

## **The Role of Foreign Political Economy in the Egyptian State**

**Mukhtorova Mushtariy Ilhomjon kizi**

University of world economy and diplomacy

Master of the direction “International relations and world politics”

**Abstract:** this article focuses on the study of the relations of liberalization of the Egyptian economy and the reconstruction of foreign policy relations, the main argument of which is the restructuring of Egyptian foreign policy. In the process, various forms of interaction of the Egyptian economy and foreign policy are studied.

**Key words:** Egypt, economic-political system, Marxist, functional approach, political parties, ideological program, international relations, political and economic discussions

One of the main reasons for this study is the focus on studying the relationship between liberalization of the economy in Egypt and restructuring foreign policy. His main argument is that the roots of the restructuring of Egyptian foreign policy since 1970 can be traced in the process of changing the populist - statistical Egyptian political economy. In the process, Egypt seeks to identify various forms of interaction between political economy and foreign policy.

The 1970s witnessed large-scale changes in Egyptian political economy and foreign policy. Instead of the Nazarene ethatism, in which the state assumed social and economic changes and became the center of gravity of Egyptian society, the open-door policy (infatih) was introduced, and the populist-statistical apparatus of the 1960s gradually ceased to exist. Liberalization of the economy has continued steadily since that time, despite few and limited setbacks. The same period saw a radical reorientation of Egyptian foreign policy. At one point, the years of Anwar Sadat, who was at the forefront of nationalism based on colonialism, non-alignment, pan - Arabism and anti-Zionism under Gamal Abdel Nasser, were associated with settling in the West, specifically in the United States. Thus, Egypt's international and regional priorities and policies were radically changed, perhaps irrevocably.

The main analysis of this foreign policy change was dominated by the psychological-perceptual analysis of the belief systems of Egyptian presidents<sup>1</sup>. Thus, the development of Egyptian foreign policy after 1952 was generally divided into three phases corresponding to the reigns of three Egyptian presidents: Gamal Abdel Nazareth, Anwar Sadat and Husni Mubarak. The simple argument is that Sadat radically abandoned Nazareth's turbulent, over-nationalist, non-aligned and anti-colonial policies, instead choosing to change relations with the United States and the West, discrediting panarabism and entering into an individual peace agreement with it. Mubarak sought a balanced foreign policy by reintegrating Egypt into the arab world, while

---

<sup>1</sup> Gum'a (1988); Zahran (1987); Selim (1982); Burell and Kelider (1977); Entelis (1974); Nasr (1983).

strengthening the alliance with the United States and reaffirming Egypt's commitment to peace with Israel. Accordingly, Sadat's foreign and economic policies were at odds with those of Nazareth, and the Mubarak formula was an attempt to achieve some form of synthesis between the approaches of his predecessors.

In these widespread analyses of Egyptian foreign policy, the assumption of an obedient and ineffective socio-economic structure and a powerful leader, capable of drastically changing the main direction and direction of Egyptian foreign policy according to his personal desires, imagination and dignity, consisted of a hidden system and strategic choices. The usual basis of such a hypothesis comes from the prevailing foreign policy development theories in developing countries, which argue that there are no established foreign policy bureaucracies and democratic traditions<sup>2</sup>, which allow political leaders to monopolize foreign policy decisions.

This study seeks to refute this assumption—that is, unlike the asocial concept of a transcendent leader who makes free decisions on foreign policy issues, changes in Egyptian foreign policy are considered as a function of socio-economic changes that go beyond the preferences and choices of the Big Brother. I take light and Hill's view as my starting point that although personal concepts and bureaucratic Inter-competition can affect foreign policy, its main focus is provided by a deeper structure of society and its ideology. Therefore, foreign policy should be understood as the external activity of the political and economic system, that is, as an integral part of politics.

Thus, it is increasingly difficult to maintain the distinction between "internal" and "external", which are largely responsible for the intellectual disparity between studies on Egyptian Foreign Policy and political economy. As Holsti points out, all states combine four main broad goals: autonomy, prosperity, security and regime maintenance. They simultaneously work towards achieving these goals in their domestic and international environments. Therefore, to give the title of Caporaso's (1997) influential paper, it is necessary to analyze the movement of the state in such a way that it crosses the "Great Divide" ("internal" and "international").

