

An aerial photograph of Egypt, showing a desert landscape with the Great Pyramids of Giza in the lower right. Two military aircraft are visible: a large B-1B bomber in the upper center and an F-15 fighter jet in the lower center. Both aircraft have 'MO' and '32' markings on their tails. A city is visible in the upper left.

AUGUST 2016

Making Choices

THE FUTURE OF THE U.S.-EGYPTIAN RELATIONSHIP

AUTHOR

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CSIS

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INTERNATIONAL STUDIES

A REPORT OF THE CSIS MIDDLE EAST PROGRAM

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Making Choices

The Future of the U.S.-Egyptian Relationship

Jon B. Alterman

A generation ago, a strong U.S.-Egyptian relationship provided an answer to many questions. How could the United States help rally Arab countries against Saddam Hussein's invasion of Kuwait? How could the United States help secure Israel? How could the United States military protect vital assets in the Middle East? And on the Egyptian side, how could Egypt modernize its military, and who could be a strong economic partner for Egypt's development? The answer was a strong U.S.-Egyptian relationship. For good reason, Egypt was a cornerstone of U.S. strategy, and the United States was a cornerstone of Egyptian strategy.

Now, and especially for the last five years, the U.S.-Egyptian relationship raises far more questions than answers. A series of rapid changes in the Egyptian government, and resultant shifts

in U.S. policy, have strained a bilateral relationship that people on both sides have come to consider anachronistic.

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is the ways in which a strong U.S.-Egyptian relationship would continue to serve the interests of both sides. In security and military affairs as well as economics, there are important areas of cooperation that serve both mutual interests and the individual interests of each country. Moreover, finding alternatives to the close cooperation that has been the norm since 1979 entails costs for each country.

Many Americans would like to find ways to pressure or persuade Egypt's leadership to follow the patterns of governance that have worked well for the United States. Many Egyptians distrust U.S. intentions and disagree with U.S. prescriptions for Egypt's

future. A test of wills between the two sides is unlikely to yield much success. A more promising path is for each side to appreciate the potential promise of a close relationship and to make itself an attractive partner for such a relationship. In many ways, the relationship seems headed in the opposite direction right now.

FOUR DECADES OF STABILITY, FIVE YEARS OF UNCERTAINTY

At the time of the relationship's inception in the late 1970s, Egypt's peace with Israel and its pursuit of a relationship with the United States represented a

fundamental shift in Middle East regional politics, a huge victory for the U.S. security strategy in the Middle East, and a major advance for the United States in the Cold War. Yet, as the U.S.-Egyptian relationship matured, each side began to feel unappreciated. Some

Egyptians complained that Egypt was constantly subordinating its national interests to U.S. concerns, and some Americans argued that the country was providing billions of dollars to Egypt for often-meager results. The centrality of aid to the relationship was a large part of the problem. It lent the two countries' dealings a transactional quality, and each side came to focus on what it was not getting rather than what it was. After more than a quarter century, the rela-

tionship that emerged was an intimate but not a warm one, and few thought it was living up to its potential. In the last five years, the relationship grew even less intimate and more distrustful.

The changes of the last five years have shaken the U.S.-Egyptian relationship to its core. Many Egyptians saw the U.S. government's efforts to ease the departure from office of long-time ally and President Hosni Mubarak as irrelevant; others saw it as betrayal. Few thought it was a well-fashioned policy. The U.S. position toward the governments of Mohammed Morsi and Abdel Fattah al-Sisi did not win many friends, either. Many Egyptians have come to believe that the United States was too accommodating to an elected govern-

ment that was abusing its power and too critical of an unelected government with clear popular support.

The aggravation went both ways. To many on the U.S. side, the Egyptians were squandering valuable opportunities—first to pursue a genuine democratic

opening, and using that opening to chart a new and more effective course to address some of Egypt's longstanding problems, including poverty and extremism.

The level of tension in the relationship has no parallel in more than four decades of close ties. However unsatisfying it became for both sides, finding alternatives was unthinkable. Egyptians and Americans alike feared that efforts

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to modify the relationship too much would threaten it. It was easier to paper over differences and leave the work of rethinking the relationship for another day. Yet with the changes in Egypt over the last five years, and with the United States thinking anew about its role in the Middle East, that day has come. The discussion below enumerates the interests that a close bilateral relationship serves, and also highlights the consequences of a different kind of U.S.-Egyptian relationship. No policy is without costs or drawbacks, but U.S. policymakers need to understand both the likely results of maintaining close ties with Egypt and the likely results of alternatives.

SECURITY TIES

The bedrock of the U.S.-Egyptian relationship is the security ties that link the two countries. Egypt's geographic position astride two continents, its demographic weight in the Arab world, its cultural and political influence, and its presence on the border of Israel all made Egypt a prize in the Cold War. When Egypt was hostile, it worked against U.S. interests in the Middle East, threatening U.S. allies and represent-

ing a destabilizing military force in the middle of the Arab heartland. Egypt's movement toward friendship with the United States in the late 1970s fundamentally altered the U.S. position in the region, replacing a weak link with a strong bond.

For Egypt, the shift from an alliance with the Soviet Union to one with the United States was a strategic masterstroke. Anwar Sadat was fond of saying that "the United States holds 90 percent of the cards," and aligning Egypt with the dominant global power instead of a collapsing one was shrewd. In exchange for his alliance with the United States, Sadat not only drew tens of billions of dollars in U.S. aid, but he also significantly upgraded his military equipment, improved training for his troops, and eliminated Egypt's most likely foe from the battlefield.

Egyptians often complain that U.S. military assistance to Egypt supports U.S. suppliers and contractors. That is true; about a third of assistance funding is used for new purchases, a third for upgrades of existing equipment, and another third for logistics and maintenance as well as training.¹ Even so,

¹ David Schenker, "Inside the Complex World of U.S. Military Assistance to Egypt," The Washington Institute for Near East Policy, September 4, 2013, <http://www.washingtoninstitute.org/policy-analysis/view/inside-the-complex-world-of-u.s.-military-assistance-to-egypt>.

U.S. spending represents a significant contribution to Egypt's defense efforts. Overall, U.S. military assistance accounts for about a quarter of Egyptian defense expenditures.²

Three decades of focused acquisition patterns have done several things. First, they have significantly upgraded Egypt's military capabilities. Egypt now owns and operates more than 200 F-16s, one of the most capable warplanes on the planet. Egypt also owns and operates more than 1,000 M1 tanks, a heavily armored, highly mobile, long-range battle tank. While Egypt does not necessarily have the most advanced weaponry in the region—that title goes first to Israel, and then to the relatively lightly populated and economically powerful monarchies of the Gulf—Egypt's military capability still makes it a regional power. On a technical level, Egypt's abilities are far more advanced than they were when the Soviet Union was arming Egypt in the 1950s and 1960s.

Second, U.S. assistance has promoted the interoperability of Egypt with armies from the United States and allied powers. This capacity has benefited those powers when Egypt has joined them in battle, as it did to push

back Saddam Hussein's invasion of Kuwait. But the interoperability has also been to Egypt's benefit. The prospect of Western armies working closely with their Egyptian counterparts has helped deter aggression against Egypt and has enhanced Egyptian national security. Similarly, common weapons

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platforms and tactics have facilitated Egyptian and Emirati military cooperation along Egypt's western border and in the Sinai Peninsula.

