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BEYOND GUNS AND BUTTER: A U.S.-EGYPTIAN RELATIONSHIP FOR A DEMOCRATIC ERA

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INTRODUCTION

A year after President Hosni Mubarak's fall, U.S.-Egypt relations are at an all-time low. Not, as many expected, because of the rise of Islamist parties, but because America's longtime allies in the Egyptian military have whipped up anti-American sentiment at a feverish pace. It may have started as a political ploy, a way to build support on the street and highlight the army's nationalist credentials, but the generals soon lost control. In January, the Egyptian government announced that sixteen Americans—including the son of a top U.S. official—would be put on trial, facing up to five years in prison. Their apparent crime was working for American non-governmental organizations (NGOs)—the National Democratic Institute, the International Republican Institute, and Freedom House—that offered support, funding, and election monitoring for Egypt's uneven transition.¹

On March 1, the Egyptian government lifted the travel ban on seven Americans who were still in Egypt, allowing them to leave the country. A major diplomatic breach was avoided, giving the impression that the crisis had been resolved. This appears to be the interpretation of the Obama administration, which waived congressional conditions on military aid, citing the importance of maintaining a "strategic partnership" with Egypt.² However, the charges against the Americans remain, and there is no sign that the American NGOs in question will be able to reopen anytime soon. More importantly, the vast majority of affected NGOs—which are Egyp-

tian rather than American—still find themselves on trial and under attack.

The NGO episode, however worrying it is on its own, reflects something larger and more troubling: the slow descent from the national unity of the revolution to a fog of paranoia, distrust, and conspiracy theorizing. Who is with the revolution, and who isn't? The roots of the problem lie in the uncertainty inherent in Egypt's muddled transition. Unlike in Tunisia, where the Higher Committee for the Achievement of Revolutionary Objectives (HCARO)—accepted as legitimate by all of the country's main political forces—was responsible for managing the transition, Egypt has featured various competing actors claiming their own distinct sources of power. The struggle for legitimacy between the Supreme Council of the Armed Forces (SCAF), the Muslim Brotherhood-dominated parliament, and the protest movement has created a fragmented political scene. Everyone wants to lead the transition, but no one wants to take full responsibility for the results.

In their attempts to build legitimacy, political actors have deployed a range of currencies, trading variously on revolutionary symbolism and rhetoric, electoral success, and past persecution. One surefire source of public approval is tapping into deep-seated popular resentment over the long history of foreign interference in Egypt and the region. Not surprisingly, the ruling military council and a subservient state media see "foreign hands" everywhere. Liberal and Islamist parties have bought into the same narrative, often accusing each other of receiving foreign support and funding.

The growing anti-Americanism makes a rethinking of U.S. policy toward Egypt both more challenging and more urgent. Today, the United States and the international community have a strong interest in ensuring freedom of association for Egypt's embattled civil society and helping Egypt rebuild its battered economy. Making strides in these areas will help stabilize Egypt and allow it, in time, to return to playing a strong, constructive regional role. A stable, democratic Egypt could serve as model for the new kind of mutually beneficial relationship the United States can develop with the region's emerging democracies.

A vibrant civil society and a revitalized economy, however, require an executive authority that can govern effectively and legitimately, something Egypt does not currently have. (If the results of the upcoming presidential elections are contested, it may not have it for some time.) With this in mind, the United States and its European allies—still Egypt's largest donors—should tie any additional economic support to tangible progress on political reform, according to measurable benchmarks. Instead of seeing economic aid and democracy assistance as separate funding streams, as donors often have, they should be seen as two sides of the same coin, with one depending on the other.

Taking such steps should be part of longer-term strategy to establish a U.S.-Egypt relationship built on mutual respect, transparency, and the identification and pursuit of genuinely shared interests. Such an endeavor will require fundamental changes in how Washington engages its Egyptian counterparts. For more than three decades, the bilateral relationship has been anchored primarily around military assistance and a much smaller amount of economic aid—currently about 15 percent of the total—which was disbursed through a corrupt and unaccountable government apparatus. In the meantime, successive American administrations neglected the relationship with the Egyptian people, often turning a blind eye to regime repression. Beyond rhetoric, little was done to exert serious and sustained pressure on the Mubarak regime to democratize and respect the rights of the opposition, including the very Islamist groups likely to govern in the coming period. Regaining credibility with a broader spectrum of Egyptian society while restoring and clarifying the terms of leverage with the military and Egyptian officials is an enormous challenge. Deep-seated resentment of foreign interference greatly complicates any efforts in this regard, but this should not be an excuse for inaction or resignation.

