Studia Polityczne 2018, tom 46, nr 3
ISSN 1230-3135
DOI: 10.35757/STP.2018.46.3.02

MICHAŁ LIPA
Institute of the Middle and Far East
Faculty of International and Political Studies
Jagiellonian University

INFORMAL POLITICS AND THE NATIONAL DEMOCRATIC PARTY IN EGYPT BEFORE 2011[1]

Abstract

This paper aims to analyze informal institutions in nondemocratic regimes using the example of Egypt's National Democratic Party (NDP) before 2011. As a platform enabling the creation and replication of patronage networks, the NDP played a central role in the transformation of the Egyptian governing system into a semi-authoritarian or hybrid regime. In the context of reforms liberalizing the Egyptian economic system, the transformation of the regime was accompanied by the rise of crony capitalism, whose central element was the informal institution of clientelism. These transformations contributed to the political liberalization of the 1970s and 1980s, and then to the hybridization of authoritarianism in Egypt before the Arab Spring.

Keywords: informal institutions, Egypt's political system, authoritarianism

INTRODUCTION

In the early 1970s, Egypt's authoritarian regime began to evolve into a semi-authoritarian (or hybrid) one, since a multi-party system was constitutionally established. With the passage of time, it became a stable hybrid regime in which political rights and civil

[1] The preparation of this article was financed by funds distributed by the Institute of Mediterranean and Oriental Cultures of the Polish Academy of Sciences for the purpose of supporting young researchers. Translated by Jean-Jacques Granas.

liberties were severely limited, even if a number of quasi-democratic institutions, such as parliamentary elections and a multi-party system, were formally allowed to function. Thus the authoritarian exercise of power was accompanied by the existence of seemingly democratic façade institutions meant to provide legitimacy and stability. This type of regime was the aim of Husni Mubarak, who allowed parliamentary elections to take place on a regular basis but maneuvered to prevent the opposition parties from winning them.[2]

Mubarak's aim entailed the necessity of introducing neo-liberal economic reforms, which fundamentally affected the accumulation and distribution of wealth (income). As the introduction of these reforms was marked by a great lack of transparency, economic liberalization did not contribute to the emergence of honest free--market competition or to the formation of a strong and autonomous middle class, an important prerequisite for democracy. Rather, it led to the rise of crony capitalism (cronyism), in which the beneficiaries of the free-market reforms were individuals with direct ties to those in power, especially the head of state.[3] Such a situation enabled politicians to get a further—though usually less direct—grip on society at the expense of ordinary Egyptian citizens and to the benefit of the governing elites: the president, his family (two sons and a wife), and their immediate entourage.[4] One of the most significant organizations structuring cronyism and clientelism in Egypt was National Democratic Party (NDP).

The aim of the present article is to analyze the role played in Egypt by the NDP (before its dissolution in 2011) in the shaping of cronyism and one of its inherent informal institutions, clientelism. My hypothesis is that the NDP—as an example of a "regime party" — played a major role in the creation and re-creation of informal political institutions in nondemocratic Egypt before the Arab Spring (the Egyptian "revolution" broke out on January 25,

[2] See, for example: L. Blaydes, *Elections and Distributive Politics in Mubarak's Egypt*, Cambridge University Press, Cambridge 2011; M. Kassem, *Egyptian Politics: The Dynamics of Authoritarian Rule*, Lynne Rienner Publishers, Boulder-London 2004; E. Kienle, *A Grand Delusion: Democracy and Economic Reform in Egypt*, I.B. Tauris, London–York 2001.

[3] L. Guazzone, D. Pioppi, "Interpreting Change in the Arab World," in: *The Arab State and Neo-Liberal Globalization: The Restructuring of State Power in the Middle East*, L. Guazzone, D. Pioppi, (eds), American University in Cairo Press, Cairo 2009, pp. 1–15.

[4] J. Beinin, "Neo-Liberal Structural Adjustment, Political Demobilization and Neo--Authoritarianism in Egypt," in: *The Arab State and Neo-Liberal Globalization…*, pp. 19–46.

