


Egyptian government resignation signals fear of a 'Ukraine Effect'

The Egyptian government has resigned. On Monday morning,  Prime Minister Hazem el- Beblawi presented his resignation to interim President Adly Mansour, who replaced the deposed President Morsi – now under trial for treason among other things – and heralded the crackdown against the Muslim Brotherhood. Egypt has been in turmoil for some time and long before the de-facto military coup (even if Morsi's approval rating was abysmal and less than 11%) against Morsi; indeed, that event merely deepened the crisis situation that started with the so-called Spring in February 2011. Yet, there is something rather sudden about e-Beblawi's timing and in Egypt's continued instability, nothing should be taken at face value.

What does the resignation mean, then? The troubled post-Morsi transition, which has already seen the passing of a new Constitution (passed by over 90% of the votes but in the context of a very low turnout of less than 45%), has as its next and crucial step the presidential election next April. In fact, the government's resignation was expected because the current Minister of Defense, Abdel Fattah el-Sisi, is widely expected to throw his decorated General's hat into the race for the Presidency, formally restoring military rule in Egypt. Rumors of el-Sisi's presidential ambitions have been spreading ever since the coup against Morsi. There is no el-Sisi surprise then. The announcement has been in the air for months, yet there are rumors that senior officers are not entirely convinced that el-Sisi should run. Egypt is in the midst of deep economic collapse; the transportation sector has been on strike for over a month, paralyzing such cities as Cairo and Alexandria; pharmacists and dentists have also

joined the protests by going on strike. In other words, the timing is inauspicious and some in the Army leadership see a Gen. el-Sisi victory – likely in the current political climate – as a risk: that is it would cement public opinion against the armed forces, eroding their power base and interests rather than enhancing them.

El-Sisi has few competitors. Some like Hamdeen Sabbahi, something of a socialist or 'Nasserite', who decided to run, could have a chance if el-Sisi were not in the race. Others, portraying themselves as Liberal, and in the absence of notable Liberal figures like Mohammed el-Baradei, who is in exile, have very little chance, as they appeal to a privileged and limited section of Egyptian society. Meanwhile, the climate of insecurity – terrorists have resumed campaigns targeting tourists – six Koreans were killed a few weeks ago – favors the authoritarians. El-Sisi will surely exploit the tensions with the Muslim Brotherhood. Moreover, in the event that el-Sisi decided to remain as Defense minister or head of the armed forces, most Egyptians would still be suspicious of his likely involvement behind the scenes – as in the present situation – such that they would rather have him clearly in charge instead of behind the curtain in a reverse of the 'Wizard of Oz' adage "pay no attention to the man behind the curtain". However, uncertainty and instability in post-Mubarak Egypt prevail and even the careful calculus of a crafty manipulator such as el-Sisi, who forced a coup against the very President who put him in charge of Defense, suggest that the General still fears the 'street'. The events in Ukraine, their timing and progression, and President Yanukovich's sudden if unofficial resignation, will certainly have reminded officers like el-Sisi of the protests that brought down Mubarak exactly three years ago. The streets of Kiev inherited the legacy of the Egyptian 'spring' and the Army fears that the Egyptian street could erupt at any time to reclaim that mantle and that legacy.

El-Sisi and his backers in the military have asked Ibrahim Mahleb to replace the resigning Prime Minister el-Beblawi. Interestingly, Mahleb is a figure with few friends among the Tahrir Square crowd, who brought down two presidents because of his close ties to the Mubarak family.

Perhaps, el-Sisi is preparing the Egyptian people for a full reversal of the political and social turmoil of the past three years. Adding to speculation that el-Sisi has been suffering a case of Ukraine fever is the fact that, yesterday, the Courts re-authorized police control in universities. The problem is that now, the youth and many older Egyptians no longer believe in the omnipotence of their President. The street has brought down two (in both cases with the tacit and overt backing of the armed forces, who piloted the crises to their ultimate benefit), two presidents. It will not be afraid to attempt to take down another. However, in the case of Mubarak and Morsi, the armed forces helped the protesters; they managed the situation and had their own agendas for getting rid of those same leaders. Morsi was ruining the country through mismanagement and Mubarak was seen as planning a dynasty, encouraging his non-military and pro-private sector business son as his successor. The Egyptian army wants to continue to control the massive aid flow and the most productive sectors of the economy. If the street protesters attempt another 'Spring' as in 2011, they will face the full wrath of the armed forces, which could plunge Egypt in a scenario more in line with Syria than with Ukraine.

Why should this matter to the West and even to the markets? Egypt is the barometer of the Arab Middle East; it is its moral and intellectual pillar. What happens in Egypt doesn't stay in Egypt; it spreads and amplifies throughout North Africa and the Levant. The presidential transition, likely to see el-Sisi in charge, will have to be successful along three factors: promoting the economy, re-establishing security and re-integrating society. The first six months of 2014 will be

crucial. If those elements are not addressed, Egypt would descend further down the path of anarchy, leaving the armed forces adopting a more authoritarian stance while radical Islamists, re-establish themselves as the main – and non political – opposition. Tourism would collapse, western aid might be replaced by Russian or Chinese support, but those governments are also concerned by the potential for religious radicalism. Surely, oil prices would rise as prolonged tensions would translate to instability in the Suez Canal area, impacting the world economy. There is still a chance to salvage Egypt and el-Sisi, may turn out to be as practical as he has been crafty, leading a more democratic transition and shifting away from the recent turn toward authoritarianism. Egypt is wealthy in resources, human and natural. They need to be better managed.