RISING ANTI-AMERICANISM AND INCREASED DOMESTIC POLARIZATION

While Egypt has long had extremely high levels of anti-Americanism,³ since the fall of Mubarak, it has gotten worse. Despite receiving \$1.3 billion in annual U.S. aid, Egypt's military rulers have routinely stoked anti-Americanism both to distract from their mismanagement of the transition and to solidify their nationalist credentials.

In so doing, the military is drawing on a rich tradition. In Egypt—as in the Middle East at large—the line between nationalism and anti-Americanism is thin. This is the result not only of recent U.S. involvement in the region—supporting unpopular autocrats (often described as “U.S. agents”), occupying Iraq, and backing Israel—but of a longer history of external interference in Egyptian affairs. In the aftermath of Egypt's revolution, these sentiments have become conflated with being “pro-revolution.” That the revolution is widely seen as the country's first chance to shake off foreign powers and assert its independence has compounded the association. As a result, the military, among others, has found a ready audience for its accusations that foreign elements are seeking to destroy the gains made in Tahrir Square.

The increasingly accusatory nature of Egyptian politics is a function, at least in part, of a remarkably confused transition.

Indeed, as the transition has floundered, the unity of the January 25 revolution has given way to the practice of *takhween*—deeming one's countrymen traitors. In private, Muslim Brotherhood officials complain they are increasingly coming under attack by liberals for betraying the revolution and being lackeys of America. For example, a top Egyptian official, a liberal, recently speculated that the United States had a master plan to install the Muslim Brotherhood and far-right Salafis in government.⁴ For its part, the Brotherhood has accused secular activists of taking Western funding to “create chaos” and “bring down the parliament.”⁵ Such an atmosphere makes it difficult for any party in Egypt to rise to the defense of Western (or Western-funded) NGOs.

The increasingly accusatory nature of Egyptian politics is a function, at least in part, of a remarkably confused transition, the design and sequencing of which has encouraged divisions among Egypt's already fractious opposition groups and parties. None of the various

political forces has offered a clear vision for the country, and each side is hedging its bets and shifting the blame. At the same time, the transition's deal-making has largely taken place behind closed doors, creating an environment rife with rumor. For nearly a year, Egyptian commentators have, for example, pointed to a "deal" (in Arabic, the word "*safqa*" has a more ominous tone) between the Brotherhood and the army. In an odd twist, some of the theory's proponents argue that the conspicuous lack of evidence for any such deal is itself evidence of the Brotherhood's nefarious designs.

Anti-Americanism, xenophobia, and polarization will be features of Egyptian politics for the foreseeable future. As Egypt becomes more democratic, politicians will have ample incentive to tap into the nationalist sentiments of frustrated voters, particularly if the economy fails to improve. That said, the establishment of legitimate and transparent government and clear lines of authority and accountability should help diminish the culture of *takhween* that has poisoned the country's politics over the past year. Those in the international community with an interest in seeing xenophobia and polarization decline have a strong incentive to support programs that prioritize transparency and institution-building.

THE RISE AND DECLINE OF THE MILITARY

In the early days of the revolution, the Obama administration had high hopes for the Egyptian military. Democratization, the thinking went, would empower forces with uncertain commitments both to political pluralism and to the Egyptian-Israeli peace treaty. The military, meanwhile, was a known quantity, the linchpin of the thirty-year U.S.-Egypt relationship and a force for regional stability. U.S. assistance, as well as the personal relationships built over three decades of close cooperation, suggested that United States could exercise leverage through the army. In contrast, the United States could boast no real relationships with, or even first-hand knowledge of, either the Muslim Brotherhood or the more conservative Salafi groups. The Obama administration therefore found itself looking at a new Egypt and realizing that it had little leverage with the forces that would be shaping it.

Any hope that the military might prove a competent steward of reform was quickly dashed. Thrust into a position they were unprepared for, the generals quickly fell back on the autocratic ways of the past, manipulating

state media, employing excessive force against protesters, and sending more than 12,000 Egyptians to military courts. During the now notorious "Selmi affair," they aggressively inserted themselves into the constitution-drafting process, attempting to enshrine supra-constitutional privileges for the military, including the right to "defend constitutional legitimacy" as well as exempting the military from civilian oversight.⁶ This episode provoked the worst street battles of the transition, pitting protesters against military and security forces for six days last November.

