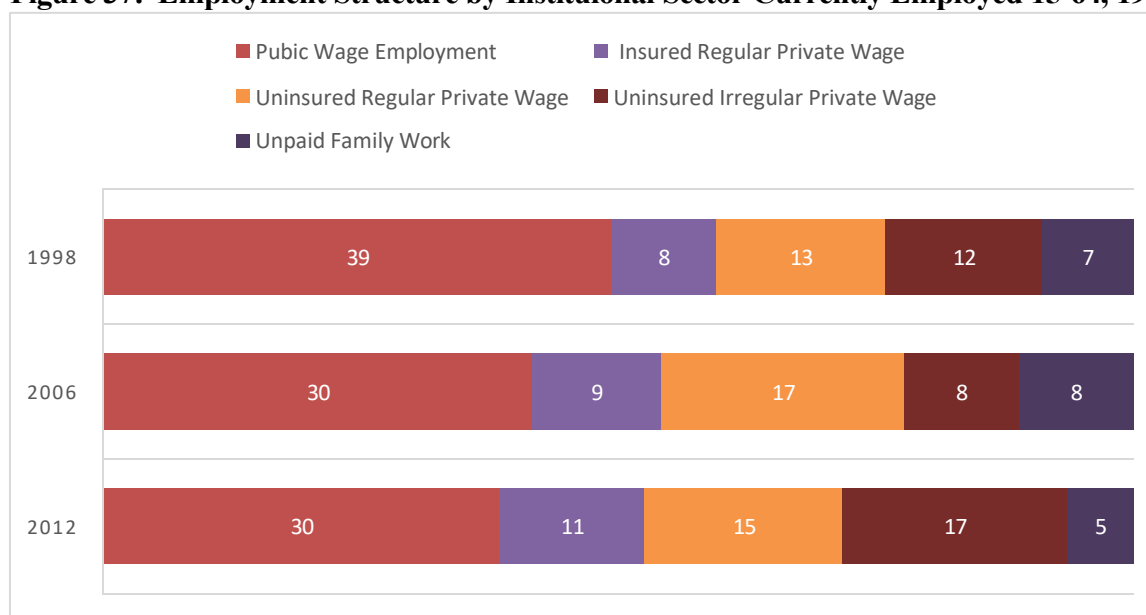
Figure 36: % Men and Women Aged 15 Years and Over Economically Active



Source: World Development Indicators.

There is also a high rate of informality, vulnerable employment, and underemployment. The government's neo-liberal economic policies and privatisation programme not only failed to deliver adequate jobs to absorb new labour market entrants, but had also led to an increase in precarious employment. There has been a decrease in employment in the public sector without a corresponding increase in employment in the formal private sector.⁵

Figure 37: Employment Structure by Institutional Sector Currently Employed 15-64, 1998-2012



Source: Assaad and Krafft 2015

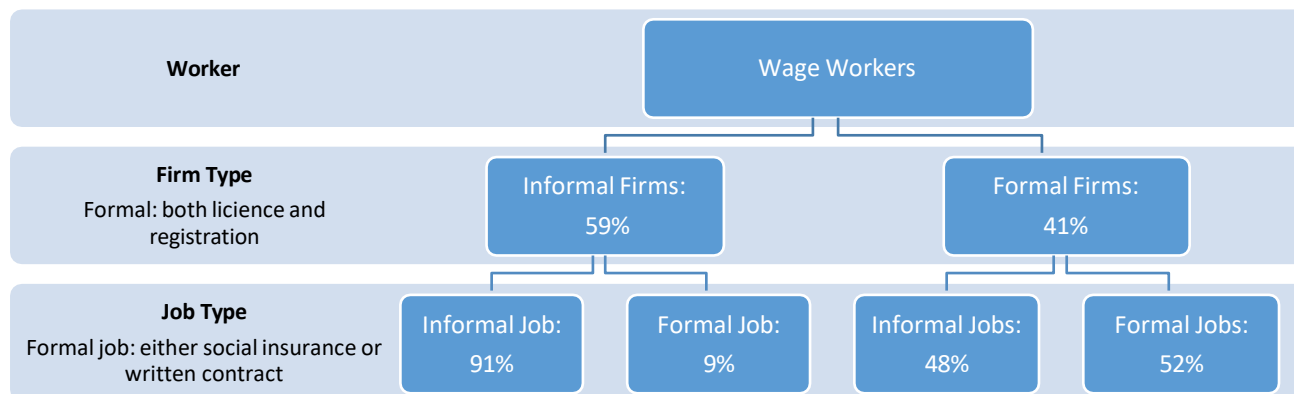
The decline in formal sector employment has not been matched by an increase in the formal private sector which has not created sufficient jobs to replace those lost in the public sector. It is not just on job entry that more workers are forced into the informal sector and other precarious employment but it has become more difficult to move from precarious employment to formal employment (World Bank 2014). Even the proportion of jobs in the public sector that were covered by social insurance protection declined between 2006 and 2012 (Roushdy and Selwaness 2015). Furthermore, being employed in the formal sector does not mean having formal employment⁶. In 1998, 47 per cent of workers had decent employment but by 2006 this had declined to 39 per cent. Male new labour market entrants have increasingly been forced to take

⁵ The information on changes on employment is based on the Egyptian Labour Market Panel Survey carried out in 1988, 2006 and 2012. We recognise that some of the changes between 2006 and 2012 may be due to the events of 2011 but the findings are in line with the trends that occurred between 1988 and 2006.

⁶ Percentages of employees in precarious employment differ from wage workers with informal employment as the former includes the self-employed and dependent family workers. The percentage of informal wage workers also differs depending on definition used. Some sources count workers without social insurance while others also include those without a written contract. In practice the differences will be tiny as it is extremely unlikely that a worker with no contract will have social insurance.

informal employment, become self-employed or work as dependent family workers and this has been especially the case since 1998 for those with post-secondary educational qualifications (World Bank 2014).

Figure 38: Formal Firms and Formal Employment



Source: ELMPS, Reported World Bank 2014, 157

Improvements in job quality among waged and salaried workers has not kept up with increasing levels of education meaning that return on education has declined mainly due to a decline in the share of employment in public sector (Assaad et al 2009; World Bank 2014). Declining opportunities in the public sector without an increase in decent employment in the formal private sector is pushing young men into taking precarious employment in the informal sector, while educated young women remain unemployed or are withdrawing from the labour market entirely.

Analysis of the Egyptian Labour Market Panel Survey found that while the employment rate for men aged 15-65 years, increased from 73.3 per cent to 76.8 per cent, for women it declined from 22.3 per cent to 17.6 per cent (Assaad and Krafft 2015).

Jobs satisfaction in the informal private sector is low compared to that in the formal sector, informal sector workers are more concerned about job security and median salaries are lower. Only three per cent of informal sector workers get paid vacations or have medical insurance, while the majority of formal sector workers do (World Bank 2014). Irregular employment (seasonal or without fixed hours) has also increased especially for young men.

Unemployment is high with youth and graduate unemployment is exceptionally high by international standards (Pfeifer 2015). Under the implicit social contract, the government provided employment for a significant proportion of workers and especially those with educational credentials. Three main themes run through the explanations for the high rates of unemployment. One theme emphasises the willingness of youth and especially educated youth to que for jobs in the shrinking public sector. A second argues, that it is a fault of an education system that does not produce graduates with the skills and competencies to meet the purported demand of the private sector. The third argued, that it is a failure in supply, the economy was creating insufficient jobs to absorb new entrants to the labour market. However, as we have argued above, the private sector was not producing sufficient decent jobs to replace those being lost in the public sector. Basically, high unemployment is caused by the social and political

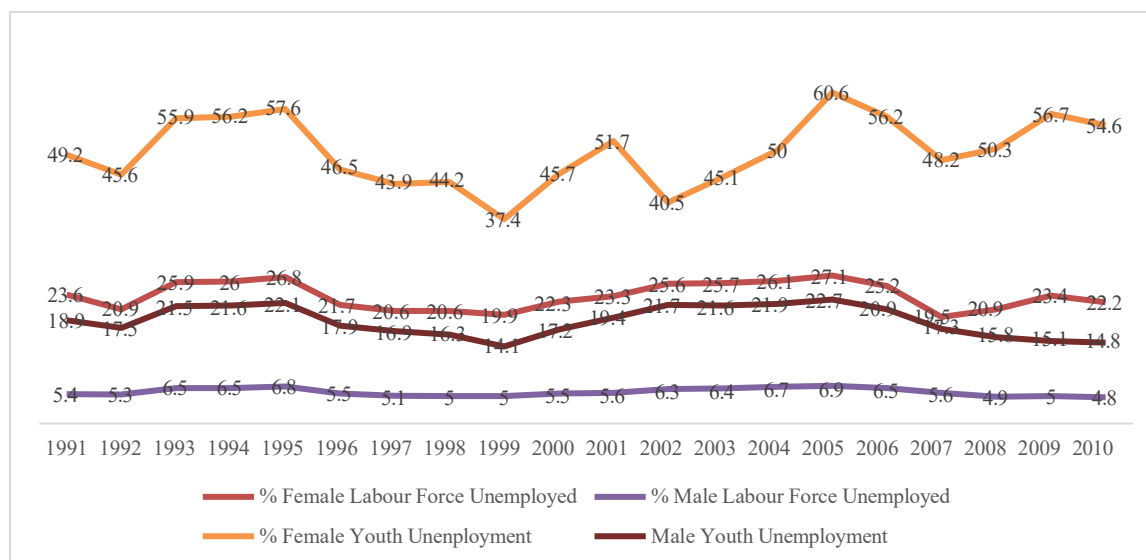
conditions that are responsible for an economy that does not create sufficient decent jobs to absorb young people coming onto the labour market (Achcar 2013).

The unemployment rate has fluctuated since 1991 but has remained persistently high. The Official unemployment rate is especially high for young people and women, with more than half of the young women seeking employment being unemployed compared with about 15 per cent of young men and just over a fifth of men.

Unemployment also disproportionately effects those with higher educational attainment, in 2009, 14 per cent of those with secondary and higher education qualifications were unemployed compared to one to two percent of those with only primary education or less.

However, the official rate underestimates the ‘real’ rate of unemployment. It does not include, for example, women who withdraw from the labour market, or never entered it in the first place, because there is no suitable employment. It does not count those that want work but are not actively seeking it. Furthermore, it does not say anything about underemployment of those forced into precarious employment in the informal sector because of a lack of decent jobs (Krafft and Assaad 2014). The poor have always been forced to take whatever work is available, but cut backs in public sector employment have forced educated men into the informal sector and women to withdraw from the labour market. The 2009 Youth Survey found that youth unemployment using a broader definition (wanting to work) rather than a narrower definition (actively seeking work) was six percentage points higher than the official rate, four percentage points for young men and 11 percentage points for young women (Roushdy et al 2011).

Figure 39: % Unemployment 1991-2010

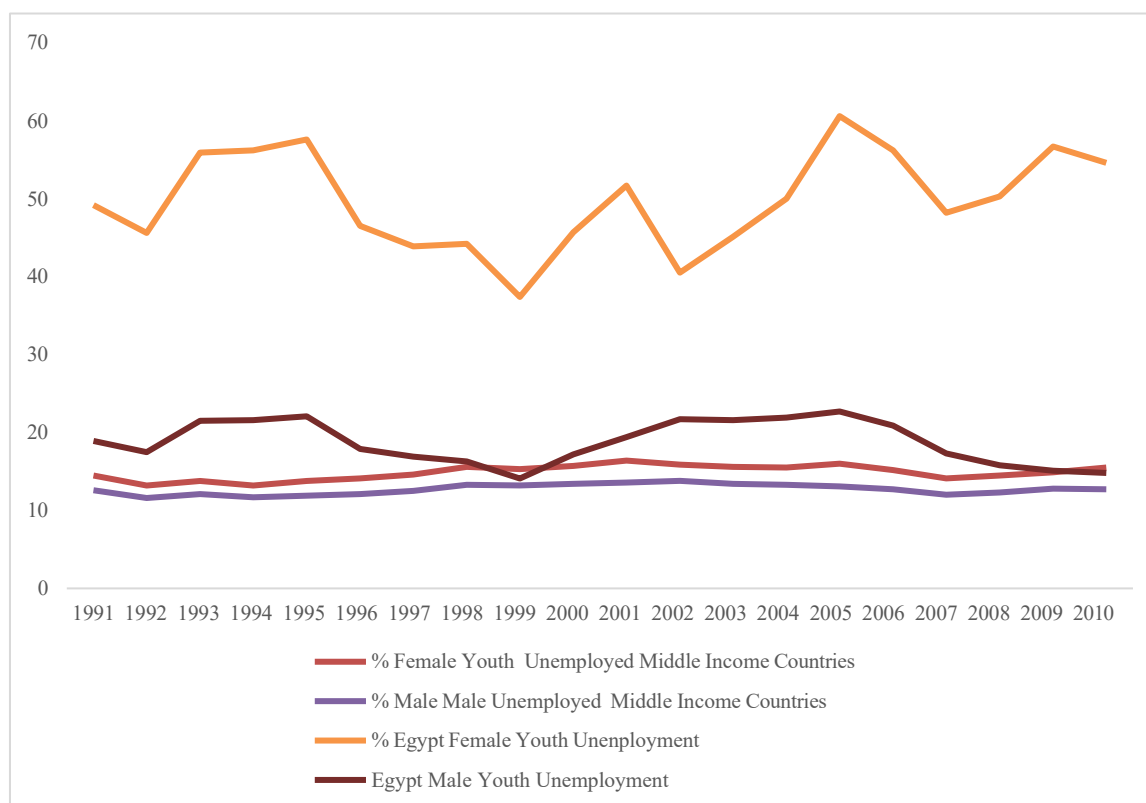


Source: World Development Indicators

Unemployment is essentially a youth problem and especially one of educated young people. In 2006, over 80 per cent of the unemployed were under 29 years old and 82 per cent of them had never worked (Handoussa 2010). Based on the narrow ILO definition of unemployed, not working and actively seeking work, there was an increase in the youth unemployment rate to 2005, followed by a decline in the overall youth unemployment rate from 2005 to 2010 (Krafft

and Assaad 2014). While the male rate declined, the female one increased. Both men and women saw a deterioration in their employment prospects but it was relatively worse for men than for women.

