Structural Adjustment and the Dismantling of Egypt’s Etatist System

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(ABSTRACT)

This study focuses on the economic and political transformation of the Egyptian state after it applied neoliberal structural adjustment policies in May 1991, as the International Monetary Fund (IMF) and the World Bank had required in return for foreign debt restructuring. It demonstrates how the Egyptian state was transformed from the etatist system that had characterized it since the 1952 revolution. Using the etatist system as a basic concept for understanding the Egyptian state since 1952 aids comparison among the historical periods that followed, in that the two distinguishing components of this system are a domestically-oriented development strategy and social welfare programs.

The key hypothesis guiding this study is that the application of structural adjustment programs has been a factor powerfully transforming the etatist systems of the Nasser and Sadat periods. The study shows how this particular “post-etatist” state has withdrawn considerably from such social welfare policies as subsidizing food and other basic goods, and providing health and other social services. Similarly, continuing a trend that began with the infitah (partial economic liberalization) policies of the Sadat period, the Egyptian state has abandoned its active role in economic development, leaving it to the domestic private sector and to foreign investors. The present research shows how this state has withdrawn to a great degree from ownership of business enterprises, and has substantially reduced regulation of private enterprises.
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Table of Contents

Abstract ........................................................................................................................ii
Acknowledgments ...........................................................................................................iii
Tables of Contents .........................................................................................................iv
List of Figures ................................................................................................................vii

Chapter One: Statement of the Problem and Background .........................................1

  Introduction ..................................................................................................................1
  Historical Context .......................................................................................................3
  Structural Adjustment and Privatization: Literature Review .................................8
  Theoretical Framework: The Etatist State .................................................................12
  The Investigative Approach and Sources .................................................................14
  Format of the Study .................................................................................................... 16

Chapter Two: The Etatist system in Egypt, 1952-1991 .............................................17

  Introduction ..................................................................................................................17
  Egypt on the Eve of the 1952 Revolution ...............................................................20
  Egypt in the Wake of the 1952 Revolution ...............................................................21
  The Etatist System of Nasser’s Regime .................................................................26
  The Infitah and the Absence of the Developmental Role of the State ..................30
  The Rentier State of the Infitah and the Extensive Policy of Subsidization ...........35
  The Economic Problems at the End of 1980s and the Beginning

iv
of the Agreements with the IMF.................................40

Chapter Three: Structural Adjustment Policies in Developing Countries........44

Introduction...............................................................44
The Negative Human Impacts of Globalization.........................45
Neoliberalism and Structural Adjustment Policies.......................55
Structural Adjustment Policy and the Debt Crisis.......................56
Two Phases of Structural Adjustment..................................58
The Negative Impacts of Structural Adjustment Policies in Different
Countries.................................................................61
Conclusion..................................................................67

Chapter Four: Structural Adjustment Policies in Egypt since 1991: The
Transformation of the State............................................70

Introduction...............................................................70
Historical Background of Structural Adjustment Policies in Egypt....76
The Egyptian Economy from the 1980s to 1991.........................84
The 1991 Agreement and the Implementation of Structural
Adjustment.................................................................86
The First Phase of the 1991 Agreement: Macroeconomic
Stabilization............................................................87
The Process of Social Subsidy Reduction since 1991.................90
The Second Phase of Structural Reforms..............................95
The Private Sector and its Alliance with the State in the 1990s........97
Privatization of State-Owned Enterprises and Reduction of the Public Sector ................................................................. 103

Conclusion ................................................................................. 109

Chapter Five: The Social and Human Impacts of Structural Adjustment on Egyptian Citizens ......................................................... 111

Introduction ................................................................................. 111

Poverty and Unemployment ...................................................... 114

Education and Health Trends ..................................................... 124

Chapter Six: Summary and Conclusion ......................................... 129

The Egyptian Etatist System, 1952-1991 ..................................... 129

Structural Adjustment since 1991 .............................................. 132

The Egyptian State in the Wake of Structural Adjustment .............. 134

Social Impacts of Structural Adjustment in Egypt ....................... 137

References ................................................................................ 140

Curriculum Vita ........................................................................ 179
List of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-1: The Vicious Triangle of Poverty</td>
<td>114</td>
</tr>
</tbody>
</table>