



EGYPT: IS THERE A WAY FORWARD?

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MARINA OTTAWAY: OK. I think we can get this operation underway. Good morning, all of you.

We are very lucky this morning to have with us Bahgat Korany, arrived fresh from Egypt; he arrived last night. He was there during the first round of elections to bring us a fresh perspective on what will happen in the Egyptian elections.

Let me explain the title of this talk, which is not the title or the – even the – you probably have all forgotten what we wrote in the invitation, but it's not what I would write today, because we decided to have this event about two weeks ago at a time where the situation in Egypt really seemed to be stuck.

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That's why the question, is there a way forward? You had – we all knew that Egypt needed elections to move forward, but the protests in the streets, while quite understandable in light of what was happening, also suggested that elections might not be possible after all. And that's why we put in this question mark. Clearly, Egypt has moved forward. Whether it's in the right direction or not, that's certainly open to discussion.

And we wait for – to hear from Bahgat about which direction Egypt is moving on. Let me introduce him briefly. In addition to being a good friend, Bahgat is a professor of international relations and political economy at the American University in Cairo. He is the director of the AUC Forum, and he has published extensively on the Middle East. I think it's difficult to be a student of Middle East politics and not bumping into Bahgat's work.

And he's the lead author of the United Nations Development Program's Arab Human Development Report for this year. This is the 10th-anniversary special volume. It will come out in 2012, in the spring, as they always do. And we are looking forward to it.

He's the founder and first director of the interdisciplinary program of Arab studies and director of the Inter-University Consortium of Arab Studies in Canada, and founding member of the International Organization of South-to-South Cooperation in Beijing. With that, I'll turn over the floor to him for what we think is going to be a very interesting briefing.

[00:02:57]

BAHGAT KORANY: Good morning. In fact, I'm glad to be here today and not last Friday. (Laughter.) It's always important to come and say, well, can one get some – not exactly good news, when countries are going towards transition – but at least not – not maybe all the time – not bleak prospects. So after the elections, I think the situation has changed. So I'm glad I come this Friday and not last Friday.

MS. OTTAWAY: (Inaudible.)

MR. KORANY: It's a good coincidence. As far as I know, until I left yesterday, the election results haven't come out yet. But there seems to be a consensus on the overall picture, with the idea that the Islamists are going to have a certain majority and liberals are going to be in the minority, with almost a wipeout of the historical liberal party, the Wafd, which is the oldest party in Egypt. These are, more or less, the predictions.

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What I'm going to do with you today, just before I start, a reminder of the elections: They are taking place in three phases, and will come, will end in January. And this is problematic. I mean, we can come to the situation of organizing elections in this way in the questions and answers. But for that first phase, it has taken place in nine governorates, or states, out of 29.

About 18 million people eligible to vote. More or less officially 60 political parties had the chance to compete for 168 seats. So in a sense, I think, it is a milestone. Whatever the results are, these elections are a milestone. And I was saying to you that I'm glad I was there in Cairo, because I went not only to vote, but also went around and stood in line, talked to people, and it was quite a different situation from what has been taking place before.

And that affects, actually, more or less, the place of the different groups in the Egyptian context at present, and the prospects for Egypt. What I'm going to do with you this morning is the following: clarifying the situation by talking mainly about three groups, and try to rank these groups – I think these are the three main groups that will decide the future in Egypt, whatever that future is – and try to give you my ideas about where they were and where they are now, the pros and cons. The situation is evolving in their favor or against them.

And in the end, I'll talk about two issues that will actually decide about the status of these different groups. You probably wouldn't be surprised to know that the three groups I'll talk about are what I call the young liberals – sixth of October organization, the youth ones – I call them the republic of Facebook.; and number two, the Islamists, but with different variations; and thirdly, of course, the military council, SCAF. These are the three groups.

I don't – if we had a day or two to discuss, I would have put in some of the traditional political parties, but in a short time, I don't think they count very much during the transition process. But these are ideas, obviously, that can be easily contested, and we can come into the discussion and see where we are.

As I said, I'll put them – I'll deal with them in ascending order of importance. I'll start with the liberals. I think they are losing. These are the ones that initiated the revolution, the young liberals. Then I'll come to the Islamists, who seem to be winning at present, and winning big, but I think they have serious challenges. And then I'll end by the military.

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So the young liberals – and they are – I mean, I am using shorthand for liberals, because they are in alliance, also, with some leftist groups and some leaders of the workers' movement. These are the ones that really initiated the revolution last year, and they were surprised by its success. They didn't expect to succeed. Most of them hoped they would have more people in the streets, and then they were taken by surprise. I mean, this is a fact. It's no longer an element of discussion.

And I think it went to their head a bit – that the big victory went to their head. These are young people, mostly foreign-educated, part of what we call the global world, and many of them former students. I know them. I think they have the right ideas. Their priorities: human rights, gender justice, democratic transition. In this sense, they are really the opposite of the influential Islamic groups, and also of the military council: heroic, idealistic, determined, very active, but they lack experience – lack experience in political action.