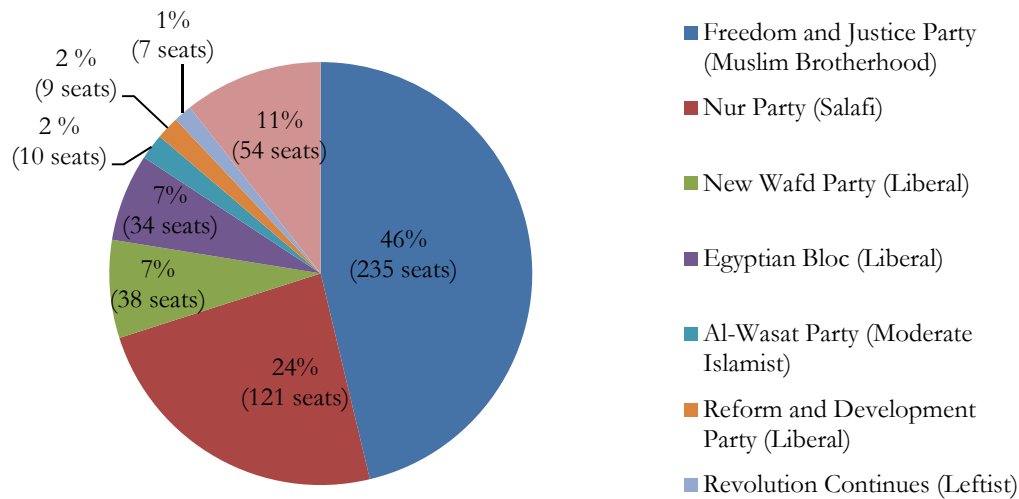
Among Egyptian political elites, the shift in opinion against SCAF has been decisive. Though there are differences on the specifics—such as ensuring parliamentary oversight over the military budget and whether to grant immunity provisions for senior officers—all major political forces now agree that the military must go back to the barracks and cease interfering in day-to-day politics. While SCAF still retains considerable power and will for the foreseeable future, it faces significant constraints on what it can, or cannot do. The failed attempt to impose supra-constitutional principles was arguably the most severe blow to SCAF's authority. The waning power of Egypt's generals provides some context for understanding why SCAF had been unable to put an end to the NGO crisis. Repeatedly, Field Marshall Mohamed Tantawi, Egypt's de facto president,

assured his American interlocutors that the NGO crisis would be promptly resolved. He may have meant it. But the matter was no longer entirely in his hands.

The architect behind the campaign against the American and Egyptian NGOs is Fayza Abul Naga, the minister of international planning and cooperation, one of two Mubarak holdovers in the cabinet, and an increasingly powerful and popular politician in her own right. In July 2011, she instructed the judiciary to investigate NGOs receiving foreign funding, thereby insulating the government from direct criticism. Abul Naga, the military, as well as the Muslim Brotherhood all adopted the line that they could not interfere with an ostensibly independent judicial process. As the country's ultimate executive authority, Egypt's generals could have announced a cabinet reshuffle and dismissed Abul Naga, but this would have directly contradicted the very narrative that they themselves have created—that Egypt's revolution has been at the mercy of foreign conspiracies. A still powerful state media, under the military's direct sway, has been much less circumspect, routinely

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The People's Assembly



Source: BBC

accusing the United States of deliberately sabotaging the Egyptian revolution.

In short, public opinion presented a powerful constraint on SCAF's ability to resolve the NGO crisis to the satisfaction of the international community or embattled Egyptian NGOs. Even doing as little as possible—letting Americans leave the country but nothing more—subjected SCAF to an intense chorus of criticism, leading to opposition threats to bring down the government. Indeed, the more democratic a country is, the more public opinion matters, and Egypt is no exception.

THE MUSLIM BROTHERHOOD'S ASCENT

As Egypt's military has begun to lose power and control, the Muslim Brotherhood has continued to secure its position as the country's dominant political actor. Over the course of much of the transition, the movement—which claims as many as 600,000 members—has retained its trademark mix of caution and pragmatism, tempered in recent months by a growing assertiveness and ambition.

In the lead-up to parliamentary elections in November, the Brotherhood refused to endorse mass protests in Tahrir Square, infuriating many of the country's liberal and leftist activists and leading them to believe that there was an arrangement with SCAF. Historically, the Brotherhood has always been uncomfortable with street protests, preferring the long slog of institutional battles. This time, the Brotherhood saw parliament as the most

important prize, something that would grant it the domestic and international legitimacy it had always claimed but never quite enjoyed. Moreover, parliament would give the group a high-profile platform from which to challenge SCAF's hold on power. Realizing how critical holding parliament would be, the Brotherhood gradually adjusted its ambitions. Initially, it said it would contest one-third of the seats, then one-half, and finally nearly all of them.