Figure 40: % Youth (15-24) Unemployed by Gender 1991-2010, Middle Income Countries and Egypt



Source: World Development Indicators.

Unemployment increases with household economic status, although young post-secondary and university graduates are even more unlikely to be unemployed than their peers from better off homes, the highest unemployment rate in 2009 was from those with a post-secondary qualification. While unemployment rates fell between 1998 and 2006, they did not do so for university graduates (Assaad 2008) and unemployment rates went up for male university graduates from 2006 to 2009 (they fell for female graduates but this was due to withdrawal from the labour market). By 2008-9 a quarter of university graduates were unemployed, as were 22 per cent of those with post-secondary qualifications, compared with about 15 per cent of secondary school graduates (El-Laithy 2010).

4.4. Inequality and Quality of Life

Protesters during the Uprisings demonstrated against the economic situation and rising inequalities. Economic issues were the foremost priority of Egyptians according to the 2011 Arab Barometer, and in the 2009 Youth Survey, 92.4 per cent of 18-29 year olds thought that poverty reduction was an important issue for Egypt, 90 per cent fighting inflation, and 78 per cent that there was a need for strong economic growth (El-Kogali and Krafft 2011). Young people also

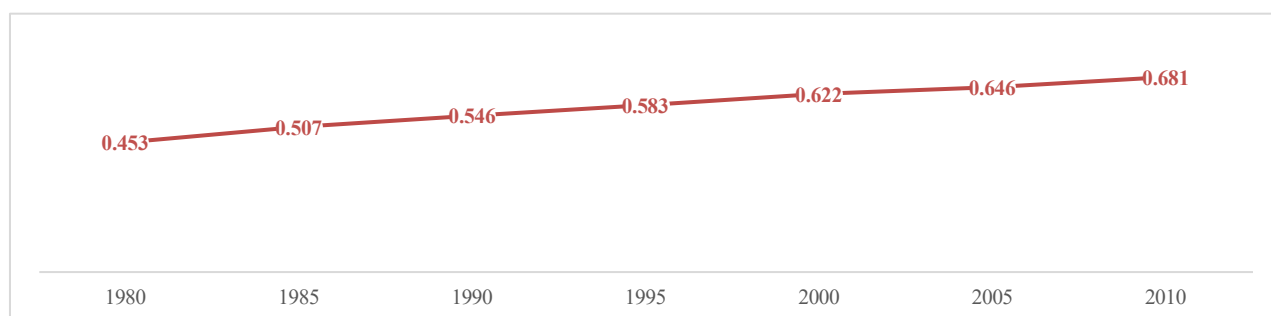
thought that the education and health systems needed reforming, 86 per cent in both cases. Life evaluation plummeted between 2005 and 2010 according to Gallup Survey Data, with the proportion judging themselves to be thriving falling from 28 per cent in 2006 to nine per cent in 2010 (authors own calculation of Gallup Analytics). There was a perception of deteriorating living standards which combined with the high unemployment rates and increasingly precarious employment led to a growing feeling of being socially excluded from the benefits of development, especially by sections of the middle classes (Verme et al 2014).

In order to understand social inequality and – at least specifically – the concerns of the middle classes, it is important to understand why they came to feel that they were not benefitting from economic growth and development in Egypt. Following independence, the state was the instrument of social transformation, political mobilisation and economic development. Public investment in infrastructure, health and education, as well as state-owned enterprises providing decent employment. However, the reduction from the 1990s in government investment in infrastructure and public services widened the income and asset gap between the elite and the rest of society. The poor and the middle classes suffered the consequences of the inadequate provision of public services, while the wealthy were insulated from the consequences because they could afford to pay for private education and health, including obtaining it abroad (Nagarajan 2013; Ndikumana and Boyce 2012). Structural adjustment resulted in reduced roll of state, cut in public employment and in services and benefits – increased insecurity among non-elite population, including the middle classes. A squeezed middle class saw their potential for advancement curtailed, a loss of securer public sector jobs and public services narrowing the inequalities between the middle and lower classes, while the elite remained relatively untouched resulting in a perception of growing inequalities and sense that norms of social justice been violated (e.g. Arampatzi et al 2015; Ischerichia et al 2015).

While the HDI has grown significantly since 1980, the growth rate was much faster between 1980 and 1990 (1.93), when it recorded one of the fastest growth rates for a country starting from a low point, than between 2000 and 2010 (0.9) (UNDP Human Development Reports 2000 and 2010). Furthermore, Egypt’s rank on the HDI has been lower than its rank on real GDP, indicating that it is not performing as well on promoting human development as would be predicted from its economic situation, with the differences ranging from -15 in 1995 to -8 in 2010 (UNDP Human Development Reports 1995 and 2011).

The same is the case for the Human Poverty Index, the HPI was higher in both 1997 and 2007 than would be expected given Egypt’s GDP and the difference widened between the two years.

Figure 41: Trends in Human Development Index 1980-2010

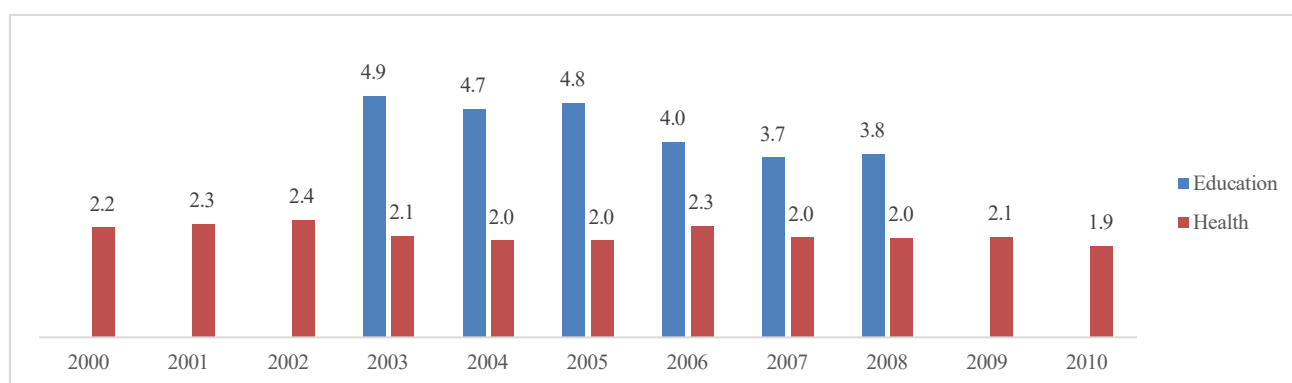


In the 2000s the middle classes in particular became concerned that they were being squeezed and losing out and that society was becoming more unequal. Analysis of the World Values Survey shows that between 2000 and 2008 the mismatch between actual welfare and welfare expectations increased and people became more concerned about income inequalities, GDP growth and food prices (Verme et al 2014). People were told that the economy was growing but they had not seen the benefits. This was more so for the middle classes than the poor. Inequalities as measured by the Consumption Gini Coefficient are in fact relatively low in Egypt and there is no evidence that they widened in the 2000s (Verme et al 2014). The gap between GDP per capita and household consumption increased between 2001 and 2005/4/5, indicating that GDP growth had not trickled down to households. While the expenditure of the poor and the wealthy remained stable, that of the middle class declined narrowing inequalities between them and the poor and a perception by the middle classes that inequalities between them and the elite were widening (Kheir-El-din and El Laithy 2008) and that that they are losing out.

State benefits including subsidies, health and education services are a manifestation of government responsiveness which citizens experience in their everyday lives and links government policies to everyday lived experience. It is not just the level of service that is delivered but how citizens experience that service. In terms of state benefits spending on fuel subsidies which benefit the middle class, as well as the poor, these were not reduced but did not keep up with the raising costs of both fuel and food, which eroded their real value (Bargawi and McKinley 2011/10). There was also increasing concern about poor quality public services and the need for out-of-pocket payments for health and education. Food and fuel subsidies are highly prized by the middle class, as well as the poor, with 80 per cent of the population benefiting from food subsidies and virtually all from fuel subsidies, which are highly regressive (Springborg 2011). Attempts to reduce subsidies are met by resistance and demonstrators during the Uprisings certainly made demands for them to be retained. While food and fuel subsidies remained in place, the government reduced fuel subsidies between 2005 and 2008. It stopped the reform programme in 2009 due to the concerns relating to the global economic down turn but it was nevertheless a reminder that subsidies could be cut and further reduce the standard of living of the middle classes (as well, as course, as having a negative impact on the poor).

There are concerns that public health and education services are of poor quality and that they are unable to meet the expectations of citizens for decent service delivery. There are inequalities and inefficiencies in health care delivery system, as well as regional disparities despite improvements in health (Maeda and El Sabharty 2008). The proportion of GDP spent on education and health fell from seven per cent in 2003 to 5.8 per cent by 2008. This is less than is spent on food and fuel subsidies, with food subsidies being about two per cent of GDP (World Bank 2010) and fuel subsidies 15 per cent (Selim 2008). It is also less than the UN recommendation of government spending of six per cent of GDP on education and the widely accepted standard of five per cent of GDP on health and less than a third of that committed under the Abuja declaration.

Figure 42: Health and Education as % GDP

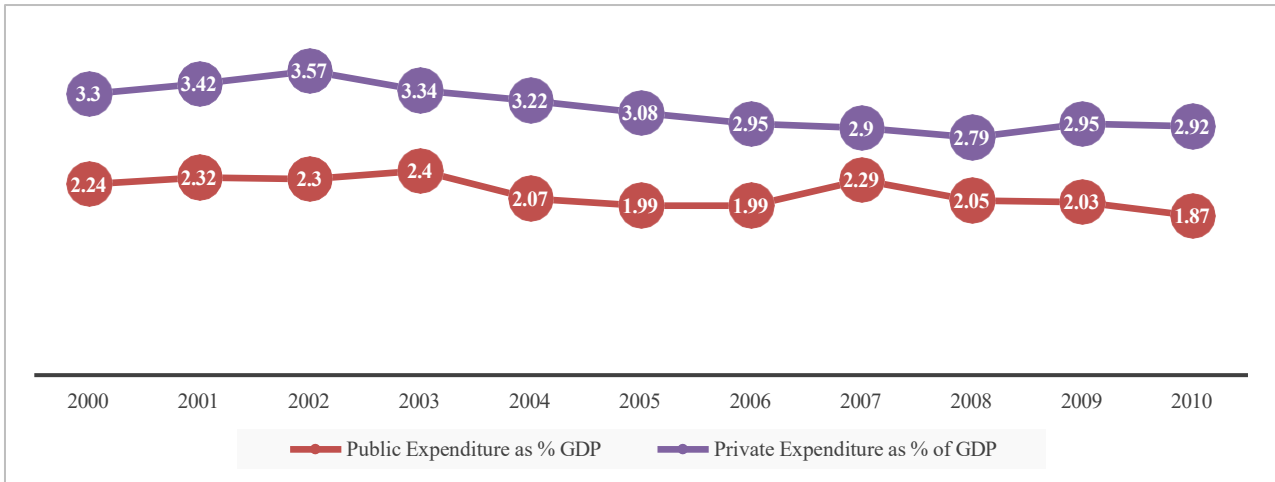


Source: World Development Indicators

Overall expenditure on health is also low when compared to other comparable countries (WHO 2006). Only 48 per cent of population are covered by health insurance with the rest of the population using government subsidised services (World Bank 2010). Nearly 60 per cent of health care expenditure is out-of-pocket and there is limited risk pooling. Co-payments for health care in public facilities are as high as 79 per cent, although the poor are supposed to be exempt from payment (World Bank 2010). The World Bank Report, which only covered Alexandria and Menoufia Governorates found that only 50 per cent off households had health insurance and 43 per cent were enrolled in the government's co-payment scheme. A third said that there were occasions when they could not afford health care. However, the EDHS 2005 which covers the whole country found that only 27.6 per cent of ever married women were covered by health insurance.