Third, U.S. assistance has helped augment Egypt's industrial capability. The same expertise that goes into assembling tank kits for the M1 tank, for example, also contributes to

Egypt's car manufacturing capability. Arab American Vehicles—a company jointly owned by Chrysler and the Arab Organization for Industrialization, a state-owned military manufacturer—produces Jeep Cherokees and Wranglers for the consumer market, as well as light military vehicles for Egypt's own use and for sale.

Having Egypt as a close partner has helped the United States directly as well. In a normal year more than 30 American warships—including nuclear-powered aircraft carriers—pass through the Suez Canal on an expedited basis,³ and more

² See Stockholm International Peace Institute Military Expenditure Database, http://www.sipri.org/research/armaments/milex/milex_database.

³ Jeremy Sharp, "Egypt: Background and U.S. Relations," Congressional Research Service, January 10, 2014, 8.

than 2,000 U.S. military planes pass annually through Egyptian airspace.⁴ These numbers increase several-fold during wartime. While more circuitous alternatives are available, the ease of using these routes has made Egypt a major asset in the U.S. defense posture in the Middle East, Europe, and Africa. While treaty obligations require Egypt to allow all ships to pass through the canal, Egyptians argue that they are free to set priorities for passage, and they also reserve the right to set the conditions under which nuclear-powered ships can pass through the canal. Even so, Egypt has allowed U.S. Navy ships, including those that are nuclear powered, to pass

ranging from flying schools to veterinary schools to bomb disposal programs—has benefited both countries. It is difficult to capture the monetary value of such training, but for both Egyptians and Americans, ongoing training aids interoperability and builds patterns of cooperation and relationships that can be drawn upon in times of crisis. From an American perspective, working closely over time with Egyptians helps promote global standards that make it easier for the United States to interface with Egypt and other allied countries.

Beyond improvements to its military,

Implicit in the U.S.-Egyptian relationship is the removal of the most powerful regional military from Egypt's threat matrix.

through the canal swiftly and under no onerous conditions. The ease and predictability of swift passage has been an asset to the U.S. Navy.

For the United States, another benefit of the partnership with Egypt is that Egypt buys its arms; these purchases have helped sustain the U.S. military-industrial base at a time when U. S. military sales have fluctuated. Having a substantial Egyptian market to sell into has helped even out some of the troughs in the U.S. demand signal.

The passage of thousands of Egyptians through U.S. training institutions—

there are broader benefits to Egypt from the U.S. relationship as well. Implicit in the U.S.-Egyptian relationship is the removal of the most powerful regional military from Egypt's threat matrix. Egypt has faced the Israeli army four times, and while it has had successful battles, victories have often come at substantial cost, in terms of preparations for war as well as losses on the battlefield. The U.S. relationship with both Egypt and Israel has not only prevented war in the past, but it has made war extremely unlikely in the future. While Egypt's public military exercises sometimes show troops fighting a "blue" team that seems an

⁴ Ibid.; and Jim Michaels, "U.S. Military Needs Egypt for Access to Critical Area," *USA Today*, August 17, 2013.

obvious stand-in for Israel, the fact is that the U.S. relationship has helped relieve Egypt of the burden of planning for any potential war against Israel, and has freed Egypt to focus on a much narrower set of smaller-scale security threats.

For the U.S. government, removing Egypt from Israel's threat matrix has been a huge boost for a key U.S. ally. While some argue that war is no longer a possibility and therefore Egypt is not worth continued U.S. support on that basis,⁵ it is worth considering two possibilities. One would be for Egypt to

turn a blind eye toward actions that harm Israeli security. Egypt need not be explicitly hostile to Israel, but it could come to decide that in a period with scarce resources, putting money into border security in the Sinai represents a poor investment. Another possibility is that border security would deteriorate

so much that it would precipitate a war between Israel and Egypt, albeit potentially accidentally. Currently, conflict with Israel is unthinkable to the Egyptian military, but this mindset should not be seen as permanent. It reflects current incentives—not only from the United States, but also from Israel, Europe, and beyond. A different set of incentives over time could pro-

duce different thinking and a different set of outcomes.

BROADER STRATEGIC BENEFITS

A further benefit for Egypt from its U.S. relationship has been an enhanced role in regional affairs, abetted partly by a more capable military, but also by the regional support led by the U.S. government. The presumption that the United States would work through Egypt on major regional initiatives has given Egypt leverage not

only with the United States, but with regional allies as well. Egypt has been careful not to be a mere extension of U.S. power—for example, it did not join the 2003 war in Iraq, which President Mubarak worried was reckless and misguided—but it has often been a multiplier of U.S. power, and the United States has been a multiplier of Egypt's power in

return. Egypt's leading role in regional nonproliferation efforts owes something to the close U.S. relationship. So, too, was Egypt's reputation enhanced when it led Arab opinion to oppose Saddam Hussein's invasion of Kuwait in 1990. Of course, Egypt has not needed U.S. support to be a key regional player. It was exactly that long before the United States came on the

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⁵ See, for example, "Egypt, U.S. Aid and Israel," *Jerusalem Post*, October 9, 2013, <http://www.jpost.com/Opinion/Editorials/Egypt-US-aid-and-Israel-328303>

The two countries have benefited not only from military cooperation but also from cooperation on counterterrorism.

regional scene. But Egypt's regional influence has waxed and waned, and U.S. support—and the support of U.S. allies—has certainly enhanced it.

By the same token, the U.S. position in the region has been enhanced by a close relationship with a key regional actor. Egypt has long represented the center of gravity in the Arab world, both in the alliance against Saddam Hussein in 1991, and when it helped tip off the Arab Spring in 2011. Some argue that the Egyptian government is too weak for the country to have a sustained impact on regional affairs,⁶ but that view ignores recent history. When Egypt was revolutionary, the region felt revolutionary, and when Egypt was tilting Islamic, the region seemed to tilting Islamic. In the same way, the fall of the Muslim Brotherhood government in Egypt ended the sense that the Muslim Brotherhood's victory in the region was both inevitable and imminent. Egypt's governmental capability is not what it once was, but the country's weight in the region remains considerable.

The two countries have benefited not only from military cooperation but also

from cooperation on counterterrorism. Although many details remain classified, there is evidence that the United States has worked closely with Egypt to secure the country's borders—through sensing technology, boundary reinforcement (including below ground), and overhead surveillance. In addition, the United States has provided Egypt with counterterrorism support in the Sinai Peninsula, reportedly providing aerial surveillance and presumably some signals intelligence on groups operating there. It has also sold Egypt Apache helicopters and additional equipment to fight Ansar Bayt al-Maqdis (now an Islamic State affiliate) and similar groups operating in the Sinai Peninsula. Finally, the United States and Egypt have reportedly shared information on malevolent actors. Drawing both on well-trained intelligence operatives and the prevalence of Egyptian members in many of the extremist groups operating in the Middle East, Egypt has presumably helped the U.S. government to infiltrate groups such as al Qaeda and the Islamic State.