And mostly, they are urban-based, especially Cairo and Alexandria, and perhaps Port Said. They know very little about the countryside, and the countryside is where the majority of the Egyptian population lives. And these are the people that will decide the fate of the elections, will decide the fate of the coming parliament – in fights against the Islamic groups, and also with the military council.

But it is not really about tactics, not even about strategies. It is a difference of mindsets. These young people are ahead. I call them, in a book last year, before the revolution, the youth bulge, the volcano underneath. They represent the majority of the population – not only in Egypt, by the way – all over the Arab world. Two-thirds of the Arab population are below 24, 25 percent (sic). So this is the wave of the future.

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So in a sense, in these countries, not only in Egypt, they represent, very concretely and clearly, the generational divide. They don't communicate – even, sometimes, with their parents. Their way of thinking, their tools of mobilizing and interaction, are different. And this is why they could be, in the next parliament, marginalized – unfair and even immoral after what they have done. But this is – these are the laws of politics.

I have people in mind. Some of them have been trained by – Marina – Amr Hamzawy, who just got elected in parliament, and that's a good sign – but that is a minority, really. Most of them, I think, will be put aside. If parliament works, you will have a set of institutions and rules, orderly procedures, which, it is planned by many, will bypass Midan at-Tahrir, Tahrir Square. And this is where these young people have been basing their action.

So if the plan continues, I think, then, they could be very much marginalized in decision-making. They will continue to make noise. They will continue to protest. They will continue to mobilize some people. But they will be on the defensive to offer something for the next stage, building the next stage. So that is their dynamic.

I seem to have lost my notes.

MS. OTTAWAY: That's what happens when you arrive from a long flight. (Laughter.)

MR. KORANY: The second – the second group I would take will be the Islamists. And these are quite the opposite of that first group. I would call them the opportunists. They didn't participate in the first phase of the revolution. In fact, they asked many of their members not to go to the street on the 25th of January. And yet they are making the best of what has been taking place, and this is the injustice of politics, in a sense.

Obviously, in the elections, they seem to be doing very well. They don't need the street. And as we know, they don't need the street essentially because of a simple message: Islam is the solution. In the countryside, you don't need much explaining. You don't need to explain John Locke, Hobbes, Sartre and all of that. "Islam is the solution" says it all.

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Number two, they have great organizational credentials. As one of them said to me, we have meetings five times a day – during the prayers – and a general assembly every week. No political party can have that. Number three, they're also very well involved socially, in areas where the state is absent – health units, some educational schools, and even in some informal banking – lending and supporting some enterprises. So they become almost like a shadow state, and they are rewarded for it.

As I said, they were there, hidden, but the change of regime has given them the chance to build on all their credentials, and they are making the best use of it. And I think it is fair. Problems: They are divided, getting divided now. First of all, you have, certainly, the so-called Muslim Brotherhood, which represents the moderate wing, and the Salafi, or the more strict Wahhabi type. And these are big divisions. So you see, it's not tactical; it's much more strategic and concerning views.

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They also have divisions – even the moderates – they have a generational divide. They are losing some of their young people, who have actually joined the young liberals in the demonstrations in Midan at-Tahrir, so that is also a big minus. But the biggest minus, I think, is that since they are coming to government, they cannot just focus on generalities and slogans. They have to take specific policies.

What are they going to do about tourism? Would they allow alcohol in the country? Beaches? People go in swimming suits. What are they going to do about Camp David? Are they going to cancel it, support it? What are they going to do about unemployment, gender issues? They have to stick their neck and apply policies. And this is when they can lose some of their members – controversies.

I think I found some of my notes, so it's just as well. (Laughter.) Let me come to the third group, the supreme council. And please forgive me if I'm talking as if these groups are monolithic. They are not. But in the short time we have – and hopefully, in the discussions afterwards, we can, perhaps, be much more precise. The military – and according to my ideas, anyhow, I am ranking them in ascending order of importance. So this is the last group. According to me, this is the most important, the most influential.

They started with a huge prestige, a huge prestige. Egyptians, on the whole, since the days of Muhammad Ali in the 19th century, appreciate the military. They think they represent the nation. And the period of 1967 apart, otherwise, there is a sort of attachment to the military as reflecting Egypt. So the military started with a huge prestige. They also saw that they refused to fire on the demonstrators, and in the end, they actually pressured Mubarak to step down. So they were perceived as the saviors of the nation.

They also, even with people who hesitate a bit now about the military – they still hesitate attacking them, because they say this is the last unified force that we have in a chaotic situation. If that force falls, in a context of war of all against all, everything will fall. So let us keep that. They are perceived as a pillar, the foundation of a cracking building. So in a sense, even with people who are – have reservations about the military – they don't want to go all the way.

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They also, last week, acquired lots of assets by insisting that the elections have to take place. They were the ones who insisted on that and said that we will organize it. We will not allow the protests to go astray. Many people doubted that, and they proved it. And as I said, when I went around and I saw the orderly way people were standing in line, there were some small problems, but most of them have been technical problems rather than political ones, contrary to earlier elections.