2011).[5] Clientelism, as "*wastah*," has a long tradition in Egypt and other Arab countries.[6] The example of the NDP illustrates that it can be "modernized" and utilized in the context of political and economic liberalization, but this does not mean it contributes to democratization. The theory of hybrid (semi-authoritarian) regimes tells us that it is easy to confuse illusive political liberalization with the beginning of democratization.[7]

INFORMAL POLITICAL INSTITUTIONS

Informal political institutions arise in democratic and non--democratic political systems alike (especially in unconsolidated ones). Guillermo O'Donnell has stated that the problem of immature democracies is not so much their low degree of institutionalization but rather that their institutionalization is of a different type. The same can be said of non-democratic regimes, especially those of a hybrid or semi-authoritarian type, which are also called the "new authoritarianisms."[8] Many political regimes are thus characterized by two distinct types of institutions: elections, which meet the criteria for a formal institution, and particularism—the principal informal institution, according to O'Donnell.[9]

It can thus be said that, in addition to formal institutions, an important role in the functioning of authoritarian regimes is played by clientelism and other informal "rules of the game." This

[5] For more on the origins of the Arab Spring, see: J. Zdanowski, *Bliski Wschód 2011: bunt czy rewolucja?* [*The Middle East 2011: Rebellion or Revolution?*], Oficyna Wydawnicza AFM, Kraków 2011.

[6] For more on the history of clienteism in Egypt, see: R. Springborg, *Family, Power, and Politics in Egypt: Sayed Bey Marei—His Clan, Clients, and Cohorts*, University of Pennsylvania Press, Philadelphia 1982.

[7] T. Carothers, "The End of Transition Paradigm," *Journal of Democracy*, Vol. 13, No. 1, 2002, pp. 5–21.

[8] According to Marina Ottaway, semi-authoritarian (hybrid) regimes "hold regular multiparty elections, allow parliaments to function, and recognize, within limits, the rights of citizens to form associations and of an independent press to operate. Indeed, many countries with semi-authoritarian regimes are beehives of civil society activity, with hundreds of nongovernmental organizations (NGOs) operating with foreign support. Many have a very outspoken, even outrageously libelous, independent press. Nevertheless, incumbent governments and parties are in no danger of losing their hold on power…" See: M. Ottaway, *Democracy Challenged. The Rise of Semi-Authoritarianism*, Carnegie Endowment for International Peace, Washington 2003, p. 6.

[9] G. O'Donnell, "Another Institutionalization: Latin America and Elsewhere," *Kellogg Institute, Working Paper No. 222*, Kellogg Institute for International Studies, Notre Dame, March 1996.

is especially true within the framework of an Arab political culture, where "*wastah*" is a deeply rooted social, economic, and political behavior.[10] The hierarchy of individual patrons depends on the patrons' relations with the central and local authorities. According to Jerzy Holzer and Barbara Stępniewska-Holzer, clientelism in Egypt became particularly vital at the beginning of the 1980s, when the role of the Muslim Brotherhood (who were able to operate unofficially) began to expand. In other words, not only the ruling party or government but also opposition organizations make use of the institution.[11] On the other hand, according to Samer Soliman,

> the cilientelistic state controls most resources, which it uses to dispense grants to certain active sectors of the population. Thus it succeeds in containing and domesticating these groups. Grants range from subsidizing commodities or health care up to direct appointment in state organs, the latter being called "the mother of all grants" because it allows the political regime to dominate individuals.[12]

The cultural and structural weakness of formal institutions of the state, as well as the vitality of informal ones, favors the formation of crony capitalism, especially in conditions of economic liberalization and decreasing public support for society, since crony capitalism creates new opportunities for entrepreneurial individuals to become "brokers" in the relations between regimes and citizens. Cronyism should be seen as a system of symbiotic ties between economic and political elites: "a system in which those close to the political authorities who make and enforce policies receive favors that have large economic value."[13] Clientelism, according to Luis Roniger,

> involves asymmetric but mutually beneficial relationships of power and exchange [...]. It implies mediated and selective access to resources and markets from which others are normally excluded. This access is conditioned on subordination, compliance or dependence on the goodwill of others. Those

[10] K. Górak-Sosnowska, "*Wasta (klientelizm) a rozwój społeczno-gospodarczy w świecie arabskim*" ["Wastah (Clientelism) and Socio-Economic Development in the Arab World"], in: *Kulturowe uwarunkowania rozwoju w Azji i Afryce* [*Cultural Determinants of Development in Asia and Africa*], K. Górak-Sosnowska, J. Jurewicz (eds), Ibidem, Łódź 2010, pp. 255–266.

[11] J. Holzer, B. Stępniewska-Holzer, *Egipt. Niespełniona rewolucja* [*Egypt: An Unfinished Revolution*], Instytut Studiów Politycznych Polskiej Akademii Nauk, Warsaw, 2016, p. 43.

[12] S. Soliman, *The Autumn of Dictatorship: Fiscal Crisis and Political Change in Egypt under Mubarak*, Stanford University Press, Stanford 2011, p. 27.

[13] S. Haber, "Introduction: The Political Economy of Crony Capitalism," in: *Crony Capitalism and Economic Growth in Latin America: Theory and Evidence,* S. Haber (ed.), Hoover Institution Press, Stanford 2002, p. xii.