In Egypt's parliamentary elections, held in three rounds between November 2011 and January 2012, the Brotherhood's political arm, the Freedom and Justice Party (FJP), exceeded expectations, winning 46 percent of the seats. Since its victory, the Brotherhood has displayed greater confidence and has begun adopting the tone of a governing party rather than a beleaguered opposition group. It has also made a strategic decision to solidify its influence and—where possible—control over Egypt's major political institutions, including the presidency. At the same time, the Brotherhood has gone to great lengths to portray itself to the international community, and particularly the United States, as a sober, responsible actor. Beginning in October and intensifying after the Brotherhood's election victory, a procession of American officials, including the National Security Council's Prem Kumar and Deputy Secretary of State William Burns, met with Brotherhood and FJP leaders, reflecting a decision to initiate a substantive dialogue with Egypt's Islamists after some initial reluctance.⁷

For its part, the Brotherhood has reciprocated, offering assurances on vital U.S. interests, including the peace treaty with Israel. The Brotherhood, long a reliable purveyor of anti-American rhetoric, has found itself doing a difficult dance, balancing the needs of its new American allies and its own generally anti-American constituency. In February, Khairat al-Shater, formerly the Brotherhood's deputy general guide and now its candidate for president, highlighted the importance of the U.S.-Egypt relationship. "The democratic transition in Egypt is hanging in the balance," Shater said. "We strongly advise the Americans and the Europeans to support Egypt during this critical period as compensation for the many years they supported a brutal dictatorship."⁸ While Shater has insisted on the importance of sustaining the U.S.-Egypt relationship, others in the organization have threatened to "review" the peace treaty with Israel if U.S. aid to Egypt is cut.

At the same time that the Brotherhood was placating the United States, the military's move to lift the travel ban on the NGO workers gave the group the opportunity to bolster its anti-American credentials. The FJP-led parliament used the episode to call for a no-confidence vote and demand the removal of the SCAF-appointed government. FJP parliamentarians blamed SCAF for giving in to American pressure and called on Egypt to refuse U.S. aid, even though Shater, the most powerful figure in the Brotherhood, had said nearly the opposite just weeks before. The checkered nature of the Brotherhood's statements is evidence of the shifting value of anti-Americanism as a political tool. SCAF's attempt to bring "foreign interference" back to the center of political debates has made the Brotherhood's dance all the more difficult.

Ideology has not been, and will not be, an accurate predictor of the Brotherhood's policies and positions, which vary, sometimes rather quickly, depending on the circumstances (and how much they feel they can get away with). Ultimately, the group's leaders—although not necessarily its parliamentarians or grassroots rank-and-file—have little interest in pushing away the United States at such a critical time. Their priority, for now, is rebuilding the economy. In this, they have looked to Turkey. In past years, the Brotherhood had distanced itself from the Turkish Islamists under Prime Minister Recep Tayyip Erdoğan, whom they saw as unfaithful to the Islamist program, morphing into little more than European-style conservative democrats. But having emerged from Mubarak's repression with a real chance

at governing, the Turkish "model"—at least in the economic realm—has guided the Brotherhood's thinking. The Brotherhood's main takeaway from the Turks is that strong economic growth makes everything else easier. It secures one's political position while undermining the opposition's, and allows one—through patronage, control of state institutions, and distribution of economic dividends—to promote a particular social vision among various constituencies. The Brotherhood is betting that Egyptians will associate any economic success under their rule with the "Islamic project" more broadly. (This also, however, compounds the risks of failure.)

On economic policy, the Brotherhood's vision dovetails with that of the United States, suggesting that both sides stand to benefit from closer cooperation. Successful U.S. administrations have generally been more comfortable supporting economic, rather than political, reform in the Middle East. The Arab Spring, despite President Obama's rhetoric, is no different, with American offers of economic aid and investment, but little desire to tie such assistance to explicitly political benchmarks.

The United States does not want to see Egypt veer off into statism or economic nationalism, and neither does the Brotherhood. The Brotherhood's economic vision is unabashedly free-market oriented, which has left it open to an additional barrage of attacks from liberals and leftists. In its economic program, the FJP states its support for an "Egyptian economy built on the principle of economic freedom." "Economic freedom," it goes on, "is the guarantor of economic creativity, progress, and development, with the state playing a strong monitoring role in ensuring competition and preventing monopolies." In another section, the FJP affirms that "the private sector has a fundamental role to play in Egyptian economic life," and that "values and morals should not be separated from economic development, as they are two sides of the same coin."⁹

PROSPECTS FOR U.S.-EGYPT COOPERATION

Egypt's political dynamics will change considerably after the scheduled handover of power to an elected president (although perhaps not as much as some Egyptian activists would like). The charged debate over whether the United States should withhold aid, while important, has distracted from two more fundamental questions: First, should the United States be providing financial

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support to an unelected military government that lacks any real or lasting legitimacy; and, second, what steps can the United States take to ensure that the foundations of future assistance are built on firmer ground?

Ironically, Fayza Abul Naga heads the very ministry that is responsible not just for dispersing foreign assistance, but also asking for it. Abul Naga has irreparably poisoned her relationships with key American and European donors. While current levels of U.S. economic assistance (around \$250 million per year) should be maintained, additional financial support, through new loans, investment, or direct aid, should be withheld until a new leadership is in place both at the Ministry of International Cooperation and across other key economic ministries, including Finance and Foreign Trade. In addition to the ministers themselves, senior and mid-ranking bureaucrats, many of them Mubarak holdovers, must also be replaced.