The cost of health care has become an increasing barrier for women. In 2000, 27 per cent of ever married women aged 15-49 years said that getting money for treatment was a major problem in accessing health care, this had risen to 32 per cent by 2005 and to 44 per cent by 2008. Household economic circumstances, education, residency and employment status all made a difference. Better educated women, in paid employment, from better off households and those living in urban areas were less likely than other women to say that the cost was a major problem in accessing health care.

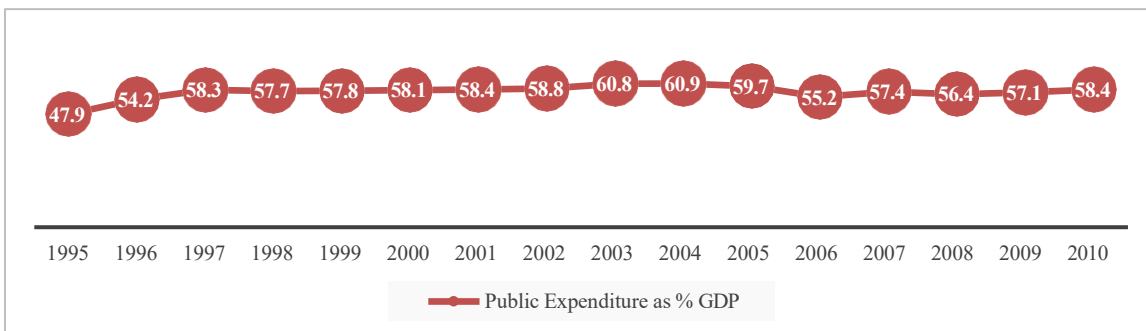
Figure 43: Public and Private Health Care Expenditure as % GDP, 1995-2010



Source: World Development Indicators

The portion of out-of-pocket health care expenditure increased in the 1990s but has remained much the same in the 2000s at just under 60 per cent. There is a strong preference for using private health care facilities (World Bank 2010). Which suggests that government facilities are of poor quality.

Figure 44: Out-of-Pocket Health Care Expenditure as % of Total Spending , 1995-2010

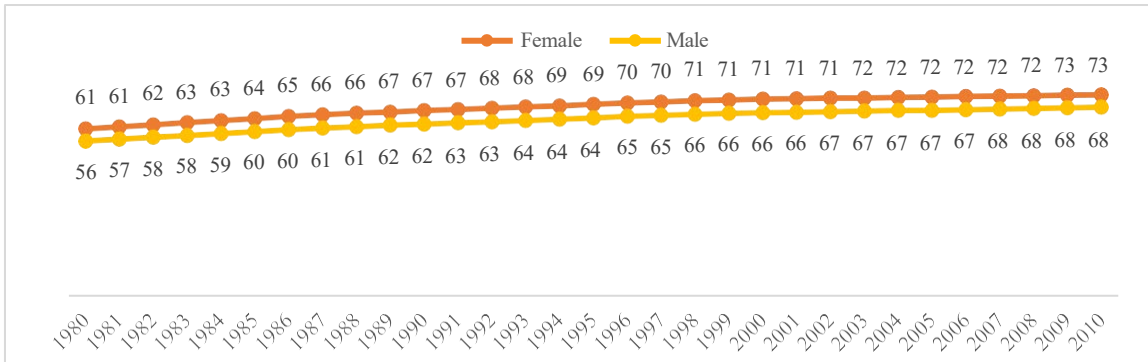


Source: World Development Indicators

Public health care facilities generally have the necessary basic equipment, but the medical services provided are poor: with a poorly motivated staff, a general lack of supplies and the (non) availability of staff (World Bank 2010). Staff absence is high, with about a third absence at any one time. Opening times are limited with most only being open in the morning, even though they are supposed to provide 24-hour cover. Private facilities are more highly rated by users and generally have longer opening hours.

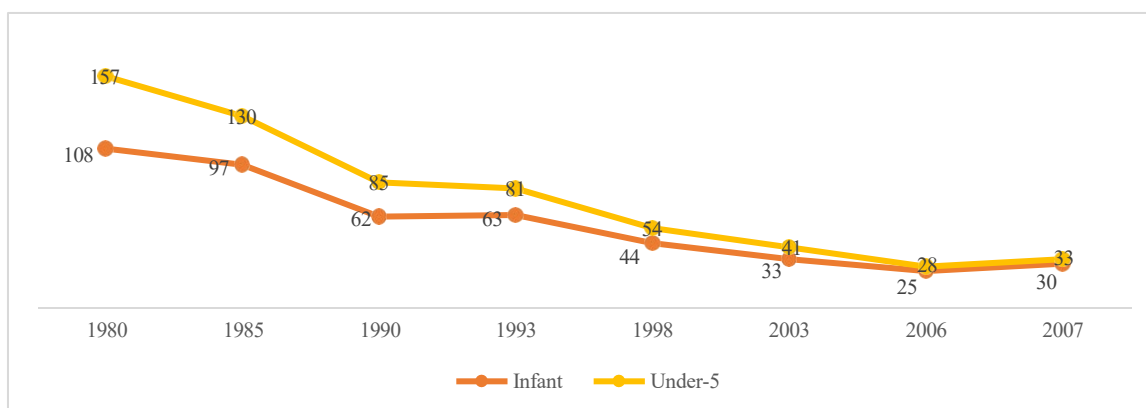
Key measures of health, life expectancy at birth and infant and child mortality rates have been improving but as with the HDI the rate of progress slowed in the 1990s and 2000s. The same is the case for women’s health which we discuss in more detail in the section on Gender and Development below. The 2009/10 Global Competitiveness Report ranked Egypt as 92 out of 133 economies for life expectancy and 89th for infant mortality (WEF 2009).

Figure 45: Male and Female Life Expectancy at Birth in Years 1960-2015



Source: World Development Indicators

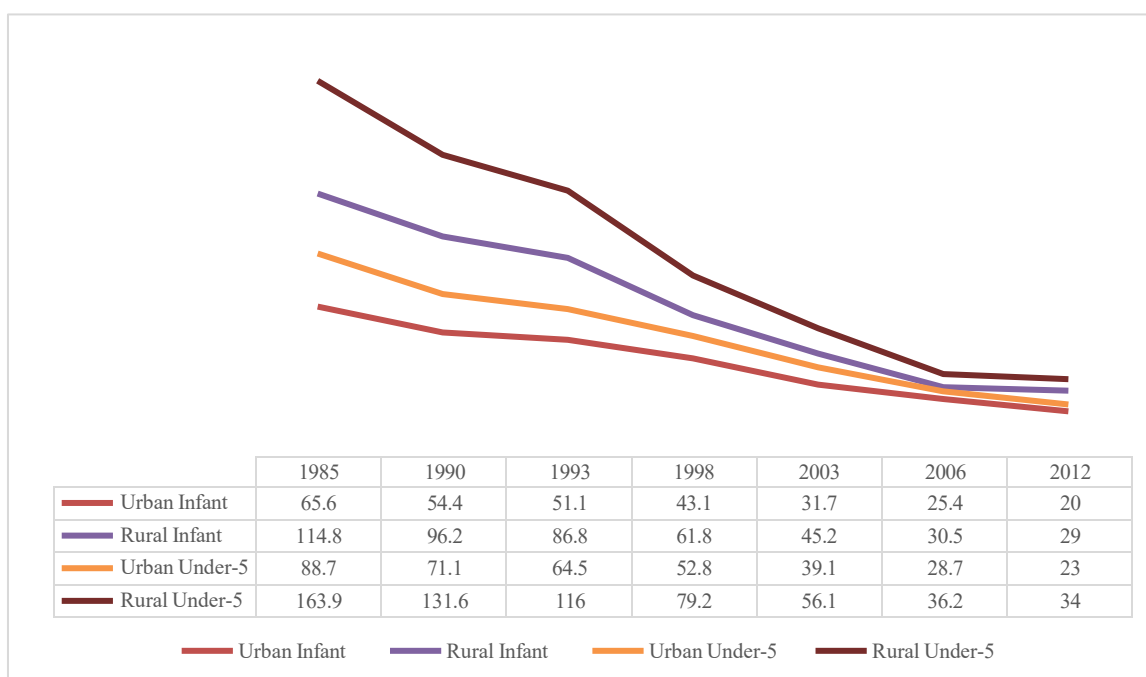
Figure 46: Infant and Under-5 Mortality per 1,000 Live Births



Sources: EDHS 1988, 1992, 1995, 2000, 2005, 2008, EFS 1980

Health inequalities between urban and rural areas have been narrowing.

Figure 47: Urban and Rural Infant and Under-5 Mortality Rates 1985-2012



Sources EDHS 1988, 1995, 2008

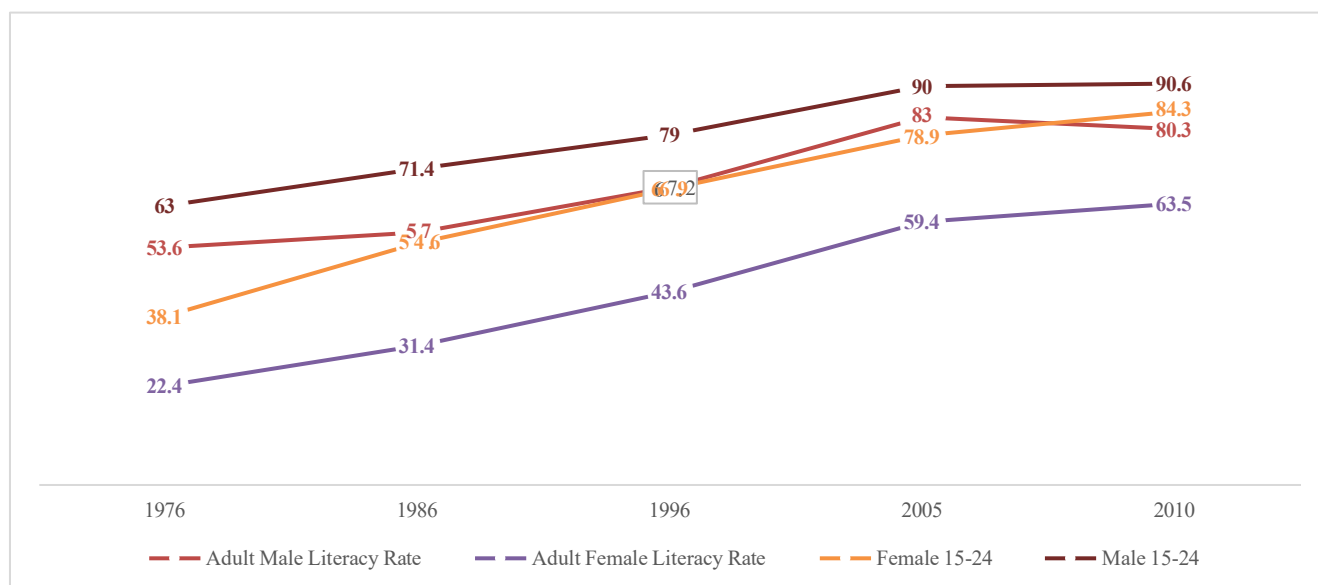
While there has been progress in school enrolment and the gender gap nearly closed at all levels there are serious concerns about the quality of education with UNICEF in 2012 judging that only 10 per cent of schools were meeting national standards. In the 2009/10 Global Competitiveness Report the quality of primary education was ranked 124th out of 133 countries and the overall quality of secondary and tertiary as 123rd, the management of secondary and tertiary education was ranked 114th and maths and science education 124th. Only 60 per cent of young people studying or having completed higher education think that it has prepared them for the labour market (Krafft and El-Kogali 2011). Investment in school facilities has not kept pace, with increased numbers due to population growth and increases in enrolment (Loveluck 2012).

Teaching quality is poor, with poorly trained teachers and a high proportion of unqualified ones in primary and secondary technical schools.

Around 60 per cent of parents pay for their children to have private tutoring to make up for the inadequacies of the education system. In some state school's students can pay fees for additional tutoring. The low pay of teachers means that they rely on private tutoring to earn a decent living. The 2010 Youth Survey found strong evidence of poor quality education with high absenteeism, repetition and dropout rates and poor learning environments, with poorly maintained overcrowded classrooms (Krafft and El-Kogali 2011). Completion rates and test scores were low and two-thirds of young people reported having cheated in examinations. The private schools provide vastly superior education to the public system and advantage those that attend them on the labour market (Loveluck 2012).