> in control—the so-called patrons, sub-patrons and brokers—provide selective access to goods and opportunities and place themselves or their supporters in positions from which they can divert resources and services in their favor. Their partners—the so-called clients—are expected to return their benefactors' help, politically and otherwise, by working for the patron at election times or boosting the patron's prestige and reputation.[14]

The attention paid to the role of informal institutions in the functioning of political systems is due to the rise of the new institutionalism, which is an attempt to reconcile various currents in the political and social sciences, by placing institutions—understood in the wide and dynamic sense—at the center of attention. What are informal institutions? According to O'Donnell, the space allowing for the development of informal rules of social and political life appears when the real behavior of people is insufficiently shaped by formal institutions. The second circumstance giving rise to informal institutions is the blurring of the boundary between the public and private spheres. Such a situation favors the spread of individuals' particularistic behavior to the public sphere, the level at which the state and economy operate, thus indicating the weakness of formal institutions and of the principal such institution, the state, which becomes "privatized" or "colonized" by various interest groups.[15]

Informal mechanisms largely accompany existing formal institutions. While informal institutions are self-generating and self--replicating in society and exist because individuals make use of them on a voluntary basis as it were, formal institutions are created by some "external" entity, generally the state, which establishes and maintains them through compulsion. For such formal institutions to operate, though, it is essential that they should be adopted and accepted by a decisive majority of the political community. What is important is that the origins of the two types of institutions are different, even though both can serve to regulate political and economic life. But in order to determine what "informal institutions" are, it is first necessary to ask what constitutes "formal institutions." The latter are regulations codified in an open manner, that is, they are initially instituted and then communicated through universally recognized official channels (such as constitutions and acts of law). In contrast, informal institutions are made up of the informal rules

[14] L. Roniger, "Political Clientelism, Democracy, and Market Economy," *Comparative Politics*, Vol. 36, No. 3 (April, 2004), p. 354.

[15] G. O'Donnell, "Another Institutionalization...".

existing in society. These are mostly unwritten and are established, communicated, and implemented through other, non-official, channels[16].

Informal institutions should, however, be differentiated from weak formal institutions, that is, those that may meet the criteria proper to formal institutions but are ineffective and not respected. They should also be differentiated from other non-formalized regular patterns of social behavior. An informal rule will be recognized as an institution if its violation results in social sanction. Informal institutions should also not be treated as identical with the notion of culture in the wide sense, even if in essence such institutions form an integral part of culture. It can thus be said that informal institutions may exist in opposition to cultural norms and values widely recognized in society, like corruption. Furthermore, informal institutions are not identical with informal organizations, such as clans and mafias. Players (actors) and rules (institutions) should therefore be differentiated. It should be borne in mind that dynamic informal institutions can either weaken or strengthen formal institutions.[17] They do not need to play a uniquely dysfunctional role with regard to the system of formal institutions even if this often happens, as in the case of clientelism, which constitutes an integral part of crony capitalism.

THE NATIONAL DEMOCRATIC PARTY AND EGYPT'S AUTHORITARIANISM

The rise of the National Democratic Party (NDP) occurred before the 1978 multi-party election to the People's Assembly, after the breakup of the Arab Socialist Union (ASU), which had existed since 1962. The ASU was Egypt's only legally functioning party of a mass character; from it the NDP inherited organizational structures and other resources. Building a single party and expanding its structures was done to create an organizational base that would harness wide popular support for the Egyptian regime. One of the main functions of the ASU had been to subordinate workers' organizations directly

[16] G. Helmke, S. Levitsky, *Introduction*, in: *Informal Institutions and Democracy: Lessons from Latin America*, red. G. Helmke, S. Levitsky, The John Hopkins University Press, Baltimore 2006, pp. 1–4.

[17] Ibidem, pp. 4–25.

to the authorities in order to increase the governing elite's control over citizens and to limit opposition activities among workers——a group that had already demonstrated its ability to mobilize and threaten the regime. The official representative of the workers was the Egyptian Trade Union Federation (ETUF), established in 1957. Its managerial staff was fully subordinated to the ruling party through top-down control, centralizing the workers' movement and co-opting trade union leaders.[18]