Two intellectual gaps have been identified in the literature on Egyptian Foreign Policy and the foreign policy of Third World States, and it has been resolved in a broad sense. It is a theoretical and empirical space. On a theoretical level, this study seeks to contribute to correcting the dominance of structural (systemic) bias in mainstream international political economy (IPE) literature and the dominance of the world's psychological-perceptual foreign policy analysis (FPA)<sup>3</sup>. It is argued that an intellectual encounter between these two academic traditions is central to understanding the foreign policy of developing countries. Views from the point of view of the IPE are necessary to study the political economy of foreign policy, that is, the political consequences of war, peace and war for the foreign policy of states, not only in strict economic issues, but also in traditional strategic issues. This will help to adapt the domestic and international economic environment. As Evangelista points out, the importance of local approaches to IPE analysis is enhanced if its explanatory power takes into account problem areas beyond economics.

---

<sup>2</sup> Korany (1983; 1986).

<sup>3</sup> In recent times there has been a growing interest in internal approaches to IPE led by Helen Milner, Robert Keohane and others. However, their activities are mainly focused on the study of the advanced industrial economy, seeking to explain not the political-economic determinants of foreign and security policies, but mainly their foreign economic policies.

This study is an attempt in this direction and seeks to show the interpretive capacity of the political economy approach and its contribution to the consideration of Egyptian foreign policy.

On an empirical level, this study argues that there is a logical discrepancy between the two analytical traditions that dominate the literature on Egyptian political economy and foreign policy. These are:

- a) social deterministic concepts of Hydro society in Egypt, which have been central to the analysis of Egyptian political economy;
- b) extremely individualistic psychological-perceptual analysis of Egyptian foreign policy.

One highlights the deterministic superiority of the Asian mode of production social structures in Egypt and the capitalist changes that follow it<sup>4</sup>, while the other offers an exaggerated "voluntary" account that emphasizes the centrality of the political leader's imagination and idiosyncrasies. The foreign policy approach beyond the political economy advanced in this study seeks to overcome this duality and provides a more holistic description of the interaction between the internal and external activities of the Egyptian state than is presented in either tradition.

Few countries in the world are able to make such a connection between their development strategies and foreign policy look like Egypt. Geographers (Hemdan 1995 [1969]), economists (Amin 1979), and political analysts (Baha' al-Din 1996; Ayubi 1989a; Abdel Malek 1982), to whom hydraulic society is often referred, as a centralized state, often overlap. The experiences of Muhammad Ali and Nazareth in a strongly developing state and an active regional foreign policy, especially in the eastern direction of Egyptian foreign policy, are their favorite example. Several decisive moments in the history of Egypt's post - 1952 foreign policy were deeply rooted in Egypt's quest for populist-statistical development. The struggle to build Aswan's High Dam and nationalize the Suez Canal, which led to the Suez crisis, had a formative impact on Egyptian foreign policy for at least the next decade, and at the same time was a prelude to the rise of the populists.

On the other hand, starting in the 1970s, the Egyptian political economy witnessed paradigmatic changes, which led to the discrediting of populist etatism and began a slow but protracted process of dismantling the populist-statistical apparatus. This once again coincided with the regional level of Egyptian foreign policy (i.e., Egypt's response to the arab-Israeli conflict, as well as inter-Arab relations) and internationally (i.e., major reconstruction and changes). In all these cases, chance suggested correlation. However, as previously noted, noticing the connection between playing cards and winning money does not really look like learning to play poker and win.

It is not enough to record the existence of relations between Egyptian political economy and foreign policy without systematically explaining their forms of interaction. Unfortunately, the raw, sometimes illuminating meditations and comments, or at best the "closing chapters" on the relationship between the main choices in Egyptian development and foreign policy, are also attempts to conceptualize such changes, in addition to some information that is extremely ideological in nature. It is also still very difficult to find terms such as the transition from"

---

<sup>4</sup> Ayubi (1989)

independence "to" dependence "(Hussein 1982) or" courage " (Finkelstone 1996) a systematic account of the links between progress and foreign policy in Egypt.