Although the adult literacy rate has been increasing and the gender gap declining more than a quarter of women and a fifth of men were illiterate in 2010, with a tenth of young men and a fifth of young women being illiterate. Generally, it is assumed that anyone completing primary school education is literate but the EDHS in 2005 tested the literacy of women who had only completed primary school found that as many as eight per cent could not read or write simple sentences. A similar proportion was reported in the 2008, with EDHs who had completed only primary school said that they could not read a simple sentence.

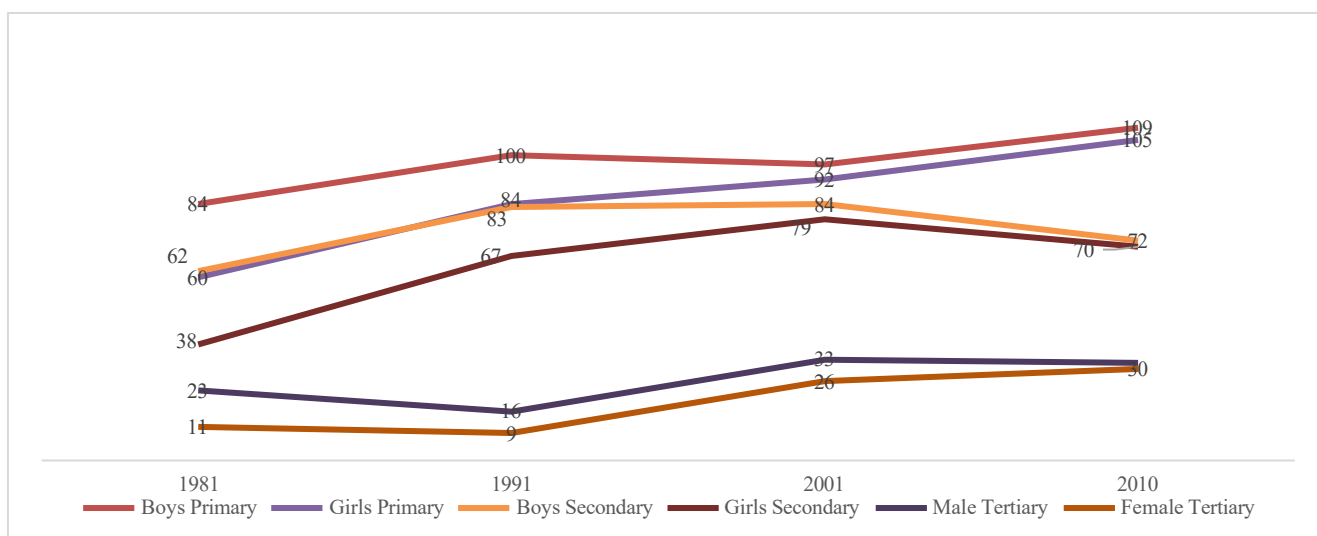
Figure 48: Male and Female Literacy Rates 1976-2010, %



Source: World Development Indicators

Primary school attendance has been increasing rapidly and the gender gap has been narrowing. While the gender gap for secondary and high education has also decreased, so that there was virtual parity by 2010, enrolment rates for both boys and girls have been declining at secondary level and for boys at higher education level.

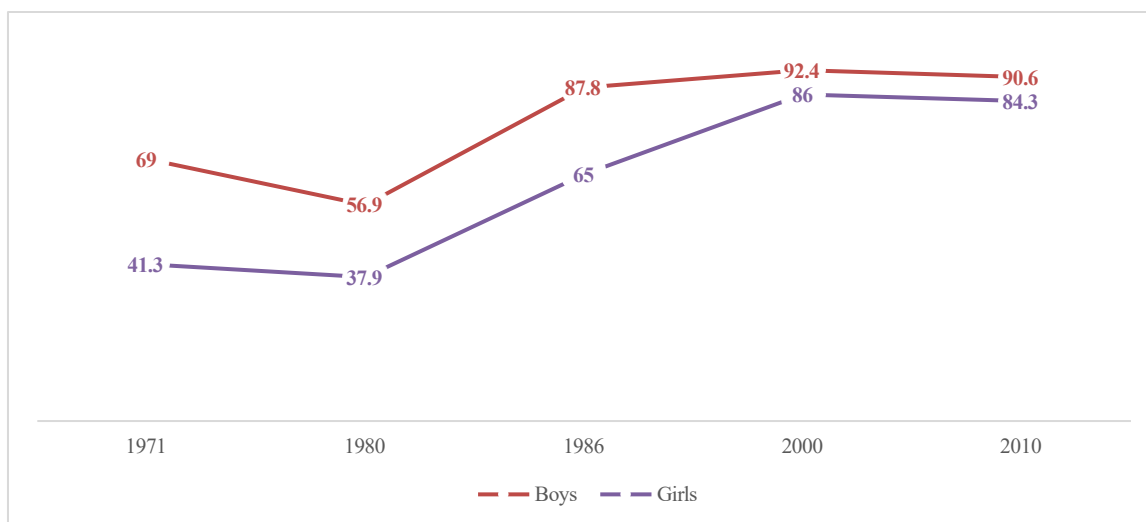
Figure 49: Gross Primary, Secondary and Tertiary Enrolment Rates 1981-2010 by Gender, %



Source: World Development Indicators

However, the poor quality of education is evidence by the stagnation in completion rates at primary school level since 2000 and with no change in the gender gap, which had narrowed to near parity by 2000.

Figure 50: Primary School Completion Rate 1971-2010 by Gender, %

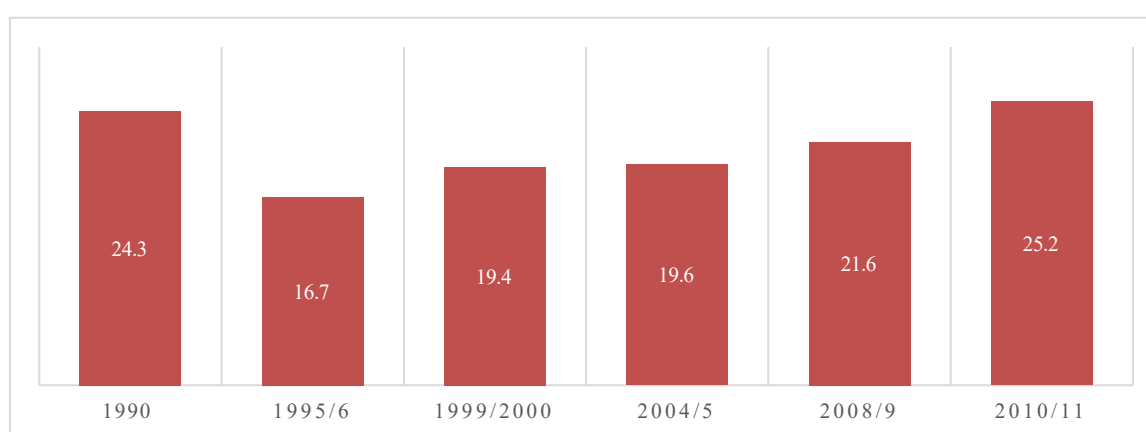


Source: World Development Indicators

4.5. Poverty

Increasing levels of poverty were also a driver of the Uprisings. Poverty, based on the national poverty line, declined between 1990 and 1995/6 but then increased and reached the 1990 level in 2010/11, with a quarter of the population living in poverty. The increase in poverty between 2004/5 and 2010/11 was mainly due to inflation (World Bank and Ministry of Economic Development 2010). A key contribution to this was the decrease in real terms of the value of fuel and food subsidies. With many Egyptian families living just above the poverty line, a decrease in subsidies can have a significant impact on the proportion of households living in poverty (Bargawi and McKinley 2011/10). The World Bank estimated that in 2008/9 around 40 per cent of households lived in poverty or near poverty (World Bank 2011).

Figure 51: % of Population Below the National Poverty Line 1990-2010/11



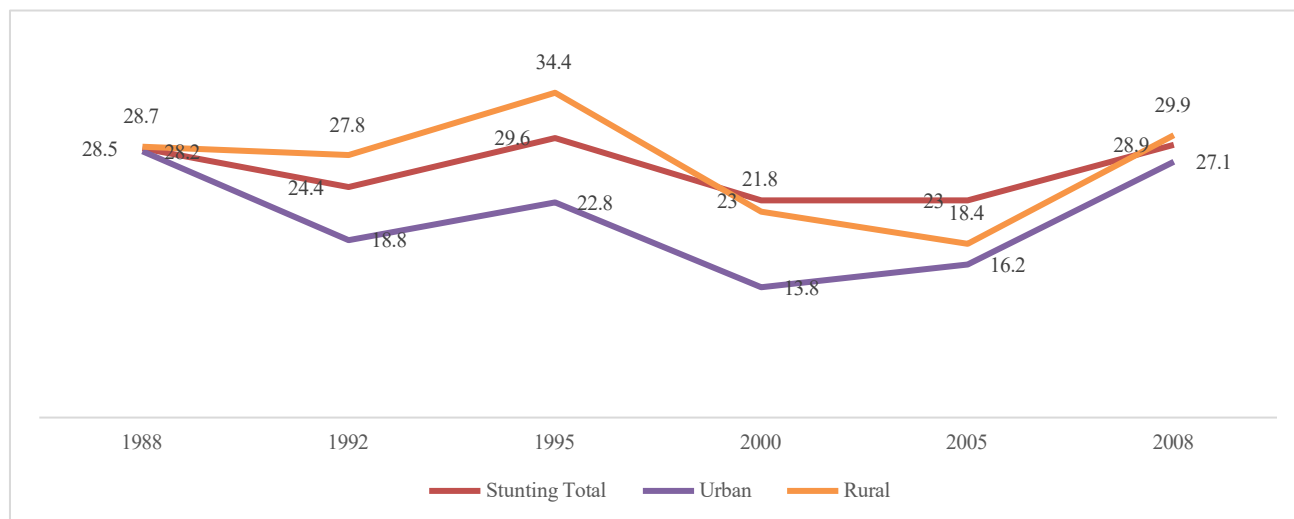
Source: UNDP and Ministry of Planning, Monitoring and Administration 2015.

Inequalities persist based on household characteristics, household endowment (education and experience of head of household), urban and rural location and region (Hassine 2014; UNDP 2011). Some groups such as those with large families are especially vulnerable to poverty but the differences in incidence of poverty declined between urban and rural locations, mainly due to narrowing endowment.

However, income inequalities have widened between Lower Egypt and Metropolitan Egypt on the one hand and Upper Egypt on the other, replacing an urban rural divide with a regional divide. The main reason for this was differential impact of expansionary policies with the Metropolitan area and Lower Egypt experiencing growth as a result of the increase in the import substituting manufacturing sector, the construction sector and trading but with virtually no growth in Upper Egypt (El-Said and Harrigan 2014). By 2010/11 the incidence of poverty was 51.4 per cent in Rural Upper Egypt at one extreme and the Urban Governorates (9.6%) and Urban Lower Egypt (10.3%) at the other. Urban Upper Egypt had a poverty rate of 29.5 per cent, Rural Lower Egypt 17 per cent.

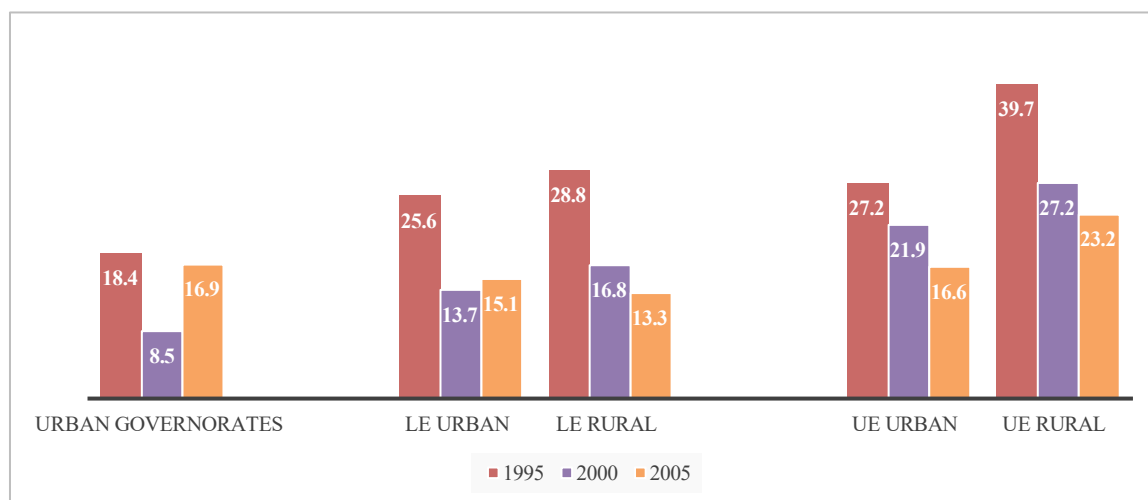
An alternative way of looking at poverty changes is child nutritional status, it has seen improvement in rural areas but got worse in urban areas.⁷ However, the declines in stunting have been much slower than the growth in either per capita GDP or per capita value added in agriculture, thus exacerbating inequalities (Breisinger et al 2012).