It is ironic to think that a future Muslim Brotherhood government—one with a Brotherhood-appointed minister of international cooperation—might be more amenable to American interests than the current military regime, but this is where the United States finds itself. The military, despite the institutional respect it still commands, has found itself under attack from nearly every sector of society. Anti-Americanism allows it to regain some of its lost popularity. This even extends to liberals in the opposition who feel a need, especially now, to establish their nationalist bona fides and counter perceptions that they are close to the West. For example, the parliamentarian Amr Hamzawy—one of the standard bearers of Egyptian liberalism—refused to meet with Senator John McCain in February because of “[McCain’s] biased positions in favor of Israel and his support for invading Iraq and attacking Iran.”¹⁰

On the other hand, because of its strong nationalist credentials, the Brotherhood has less need to extend itself and overcompensate. Of course, it is all relative. The Brotherhood will still indulge in its share of anti-American posturing, as it has already shown. The group’s nationalist instincts can also be expected to seep into its otherwise free-market, investment-friendly economic policies. In its economic program, the FJP lists refusal of “conditional foreign aid, focusing instead on self-reliance and economic participation and cooperation” as “foundations” of its economic policy.¹¹ The Brotherhood will be cautious about becoming overly intertwined in Western economic institutions and will

instead prioritize investment and trade over aid. The Brotherhood, like most Islamist groups, also remains wary of international loans, particularly those with conditions attached. For now, though, dire economic straits take precedence over ideological preferences. Whatever their reservations, the Brotherhood, in principle, supports emergency IMF loans for the same reason that the military and most other political parties do—because Egypt needs them.

RECOMMENDATIONS FOR THE UNITED STATES

Repairing the U.S.-Egypt relationship will require diversifying the U.S. government’s relationships within Egypt, moving away from a dependence on the military, and forging closer ties with emerging, popular forces like the Muslim Brotherhood and, importantly, Salafi parties. Such groups are critical interlocutors not only because of their political strength, but also because of their influential role within society, with millions of

constituents and state-like organizational structures that include mosques, foundations, charities, businesses, banks, syndicates, day-care centers, and even boy scout troops.

At the same time, the United States must rethink its aid strategy, making future outlays both conditional on specific steps and subject to restriction should certain red lines be

crossed. Because any decision to withhold or delay future assistance will provoke considerable opposition, renewed public diplomacy efforts will be needed to explain the reasons behind any suspension in aid.

At the outset, the U.S. government should discuss any anticipated changes in the aid package well in advance with key political parties and civil society actors. But it should not depend solely on elite bargains, as it did during the Mubarak era. The United States should prioritize a broad outreach campaign to the Egyptian public that acknowledges past mistakes and charts a course for future engagement based on shared values and common interests. This will help establish a sound basis for cooperation with whatever democratically elected government emerges in Egypt.

The goal of any aid freeze should not be to damage ties with Egypt’s military, which will remain a powerful player well after the transition to civilian rule. The goal, rather, should be to restore America’s waning leverage

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in Egypt. Unfortunately, given the Obama administration's recent decision to resume aid after the NGO crisis, this may prove more challenging than ever. The administration set a dangerous precedent by releasing military aid after the Americans were allowed to leave Egypt, with none of the fundamental issues having been resolved. The military's suspicions were confirmed: that, in the end, the United States will buckle under pressure. Other parties, including the Muslim Brotherhood, have learned that there is no real consequence not just for anti-American rhetoric (which is their right), but also for directly undermining American interests and attacking American citizens. Other countries will probably come to similar conclusions, that even when explicit conditions are attached to aid, those conditions are not taken seriously by the United States government, and should, therefore, not be taken seriously by recipient governments. Moving forward, any U.S. efforts to make aid to Egypt conditional on political and human rights benchmarks will become increasingly difficult.

Backing down and resuming aid will not only have a negative effect on American interests, but also on Egyptian civil society—a necessary component of any successful democracy. It is worth emphasizing that Egypt's NGO probe primarily targets *Egyptian* civil society organizations. In fact, around 400 NGOs—the vast majority of them local—have received foreign funding in recent years, according to the Ministry of Justice.¹² Also at stake is the drafting of a new Associations Law governing the activities of civil society organizations. Article 11 of the Mubarak-era law bans any activity that “threatens national unity” or “violates public order.”¹³ In January, the SCAF-appointed government announced a new draft law to replace the old one. The draft legislation, which is still subject to further revision, managed to be even more restrictive. Among other things, it would empower the government to monitor all NGO expenditures, block funding sources, and unilaterally dissolve organizations or and remove their boards of directors.¹⁴ A year after the revolution, such ideas continue to enjoy support. They also demand pushback, including from the international community.