Surprisingly, despite some scattered reflections on such correlations, the bulk of systematic research on Egyptian foreign policy remains within the psychological-perceptual paradigm<sup>5</sup>, which ignores the internal socio-economic structure or, at best, perceives it as being given. Coranius and Hilol-Dessuki went further in the classical study of the foreign policy of the arab states, and proposed that Egyptian foreign policy would provide a unique example of a country that would be conducted entirely separate from the domestic environment. Much of the work on Egyptian foreign policy remains largely an accepted assumption<sup>6</sup>.

The analysis of Post-1952 Egyptian political economy is dominated by three main schools of thought - Marxist, functional and elitist (Hinnebusch 1985). However, they are diverse and combine with one major feature of Egyptian political economy, the dominance of the state over society and the central role of the state in modernization and development.

One of the cases in which Egypt was chosen by Karl Wittfogel as an example of hydraulic society was his contribution to the development of Marx's concept of the Asian method of production. His dissertation had a formative effect on many students of the Egyptian political economy<sup>7</sup>. Many accepted this without any doubt, while some tried to trace it from the previous works of Egyptian "Renaissance" thinkers, in particular Rifa'a El-Tahtawi. As early as 1869, El-Tahtawi had argued that the existence of a strong, centralized state was necessary for the organization of irrigation and Public Works along the Nile, and therefore decisive for Egypt's economic well-being<sup>8</sup>. Since then, the debate over the need for a centralized state to control artificial irrigation along the Nile and guide economic progress has become a common wisdom among Egyptian thinkers. Both the intelligentsia and the Liberals and the left wing seemed to accept this argument without a doubt (job 1989; Eissa 2000). The critics of Wittfogel's dissertation were divided into two main categories: the first accepted the basic conditions of the model, while showing some of its shortcomings. For example, Wittfogel accepted his arguments about the hydraulic origin of Egypt's centralized state, but argued that they could not explain the connection between bureaucracy and oligarchy on the one hand, nor take into account the possibilities and forms of social relations. On the other hand, mobility in the Asian production method, the second line of analysis, completely rejects the model. Wahba's (1994) doctoral dissertation was an example of this trend, accusing the Wittfogel model of unnatural and staticity, arguing that the development of a centralized state was not natural, but suited to the particular needs of the ruling classes in certain periods. Despite such criticism of Wittfogel's thesis, few agree with the idea that Egypt historically had relative autonomy from large social structures and witnessed an over-developed state apparatus that controlled the withdrawal of surplus products from society and its course of socio-economic development. It argued that the history of the development of the Egyptian state was completely contrary to the history of the European nation-state.

---

<sup>5</sup> See the sources listed in the 1 comment above.

<sup>6</sup> Korany and Hilla-Dessouki (1994);

<sup>7</sup> Ayubi (1992)

<sup>8</sup> Eissa (2000).

A centralized state in Egypt preceded the development of the bourgeoisie, and he was soon responsible for the introduction of capitalism. Since the 19th century, all major modernization and industrialization efforts have been conducted by the state. Nazareth's post-1952 career was no exception. Until 1952, the quasiberal regime, which had ruled Egypt since 1922, was in a severe crisis. The emerging capitalism failed to provide for the basic needs of the majority of the Egyptian population. Political parties, including the "Wafd" Party, long considered the backbone of middle-class nationalism, became increasingly dominated by landowners and sometimes upper-class industrialists, leading to alienation of the middle and lower classes. The military defeat in Palestine increased polarization between the King, the Wafd, the emerging lower middle-class political movements (young Egypt, Muslim brothers and communist organizations) and the military (El-Sayed 1992)<sup>9</sup>.

The revolution of 1952 marked the classic phenomenon of the "revolution from above" (Trimberger, 1978), and indeed by the late 1940s all social conditions in Egypt were ready for revolutionary intervention by part of the state apparatus. The military bureaucracy was in an autonomous state in the late 1940s. Until 1936, the Egyptian army was under British control, and it was commanded by officers of the class. Due to the Anglo-Egyptian Treaty of 1936 and the need to increase the size of the Egyptian army to protect Egypt from any possible Italian invasion, especially after the Italian invasion of Ethiopia in 1935, its ranks were opened to cadets of minor bourgeois background. By the end of the 1940s, most officers in the lower and middle ranks did not have a traditional connection with the ruling class. As Trimberger noted, of the hundred families with the largest estates in Egypt, 30 were represented in the parliaments of 1942-1952, 18 appointed ministers in the cabinet during that period, but none were provided with an army officer. The military defeat in Palestine in 1948 created the necessary conditions for the politicization of army officers and brought their revolutionary potential to the surface. Now it was possible to make a "revolution from above". As Rostow noted, "political discrimination or national response to military defeat was the greatest engine of social change in Germany, Russia, Japan and China". The Egyptian case was no exception.