Figure 52: % Of Children Under-5 Stunted 1988-2008, Total, Urban and Rural



Source: EDHS 1988, 1992, 1995, 2000, 2005, 2008

Figure 53: Stunting Among children Under five Years 1998-2005 by Region



Source: EDHS 1988, 1992, 1995, 2005, 2008

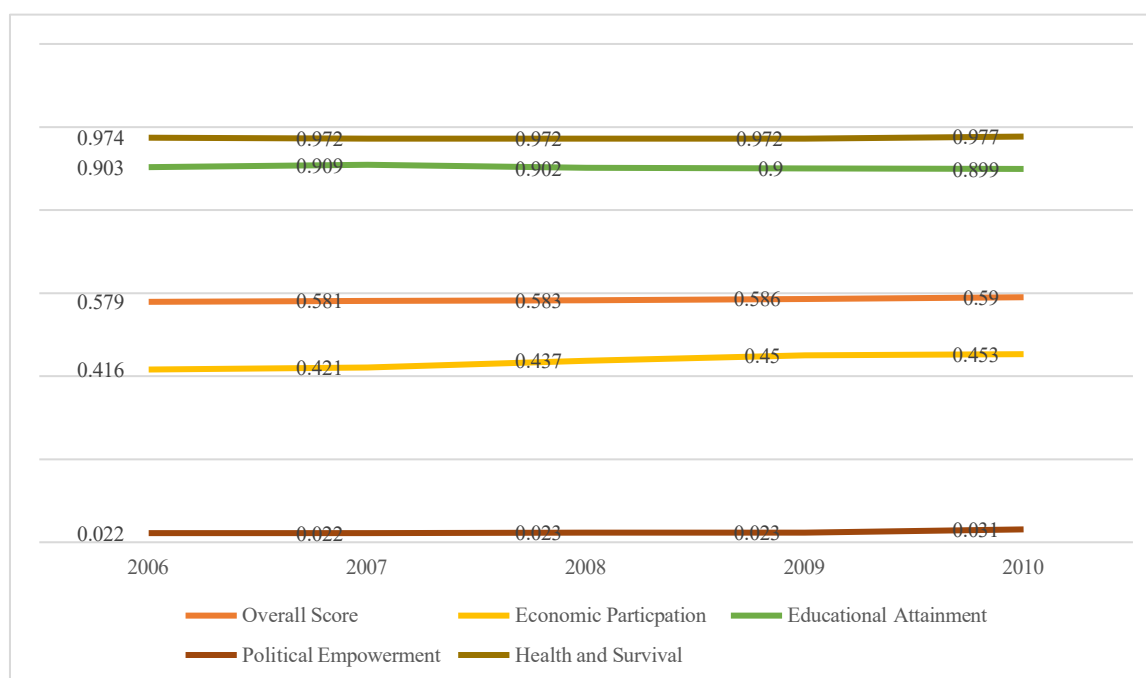
⁷ The reason for the increase in 2008 remains unexplained but is possibly at least partly due to the impact of bird flu that reduced the income of a significant number of households between 2005 and 2008.

5. Gender and Development

5.1. Introduction

Despite progress in human development including reducing the gender gap in education and increased participation of women in economic life, politics and decision making this has yet to translate into women's greater empowerment and participation in public life. On the 2011 Gender Gap Index (Hausmann et al 2011) Egypt ranked at 123rd out of 134 countries and on the UNDP Gender Gap Index 2010 ranked 125 out of 133 countries. Continuing gender inequality incurs high cost for sustainable economic growth, the economic empowerment of women is good for development (Boserup 1970; Kabeer 2016). Empowering women and giving them equal access to employment opportunities could increase GDP by as much 34 per cent.

Figure 54: Evolution of world Economic Forum Gender Gap Index 2006-10



Source: Hausmann et al 2011

Gender equality and women's empowerment is the outcome of an expansion in women's freedom and the ability to choose a way of life they value (Sen 1999). Inequality arises from the unequal capacity to function fully as a human being and to choose a life of dignity and wellbeing (Therborn 2013). Three dimensions of inequality can be identified: vital inequality that is socially constructed unequal life chances: resource inequalities, that is unequal access to the resources that structure life changes and existential inequality, that is the unequal allocation of personhood. Historically women have been infantilised and treated as less than fully human and gender based discrimination continues to be found in all societies. However, gender equality and the empowerment of women has been increasing across the world but has made much less progress in Egypt and the Arab World more generally than elsewhere.

Attitudes and values have a mediating influence on the extent to which women are able to advance and in strongly patriarchal societies those that benefit from patriarchy are able to prevent women advancing. Economic growth alone does not improve gender equality; gender equality only happens when men permit it (Kabeer 2016). Alexandra and Welzel (2011) argue that gender inequality in the Arab world is due to the social dominance of Islam, however, there is a need to make a distinction between Islam and the culture of Islamic countries. It is too simplistic to say Islamic values and attitudes account for gender inequalities as there are Muslim majority countries where significantly greater gender equality and freedom for women than is found in Arab countries including Egypt (World Bank 2011). Analysis of the fifth wave (2005-2010) of the World Values Survey shows that there are deep rooted patriarchal social norms and values and that the region is more traditional than global averages. It is the adoption of political Islam as a dominant ideology that plays a determining role in the ways in which and the extent to which gender equality has developed in Egypt.

Egyptian governments since independence in 1922 have ignored issues relating to women's equality in order to placate Islamist and conservative political groups as part of the authoritarian bargain (Farah 2009). The maintenance of the personal status laws based on a very conservative interpretation of sharia's accounts for the persistence of gender inequality in Egypt and the failure of an increase in girls' and women's education to translate into an increase in employment and women's empowerment more generally (Farah 2009; OECD 2014).

Egypt ratified the Convention on the Elimination of all Forms of Discrimination Against Women on 18th September 1981 but with reservations, Articles, 2 (policy measures), 16 (equality in marriage and family life) and 29 (related to the administration of the convention). However, there are no legal framework for gender mainstreaming and the existing laws on gender equality are complex and there is a limited capacity to promote gender equality as a 'whole government perspective' (OECD 2014). There are legal provisions for maternity leave and eight out of 11 work-life balance measures considered essential by OECD including: leave for family responsibilities, flexible working provision and subsidies for child care (OECD 2014). All forms of gender-based violence are criminalised and the legal provision offering a pardon to an abductor who marries his victim has been abolished. However, there is no specific law against domestic violence, marital rape is not a crime and the penal code permits lenient sentences for men convicted of so called 'honour crimes'. Although there is a law against female genital mutilation it is still widely practice.

The observations of the UN Committee on the Elimination of Discrimination against Women at its fifty-fifth session in January 2010, sums up both the progress that had been made and the distance still to go in achieving gender equality in Egypt (UN 2010). It welcomed the continuing coordinating activities of the National Council for Women and rising of the age of marriage to 18 years (Law no 126 of 2008).

However, it expressed concern:

1. That reservations to articles 2 and 16 of CEADAW had not been withdrawn.
2. That discriminatory laws and provisions including in the Penal code and personal status laws remained.

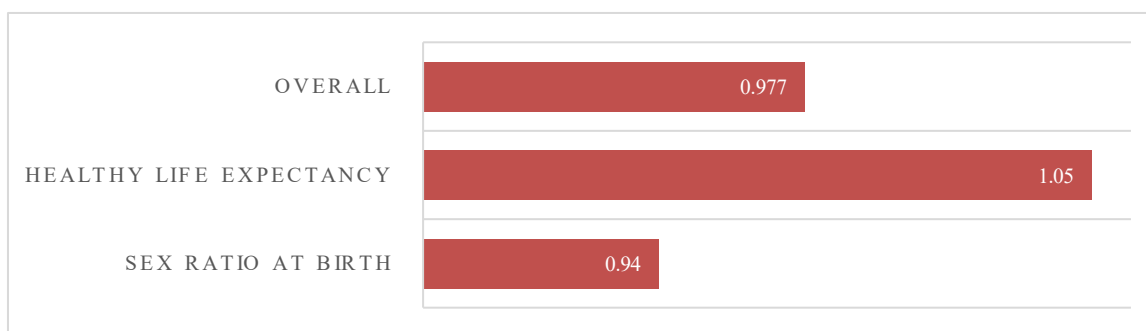
3. About the continuation of practices, traditions, patriarchal attitudes and deep-rooted stereotypes, regarding; the roles, responsibilities and identities of women and men in all areas of life that perpetuate the unequal status of and discriminate against women and girls and disadvantages them in; education, public-life, decision-making, marriage, as well as the persistence of harmful practices and violence against women.
4. That violence against women in all its forms had increased, that there was no holistic approach, that violence seems to be socially legitimised and accompanied by a culture of silence and impunity. Furthermore, Articles 16 and 60 Penal code condone acts of violence against women by exempting perpetrators from punishment or reducing sentences imposed and that there was a lack of data on the incidence of violence against women and of support for survivors.
5. About the continuing underrepresentation of women in public and professional life and decision making and managerial positions at all levels, although the quota for women in the lower house of parliament is welcomed.
6. The decline in enrolment boys and girls in primary education in a number of rural areas, the sharp decline in enrolment of girls between primary and secondary education and the high dropout rate in secondary and higher education, as well as gender segregation in choice of subjects;
7. About the poor access to reproductive and sexual health services in rural areas.
8. About the persistence and high rates of FGM, despite it being illegal, with a loop hole in the law permitting doctors to perform it for medical reasons.
9. About high rates of early marriages and continued legalisation of polygamy.
10. About the lack of female judges in family courts.

5.2. Vital Inequality

The main measure of vital inequality is health, the extent to which women have the same opportunity as men to lead a full and healthy life. It also includes the extent to which women are able to control their own bodies. Health indicators suggest that women's health is improving and women are increasingly able to take control over decisions about their health. While in 2000, 28 per cent of ever married women aged 15-49 years said that a major barrier to seeking health care was getting permission to go, by 2005 this had declined to 12 per cent and by 2008 seven per cent (RDHSs 2000, 2005, 2008). Over the same period the proportion of women that said that their husbands made the final decision about their health care declined from 38 per cent to 12 per cent, although there has been no change in the proportion of women that say they make the final decision about their own health care, it has remained at a quarter.

In terms of health survival there is virtual gender equality and women are marginally more likely to lead a long and healthy life than men. However, while progress has been made in key indicators of women's health, progress has slowed since 2000.

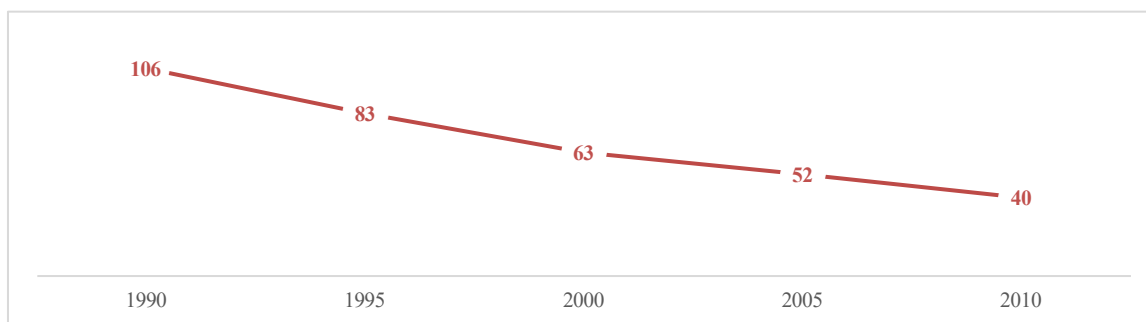
Figure 55: Female to Male Ratio -Health Survival, 2011



Source: WEF 2011

The maternal mortality rate had declined rapidly, but Egypt looked to be well off on track for achieving the MDG target of reducing the rate by three-quarters between 1990 and 2015, in 2010. As with other health and welfare indicators the rate of progress slowed after 2000.