An oft-repeated argument is that U.S. championing of civil society hurts, rather than helps, local NGOs. This, however, grants too much credit to the SCAF narrative, which while tapping into existing public sentiment, was entirely manufactured for political purposes. (Before SCAF and the state media made it an issue, most Egyptians hadn't even heard of the American or Egyptian NGOs now under investigation.)

Media campaigns aside, foreign assistance provides a lifeline for cash-strapped NGOs that find themselves

fighting government harassment more or less alone. In the absence of indigenous funding sources, Western funding will remain critical for the foreseeable future. With this in mind, much more is at stake than the remaining charges against U.S. citizens or the ability of American NGOs to operate, as important as those things may be. Pressuring SCAF to allow American citizens to leave the country, while leaving Egyptian NGOs to continue suffering under an unjust probe, sends precisely the wrong sort of message, reaffirming the common narrative that the U.S. prioritizes its own interests at the expense of the welfare of Egyptians.

Repairing the U.S.-Egypt relationship is no easy task and will take years of careful and sustained engagement along the lines suggested below. To lay the groundwork for enhanced ties, the United States will need to elevate support for Egyptian democracy as a key criterion for U.S. financial support. Establishing consistency in this regard will help the United States restore its leverage and credibility in the country, and enable it to more effectively advance a range of interests with the help of the Egyptian government.

With this in mind, the United States should:

- **Conduct an interagency review process of how the United States responded to the NGO crisis.** The difficulties of the past several months should prompt a formal review of U.S. policies. The crisis led to an unprecedented standoff, one that could have been prevented, or least managed more effectively, had the United States engaged more aggressively earlier. When the administration did decide to engage, it did so without using the full extent of its leverage. Senior U.S. military officials, including Chairman of the Joint Chiefs of Staff Martin Dempsey, were reluctant to put military aid on the table,¹⁵ and the administration indicated little inclination to freeze assistance. This sent the wrong message to the Egyptian government, signaling that the United States was likely to back down. In lifting the travel ban on American citizens, the Egyptian military bet that doing the bare minimum would be enough to satisfy U.S. demands. It was right. After the American citizens were allowed to leave, the United States released a conciliatory statement emphasizing the strength of the U.S.-Egypt relationship and affirming its commitment to “ensuring Egypt's economic and financial stability.”¹⁶

Not only did the administration's decision to resume military aid circumvent congressional conditions, it directly contradicted stated U.S. policy after the Arab Spring, which pledged a newfound commitment to supporting Arab democracy (exemplified by President Obama's May 19, 2011 and Secretary Clinton's November 7, 2011 speeches). According to the 2012 Appropriations Act, in order for Egypt to receive military aid, the secretary of state had to certify that the Egyptian government was "implementing policies to protect freedom of expression, association, and religious, and due process of law."¹⁷ By any reasonable measure, Egypt failed to meet this standard. As a result, the administration used a national security waiver to override the conditions. Still, the administration could have stated that it would only allow initial disbursements of military aid, while withholding additional payments until certain conditions were met. Its official March 23 statement on Egypt did not make any such qualifications or caveats, marking yet another missed opportunity.¹⁸

- **Withhold additional disbursements of military aid if "red lines" are crossed.** The United States still has the option to withhold military aid in the future. Instead of reacting to events after they happen, the Obama administration should—especially ahead of the May 23 Egyptian presidential election—clearly and publicly identify America's "red lines" to deter Egypt's military from overstepping its bounds during the handover of power to civilian rule. These criteria should, at a minimum, include the need for Egypt to hold the election on schedule. They should also require that the military allow a more permissive environment for civil society organizations. The need to clarify "red lines" has become more urgent, in light of recent SCAF threats toward the Islamist opposition, hinting at the "history lessons" of the 1950s, when Muslim Brotherhood members and leaders were rounded up, tortured, and even killed.¹⁹ Meanwhile, some liberals have raised the possibility of dissolving parliament and annulling election results, moves that would likely lead to an outbreak of violence. The Brotherhood, for its part, has shown little patience for accommodating the demands of liberals and leftists and has increasingly interpreted Egyptian democracy in strictly majoritarian terms. For the first time in Egypt, an Algeria scenario—of ending the current "transition" process and annulling elec-

toral results—is now a real possibility. The United States and other international donors, through the leverage they still enjoy with both the military and the Brotherhood, should guard against any such deterioration.