⁶ Bobby Ghosh, "Egypt No Longer Matters," *Time*, August 18, 2013, <http://world.time.com/2013/08/18/egypt-no-longer-matters/>

PEOPLE-TO-PEOPLE TIES

Despite the relatively small size of the Egyptian diaspora in the United States, immigrants in the country are the sixth-largest source of remittances sent back to Egypt; only Egyptians in Saudi Arabia, the United Arab Emirates (UAE), Qatar, Kuwait, and Jordan send more. In 2014 over \$1 billion in remittances from the United States went to Egypt, out of a total of \$19.6 billion that Egypt received that year; this amount represented a little more than 7 percent of its GDP.¹ While substantial, this amount is still dwarfed by remittances sent to Egypt from the Gulf states: remittances from Saudi Arabia in 2014 were \$7.6 billion, from Kuwait \$3.2 billion, and from the UAE \$1.8 billion. Yet U.S. remittances also notably outpace those from other Western countries. Remittances from Italy in 2014 were only \$554 million, from Canada \$264 million, and from France, the United Kingdom, and Germany between \$100 million and \$200 million each.

Egyptians who were educated in the United States or who spent time there have played an important role in Egyptian politics over the past several decades. Of the 35 ministers and ministers of state in the current government of Egypt, 16 have either studied or worked in the United States or worked for a company or international organization with close U.S. ties.² This is in addition to the important role that military training courses in the United States have played in building strong U.S.-Egyptian military relationships. Yet high expenses and other obstacles keep the number of Egyptian students coming to the United States for higher education (at the undergraduate or graduate level) relatively modest. In 2013/2014 the Institute of International Education (IIE) counted 2,832 Egyptian students in the United States, representing just 3 percent of the total students from the Middle East and North Africa (MENA) region and 0.3 percent of the world total. A comparable number of students (2,788) from the United Arab Emirates studied in the United States the same year, and other MENA countries with smaller populations outpaced Egypt in sending students to the United States, including Saudi Arabia (53,919), Kuwait (7,288), and Iran (10,194).³ Furthermore, in almost

¹ World Bank Prospects Group, "Bilateral Remittance Matrix 2014," <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:22759429~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html>.

² CSIS analysis of Egyptian ministry websites and curriculum vitae of various ministers.

³ Institute of International Education, "International Student Totals by Place of Origin, 2012/13–2013/14," in *Open Doors Report on International Educational Exchange*, 2014, <http://www.iie.org/opendoors>.

30 years the number of Egyptian students in the United States increased by a mere 422 students; in 1984/1985 the IIE reported 2,410 Egyptian students studying at U.S. universities.⁴

In April 2015, the U.S. embassy in Egypt announced the creation of the U.S.-Egypt Higher Education Initiative. The \$250 million, multiyear program will support more than 1,000 opportunities for educational exchanges and

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study abroad for Egyptian students and professionals; 100 scholarships for women seeking to earn an MBA in the United States; 60 undergraduate scholarships for high-achieving, low-income young women seeking to study science, technology, engineering, and mathematics in

the United States; and at least 50 Fulbright scholarships for graduate study in the United States.⁵ These initiatives expand on the approximately two dozen cultural and educational exchange programs already sponsored by the Department of State either specifically to deepen U.S.-Egyptian ties or to support educational and cultural exchange more broadly.⁶ The U.S.-Egyptian Binational Fulbright Commission in Egypt, which facilitates exchanges in both directions, was established in 1949 and is the oldest and largest Fulbright program in the Arab world. According to the commission, more than 5,000 scholars from both sides have participated in the exchange.⁷ Over the past several years, from among the Economic Support Funds designated for Egypt as part of U.S. foreign assistance, “not less than” \$35 million has been assigned to higher education programs and scholarships each year.⁸ Some of these are short-term visitor programs to the United States for Egyptians, while others are either short- or long-term educational experiences for Egyptians in the United States or for U.S. citizens in Egypt.

⁴ Institute of International Education, “International Students: All Places of Origin,” <http://www.iie.org/en/Research-and-Publications/Open-Doors/Data/International-Students/All-Places-of-Origin/1950-2000>.

⁵ U.S. Embassy in Cairo, “U.S.-Egypt Higher Education Initiative,” <http://egypt.usembassy.gov/hiedinitiative.html>.

⁶ U.S. Embassy in Cairo, “Exchange Opportunities,” <http://egypt.usembassy.gov/pa/allxchg.html>.

⁷ Binational Fulbright Commission in Egypt, “About the Commission,” <http://www.fulbright-egypt.org/fulinegypt.asp>.

⁸ Jeremy M. Sharp, “Egypt: Background and U.S. Relations,” Congressional Research Service, February 25, 2016, <https://www.fas.org/sgp/crs/mideast/RL33003.pdf>.

ECONOMICS

The benefits of the bilateral relationship have not all been in the security field. Economically, the U.S.-Egyptian relationship has been a boon for both sides, although it looms larger in the smaller Egyptian economic context than in the American. More than 1,000 U.S. firms do business in Egypt, in areas ranging from energy to manufacturing to services. Not surprisingly for a country with almost 90 million people and one of the largest economies in Africa, Egypt is host to some of the most prominent U.S.-based multinational firms, including Coca-Cola, IBM, ExxonMobil, Citigroup, and Microsoft. U.S. firms have more than \$20 billion in investments in Egypt, although much of that is the result of energy investments by a single firm, Apache.

Bilateral trade has stood at more than \$5 billion for a decade, and the United States has enjoyed a healthy surplus in each of those years. U.S. grain exports remain strong; Egypt imported more than 8.5 million metric tons of U.S. corn and corn products in 2014, making it the sixth-largest U.S. market in the world.⁷ Overall, agricultural products from the United States represent almost \$2 billion in annual Egyptian imports, and Egypt also imports almost \$1 billion per year of U.S. energy. Egyptian

exports of clothing and textiles to the United States have remained robust, boosted by the decade-old Qualifying Industrial Zones (QIZs) that give tax-free treatment to Egyptian products manufactured with Israeli components. The QIZ scheme supports more than 250,000 jobs in Egypt, from the coastal north to the sometimes restive and often underdeveloped middle of the country.⁸

Overall, the United States represents Egypt's seventh-largest export market and its second-largest source of imports, trailing only China.⁹ Europe remains a more active economic partner for Egypt than the United States, boosted by proximity. But the role of the United States in the global economy has a "halo effect" on U.S. investments in Egypt. The result is a multiplier effect for U.S. trade and investment that boosts Egyptian trade globally.

TROUBLE AHEAD

While there are strong arguments for the desirability of close U.S.-Egyptian bilateral relations, the prerequisites are not always present. Some U.S. officials privately question the capacities of Egyptian security personnel, both in the counterinsurgency efforts in the Sinai Peninsula and the Western Des-

⁷ U.S. Grains Council, "Market Profile—Egypt," <http://www.grains.org/worldwide-offices/market-profiles/market-profile-egypt>.

⁸ American Chamber of Commerce in Egypt Inc., "Qualifying Industrial Zones (QIZs)," <http://www.amcham-egypt.org/QIZs11.asp>.