The "Free Officers" were mostly petty bourgeois, residents from the countryside. They had limited ties to some political movements below the middle class. Two officers (Khalid Muhi al-Din and Yusuf Sedeek) were members of HADETU, the largest communist movement in Egypt until 1952, and three were affiliated with the Muslim brothers (Abdel Mun'im Abdel Ra'uf, Rashad Mehanna and Abdel). The rest, including important figures such as Nazareth, Abdel Hakim Amer, Abdel Latif al-Baghdadi, Salah and Gamal Salem and Zakariya Muhiiddin, had no clear organizational connection to any political movement during the coup. Consequently, the "Free Officers" did not have a clear ideological program, except for a very wide range of what they called "development nationalism". Their goals were the same as the nationalist, sub-middle class political movements before 1952:

- a) ensuring independence from any foreign guardianship
- b) development of the country's economy (Aulas 1988).

Nazareth, in his work "philosophy of Revolution" (Abdel Nasser 1960), pointed to the need to carry out two revolutions at once: a political revolution aimed at political independence

---

<sup>9</sup> El-Bishry (2002).

and a social revolution to achieve modernization. In the National Charter, he argued that the 1919 uprising “collapsed because its leaders could not realize that they could not achieve their goals unless they went beyond purely political goals and solved the roots of economic and social problems”<sup>10</sup>. Thus, the goals of foreign policy were inextricably linked with the goals of modernization from the first minutes of the 1952 revolution.

The roots of thinking about etatism in Egypt can be traced back to the interwar period, when members of the Egyptian industrial capitalist class expressed the need for active and protectionist state intervention in various situations. However, the two main characteristics of post-1952 statehood were:

a) state control over the means of production

(b) a populist measure of Statistical Policy.

It is embodied in the popular slogan "efficiency and equality". The state is aimed at combining the productive and distributive function. For example, the economic goals outlined in the National Charter were to increase consumption and Investment simultaneously. The only way to do this was through Nasser's ability to secure large amounts of foreign aid through his active foreign policy (Amin 1974). Post-1952 populist etatism called for a unification of the corporatist concept of developmental nationalism (Ayubi 1989), through which economic and social interests and groups were integrated into the hierarchical organization of the state to break up and prevent a conscious and well-organized state. With an active, multifaceted foreign policy aimed at ensuring national Independence, class interests, pan -Arabism and "positive neutralism", which later became non-aligned, were also to generate strategic rents from abroad to finance development plans.

Until 1952, Egypt's foreign policy was limited to the issues of evacuating and securing the unity of Egypt and Sudan under the Egyptian Crown (Heikal 1978). After 1952, Egypt adopted a much more complex concept of independence, as it faced the realities of the Cold War. This necessitated a struggle with subtle forms of foreign intervention and influence. The West pressed to join its regional alliances (METO, MEDO then CENTO), which sponsored Egypt and the weak Middle East region as a means of protecting it from communist infiltration.

Although he was not a communist, Nazareth rejected the Western concept of the Middle East as a weak landmass close to the "soft belly" of the USSR, and therefore had to be defended through a close alliance with the Western bloc. He saw that the response to the threat of communist infiltration was not in joining Western-backed alliances with their imperialist tone, but in promoting internal economic and social development and affirming the spirit of nationalism, independence and positive neutralism disengagement. The construction of the aswon High Dam, the struggle for the nationalisation of the Suez Canal and the subsequent crisis meant that positive neutrality and non-alignment became a confrontation with the West. Meanwhile, Egypt moved to a more specific form of populist etatism with the large-scale nationalizations of 1961 and the adoption of the first five-year plan.

---

<sup>10</sup> Mansfield (1969).

Thus it was a combination of internal and international crises that led to the destruction of populist etatism. This was once again combined with a radical restructuring of Egyptian foreign policy.