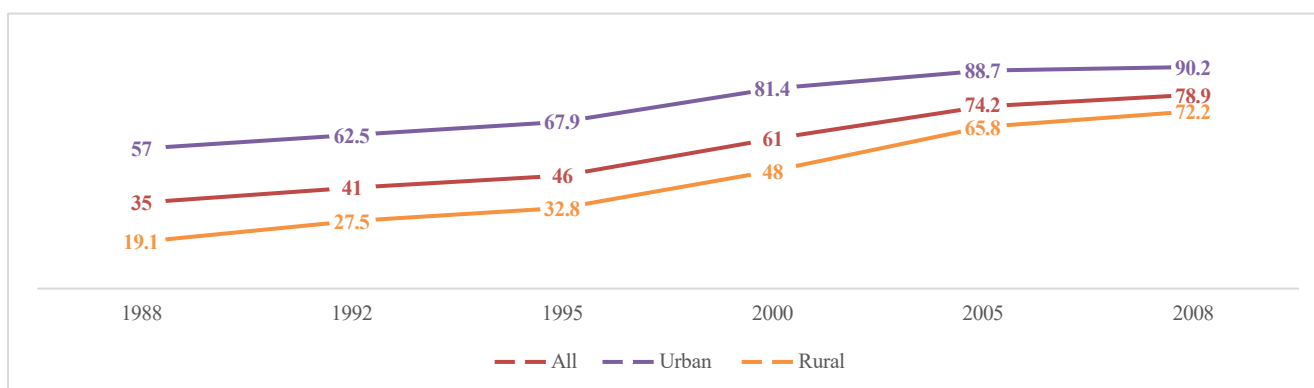
Figure 56: Maternal Mortality Rate (Deaths per 1,000 Live Births) 1990-2010



Sources: World Development Indicators; UNDP 2010

A major reason for the decline in the maternal mortality rate is the increase in the proportion of women that are delivered by a skilled health care worker. Not only has there been an overall increase but there has also been a decrease in the urban/rural divide, which nevertheless remains large.

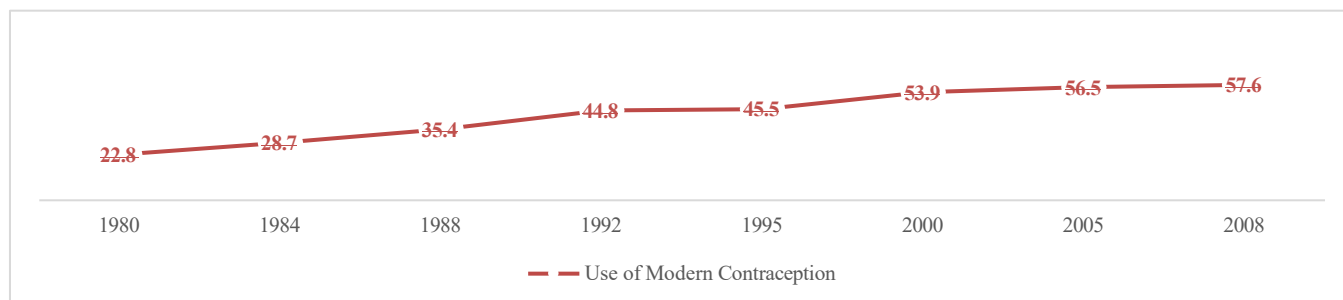
Figure 57: Delivery Assisted by Skilled Health Care Worker 1988-2008



Source EDHS1995, 2000

There has been a significant increase in the use of modern contraception which enables women to take control over their own fertility. The gap between the use of modern contraception by women living in urban and rural areas also narrowed significantly between 1984 and 2008, a 15.9 percentage points difference in 1985, narrowing to 6.8 percentage points in 2008. However, the rate of increase has slowed since 2000.

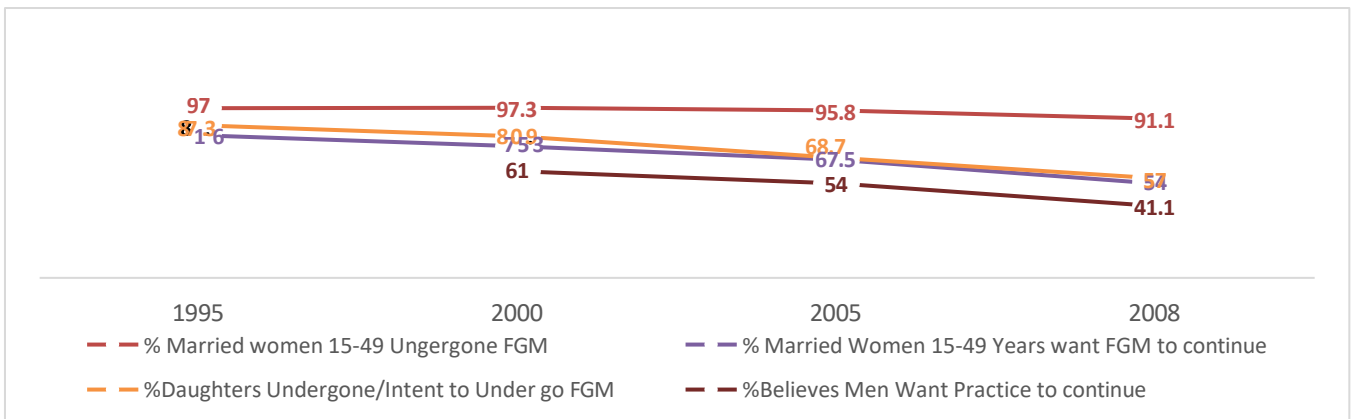
Figure 58: Current Use of Modern Contraception 1980-2008



Source EDHS 1995, 2000, 2005, 2008

Although it was made illegal in 2008 female genital mutilation (FGM) continues to be a widespread practice in Egypt. It not only endangers girls' health but violates their human rights. It is generally performed on girls and young women too young to give informed consent. It is justified not just by reference to religion and custom but also said to be necessary so that women do not get out of control. It has a negative impact on women's reproductive health and is generally regarded as one of the ways in which men exercise control over women's bodies. However, there has been a decline in the proportion of women that have undergone genital mutilation, although it remains high at over 50 per cent in 2008. There has been a sharp decline in the proportion of married women aged 15-49 years who believe the practice should continue; from 82 per cent in 1995 to 54 per cent in 2008. In the 2009 Youth Survey, 76 per cent of girls and young women 10-29 years had undergone FGM with it being more common among those living in rural areas and in households with lower wealth quintiles (Harbour and Barsoum 2011). The proportion of men that are thought by women to want the practice also continues to decline. With women thinking that men are less likely to support the practice than they themselves are.

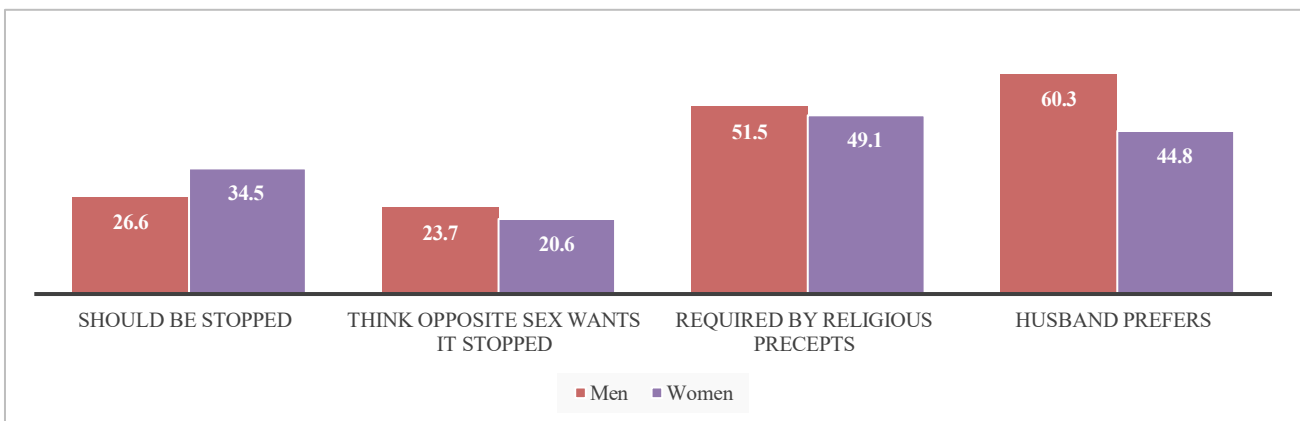
Figure 59: Undergone Female Genital Mutilation and Attitudes to It, All Women 15-49 1995 - 2008



Source: EDHS 1995, 2000, 2005, 2008

However, the proportion of men and women that think the practice should defiantly be stopped is a relatively small minority. In the 2008 EDHS, men, as well as women were interviewed about their attitudes to GFM. Only about a quarter of men and a third of women definitely want it to stop. However, the proportion of women that defiantly want it stopped had increased nearly three times, from the 13 per cent who said they definitely wanted it to stop in 1995. Younger, better off, more educated men and women living in urban areas are more likely to support stopping FGM. They are also less likely to think that it is required by religious precepts. About half of men and women think that it is required by religious precepts and 60 per cent of men but only 44 per cent of women think that a husband prefers a wife that has been circumcised.

Figure 60: Attitudes to FGM % of Men and of Women 15-49 Years in 2008

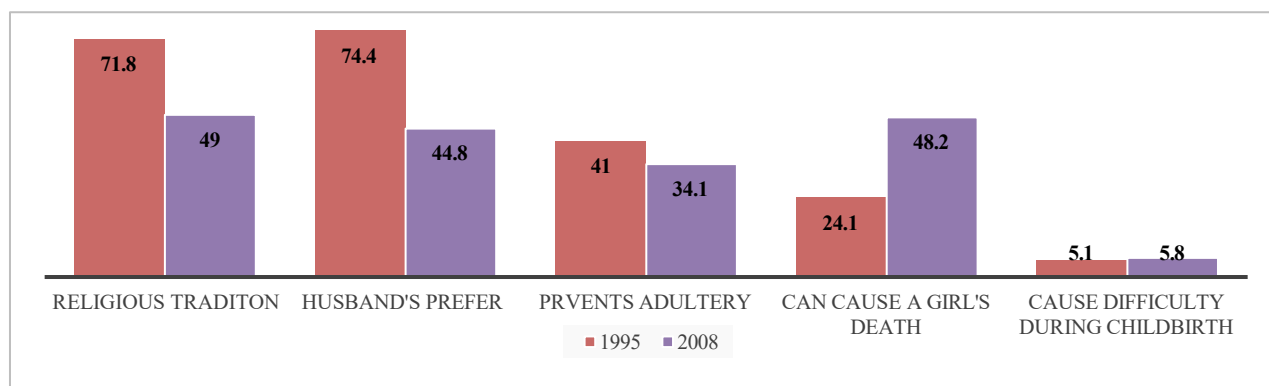


Source: EDHS2008

Even young people are no more likely not to support the discontinuation of FMG. In the 2009 Youth Survey, nearly two-thirds of respondents (64.0%) though it was necessary and only 21 per cent that it was unnecessary. Men (70.3%) were more likely to think the practice necessary than women (57.6%).

There has, however, been a decline in both the portion of women that think that FGM is a religious tradition, that husbands prefer it and that it prevents adultery with an increase in recognition that it can lead to a girl’s death but little increase in knowledge about the fact that it can result in difficulties during childbirth.

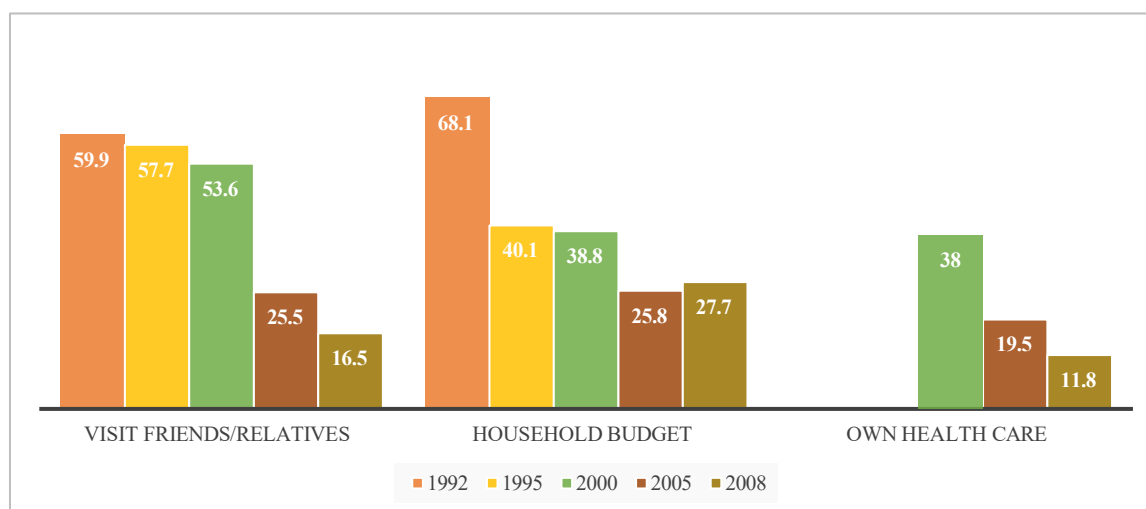
Figure 61: Beliefs about Female Genital Mutilation , % Ever Married Women 15-49 Years 1995-2008



Source: EDHS 1995, 2008

Women's role in decision making has increased with a sharp decline in husbands making decisions without consulting their wives. However, the shift has been to wives being involved in the making of the final decision rather than women making decisions alone. In 1995, for example only eight per cent of wives made the final decision to visit family and friends, in 2008 it was nine per cent. In 2000, 26 per cent of wives said that they alone could take decisions about their own health care but this had fallen to 26 per cent in both 2005 and 2008.