⁹ Central Intelligence Agency, "Egypt," *World Factbook*, 2016, <https://www.cia.gov/library/publications/the-world-factbook/geos/eg.html>.

ert, and in the counterterrorism efforts in the Nile Valley. Fundamental differences over strategy and tactics divide the two governments, and U.S. officials recoil at Egyptian efforts that lead to seemingly innocent civilians falling victim to government actions. Meanwhile, senior Egyptian government officials do little to hide their belief that the United States has a peculiar and counterproductive bias against the current Egyptian government and the will of the Egyptian people. As one senior official complained, “I fail to understand why the United States doesn’t support a viable and strong Egypt. A strong, stable, and secure Egypt is in the U.S. interest, no?”¹⁰

While there are strong arguments for the desirability of close U.S.-Egyptian bilateral relations, the prerequisites are not always present.

Economically, Egypt is less attractive than it needs to be to attract large-scale investment. While there are some encouraging economic indicators, and Egypt has made important subsidy reforms, many investors continue to express concern about Egypt’s future. The legal framework is lacking, bureaucracy remains large and inefficient, subsidies continue to sap government resources, and efforts to address the underlying issues could create a political backlash

at a time when Egypt’s broader politics remain unsettled. The Egyptian pound lost more than 15 percent of its value versus the dollar between July 2015 and July 2016, yet many businesses are unable to obtain dollars or repatriate profits from Egypt, and black market rates for dollars are 25 percent above the official exchange rate. The new parliament took office in January 2016 with uncertain powers and uncertain capabilities, and low-grade political violence continues to plague the country. While Egypt’s president still enjoys significant support, opposition to him has proven enduring and seems to be growing, especially among the educated and the young, two groups whose support

is vital for economic growth.¹¹ President Sisi’s response has appeared to be to seek more direct control rather than bargain to enlarge his coalition. Unlike previous Egyptian governments, which engaged in a sort of “show politics” to enlist large cadres of supporters, President Sisi seems to distrust politics altogether. Unlike his predecessors Hosni Mubarak and Mohammed Morsi, who faced significant security challenges of their own,

¹⁰ Interview with senior Egyptian government official, Cairo, Egypt, January 13, 2016.

¹¹ Baseera, “Poll Conducted by the Egyptian Center for Public Opinion Research (Baseera) on the Performance of President al-Sisi” (press release), April 20, 2016, http://www.baseera.com.eg/pdf_poll_file_en/president%20approval%20rate-%20April2016-%20En.pdf.

President Sisi reportedly continues to sleep in an undisclosed location two years after being sworn in as president.¹² In a nationally televised speech on February 24, 2016, he admonished Egyptians, “Please, don’t listen to anyone but me. I am dead serious.”¹³ His voice is not a voice of confidence.

Moreover, recent efforts by the government to repress political opponents are likely to complicate Egypt’s economic situation. Human rights groups suggest that more than 40,000 Egyptians have been imprisoned on political charges in the last two years, straining the capacity of jails and police stations.¹⁴ Some observers suggest that 60,000 political prisoners are in jail in 2016.¹⁵ Civil society groups claim that the number

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of forced disappearances—Egyptians who are arrested without warrants and with no record of their arrest—rose sharply in the spring of 2015, and in-

dicate that secular liberal activists as well as those sympathetic to violent Islamism are among the disappeared.¹⁶ Courts have reaffirmed mass death sentences against hundreds of defendants, including former president Muhammad Morsi, current Georgetown University scholar Emad Shahin, and Al Jazeera editor Ibrahim Hilal. The country’s chief auditor was fired in March 2016 after asserting that corruption costs Egypt tens of billions of dollars

a year. Among the accusations against him was that he had “defamed government apparatuses,”¹⁷ presumably for accusing them of corruption. One can

¹² Eric Trager, “Egypt’s Durable Misery,” *Foreign Affairs*, July 21, 2015, <https://www.foreignaffairs.com/articles/egypt/2015-07-21/egypts-durable-misery>, and Trager’s email with the author, July 7, 2016.

¹³ Hamza Hendawi, “Egypt’s President Says Criticism Threatens the State,” Associated Press, February 24, 2016, <http://bigstory.ap.org/article/8109b4b1c9a5481a83aff49bfa972172/egypts-president-says-criticism-threatens-state>.

¹⁴ Human Rights Watch, “Egypt: Year of Abuses under Sisi,” June 8, 2015, <https://www.hrw.org/news/2015/06/08/egypt-year-abuses-under-al-sisi>.

¹⁵ Janine DiGiovanni, “Why Egyptians Say Things Are Worse than under Mubarak,” *Newsweek*, May 5, 2016, <http://www.newsweek.com/2016/05/13/egypt-cairo-mubarak-sisi-455753.html>

¹⁶ Erin Cunningham and Heba Habib, “Egyptian Groups: Government Has Been Kidnapping Students, Activists,” *Washington Post*, June 13, 2015, http://www.washingtonpost.com/world/middle_east/in-egypt-activists-document-a-surge-of-forced-disappearances/2015/06/12/75274570-0dff-11e5-a0fe-dccfea4653ee_story.html.

¹⁷ Amira al-Fekki, “CAO Head Hisham Geneina Dismissed from Position: Presidency,” *Daily News Egypt*, March 28, 2016, <http://www.dailynewsegypt.com/2016/03/28/cao-head-hisham-gene-ina-dismissed-positionpresidency/>.

see these convictions as a sign of the polarization of Egyptian politics, with the government and its opponents increasingly at odds. One can also see it as the fragmentation of Egyptian politics, in which a struggling government sees enemies everywhere. Either way, political conditions add an element of uncertainty to the Egyptian economic environment, and will do so for the foreseeable future.

POLICY RESPONSES, HUMAN RIGHTS, AND CONDITIONALITY

Conditions in Egypt pose policy challenges for the United States, as well as for its allies. While Egypt has never been a liberal democracy, it is increasingly resorting to extraordinary and extrajudicial means to cow liberal opposition voices and suppress civil society, as described above; and these efforts increasingly affect Egyptians with close international ties. Some in the U.S. government worry that the Egyptian government is making bad choices, not only reducing the chances of its own success but also potentially raising costs for those who would have to deal with the fallout of

heightened violence and economic collapse in Egypt. Human rights activists wonder what role outsiders might play in helping steer Egypt onto a different course. Many governments are constrained by laws intended to regulate relations with authoritarian governments, and if trends in Egypt continue, these governments may find their hands tied by either laws or legislators, regardless of their desire to help Egypt.

In the United States, much of the public discussion about U.S. policy toward Egypt has focused on human rights concerns. Some Americans argue that the worsening human rights environment in Egypt should be a bar to close bilateral relations.¹⁸ Others suggest that the United States should employ conditionality in its assistance to persuade the Egyptian government to adhere more closely to international norms.¹⁹ Still others argue simply that the United States sullies itself when it comes close to authoritarian regimes.²⁰

The idea of tying bilateral relations to human rights has its origins in the 1970s, with two groups of proponents. Many liberals believed that the exigencies of the Cold War had driv-

¹⁸ Robert Kagan, "Why the United States Shouldn't Support Egypt's Ruling Generals," *Washington Post*, May 1, 2014, https://www.washingtonpost.com/opinions/robert-kagan-why-the-united-states-shouldnt-support-egypts-ruling-generals/2014/05/01/e7a7403e-d154-11e3-9e25-188ebe-1fa93b_story.html.

¹⁹ David Johnson, "Conditionality, Constraint, and Leverage—U.S. Aid to Egypt Stays Murky," Tahrir Institute for Middle East Policy, March 6, 2014, <http://timep.org/commentary/us-aid-to-egypt-stays-murky/>.