- **Tie any additional funding streams, beyond existing bilateral aid, to measurable benchmarks on political reform.** While military aid makes up the bulk of U.S. assistance to Egypt, and has been the focus of the Obama administration and Congress, there is other financial assistance that deserves attention. In considering additional aid to Egypt and other Arab countries, the United States should begin to formulate a model of "positive conditionality." This would put pressure on cash-strapped governments, such as Egypt's, to reform but would avoid the sometimes punitive nature of negative conditionality. The Obama administration has begun moving in this direction by calling for a \$770 million "Middle East and North Africa Incentive Fund" that would "provide incentives for long-term economic, political, and trade reforms to countries in transition—and to countries prepared to make reforms proactively."²⁰ Similarly, the European Union has adopted the "more for more" principle in its \$470 million Support to Partnership, Reform and Inclusive Growth (SPRING) program.²¹ The amount of the money proposed by the president and provided in the EU fund is relatively small for an entire region in economic turmoil. For positive conditionality to have greater impact, the United States and the European Union should coordinate their aid efforts with rising democracies like Brazil, India, South Africa, and Indonesia and regional powers like Turkey and Qatar to develop a common approach and funding base.
- **Resume debt swap negotiations only after an elected, legitimate government is in place.** In a May 19, 2011 speech, President Obama announced that the United States would forgive \$1 billion in debt and work with Egypt to reinvest the money in various economic and development projects in the country. Negotiations over the disbursement of the \$1 billion had been underway but have stalled in the wake of the NGO crisis. Debt swap negotiations should resume only when there is new leadership at the Ministry of International Cooperation, most likely in August or September.

ber when a new government is formed. This approach would highlight U.S. preference of disbursing aid to elected governments that enjoy popular legitimacy, while in the process affirming the principle of linking economic support to political reform.

- **Deepen engagement with the Muslim Brotherhood and FJP on freedom of association for civil society and economic cooperation.** Successful engagement with Islamist groups is not just about exchanging ideas and information but about engaging in a substantive dialogue on important strategic issues and seeking out areas of mutual interest. For now, the Muslim Brotherhood is unwilling to take a strong stand against the NGO probe and Fayza Abul Naga's leadership, largely due to its reluctance to diverge from the nationalist consensus. The group, however, has said it opposes the existing NGO laws and supports new legislation. On February 20, after meeting with a U.S. congressional delegation, the FJP stated its support for the "immediate lifting of restrictions on the establishment and registration of NGOs, so interested groups can work legally and transparently."²² With this mind, the Obama administration and Congress should continue to support and encourage the FJP parliamentary bloc's efforts to draft a new, more permissive law guaranteeing the freedom and independence of all NGOs. The administration should indicate that the Brotherhood's leadership on this important issue will be appreciated by Washington lawmakers, and generate political capital in the United States for greater economic support to a future Brotherhood-led government.

The onus for establishing a productive U.S.-Islamist strategic dialogue is no longer primarily on the United States. For its part, the Brotherhood will need to shed some of its trademark caution and demonstrate much-needed leadership to help ensure a free environment for both

local and international civil society organizations.

- **Develop parallel "strategic dialogues" with other key constituencies and opposition actors.** While engaging the Brotherhood may be most urgent, the United States cannot repeat the mistake of engaging with one party at the expense of others in the opposition. The United States should therefore develop parallel dialogue tracks with all major actors, including Salafi parties, liberal parties such as the Wafd and Social Democratic Party, influential professional syndicates, as well as Egypt's amorphous but increasingly important labor movement. Building personal relationships with party leaders will require regular, sustained dialogue over the course of the coming years. Such meetings should serve three purposes: to listen to demands and grievances, which can then inform future U.S. engagement, to explain American interests and objectives, and to find overlap between U.S. interests and those of the parties in question.

These efforts should be part of a broader outreach campaign, one in which American officials speak directly to the Egyptian public. At the outset, officials should acknowledge past American support of the Mubarak regime and the repression Egyptians suffered as a result. Significant changes in established policy—which is what this paper argues for—are often the product of coming to terms with past mistakes. As Jennifer Lind, a scholar of the politics of apology, writes in *Foreign Affairs*, "How countries remember their pasts conveys information about their future behavior."²³ With this in mind, the United States should explain in clear terms its vision for the U.S.-Egypt relationship based on clear principles of engagement. However, the promotion of public diplomacy efforts without any significant change in policy is likely to backfire. Egyptians must feel that American policy is changing and see evidence of it.