Figure 62: Husband Makes Final Decision, %1992-2008



Source EDHS 1992, 1995, 2000, 2005, 2008

N.B.: for 2000, 2005 and 2008 household budget is an average of 'large household purchases' and 'daily household purchases'. In 2000 53.5%, in 2005 47.1% and in 2008 40% said that the husband alone makes final decisions on spending on large household purchases.

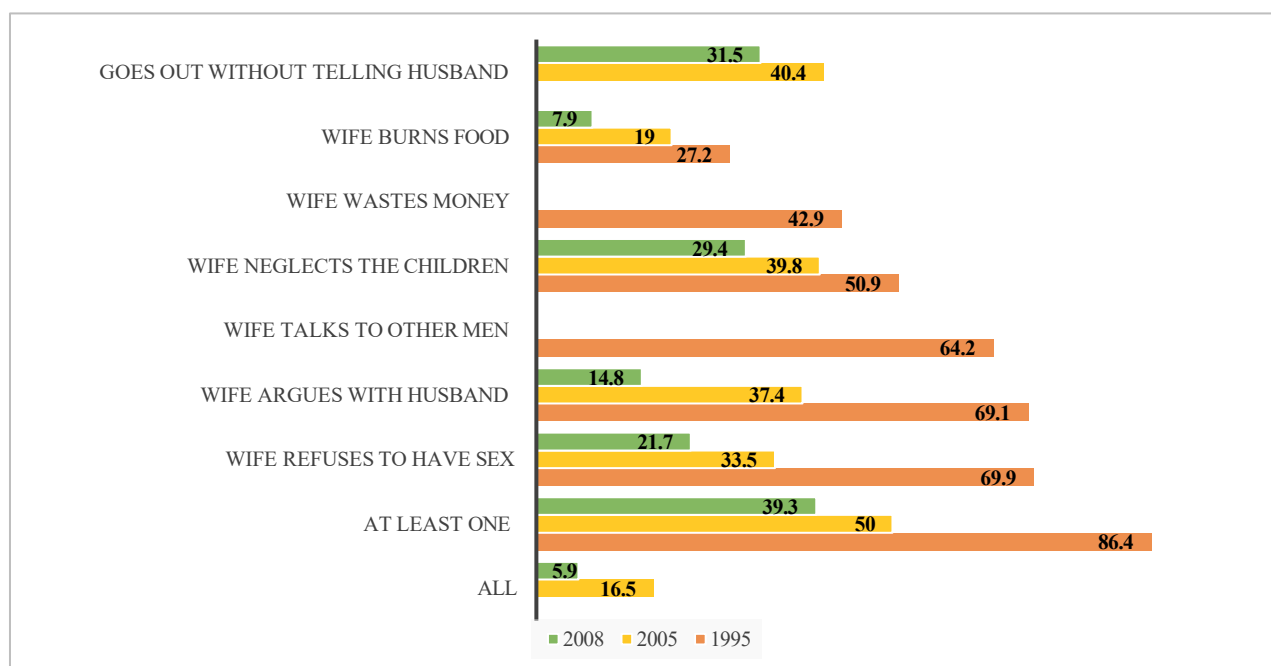
Violence against women is pervasive in both the public and private spheres and some suggestion that sexual harassment in the public sphere may be on the increase and being used as a strategy to exclude women (Institute of National Planning 2010). In the 2009 Youth Survey virtually all

young women reported having been subject to verbal harassment (98.9%) and 50 per cent to sexual harassment. Virtually all harassment was by strangers and 43 per cent said they had been subject to harassment on public transport (El-Kogali et al 2011). About 75 per cent of young men and women thought that a woman deserved to be harassed if she dresses provocatively.

Nearly half of the women in Egypt have experienced sexual violence, with little evidence of a decline in between 1995 and 2010. In the 2005 EDHS, 47.4 per cent of ever married women aged 15-49 years reported having been physically abused since they were 15 years. The main perpetrator, was a current or previous husband and in other cases it was male relatives of the husband and/ or the woman's mother. Thirty- six per cent had been the victims of domestic violence a figure virtually unchanged from the 1995 EDHS. The main form of domestic violence in 2005 was physical, with 33.2 per cent of ever married women having experienced physical violence form a current or former spouse. Women that have at least completed secondary education and women whose household are in the highest wealth quintile are noticeably less likely to have experienced domestic violence. The incidence is also lower in urban areas than rural ones.

Two-thirds of young people in 2009 thought wife beating is justified in some situations (Population Council 2011). There has, however, been a sharp decline in the portion of married/ever married woman that think that it is justifiable for a husband to beat his wife according to the findings of the EDHS. In the 1995 EDHS, 86.4 per cent of married women aged 15-49 years thought it was justifiable for a husband to beat his wife for one or more specified reasons, by 2008 this had declined to 39 per cent. However, this may be partly because some of the options in the 1995 survey were not repeated in the 2000 and 2008 surveys but there was a sharp decline across all the options that were included in both surveys.

Figure 63: Husband Justified in Beating Wife, % Ever Married Women 15-49 Years 1995, 2005 and 2008



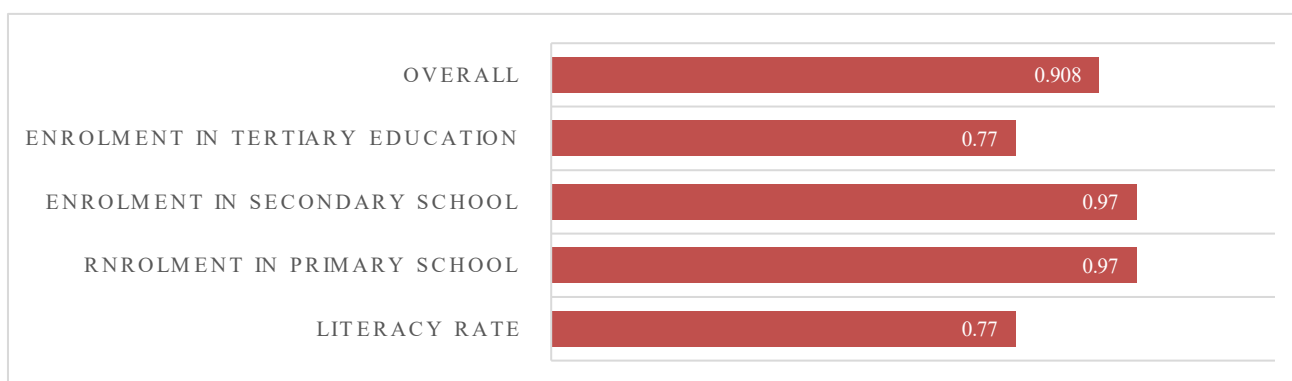
Source: EDHS 1995, 2005, 2008

5.3. Resource Inequalities

Access to three key resources are considered essential for gender equality and women’s empowerment, education, an independent income; together with control over it and representation in decision making bodies in the private as well as the public sector. As well as being a human right, education is essential for the economic empowerment of women. Education is a means to obtain credentials that enable women to get decent employment. Economic empowerment gives women greater control over their lives by giving them the means to led an independent life and policies empowerment gives women the right to have their voice heard and for their views and concerns to have equal weight with those of men.

A gender gap in education exists at all levels, especially in tertiary enrolment and in literacy. However, there is near parity in primary and secondary school enrolment.

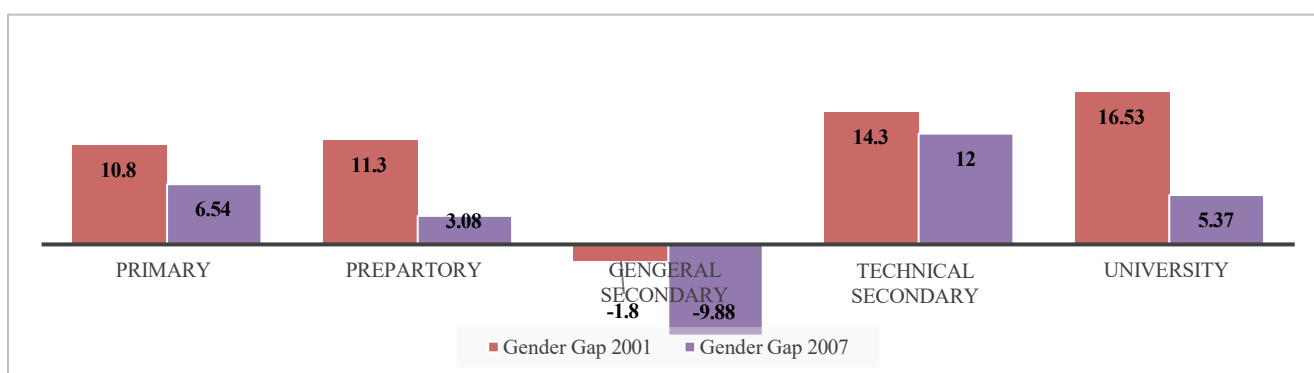
Figure 64: Female to Male Ratio -Educational Attainment 2011



Source: WEF 2011

The gender gap has narrowed at all levels and has reversed in general secondary education, although it has only narrowed marginally in secondary technical education. This suggests that girls are channelled into general secondary education and to taking subjects seen as more appropriate for them and that prepare them for female occupations. Young women take education courses that they hope will lead to employment in ‘female friendly’ work in public sector (teaching and administration) (Roushdy et al 2011).

Figure 65: Gender Gap at All Educational Stages 2001-2007



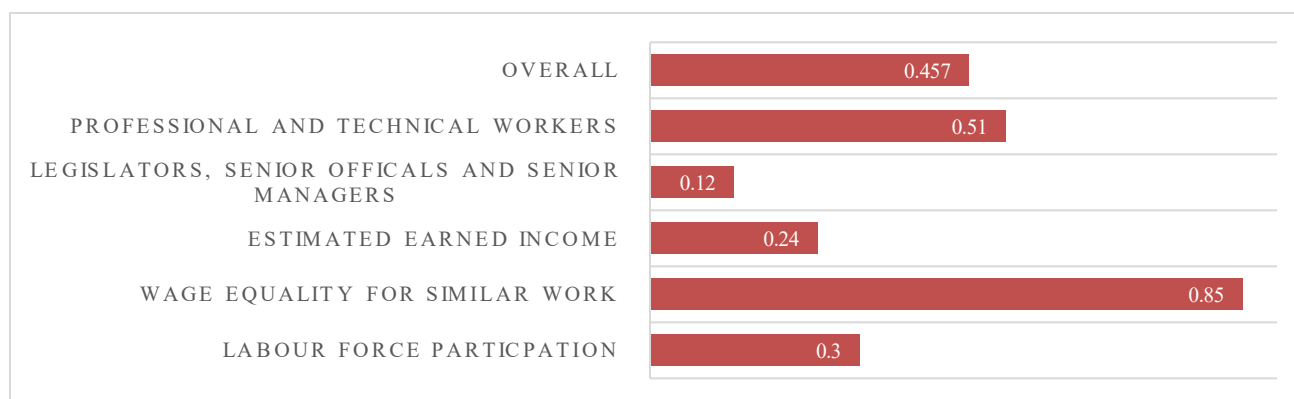
Source: UNDP 2010.

However, the gender gap is much larger among lower wealth quintiles, for example, according to the 2009 Youth Survey, one per cent of girls and 0.5 per cent of young men aged 10-29 years had never been to school in the highest wealth quintile but this rose to 27.2 per cent of young women but only 7.2 per cent of young men in the lowest wealth quintile (Krafft and El-Kogali 2011). The same is the case for school completion, girls from better off homes are much more likely to achieve the same level of education as their male peers, those from lower wealth quintiles are not. Young women from poorer homes living in rural areas make up the majority of those that are out-of-school (Krafft and El-Kogali 2011). This is due to cultural norms as well high out-of-pocket costs with girls being the first to be withdrawn from school.

Egypt has one of the lowest female labour market participation rates in the world and there is little sign this is changing. Many young women never enter the labour market but go from being in full-time education to marriage. Women's employment rate peaks at about 23 per cent at 24 years, while for men, it peaks at 29 years at 92 per cent (Institute of National planning 2010). The decline in public sector employment has had a negative impact on the employment of educated young women, with their employment rates fallen sharply since the 1980s. In 1998, for example, 51 per cent of young women with a technical high school education were in employment but by 2009 this had fallen to 19 per cent. Also the quality of public sector jobs declined for young women over the same period, in 1998, the majority were on permanent contracts of employment but by 2009 a majority were on temporary contracts.