After the ASU's dissolution, its approximately six million members became members of the NDP. At its head, just as before in the ASU, stood President Anwar as-Sadat (Hosni Mubarak was head from 1981 on). The NPD also inherited the ASU's buildings and, on the same basis as its predecessor, received funds from the state budget, enjoyed access to the state media, and benefited from the administrative backing of the state bureaucracy. Although the makeup of the coalition supporting the regime varied (the beneficiaries of the first wave of economic liberalization as part of the "open door" policy—"*infitah*"—were gaining an ever stronger voice),[19] the "early" NDP could continue to count on the support of the public economic sector and on employees of the state administration. Patronage networks at the local level functioned similarly: local notables supported the regime at election time and in other situations in exchange for protection from those in power. In this context, the NDP could also count on the state's internal security apparatus. Even the NDP's internal organizational structure and control organs were confusingly like those of its predecessor. Such was the case with the Vanguard Organization, which was charged with control and intelligence tasks on behalf of the party and government and with respect to entrepreneurs entering into agreements with the authorities.[20]

The NDP, being the presidential party representing Mubarak's regime in parliament, ran in all the parliamentary elections from 1979 to 2010 and won them all by a decisive margin. To a certain degree, the presidential party played the role of a link between

[18] H. Kandil, *Soldiers, Spies, and the Stateman. Egypt's Road to Revolt*, Verso, London––New York 2014, pp. 56–168.

[19] For more on the first wave of economic liberalization in Egypt, see: M. Lipa, *Autorytaryzm i liberalizacja gospodarcza w Egipcie* [*Authoritarianism and Economic Liberalization in Egypt*], Instytut Kultur Śródziemnomorskich i Orientalnych Polskiej Akademii Nauk, Warsaw 2016, pp. 30–41.

[20] H. Kandil, *Soldiers, Spies, and the Stateman*, pp. 165–168.

selected social groups and the regime, but it was those in power who decided who would be taken into the regime's inner circle through the informal mechanism of clientelism, and into the framework of crony capitalism. Most importantly, however, the NDP ensured that the ruling group would enjoy a majority in the People's Assembly, and this gave the regime additional support in its exercise of power, as NDP deputies almost always voted in keeping with the guidelines of the head of state, particularly in matters of importance for the regime.[21] Deputies were especially inclined to be guided after 1991, when an economic reform program was initiated, affecting the country's economic structure and transforming the base of public support for the regime. Economic reforms and, specifically, the second wave of economic liberalization (1991-2010), which was the effect of an accord with the International Monetary Fund (IMF) in the spring of 1991, fundamentally affected the functioning of the Egyptian regime.[22]

The group whose influence on the NDP grew most strongly and steadily during the 1990s was that of the large entrepreneurs, who benefited from the second wave of economic liberalization and who strove to monopolize the most profitable branches of the economy. Their position grew to such a degree that from the economic sphere they started to move into the sphere of politics. They began to set the tone of public debate in economic matters and then to shape economic policy.[23] The Egyptian scholar Hazem Kandil argues that President Mubarak did not intend such a far--reaching transformation of the ruling party. He would have preferred to maintain its earlier character, and to use the entrepreneurs solely as a source of support for the regime, through the presidential party. The Egyptian capitalist class was not supposed to dominate the NDP, but this is just what happened.[24]

In attempting to understand the hegemonic party's abandonment of its status of mass party used to mobilize support for the statist

[21] E. Kienle, *A Grand Delusio...*, p. 8.

[22] More on the implementation of the Economic Reforms and Structural Adjustment Programme see: Kh. Ikram, *The Egyptian Economy, 1952–2000. Performance Policies and Issues*, Routledge, London–New York 2006, pp. 63–84; A. Paczyńska, *State, Labor, and the Transition to a Market Economy. Egypt, Poland, Mexico, and the Czech Republic*, Pennsylvania State University Press, Pennsylvania 2009, pp. 167–168.

[23] S.J. King, *The New Authoritarianism in the Middle East and North Africa*, Indiana University Press, Bloomington 2009, pp. 7–15.

[24] H. Kandil, *Soldiers, Spies, and the Stateman*, pp. 209–212.

socialist model of the state and the economy, as well as for direct control of society, it is important to know that when the central organization within the ASU was transforming itself into the NDP, its leaders had not formulated a cohesive political strategy or an ideology. In its organizational structures people with all types of views could be found—socialists, liberals, conservatives, secularists, devout Muslims, and also supporters or opponents of the alliance with the United States or of the peace treaty with Israel. What they all had in common was not shared ideas but a community of political interests. They all benefited from the authoritarian regime and had a vested interest in its preservation. For this reason, the NDP could serve as a sort of central point linking various interest groups to the regime, depending on which it was "worthwhile" at any given moment to include in the system, through the use of co-opting mechanisms, to ensure political stability. In this sense, the NDP played a stabilizing role, as it was able to control the level of political inclusion or exclusion of individuals and groups. Thus, especially in the first decade of the 21st century, the view was expressed by certain party leaders that moderate Islamists should be included in the political system. In this context, it should be remembered that many members of the Muslim Brotherhood were prosperous businessmen and that the view seemed rational in the new neo-liberal economic context.[25]