²⁰ Adil E. Shamoo, "The U.S. Should Not Accompany Saudi Arabia over the Cliff," *Huffington Post*, January 18, 2016, http://www.huffingtonpost.com/adil-e-shamoo/the-us-should-not-accompa_b_9010522.html.

en the United States into immoral relationships with repressive regimes. Many conservatives believed that human rights could be used as a weapon against the Soviet Union and its allies. The two sides agreed that more-democratic governments were likely to serve U.S. interests more closely, in part because democratic societies were thought to be more resilient against extremist ideologies (originally communism, and more recently Islamic extremism) and in part because democratic publics were thought to desire close ties to the United States.

Discrete economic indicators have an additional benefit for those seeking to use them for conditionality: they tend not to go to questions at the very heart of governance. The public's appreciation of economics is generally subjective and impressionistic. Few citizens care, for example, if foreign reserves cover one month of imports or six months of imports. They do not casually discuss the size of the money supply. As a consequence, technocrats can often implement mandated changes without much public scrutiny. In addition, while governments

Conditionality in aid relationships has a mixed track record. Where it has generally been most successful, it has relied on the measurement of discrete and objective economic indicators.

At the same time, however, so-called realists maintained a strong influence in American political decisionmaking, and many in the State Department remained biased toward engagement with other governments, regardless of their domestic policies.

Conditionality in aid relationships has a mixed track record. Where it has generally been most successful, it has relied on the measurement of discrete and objective economic indicators. That is to say, when a loan is conditioned on maintaining a certain foreign exchange reserve, or upon a certain rate of growth in the monetary supply, donor and recipient governments can use objective tools to judge the extent to which those indicators are being met.

have many tools to meet the benchmarks of donor countries, they also retain many tools to blunt or accentuate the impact of those indicators on the public, and still more to shape how those impacts are perceived.

When it comes to issues of governance, however, the track record for conditionality is weaker than for economic issues. In part, metrics on governance are much more subjective than metrics on economics. Democracy is more of a process than an outcome, and its benefits are often felt unevenly, especially in transitioning societies. But even more importantly, governance goes to the heart of the survivability of the existing political powers. Conditionality on governance considers police powers,

definitions of criminality, and the activities of opposition forces. Rather than tangentially influencing the survival of current rulers, governance goes right to the heart of determining the terms under which they agree to be removed from power. The stakes are existential, not merely economic.

With any conditionality, some political leaders may find it advantageous to resist, and to portray their resistance as a nationalist response to foreign hegemony. In the economic sphere, the call to nationalism can be successful if the government resists cutting subsidies, but most citizens do not focus

on the economic benchmarks that international financial institutions or bilateral donors seek to achieve. The opposite is true in the field of governance, which often provides sitting governments a rich opportunity to generate political capital. After all, it is hard for a foreign government to appear more patriotic than a local one, and whipping up resentment of foreigners is often a well-used instrument in politicians' tool kits. In some cases, a degree of international isolation can actually contribute to the popularity of authoritarian rulers and marginalize reformers as traitors. There are

Throughout the postrevolutionary period, Egyptian politicians have consistently derived strength from their professed skepticism of U.S. intentions and opposition to U.S. political meddling.

some instances, such as efforts to end apartheid in South Africa, where broad international opprobrium can influence governance; but many more instances more closely resemble the experience of Cuba, where decades of U.S. unilateral sanctions and isolation produced relatively poor but still repressive regimes.

In this regard, it is worth considering the likelihood that U.S. policy toward Egypt could help to shape domestic Egyptian politics in a positive way. The record is not encouraging, however. There is a long history, dating to the 18th century, of Egyptians feeling manipulated by foreign

powers; that feeling had become a central organizing principle of Egyptian politics by the middle of the 20th century. And Egypt's feelings of beleaguerment have only increased in the last five years of turmoil. Throughout the postrevolutionary period, Egyptian politicians have consistently derived strength from their professed skepticism of U.S. intentions and opposition to U.S. political meddling. In current Egyptian politics, open suspicion if not paranoia about foreign designs on the country have become common currency on talk shows, in the press,²¹ and even in public ser-

²¹ See, for example, Ahmed Atef, "1500 wathiqa tuthbit tuwarrut al-ikhwan fi al-irhab bi da'im min amrika," [1500 documents prove the complicity of the Muslim Brotherhood in terrorism with support from America] *ElSabah7*, February 24, 2014, <http://elsaba7.com/NewsDtl.aspx?Id=129559>.

vice advertisements.²² Egyptian television talk shows, many of which enjoy at least some tacit support from the government, have been consistently anti-American. They have insisted over and over again that the United States entered into a conspiracy to put the Muslim Brotherhood in power and that the Egyptian public's uprising against U.S. designs has humiliated the United States and saved Egypt. Up to now, the tactic of rallying against foreign meddling has reliably won broad

son Egypt's leaders seem to have taken from the spring of 2011 is that political conciliation is folly, and the only way forward is to be steadfast. Ben Ali of Tunisia and Mubarak of Egypt tried to bargain with their opposition and were pushed from office. The Khalifa family in Bahrain and Assad of Syria may not have overcome all of their problems, but at least they are still in office.

A sharp effort by the United States to press Egypt on specific concerns is

If it felt cornered, the Egyptian government would surely seek alternative donors who would impose fewer constraints on Egyptian behavior and be less troubled by its abuses. And yet, in reality, other relationships are not on offer.

support from the Egyptian public, with the notable exception of the last two weeks of Hosni Mubarak's presidency.

Egyptian government officials see democratization at this point as a suicidal exercise. In private conversations, they warn that a political opening will only re-invite the Muslim Brotherhood into politics, where they will settle scores with those who pushed them out in 2013. Further, they argue that a more open politics would subject Egypt to the sorts of forces that have torn apart Libya and Syria, which would not only contravene their interests, but also the interests of the United States. The les-

likely to lead to resistance rather than compliance. In fact, one of the few constants in Egypt's tumultuous recent history—under Mubarak, under the Supreme Council of the Armed Forces, under Morsi, and under Sisi—has been an almost reflexive resort to hostility, xenophobia, and nationalism when confronted with anything that could be considered foreign criticism.

If it felt cornered, the Egyptian government would surely seek alternative donors who would impose fewer constraints on Egyptian behavior and be less troubled by its abuses. And yet, in reality, other relationships are not on offer.

²² "The announcement that terrified the spies," [Arabic], YouTube, uploaded June 7, 2012, https://www.youtube.com/watch?v=_1yj5llyZqo&feature=youtu.be.

Russia is economically hard-pressed due to lower oil prices and sanctions resulting from its actions in Ukraine. Russia has promised loans to cover a Russian company building Egypt's first nuclear reactor, and it has agreed to sell Egypt billions of dollars in weapons, but execution remains a challenge. China talks about the strategic importance of Egypt, but even after the announcement of a \$700 million loan to the state-owned National Bank of Egypt and a \$1 billion financing agreement with Egypt's central bank, the Chinese effort is dwarfed by aid from the Gulf in the last two years and by U.S. assistance over the last few decades. China is certainly interested in a relationship with Egypt, but it remains wary of being too exposed in the Middle East, of alienating global powers, and of being caught in a relationship with too many demands and too few benefits. China, that is to say, is interested in supplementing Western efforts in Egypt, but not in supplanting them. As for Western European governments, they are just as concerned as the United States is about many of the same issues; and as noted on the next page, the Gulf states seem more circumspect in the last year.