The process of changing the populist statistical model was hampered by several social, political and economic crises throughout the 1980s. The failure of the 1987 stabilization agreement with the IMF was another example of "hesitant" economic policy in this decade (Helal 1993) as a result of the priority of restoring hegemony in Mubarak's first decade in power. In the 1980s, the economy stagnated, while external debt rose 150% from \$ 21 billion to \$ 50 billion (Reed 1993). The ratio of Egyptian debt to gross domestic product has become one of the highest in the world. Similarly, the 1980s also saw a reorientation of foreign policy. The Persian Gulf War of 1991 provided the Egyptian government with a long-awaited opportunity to restart the process of dismantling the populist-statistical apparatus at an accelerated pace. Egypt's aloofness with the U.S. - led coalition during the war increased its reorientation of foreign policy and helped seal the agreement with the IMF on more favorable terms in may 1991 - a strong program of stabilization and structural change was implemented a few weeks after coalition arms in the Gulf went silent. The program has achieved significant macroeconomic success. The introduction of aid after the Persian Gulf War, debt write - off and stabilization package cut foreign debt from \$ 50 billion in 1990 to \$ 26 billion in 1994. The budget deficit fell from 20% of GDP in 1990 to less than 1%. The 1993 foreign exchange reserves rose from \$ 2.7 billion to \$ 20 billion (Cassandra 1995).

Externally, radical arab nationalism was discredited and Egypt was actively involved in mediating the Arab-Israeli peace process. The process of changes at the level of economic and foreign policy is going at a new pace.

However, the change in Egyptian political economy led to intolerable social and political costs. According to the World Bank, real GDP per capita fell from \$ 680 in 1986 to less than \$ 600 in 1993, while economic inequality and unemployment rose to alarming levels. According to a Middle East Journal article written under the pessimistic pseudonym Cassandra (1995), "the growing hopes of Nazareth's rhetoric, Oil Boom, American Largesse, and Sadat's infitaa caused bitter disappointment".

The picture of the real economy was also far from macroeconomic success stories. During the years of stability, investment rates fell from 26% of GDP in the mid-1970s to 18% in 1990 (Hirst 1999), as this did not primarily compensate for the deterioration of private savings public funds. By the end of the 1990s, the economy of Egypt was showing signs of a new crisis, and at the same time, discussions on the direction of foreign policy began to take on a new life. An example of this is the long-running and heated debate over "the role of Egypt" (Abou Taleb 1996). First popularized by Nazareth in his work "philosophy of Revolution", the concept encompasses various aspects of domestic political economy and the nature and direction of foreign policy. Nazareth addressed the concept of Egypt's role in the defense of statehood and pan-arab, anti-colonial and non-aligned foreign policy. Sadat, on the other hand, turned to another concept of role to help eliminate and reconstruct the populist-statistical model. Unlike his predecessors, the Blessed tended to show the image of a man – problem solver, often practical, disregarding glorious views. However, the lack of a clear doctrine placed the Mubarak regime at a disadvantage in the heated ideological debate over Egypt's role. Unstable discussions on the prospects for this role during Mubarak's years in office (Aulas 1988) reflected a state of confusion: "the body was

deprived of its soul". Thus, the second wave of reconstruction progressed from the “problematic liberalization” phase of the 1990s to the “comprehensive crisis of governance” beginning in 2000.

## REFERENCES

1. Egypt's foreign policy in global change FES briefing document 11 | September 2006, p. 10
2. First Emergency Force of the nations – UNEF 1, 1956
3. Maj.Gen. Dr. Mohamed Kadry Said, Al-Ahram Center for Political and Strategic Studies, Cairo, Egypt.
4. Colombo M., Mutual reassurance: Why Europe should support talks between Egypt and Turkey, European
5. Dunne M., Egypt: Trends in Politics, Economics, and Human Rights, Carnegie Endowment for International Peace, September 2020.
6. [www.cfr.org](http://www.cfr.org) - US Foreign Relations Consulate
7. [www.reuters.com](http://www.reuters.com) - political news portal
8. [www.americanprogress.org](http://www.americanprogress.org) - US political news portal
9. [www.Uza.uz](http://www.Uza.uz)