The fundamental mechanism associated with the liberalization of the Egyptian economy was rent-seeking; entrepreneurs "conspired" with high-ranking state functionaries to bring about a takeover of state resources at lower than market prices, and also to gain access to state investments. In time, the NDP became a nexus linking the beneficiaries of economic liberalization with the state and, specifically, with the presidential center of power. Organizational changes within the party itself reinforced the role of the hegemonic group in this process. The changes took place at the turn of the millennium, when Gamal Mubarak, the president's youngest son, became an important figure in the governing group. This enabled him to introduce persons from his entourage first into the ruling party's organizational structures and, then, into government. These persons were, first and foremost, businessmen and supporters of economic

[25] M.F. Menza, *Patronage Politics in Egypt. The National-Democratic Party and Muslim Brotherhood in Cairo*, Routledge, London–New York 2013, pp. 108–112.

liberalization, such as Ahmad Nazif, who became head of government in 2004. It should be stressed that the NDP's new strategy was heavily influenced by the analyses and recommendations of the Egyptian Economic Studies Center, an organization grouping influential entrepreneurs and economists, that is, supporters of economic liberalization, who lobbied for the rapid privatization of state resources. Neo-liberalism thus became the NDP's new doctrine, as is reflected in Nazif's considerable acceleration of the privatization process, leading to the sale of 60 state enterprises for 2.6 billion USD by 2008.[26]

This does not mean that Gamal Mubarak, a proponent of the new political course in the party and in Egypt, did not have any opponents within the ranks of the hegemonic group. To the contrary, he had to reckon with the strong position of one of the older representatives of the party elite, Sawfat al-Sharif. The latter could still count on significant support at the level of regional and local party cells and, therefore, continued to enjoy considerable patronage potential and a wide network of clientelistic ties in which he played the role of patron, especially in the provinces. It should be noted, however, that in time the phenomenon of party clientelism spread to new milieus, including the newly emerging network of non--government organizations (NGOs), because Gamal Mubarak and his closest collaborators held the view that they should support the state in providing social services.[27]

It is worthwhile, therefore, to take a closer look at the generational changes within the NDP's organizational structure, which brought Mubarak's younger son and his "comrades" into the limelight. However, representatives of the older party elites continued to fill top managerial positions: for example, the post of general secretary of the NDP was held between 2002 and 2011 by Mubarak's close collaborator, Sharif. In addition to Sharif, the most important figures in the presidential party, prior to Gamal's arrival, were Yousef Wali and Kamal al-Shazli. These individuals were giving way, with the people from their entourage, to a new generation of politicians and businessmen centered on Gamal. The transformation within the governing party was due to the growing internal crisis, whose apogee

[26] B.K. Rutherford, *Egypt after Mubarak: Liberalism, Islam, and Democracy in the Arab World*, Princeton University Press, Princeton 2008, pp. 218–224.

[27] F.M. Menza, *Patronage Politics in Egypt*..., 108–112.

coincided with the parliamentary elections of 2000, during which the NDP gained 388 seats in the People's Assembly (out of 444). Despite many manipulations, such a result had not been easy to achieve and inclined Mubarak to reform the party, a task he entrusted to his son and to the young technocrats from Gamal's entourage. In 2002, the NDP party congress saw a political attack on the clientelistic networks of Wali, Al-Shazli and Al-Sharif, whose most prominent clients were charged with corruption and arrested. It was thus easier for members of Gamal's group to expand their own patronage potential, and allowed the president's son to become the head of a newly established organ of the NDP, called "Gamal's Cabinet." This organ proved to be a very important center of influence on the activities of the party and thus became one of the centers of power in the state headed by Mubarak, the patron-in-chief.[28]

THE RULING PARTY AS A PLATFORM OF CRONYISM AND CLIENTELISM

From the political viewpoint, the reforms liberalizing the Egyptian economy limited the regime's direct control over a substantial group of organizations, as well as people enmeshed in formal relations with the state and making up the human capital of state-owned enterprises. The privatization was accompanied by corruption, which became so widespread that it can be said to have become the general rule in political and economic relations in Egypt.[29] The authoritarian rule was thus accompanied by the rise of cronyism based on extensive clientelistic networks, in which the presidential party played a key role, even though cronyism emerged at a time when the NDP did not yet exist (in the era of the ASU).