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- ¹ The organizations in question were charged with operating without a license, receiving unauthorized foreign funding, and engaging in “political activity exclusively restricted to political parties.” For more detail on the charges and accusations, see Project on Middle East Democracy, “Backgrounder: The Campaign Against NGOs in Egypt,” February 10, 2012, available at <<http://pomed.org/wordpress/wp-content/uploads/2012/02/Egypt-NGO-Backgrounder.pdf>>.
- ² Victoria Nuland, “U.S. Support for Egypt,” U.S. Department of State Press Statement, March 23, 2012, available at <<http://statedept.tumblr.com/post/19786629671/u-s-support-for-egypt>>.
- ³ See for example, “Obama More Popular Abroad than at Home, Global Image of U.S. Continues to Benefit: 22-Nation Pew Global Attitudes Survey,” Pew Research Center, June 17, 2010, available at <<http://pewresearch.org/pubs/1630/obama-more-popular-abroad-global-american-image-benefit-22-nation-global-survey>>.
- ⁴ Interview with Egyptian official, January 2012.
- ⁵ Sarah El Deeb, “Egypt’s Muslim Brotherhood Slams Protesters,” Huffington Post, February 1, 2012, available at <http://www.huffingtonpost.com/2012/02/01/egypt-muslim-brotherhood-protesters_n_1247368.html>.
- ⁶ For more on the military and the constitution-drafting process, see Tamir Moustafa, “Drafting Egypt’s Constitution: Can a New Legal Framework Revive a Flawed Transition?” Brookings Doha Center-Stanford University Project on Arab Transitions, March 2012, available at <http://www.brookings.edu/papers/2012/0312_egypt_constitution_moustafa.aspx>.
- ⁷ In April, the Brotherhood sent an official delegation to the United States to meet with U.S. officials, think tanks, and NGOs in Washington and New York. For more, see Lauren Bohn, “The Muslim Brotherhood Comes to America,” CNN.com, April 4, 2012, available at <<http://www.cnn.com/2012/04/03/world/analysis-muslim-brotherhood/index.html>>.
- ⁸ Stephen Glain, “Muslim Brotherhood Officials Says the West is Neglecting Egypt,” *Washington Post*, February 3, 2012, available at <http://www.washingtonpost.com/world/middle_east/muslim-brotherhood-official-says-west-is-neglecting-egypt/2012/02/02/gIQA9Tc7mQ_story.html>.
- ⁹ “Al Barnamaj al Siyasi li Hizb al-Horreya w’al Adala,” *Al Abram* (in Arabic), author’s translation, available at <<http://www.almasryalyoum.com/node/388072>>.
- ¹⁰ See Amr Hamzawy, statement on official Facebook page (in Arabic), February 19, 2012, author’s translation, available at <<http://www.facebook.com/amrhamzawyofficial/posts/327519983950398>>; and Mahmoud Saad el-Din, “Hamzawy yarfid da’wa min al-safara al-amreekiya bi liqa’ al-senator John McCain,” *al-Youm al-Saba’a*, February 19, 2012, author’s translation, available at <<http://www.youm7.com/News.asp?NewsID=606643>>.
- ¹¹ “Al Barnamaj al Siyasi li Hizb al-Horreya w’al Adalah,” *Al Abram*.
- ¹² See for example “Justice Ministry: Over 300 Civil Society Groups Received Foreign Funds,” *Egypt Independent*, December 12, 2011, available at <<http://www.egyptindependent.com/node/545266>>.
- ¹³ Law No. 84/2002 on Non-Governmental Organizations available at <<http://www.icnl.org/research/library/files/Egypt/law84-2002-En.pdf>>.
- ¹⁴ Text of new draft law on Non-Governmental Organizations available at <<http://www.icnl.org/research/library/files/Egypt/MOSS2012-En.pdf>>.
- ¹⁵ Testifying before a congressional panel on February 16, 2012, Dempsey said: “I am always reluctant to come to the stark conclusion about cutting aid. Cutting off aid and therefore cutting ourselves off from them means that the next generation won’t have that benefit, and I don’t know where that takes us, to tell you the truth.” Bradley Klapper, “US Lacks a Champion in the New Egypt,” Associated Press, February 17, 2011, available at <<http://www.businessweek.com/ap/financialnews/D9SV76TG0.htm>>.
- ¹⁶ Victoria Nuland, “U.S.-Egyptian Relations,” U.S. Department of State Press Statement, March 3, 2012, available at <<http://www.state.gov/r/pa/prs/ps/2012/03/185184.htm>>.
- ¹⁷ Consolidated Appropriations Act 2012, H.R. 2055, 112th Cong. (2012).
- ¹⁸ Victoria Nuland, “U.S. Support for Egypt.”
- ¹⁹ Supreme Council of the Armed Forces, official Facebook page (in Arabic), March 25, 2012, author’s translation, available at <http://www.facebook.com/Egyptian.Armed.Forces/posts/385336118153310?utm_source=dlvr.it&utm_medium=tumblr>.
- ²⁰ See “State and U.S. AID – FY 2013 Budget,” U.S. State Department, available at <<http://m.state.gov/md183808.htm>>; “Budget of the U.S. Government, Fiscal Year 2013,” The White House, p. 61, available at <<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/budget.pdf>>.
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