Recent events suggest that Egypt's government is not likely to moderate its actions under the resultant pressure, but rather to double down. The Arab uprisings of 2011 have only heightened the feelings of acute existential threat among Middle Eastern governments, and the willingness to take on near-term risks in the hope of long-term rewards is likely to shrink at a time when

Egypt feels isolated and vulnerable. Rather than feeling bound to the United States, a chastised Egypt would be far more likely to withdraw into itself and shrink from the bilateral relationship.

One worrying scenario for the United States is that Egypt follows the route taken by Pakistan in the 1990s after the country's nuclear test trimmed bilateral ties significantly. Rather than curtail the influence of the military leaders who had pushed the country's nuclear policy, the U.S. boycott of Pakistan weakened the military's civilian opposition. In the meantime, a generation of Pakistani military officers matured who had never worked closely with U.S. counterparts and did not see doing so as a priority. Today, Pakistan remains a difficult partner for the United States, anti-Americanism is rife, and the civilian political leadership has little ability to rein in the military officials who were the target of U.S. action to start with. While there are many differences between the two situations, a more unconstrained Egyptian military that holds deep distrust for the United States would not serve U.S. interests.

GROWING APART

While it is not a certainty, it seems likely that U.S.-Egyptian ties will diminish in the next several years even if the United States does not impose conditionality or take other actions that seek to pressure Egypt directly. There are two ways that might happen, one gradual and one more sudden.

GULF ASSISTANCE

Economic support from the Gulf has come to play a central role in the Egyptian economy in the last two years. Although estimates of the overall scale differ, most agree that Gulf economic support for Egypt exceeded \$29 billion during 2013–2015, and may even have exceeded \$50 billion. The reasons for Gulf support of Egypt are complex. They arise most fundamentally out of a conviction of Egypt's centrality to the future of the Middle East. Concerned that religiously-inspired opposition movements in Egypt could foment similar movements in their own countries, many of the Gulf Cooperation Council states came to see Egypt's fate as an indicator of their own futures. Thus when the rule of the Muslim Brotherhood was opposed in Egypt, and when the army moved to displace President Morsi, Gulf governments saw an especially important opportunity to weigh in on the future of the region.

The United Arab Emirates, a close partner of the United States in a range of regional activities, has been particularly closely involved with Egypt, committing the time and energy of senior ministers, hiring consultants, and encouraging Emirati companies to invest billions in the Egyptian economy. The UAE has also acted to boost the authority of the world's oldest Islamic university, Cairo's al-Azhar, which it sees as a bulwark against radical interpretations of Islam. A spring 2015 investment conference in Sharm al-Sheikh signaled the Gulf commitment to Egypt. More than 1,000 potential investors and government officials gathered in an air-conditioned conference hall in the desert to watch slick presentations and announcements of bold plans. A \$45 billion initial phase to create a new administrative capital and replace 1,000-year-old Cairo was proffered, which would have been thought utterly ridiculous had not the Gulf country capitals themselves been so profoundly transformed in the last 20 years. After the initial glow wore off, however, it became apparent that the firm behind the new capital project saw the widely-touted idea as a "concept" rather than a plan—"a quick concept that we pulled together in two months," according to the firm's head of urban planning and design.¹

¹ Amira Salah-Ahmed, "Q&A with Dan Ringelstein of SOM, the Urban Designers behind the Capital Cairo Project," *Mada Masr*, March 18, 2015, <http://www.madamasr.com/sections/economy/qa-dan-ringelstein-som-urban-designers-behind-capital-cairo-project>.

More recently, the Gulf states seem to have become more circumspect about assistance to Egypt. This wariness is due to lower oil prices shrinking the pool of available funds, and to a renewed focus on domestic priorities as countries

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more squarely contemplate a non-oil-based future. Yet frustration with Egypt seems to be rising as well. Rumors of President Sisi's disdain for his Gulf donors are rife, fed in part by an alleged record-

ing of Sisi and his aides complaining that "every prince has hundreds and billions." Released in early 2015 but apparently made a year earlier, the recording had them planning to ask for \$30 billion to be deposited secretly in military accounts, with a small additional amount to go to the central bank.² In late 2015, UAE minister of state Sultan al-Jaber sharply shrunk the size of his Cairo office, which had been providing economic advice to the government of Egypt; members of the Egyptian business community suggested it was because the government of Egypt was ignoring the advice.³ Nevertheless, Saudi Arabia and the United Arab Emirates recently indicated their willingness to continue support to Egypt, albeit cautiously. Recent high-profile visits by King Salman of Saudi Arabia and Abu Dhabi crown prince Mohammed bin Zayed led to pledges of bank deposits and future investment, but gave no public indication of direct government assistance, and no clear sign that the pledges represented new money in addition to that already promised.⁴

² Borzou Daragahi, "Recording Claims to Show Egypt Leaders' Disdain for Gulf Donors," *Financial Times*, February 8, 2015, <https://next.ft.com/content/fbe57902-af8a-11e4-b42e-00144feab7de>.

³ Interviews with Egyptian businessmen and bankers, Cairo, Egypt, January 9, 10, and 12, 2016.

⁴ See, for example, Lin Noueihed and Omar Fahmy, "Saudi King's Visit Overshadowed by Egyptian Islands Row," Reuters, April 13, 2016, <http://www.reuters.com/article/us-egypt-saudi-ties-idUSKCN0XA16Q>; and Caroline Alexander, "U.A.E. Pledges \$4 Billion to Egypt to Boost Reserves, Investment," Bloomberg, April 22, 2016, <http://www.bloomberg.com/news/articles/2016-04-22/u-a-e-pledges-4-billion-to-egypt-to-boost-reserves-investment>.

In the first scenario, Egypt and the United States would gradually drift apart. This is what Steven Cook has termed “the long goodbye” in U.S.-Egyptian relations.²³ Indeed, some argue that this scenario is already playing out, as rising tensions between the two sides diminish the amount of work undertaken together, and the failure by each side to enlist the other in its core concerns leads to a gradual withering away of the relationship.

The military consequences of a gradual falling off in the bilateral relationship would be serious for Egypt and the United States. The U.S. ability to swap military resources between the Mediterranean and the Gulf would be compromised. The United States could move resources from the Pacific instead, but doing so would be more time-consuming, and during a period of increased U.S.-Chinese tensions might be inopportune.

The United States would also lose an important partner in counterterrorism. More specifically, it would lose a window into many radical movements whose participants have roots in Egypt. Presumably, Egypt has infiltrated many of these groups and shares at least some information on the groups and

their participants with the U.S. government. Without U.S. intelligence and law enforcement assistance, and with a weaker economy that does not benefit from close U.S. ties, more Egyptians may join these groups. That would present a challenge for Americans and Egyptians alike. Presumably terrorists would embed themselves deeper in the Sinai and in the western desert, further threatening U.S. allies in the region and providing territory that these groups could use to expand their global reach.