The beneficiaries of the free-market reforms during the first wave of economic liberalization (1974–1990) included persons such as Osman Ahmad Osman, whose career provides an excellent example of the early stages of cronyism, having been built thanks to clientelistic relations with representatives of the Egyptian authoritarian regime, especially with President Sadat. As a contemporary of Sadat's, he was a representative of the older Egyptian entrepreneurial elite (he

[28] J. Stracher, *Adaptable Autocrats: Regime Power in Egypt and Syria*, 2012, American University in Cairo Press, Cairo 2012, pp. 98–207.

[29] G. Amin, *Egypt in the Era of Hosni Mubarak: 1981–2011*, American University in Cairo Press, Cairo 2010, pp. 21–43.

passed away in 1999). He had become an entrepreneur as early as the 1940s, that is, before the Free Officers Revolution of 1952. In 1955 he founded the Arab Contractors construction enterprise. Arab Contractors was nationalized in 1961 (as part of the nationalization of industry), but Osman remained an important figure in his enterprise, as happened with the vast majority of entrepreneurs whose firms were nationalized. In the 1960s, Arab Contractors became a business empire. The firm Osman had founded was chosen to carry out the state's largest building projects, such as the construction of the Aswan Dam, government edifices, and various infrastructural projects, a later example of which is the October 6 Bridge in Cairo. Moreover, the firm participated in the building of military facilities on the eve of the outbreak of the Yom Kippur War in 1973, as well as later modernization work in the Suez Canal Zone. Osman, Egypt's most powerful entrepreneur of Sadat's era and, privately, the president's close friend, was at the center of all these undertakings. In due time, he expanded his business activities to other sectors: the food-processing industry, transport, and the financial sector (Osman founded the first private bank in the post--Nasser era, the Suez Canal Bank).[30]

When he had consolidated his business position in Egypt, Osman decided to venture into the world of politics by using his connections at the heights of power. And so in 1976 Sadat named him deputy prime minster for development and chairman of the NDP's development committee. Osman then became minister of construction (till 1981) and allocated 3.7 billion LE for infrastructural projects. Half of the sum ended up in the coffers of Arab Contractors, which also received 2 million square kilometers of land in Cairo belonging to the army. As clientelism is a mutually profitable relationship, Sadat (as Osman's patron) also had to derive some benefits from this collaboration. One such benefit had to do with the fact that Osman had considerable influence among the Muslim Brotherhood, and this led moderate Islamists to give their support to the president in his political struggle against extreme leftist milieus, workers' organizations, and students. In addition, when in May 1981 Sadat succeeded in sacking Ali Sabri, his principal opponent and an influential army officer, Osman organized mass rallies in support of the president, using the

[30] H. Kandil, *Soldiers, Spies, and the Stateman*, pp. 166–167.

employees of his firms. He also made use of his influence in various milieus successively to discredit the opponents of Sadat, whom he supported in all matters, including the 1979 peace treaty with Israel. He also played the role of intermediary between the president and foreign entrepreneurs, as well as managed questions connected with American economic aid.[31]

The synergic ties between big business and politics, which began to emerge during the Sadat era—in which the NDP played a increasing role—and of which Osman was the most conspicuous example, were consolidated over the following three decades, when Mubarak was president. The process was favored by the fact that, with the initiation of a second, much deeper, wave of economic liberalization in 1991, the NDP began to undergo the above--mentioned internal transformations and to adapt to the new situation. In this context, it is particularly worthwhile to note the NDP's last decade in existence, when Gamal Mubarak became an important figure in the presidential party and built his own patronage network at the cost of the older party elites. The above--mentioned "Gamal's cabinet" was the NDP's policies committee, which had been set up especially for Mubarak's son who, in the early 21st century, was entrusted with reforming the structures of the governing party. This was supposed to provide him with a trampoline to the presidency in 2011. The organ became the largest party cell and was responsible for drawing up Egypt's economic policy.[32]

On the other hand, business circles were very well organized, which had an impact on the lobbying potential of Egyptian entrepreneurs. The most important entrepreneurs were members of the Egyptian Businessmen's Association, which set up a committee in the early 1990s, supposedly to advise the authorities in matters connected with the economic reforms being introduced but, in reality, to lobby on behalf of the interests of the business elite. Its representatives also infiltrated other state economic agencies, like the Chamber of Commerce and the Chamber of Trade and Industry. With the passage of time, however, this tactic proved insufficient. The entrepreneurs thus turned to Mubarak's younger son, an employee of the Bank of America's London branch who had returned to Egypt in the mid-1990s. In contrast to representatives of the army

[31] Ibidem, pp. 166–167.