Although the gender gap in education has narrowed this has not resulted in more women becoming economically active. As we have already discussed the vast majority of women are not economically active. Women are effectively excluded from the labour market with young women (15-29 years), most likely to be economically active but even then a significant proportion work at home without pay (Assaad and Barsoum 2007). Ninety-one per cent of young women not in education or economically active interviewed in the 2009 Youth Survey (the vast majority), said they did not want to work because they are housewives with little variation by education.

Figure 66: Female to Male Ratio -Economic Participation and Opportunity 2011



Source: Hausmann et al 2011

Young women's likelihood of being in employment increases with education, while less than 10 per cent of 15-29 year olds not in education with general secondary education or below are in

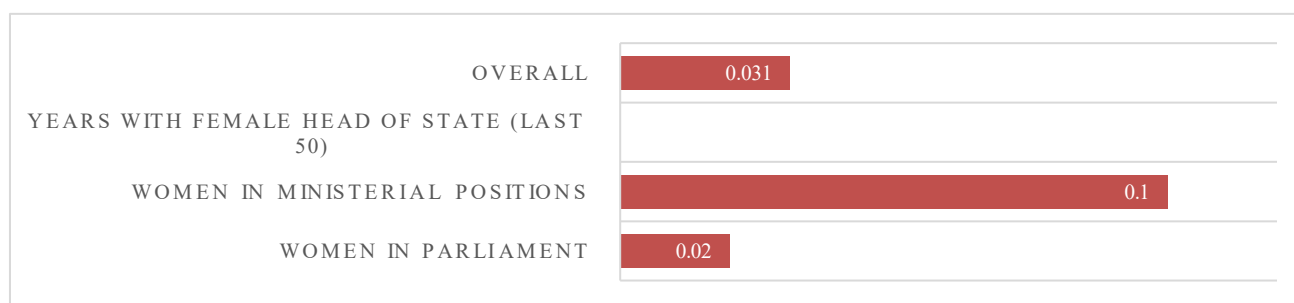
the labour force, 18 per cent of those with vocational education secondary, 35 per cent of those with post-secondary vocational and 47 per cent among graduates (Roushdy et al 2011). Young women prefer to work in the public sector because of the poor conditions in the private sector, which is less accommodating of their gender roles and they are more likely to be unemployed than young men as they queue for jobs in the public sector. Young women also tend to work in what are seen as women's jobs in teaching clerical and domestic work.

Analysis of the EDHS from 1995 to 2008, indicates little change in the proportion of married women 15-49 years in paid employment, it stood at 15.6 per cent in 2008, 14.6 per cent in 2000, 16.4 per cent in 2005 and 14.9 per cent in 2008. In addition, around eight per cent of women work as dependent family workers. Employed married women are heavily concentrated in professional technical and managerial work (38.4% in 1998, 45.9% in 2008), clerical 28.9% in 1998, 11.4% in 2008) and sales and services (16.5 in 1998, 18.6 in 2008). Women in employment are more likely to have no education, a third of working women have secondary or higher and 45 per cent higher education. There is little difference by age after 20 years or by household wealth quintile but more women in employment live in rural areas (59%) than in urban locations (41%).

Women were granted the suffrage and the right to stand for election in the 1956 Constitution. Since then there has been some, but very moderate, progress in women's representation in public life. The proportion of women on electoral lists has increased significantly and in 2008 women made up 40 per cent compared to only 18 per cent in 1986. In 2003 the first woman was elected as a judge to the Supreme Constitutional Court and by 2010 there were 30 women judges (Institute of National Planning 2010). The proportion of women in public office increased from seven per cent in 1988 to 23.5 per cent in 2005.

Women's representation in office and in trade unions has also increased, by 2006 women made up seven percent of the Executive Committee and 32 women were elected to the National Trade Union compared with only 10 in the previous session.

Figure 67: Female to Male Ratio -Political Empowerment, 2011

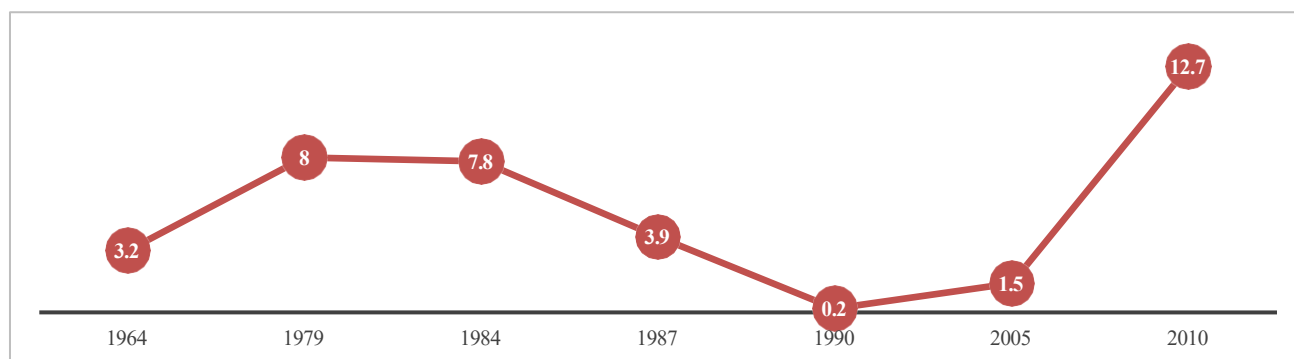


Source: WEF 2011

Since women were first permitted to sit in parliament the proportion of seats going to women has fluctuated, increasing when quotas are in place and decreasing when they are removed. Women were first permitted to stand for election in 1957, the first Arab women able to do so, and two women were elected. The number of women increased to eight (3.2%) in 1964 and to eight per cent in 1979 but fell back to 3.9 per cent in 1987 and to 0.22 per cent in 1990. Quotas

introduced in 2009 resulted in an increase in women's representation to the nearly 13 per cent following election in 2010.

Figure 68: % of Parliamentary Seats Held by Women 1964-2010



Source <http://allafrica.com/stories/201601041807.html>; Dawood 2010; Abol-Qomsan 2014 Quoted in Khodair and Hassib 2015

Increased political participation does not inevitably advance women's interests as class or group although it may empower individual women. Blaydes and El Tarouty (2009) argue that there are two main groups among women voters, women who expect to get direct or indirect material advantage and those that are ideologically committed to the Islamist Muslim Brotherhood. The latter are committed to conservative Islam while the former are frequently poor women who sell their vote as part of their economic survival strategy – informal economic activity rather than political act while the latter are supporting a political movement that has traditional attitudes to women.

5.4. Existential Inequality

The modest progress in gender equality and the empowerment of women has not been accompanied by a change in the dominance of patriarchal attitudes and values. In the 2009 Youth Survey (El-Kogali et al 2011), 75 per cent of young men and women believed that a woman must obey her husband's orders in all cases, while 75 per cent of young women and 86 per cent of young men stated that a married woman needs permission from their husbands for most things. In addition, 70 per cent of young men and 40 per cent of young women thought that a girl must obey her brother, even if he is younger than her.

However, while a clear majority of young men, 62 per cent, think that that a husband should make decisions about household expenses, this fell to 37 per cent of young women. Only 57 per cent of married female respondents said that they had made the final decision to marry their spouse, compared with 93 per cent of men. Other research has found that while husbands are generally supportive of wives having paid employment they are opposed to women having control over their own earnings (Khattab and Sakr 2009).

A noticeable and growing minority of Egyptians think a university education is more important for a boy than a girl. In 2001, 39 per cent of men and 22 per cent of women agreed with the proposition. while by 2008 this had increased to 47 per cent of men and 32 per cent of women (authors own analysis of World Values Survey). Thinking that education is or is not more

important for boys as for girls is not the same as increasing girls access to education. Interestingly, in 2000, 38 per cent of women aged 15-49 said they would like their son to have a university education, compared with seven per cent who would like their daughter to have one. The rest said it depended on ability (El-Zanaty and Way 2001).

In the World Values Survey in both 2000 and 2008, a large majority of respondents said that when jobs are scarce men should have priority over women, 93 per cent of men in both years and 86 per cent of women. In 2008 they also thought that men make better business executives than women, 89 per cent of men and 83 per cent of women. At the same time the portion who thought that being a housewife is just as fulfilling as having paid employment increased from 77 per cent of men and 72 per cent of women in 2001, to 92 per cent of men and 90 per cent of women in 2008. Respondents also felt, men more so than women, that men make better political leaders than women. In 2001, 90 per cent and in 2008, 94 per cent of men agreed that men make better political leaders, with 79 per cent of women in 2001 increasing to 91 per cent in 2008 being of the same view.

Other public opinion surveys have found that only 62 per cent of Egyptians think that women should have the same political rights as men, with 66 per cent thinking a woman can be a minister, 46 per cent a prime minister or a judge and 26 per cent the head of state (UN 2006). While over 90 per cent thought that women should be able to choose a marriage partner, only 58 per cent thought that a woman should be able to decide to divorce and only 29 per cent that she should travel on her own. Forty-three per cent think woman must wear the hijab and only 39 per cent agreed that education should be mixed at all stages.

6. Religion and Development

The opening up of the political space under Mubarak in the 1980s enabled the Muslim Brotherhood and other voluntary philanthropic Islamic organizations to become effective civil society organizations of social development. They provided support for the poor and operated clinics, hospitals, day care, youth centers, schools and other social services. They made up for the inadequate and poor public services and served as a criticism of the state's inability to make adequate provision to meet the needs of the poor and the middle classes. The Muslim Brotherhood also became active in student unions and professional associations. In the late 1980s although still technically an illegal organization the Muslim Brotherhood participated in parliamentary elections standing as independents. In 1987 it formed an alliance with the Socialist Labour Party and the Liberals and won 32 parliamentary seats. Operating within the political system the moderates positioned the Muslim Brotherhood as supporting great democratization, political representation, social justice and respect for human rights.

Islamists and in particular the Muslim Brotherhood continued to play a central role as an opposition force in Egyptian politics in the 1990s and 2000s despite the authoritarianism of the state because of its support base and broad involvement in Egyptian society (Zahid 2010). However, Islamists did not lead the Uprisings and the Uprisings were not inspired by political Islam, although it may have played an indirect role. Cammett and Diwan (2014) argue that the moderation of political Islam may have reduced concerns among the educated secular middle classes about a takeover by extreme Islamic parties, thereby undercutting middle class support

for the incumbent political elite. The concerns that the Muslim Brotherhood expressed about corruption and 'crony' capitalism also resonated with the growing view among the secular middle classes that they were not benefiting from development.

7. Conclusions

El-Ghonemy (2003) in his introduction to an edited collection on the challenges Egypt faced for its development in the twenty-first century warned that the continuing pressure of population growth combined with low productivity, poverty and raising expectations, fuelled, at least in part by globalisation and access to electronic media, had increased citizens' expectations. The country, however, he argues was not well placed to deliver what was required. This, in his opinion was because it lacked policies to realise an expansion of real opportunities in life and equitable development. Our analysis suggests that policies in the first decade of the 21st century have not met this and that a growing number of Egyptians agreed that they would no longer suffer in silence. While not sharing identical grievances working and middle class citizens came to recognise that they had a shared interests, particularly in regime change and the establishment of a more responsive government. The central issue for the protestors was social justice, they wanted a responsive government that would deliver a decent society. They were protesting against, on the one hand, a growth in precarious employment and on the other against inequalities, growing poverty and poor quality public services. This exacerbated class cleavages, and mobilised an increasingly disaffected lower middle class that saw opportunities for decent employment declining and growing inequalities between themselves and the elite, driving it towards a working class that were becoming more concerned about growing inequalities and poverty. (Beinin 2009; Joya 2011)

However, it is important to understand the grievances that drove the Uprisings and popular support for regime change in the context of longer term political, economic and social developments. This is provided by the way in which structural adjustment and economic liberalisation implemented from the 1980s. The policies were implemented with the aim of maintaining the political power of the elite rather than socially inclusive development. The political project for the modernisation of authoritarian rule resulted in a capitalist but non-market economy, patrimonial capitalism enabling the elite to use 'reform' to control a wealthy yet politically dependent bourgeoisie. The large constraint to economic growth in Egypt has not been economic but political, allowing 'connected' firms to have privilege, despite poorer performances than non-connected firms. This provided the basis for the undermining of the authoritarian bargain with high unemployment, poor job prospects with low job creation in the face of the large youth bulge and frustration over relatively modest economic growth and poor quality services.

The immediate context of the Uprisings in Egypt was the global economic crisis of 2008, which had a negative impact on the Egyptian economy, both in reducing the demand from Europe for merchandised exports and reducing the flow of remittances. The food crisis also resulted in food price inflation. But the proximate cause of the Uprisings in Egypt is generally seen as the success of the Tunisian Uprising. It was the unexpected and unprecedented success of Tunisians in

overthrowing Ben Ali that persuaded Egyptians – like others, from Yemen to Bahrain, Libya to Syria – that they could succeed.

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