For the Egyptian military, turning away from the U.S. relationship would have a wide range of consequences. The first is losing the stream of funding that has allowed Egypt to acquire and maintain modern equipment. In a much cooler U.S.-Egyptian re-

lationship, not only would Egypt lose future capability, but its ability to maintain its current stock of weapons would almost certainly decline. In addition, a new set of acquisitions would likely leave Egypt with two or more incompatible sets of capabilities, and a new training direction would leave it with two or more incompatible doctrines. Part of the Egyptian military’s strength arises from the coherence of its tools, and the readiness of its people to work

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²³ Steven A. Cook, “The Officers, NGOs and Us,” *From the Potomac to the Euphrates* (CFR blog), January 3, 2012, <http://blogs.cfr.org/cook/2012/01/03/the-officers-ngos-and-us/>.

with those tools and to participate in joint operations. The transition costs of turning away from American equipment are likely to be significant and recurring, and they would grow each time Egypt opportunistically pursued a different system from a different vendor.

The most serious effects of estrangement would be seen among a broad set of relationships in the Middle East, and in Middle Eastern politics more broadly. Estrangement between Egypt and the United States would drive wedges between the United States

of a profound and more sudden shift in Egypt that would leave the government without the ability to assist the United States even if it wanted to.

It is possible to imagine that Sisi will deeply alienate key players in Egypt—conceivably from within the military itself or from the security services—and be forced from power. Should that happen, it seems unlikely that Egypt's domestic conditions would improve in the near term. In fact, some groups would likely try to capitalize on the uncertainty for their own gain. Regard-

Estrangement between Egypt and the United States would drive wedges between the United States and the Gulf on the one hand and the United States and Israel on the other, without producing better outcomes.

and the Gulf on the one hand and the United States and Israel on the other, without producing better outcomes. The mood from a more paranoid, xenophobic, and aggressive Egypt would likely spread as well, just as Egypt set the tone for the period of the Arab uprisings and after. Broader U.S. interests in regional stability would be set back, and the United States would need to seek a broader set of relationships in the Middle East to compensate for the weakening of ties with Egypt.

The other way in which U.S.-Egyptian ties might falter is in the context

less, whoever assumes power would be a difficult partner for the United States in the initial period, especially if events trigger imposition of the U.S. law barring assistance to a government that arose through a military coup.

It is also possible that Egypt simply becomes ungovernable. Early signs of this scenario are evident in the Sinai, where Egypt's difficulty protecting international peacekeepers has resulted in a decision to redeploy those forces from their largest base, near Gaza.²⁴ While the Islamic State group does not appear likely to bring down the gov-

²⁴ Maika Bolatiki, "Sinai Troops Coming Home," *Fiji Sun*, May 28, 2016, <http://fijisun.com.fj/2016/05/28/sinai-troops-coming-home/>

Some speak ominously of Egypt succumbing to civil strife in the manner of Syria or Libya, with the central state fading away in the face of violent insurgency. While that scenario seems unlikely, it is not hard to imagine Egypt becoming a less capable state with greater challenges and a weaker economy.

ernment of Egypt, the government's inability to act effectively against an array of threats would diminish the value of close ties for the United States.

Some speak ominously of Egypt succumbing to civil strife in the manner of Syria or Libya, with the central state fading away in the face of violent insurgency. While that scenario seems unlikely, it is not hard to imagine Egypt becoming a less capable state with greater challenges and a weaker economy. After all, Egypt's principal sources of foreign exchange have all gone soft in the last several years as needs have increased. Tourism receipts were hard hit even before the downing of the Russian Metrojet aircraft in Sinai in October 2015, which prompted Russia to cancel all flights to Egypt and the United Kingdom to cancel all flights to the Sharm al-Sheikh resort. By January 2016, tourist arrivals were down almost 50 percent from an already depressed level a year earlier.²⁵ The May 2016 downing of Egypt Air Flight 804 from Paris under unclear circumstances

dealt another blow to the ailing industry, as Western tourism largely ground to a halt. In addition, Suez Canal tolls are down amidst a slowdown in global trade, despite an \$8 billion Egyptian investment in its expansion (which tied up scarce U.S. dollars) and a prediction of 10 percent annual growth. And with oil prices at their lowest point in more than a decade, remittances are reportedly down as well.²⁶

Meanwhile, many in Egypt's business and investment community, as well as in civil society, have concerns about the country's direction. Some worry about the army's resurgent role in capital projects, which seems to reflect a belief on the military's part that it alone has the capacity to do the large things that are needed in a short period of time. Others worry about the military's tendency to distrust civilians as opportunistic, self-interested, and unpatriotic. After several years in which different parts of the private sector saw an urgent need to seize the initiative, the public mood in Egypt has become

²⁵ See Ieconomics.com, "Egypt—Tourist Arrivals," <http://ieconomics.com/egypt-tourist-arrivals>; and Central Bank of Egypt, *Statistical Bulletin*, March 2016, http://cbe.org.eg/CBE_Bulletin/2016/Bulletin_2016_3_Mar/76_54_Number_of_Tourists_and_Nights_Spent.pdf.

²⁶ Interview with Egyptian investment banker in Cairo, Egypt, January 9, 2016.

one of greater passivity as many civilian elites seek to get out of the way of an apparent military juggernaut.

With foreign reserves ebbing, and with subsidy costs and the government payroll nudging upward to help ensure social peace, it is not hard to imagine that the Egyptian government could find itself in a corner. The current security situation could deteriorate significantly (thereby affecting virtually all of the sources of foreign currency and further diminishing investment), and Egypt's ability to play a strong role for the United States, even if it wanted to, would be severely constrained.

PRESERVING THE RELATIONSHIP

The United States and Egypt both have a keen interest in avoiding a crisis scenario. They also have an interest in avoiding the gradual deterioration of ties, which would impose costs on each side.

As a basic exercise, each country should think deeply about what a diminished relationship would mean for its interests. On the military side, the United States would need to plan for more circuitous routings to position its troops around the world. It would need to deepen intelligence cooperation with other allies, and it would need to find ways to reassure Israel should Egyptian-Israeli ties cool from their present warmth. An unsettled Egypt would likely unsettle a wide range of U.S. allies on the governmental and

public level—partly out of fear of the consequences of a less stable Egypt, and partly out of allies' fear that U.S. support for them could prove ephemeral. This situation would require more attention from senior U.S. officials, and require a U.S. ability to respond to a wider array of contingencies.

Egypt should think, too, about the changes that greater distance from the United States would bring about. Not only might Egypt have difficulty acquiring more weapons, but it might have difficulty sustaining the weapons it already owns. Not only do spare parts come from U.S. suppliers, but U.S. companies are deeply involved in training, maintenance, and necessary upgrades of existing equipment. Economic investment would almost certainly be harder to come by, and banks would look more warily at involvement in Egypt. It is hard to imagine that many would consider Egypt a likely success story in the face of animosity with the United States. Many elite Egyptians would likely decide it was time to seek residency overseas, as they did during earlier periods of repression in Egypt.

To preserve the bilateral relationship, each party should also think deeply about what it seeks from the other side. There is little doubt that a focus on assistance has proven corrosive over time, as each side has felt taken for granted by the other, and neither side has put the requisite energy into broadening and deepening the relationship. Each government has been reluctant to talk to its own public about the benefits it derives from the rela-

tionship: the United States has mostly been silent on the relationship, while in Egypt, journalists close to the government and the security services have often railed in fantastical terms against the United States with quiet government encouragement. Each side faces real political constraints in its relations with the other, and those constraints are exacerbated when the public in each country feels it is getting little in return. To many in the United States, the Egyptian government seems unaware that its actions are straining its relationship with the U.S.

government—and unaware that there is a diminishing U.S. constituency for close bilateral ties with Egypt.