[32] S.J. King, *The New Authoritarianism...*, pp. 94–113.

or Mubarak's party contemporaries, Gamal Mubarak's education and worldliness made it easier for him to establish an alliance with younger businessmen. Thus, the economic changes, to a degree demanded by the IMF, coincided with a generational change within the Egyptian political elite.[33]

Gamal Mubarak "had two enticing assets: he was politically ambitious, and he was the president's son."[34] Gamal's political abilities and the appetites of the Egyptian economic elite's younger generation (the so-called "new Egyptians") resulted in a lasting alliance and led to the establishment in 2000 of an organization by the name of the Future Generation Foundation. One aim of this entity was to promote Gamal's image as a young, educated, forward-looking leader. Another symptom of the changes was the forming of the Nazif government in mid 2004. The new cabinet included many people from Gamal's entourage, and the prime minister was known to be Gamal's close friend. Among the ministers were many important entrepreneurs and prominent economists, who took over ministries directly related to the economic sectors in which they had been active. Thus Ahmad al-Maghraby, who was linked to the Egyptian branch of Accor Hotels, became minister of tourism; Rashid Ahmad Rashid, the director of Unilever's Middle East division, became minister of trade and industry; Muhammad Mansour, a representative of the Mansour Motor Group, became minister of transport; Youssef Boutros-Ghali, with connections to the IMF, became minister of the treasury; and Mahmoud Muhi al-Din, a university professor with ties to the World Bank, took over the ministry responsible for the economy and investments. All were members of "Gamal's cabinet" at the NDP.[35]

The next step in building the system of cronyism around Gamal Mubarak's patronage network was the entry of businessmen into parliament. While as late as 1995 only 37 entrepreneurs held a parliamentary seat, five years later that number had risen to 77——an increase from 8% to 17%. The parliamentary elections of 2005 and 2010 were even more beneficial for them. It was not uncommon, for example, for an entrepreneur who was a patron and who ran for election to the People's Assembly in one electoral district, to finance the campaign of his "client" in another, thus ensuring for himself

[33] H. Kandil, *Soldiers, Spies, and the Stateman*, pp. 209–212.

[34] Ibidem, p. 209.

[35] Ibidem, pp. 209–212.

more votes in case of victory. This gave him more leverage in parliament. The point was to gain as much control as possible over the most important parliamentary commissions, such as the budget commission, which was headed by Ahmad Ezz, an iron and steel industry potentate.[36]

As was the case earlier with Osman, Ezz's career can serve as an illustration of the clientelistic system in Egypt after 1991 in the context of the second wave of economic liberalization. Jerzy Zdanowski, who drew attention to the fact that Ezz was the continuator of his father's business ventures, noticed that when the privatization of Egypt's economy commenced, the Ezz family began to purchase successive privatized steel industry plants. These purchases were occurring in times of a construction boom. The Ezz family had quickly become aware of the importance of connections with high-ranking politicians. Therefore, Ezz joined Mubarak's party in 2002, becoming not only Gamal Mubarak's closest associate, but also his friend.[37] Thanks to this, by 2004 Ezz had taken control over Egypt's steel industry. He had purchased the largest state--owned metallurgical plant on preferential terms, without any tender or any oversight whatsoever. During the years that followed he enjoyed access to preferential investments, which led him to become a virtual market monopolist. In 2004, Ezz controlled over half the country's metallurgical sector and over 70% of Egypt's export of iron. Ezz was also the beneficiary of the distribution of state land for sale. He acquired 21 million square meters at a cost of 4 LE per square meter in the Gulf of Suez's industrial zone, only to sell it to foreign investors for 1000 LE per square meter. Ezz's position was further strengthened after the 2005 elections to the People's Assembly, when he became one of the "dealmakers" of the Egyptian political arena——especially in parliament. Thanks to his close relations with Gamal, NDP deputies voted as they were told to by Ezz. Thus during the last five years of Mubarak's presidency, Gamal Mubarak and Ahmad Ezz controlled not only the cabinet but also the decision-making process in parliament. One step remained to secure full power—to gain the office of head of state, something that would no doubt have taken place in the second half of 2011.[38]

---

[36] Ibidem, pp. 210–211

[37] J. Zdanowski, *Bliski Wschód 2011*... , pp. 98–99.

[38] H. Kandil, *Soldiers, Spies, and the Stateman*, pp. 214–216.

Although Ezz should be seen as the most important "client" in Gamal Mubarak's patronage network, there were many other people like him. Examples include Al-Maghraby, minister of tourism, who later became minister of construction and, in 2006-2008, allocated over 27 million square meters of land to companies in which at least 50% of all shares were held by the Palm Hills Company, a firm belonging to members of his family. Land speculation, in general, was the source of great fortunes among the "new Egyptians." For example, the Ministry of Agriculture, led by Amin Abaza, was also getting rid of land (land zoned for tourism and for industrial investment). The land was acquired by businessmen who then sold it to foreign investors. There is no doubt that mechanisms of corruption were at play in the sale of land on preferential terms or its cession for free, and in the privatization of state enterprises. One of many examples was the sale of a state enterprise with ties to Pepsi-Cola in the mid-1990s for over 130 million LE. 49% of the company's shares landed in the hands of Muhammad Nusair, who was connected with prominent NDP activists, while another 49% was acquired by a Saudi firm. Pepsi-Cola, which had retained 2%, bought another 77% a few years later for an overall sum of 400 million LE.[39]

It should be borne in mind, however, that the clientelistic network is more complex and is not limited only to the first level of patron--client relations. In fact, the ties of patronage are structured in such a manner that the "client" of the most important patron is himself the patron of other "clients." In this way, the patronage network penetrates society's lower levels. As was pointed out by Muhammad F. Menza, who studied the NDP's patronage networks at the lowest levels of society using the specific example of Cairo's Misr al-Qadima quarter, the relationship between the reformed NDP and groups involved in clientelistic ties in Egypt "was based on material benefit and co-optation [...]. Hence the services and resources provided by the party to its beneficiaries were in fact a mechanism to co--opt some societal forces into the state structure."[40] The mechanism applied not only to the representatives of the country's economic elites, but also to "local notables" and people of the lower social strata who, wishing to improve their lot, also joined the NDP, solely to increase their chances of obtaining a position in a state agency.

[39] Ibidem, pp. 214-216.

[40] F.M. Menza, *Patronage Politics in Egypt...*, p. 109.

Yet competing with the NDP's "old guard" among the party rank and files and in the field was no easy matter for the new NDP elites centered on Gamal Mubarak. They met there with entrenched patronage networks headed by people like Al-Sharif, with whom Gamal had to reckon before fully dominating the NDP. The main stake was thus control at the local level, that is, turning local notables and members of municipal councils into "clients" of the new elites. Such persons were usually already NDP members, but the question was to which faction they could be subordinated as part of the intra-regime co-optation. It could happen that representatives of both factions were rivals at the local level (for instance, during elections), though representatives of the NDP's "old guard" usually had the upper hand, as their patronage potential in areas such as Misr al-Qadima was more entrenched. A good illustration is the career of Ilham Bahi. "In spite of holding a prime position in the party as a member of the Political Bureau, Bahi was still incapable of infiltrating the various state institutions."[41] Another method for strengthening the position of the NDP's new elites was to subjugate NGOs, which were active at the level of local communities. The task was made easier by the NGOs need for funds, which could be obtained from entrepreneurs and politicians centered on Gamal Mubarak.[42]

SUMMARY

As a platform enabling the creation and replication of patronage networks, the NDP played a central role in the transformation of Egypt's non-democratic regime into a semi-authoritarian (hybrid) one, since it advocated a neoliberal agenda. This was accompanied—in the context of the reforms liberalizing Egypt's economy—by the rise of cronyism, the main element of which was the informal institution of clientelism. Consequently, even such seemingly detrimental effects of economic liberalization as the state's withdrawal from social welfare programs and its lesser oversight over social and economic processes were ably transformed and used by governing circles to their political and economic ends. The economic liberalization that began following the period of

[41] Ibidem, p. 144.

[42] Ibidem, pp. 108–112.

statism in the administration and the economy proceeded in such a way that those who benefited from the free market reforms, and from processes that allowed for reaping profits from investments, were either persons who had been connected with the president from the beginning, such as the representatives of the armed forces and internal security services, or "New Egyptians," that is, the new business and political elites, whose only chance to take part in the division of state resources was to enter into symbiotic ties with the governing elite and, more specifically, with Gamal Mubarak. These transformations contributed to set off the political liberalization in the 1970s and 1980s, and then to the hybridization of authoritarianism. In addition, they established a two-tier system by which the authorities earned their legitimacy: either through economic achievements, which were limited by the growing economic difficulties, or through the existence of quasi-democratic façade institutions. The growing development problems were increasingly felt in conditions of crony capitalism, which favored only the new political and economic elites but not Egyptian society as a whole. The situation led to the growth of pro-democratic social movements and, in effect, to the outbreak of the January 25th Revolution. This event led to Mubarak's resignation and to the dissolution of the NDP, and initiated a new period of political development in Egypt. In the new period, the legal proceedings launched against members of the Mubarak regime have not affected the middle and lower ranks of NDP activists, but only representatives of the party elite.