Egyptians, too, have not wholly adapted to a shifting U.S. perspective on the Middle East. The U.S. government has devoted tremendous efforts in recent years to halting the Iranian nuclear program and denying the Islamic State group sanctuary in Syria and Iraq. Egypt is not central to those efforts. Given U.S. priorities, and given Egypt's preoccupation with its internal challenges, Egypt has moved from being a keystone for U.S. thinking about the Middle East to an afterthought.

Some government officials in the Middle East, and especially in the Gulf, consider Egypt "too big to fail." In this view, even if the government is making fundamental mistakes, the consequences

of an Egyptian collapse would be intolerable; thus infusions of assistance are required to at least keep Egypt limping along. But there is also the risk of moral hazard with Egypt, in which Egyptian

leaders are encouraged to become reckless because they are insulated from the consequences of their actions. Charting a path that supports Egypt without inviting such recklessness is a cause that unites the United States and many of its partners and allies around the world. To understand what this path entails, governments must revisit the issue of why they want strong ties with

Egypt, and they must think anew about how to build them.

Egyptian sovereignty should not be in question. The current U.S. government does not presume to make choices for the government of Egypt, and it seems very unlikely that a future U.S. government would seek to do so, either. At the same time, the United States should not protect Egypt from the consequences of its choices. Egyptian behavior has aroused justifiable congressional concern, both because the government often acts with U.S. equipment, and because the government's attitudes toward human rights—and particularly free speech and free association—are in sharp contrast to U.S. values. The White House should continue to be clear that it is paying attention to Egypt, for good and for ill. It should remain

The United States and Egypt both have a keen interest in ... avoiding the gradual deterioration of ties, which would impose costs on each side.

prepared to support Egypt in a spirit of close partnership when both sides consider the time to be right.

This much is clear: A strong and prosperous Egypt is also a secure Egypt. In such a condition, Egypt contributes the most to U.S. security and advances U.S. interests most strongly. It is hard to imagine that Egypt can prosper if some of its most promising young people feel they have no future in the country, and it is hard to imagine that skittish investors will feel the requisite confidence in Egypt unless there is more confidence in the country's overall direction.

Egypt's challenges break down to three basic factors: the economy, security, and politics. They can be seen as a triangle, and weakness in any one destabilizes the other two. All need to advance together and cannot be sequenced. A further challenge for the government is to engender a more resilient society that has broader confidence in its efforts.

To get there, Egypt must invest in strategic stability: inclusive growth, openness, and governmental efficiency. Security does not come before or after, but it needs to increase alongside the other factors. It is in the common interest of Egypt, the United States, and U.S. allies in Europe and the Gulf to work with the government of Egypt on a holistic approach to change that includes both technical measures on issues like subsidies and taxation, and more qualitative

measures on issues such as confidence, optimism, and broad participation.

Since the 1950s, Egypt has benefited mightily from aid—amounting to hundreds of billions of dollars—from the United States, the Soviet Union, the Arab Gulf states, and others. Yet aid to Egypt has proven a stopgap measure. Egypt's success and stability can arise only from an economy that draws investment from within and without the country. To engender investor confidence, Egypt would have to make even

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deeper changes in the regulation and governance of the economy, and political consolidation and reconciliation would need to take place. Were that confidence to arise, the U.S. government could facilitate and

perhaps even accelerate the process of aiding investment in Egypt, and could have allies to do so, too. Europe remains keenly interested in Egypt, and the International Monetary Fund will play a necessary role in guiding Egypt's economic growth. Even China seems interested in exploring a U.S.-led effort to aid Egyptian stability. But progress requires commitment on the Egyptian side to do hard and courageous things in both economics and politics, and to provide security.

Egypt's success is important for Egypt, the United States, and the rest of the world. It is far from assured. For Egyptians and Americans alike, though, there remains a powerful logic to close bilateral ties. Close ties serve each side's

immediate interests, and their broader interests as well. Close U.S.-Egyptian ties also have a multiplier effect. Much of the world seems eager to follow U.S. leadership on Egypt, should the United States wish to lead.

For the United States, the challenge has been leading on Egypt when the U.S. and Egyptian governments seem at odds. Egyptians are convinced, or

success is it pursuing? As the Egyptian leadership thinks more broadly about success, it needs to consider what other bilateral relationships besides one with the United States will genuinely serve the country's long-term goals. While other bilateral relationships can provide short-term support, it is hard to see how they can meet Egypt's goals across a wide variety of areas. Further, it is hard to see how an antagonistic re-

The way forward is to think anew not only about why this bilateral relationship has been so close in the past, but also how a close relationship might serve both countries in the future.

perhaps they have convinced themselves, that the United States is seeking to weaken them rather than strengthen them. Seen this way, what is portrayed as well-meaning support is merely a trap. Under those conditions, it is hard for the United States to have a genuinely constructive relationship. For the United States, it is important to leave the door open for a more positive relationship with Egypt, even if the prospects for that seem dim right now.

Egypt has even harder choices to make. In particular, the leadership needs to think long and hard about its strategic goals and how to accomplish them. What kind of economy does it want, what kinds of internal behaviors does it seek to encourage, and what kind of role does it seek to play in the Middle East? Understanding that the leadership now believes it is in a battle for survival, what other measures of

relationship with the United States would do anything except harm what Egypt is trying to do.

Arguably, the time to think hard about the U.S.-Egyptian relationship was a decade ago, when the drift toward mutual suspicion was palpable but the rift of the last five years had not opened up. The last five years have made things harder.

The instinct among many Egyptian officials is to act as if the last five years did not happen. They suggest that the United States should merely return to the status quo ante, suggesting that Egypt would be willing to ignore the humiliation of the United States holding up assistance and the United States should ignore the closing of U.S.-backed NGOs as part of a civil society crackdown, the imprisonment of tens of thousands of political activists and

the exile of many more, and the military's displacement of an elected civilian government.

For many Americans, there is an instinct to judge Egypt not by what it was or is, but what it might have been. Egypt has always held out the prospect of effective partnership and a more vibrant civil society, but it has regularly fallen prey to bureaucratic inertia and autocratic centralization. It is hard to overstate the optimism of many in the U.S. government when Egypt seemed on the verge of dramatic change, and the dashed hopes of that period help inform people's frustration now.

The way forward is to think anew not only about why this bilateral relation-

ship has been so close in the past, but also how a close relationship might serve both countries in the future. What kinds of relationships are necessary for Egypt to accomplish its goals?

What are the key areas of necessary collaboration? What kinds of partners does Egypt need to do what, and what will they want in return? What does Egypt offer that others do not, and what might Egypt offer that others cannot?

The Egyptian leadership needs to think long and hard about its strategic goals and how to accomplish them.

There is still a robust logic for close U.S.-Egyptian ties, and there are significant costs to abandoning them. It is in the United States' interest, and it is abundantly in the Egyptian interest, to have a thorough conversation on the way ahead.

ABOUT THE AUTHOR

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