And they were rewarded, right after the elections, with some good news: The stock exchange in Egypt rose more than five points in one day. And in fact, it had to be closed, but this time, because it went too far – not it went down too far, it went up too far. So this is, I think, an indication for many Egyptians that the army was right.

What are the minuses? Number one, many people are mistrusting the hidden agenda of the military. They think that they don't reveal everything they have. And it is true. We don't know how the military council decides on things. I think they mix up between the political mission of the military council and the way the armed forces work.

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And they think that everything – they lump almost everything together as an issue of national security, and it has to be hidden. So that is a big discussion in the streets of Cairo, even with members of the military council. And somehow, they can't get it yet – the idea that they have to be much more transparent. So that creates a feeling of mistrust toward them.

Mistrust, somehow, was increased by what they thought they were doing well. When they made the elections take place in an orderly way, some people said, what, they managed to establish security in two days? Whereas security has been lousy for nine months. What is behind that? So big question mark.

Number three: Objectively, they are part of what people in Egypt call 'felool' – remnants of the old regime. And many of these guys have reached a certain position because they were appointed by Mubarak. This is a fact. Tantawi has been minister of defense for 20 years. Before that, he had a certain camaraderie with Mubarak. He was at a certain time, even though people don't talk very much about that, the head of the Republican Guard. You cannot be as that position unless you are really part of the inner, inner circle. So in a sense, they are actually part of the old regime.

Number three, lots of discussion now are coming up about the economic interests of the military – the army as a company. And they have lots of military – of economic interests.

And number four, they are getting increasingly to play the role not as arbitrator or referee, but one main political group among other political groups, fighting with them and debating with them. And hence, whether they want or not, they are becoming part of the political process.

And there is – there is a – just after the elections, just before I left, there was a huge debate between them and the Islamists saying, if the Islamists get actually the majority of seats in parliament, according to democratic rules, they should be called upon to constitute the first Egyptian cabinet. The military council says, no. We are in an exceptional period, and it is the military council who chooses the next cabinet.

So that is – that's a big issue, right? So they are getting into political conflicts, and I think they will have to decide with whom they will play the next game. Most probably, they will practice a sort of balance of power between the two other groups, right? But they have to learn, too, the rules of the political game.

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How would – and here I'll finish soon so that we can have questions – how would – what will the future, immediate future look like? I think, in addition to the evolving situation of these three groups – and this is really a situation that is very fluid; it is like shooting at a moving target.

I think there are two issues that will decide the status and the evolution of the status of these three groups. One issue is certainly security. Security has been deteriorating greatly and very fast. I have some preliminary statistics here in the last two month: 1,635 crimes have been recorded – have been recorded. So the number that has been recorded, it's much more than that. The number of cars that have been stolen – Amr Hamzawy had his car stolen.

MS. OTTAWAY: Just about everybody I know in Egypt had their car stolen. (Chuckles.)

MR. KORANY: Right?

[00:28:42]

And goldsmiths have been attacked – people who have shops selling gold have been attacked. And one last one, two weeks ago: 30 kilos of gold have been stolen in two big vans. Now, many of these gold shops are also owned by Copts, and there is a sectarian dimension there that could add to the gravity of the situation. And as you know, even the cabinet headquarters have been besieged by sit-ins. So the issue of security is a big element that will decide the interaction between these different groups and how they deal with it.

And the second issue – obviously, you guessed it – is the economic situation. Economic situation was bad and is getting worse, very much worse and too quickly. Foreign reserves have declined from 36 billion to 22 (billion) – 40 percent in 10 months. Egypt has gone back to the negotiating table with IMF to borrow some money, after they had declined the conditions of IMF. So that is, for me, an indication of a weak position when you go back.

And in the midst of that, you have the rising unemployment. Lots of factories are getting closed. Lots of private-sector people are taking the money out and stopping their project. So the economic situation is really a must, and urgently. There might be other issues, but I think they are not as basic and principal as these two.

So with these three groups and two principal issues, I think Egypt has a lot to decide for the next not only few months, but I think next two to three years. Thank you.

MS. OTTAWAY: Thank you very much, Bahgat.

Before we open it up, I see some people standing. There are a couple of chairs here – one here, and I think there is another one over there. So if you want to come forward, please.

The – we don't have a discussant for this meeting because everybody we approached was in Egypt. And if they were not in Egypt, they were at the MESA conference – the Middle East Studies Association conference, which is – which is taking place right now. But I'd like to, in a sense, to act as a discussant by trying to push on a couple of questions.

[00:31:44]

And one of them is, it's very striking listening to you talk, that you did not mention – and I think correctly so, in many ways – the secular political parties. You talked about the youth in Tahrir. You talked about the military. You talked about the Islamists. And you did not talk about the other – the other organizations. You mentioned that the Wafd has disappeared. I think, to a large extent, the Wafd, trying to revive its fortunes, tried to make an alliance with former members of the NDP that did it in completely, I think. But, in general – I mean, it's not just Wafd; it's all the secular political parties that do not seem to be in the game at all.

And this is striking because if you look at – if you compare Egypt to other countries in the region that have had elections recently – that is, Morocco and Tunisia – the pattern that we find there is also that the Islamists did very well, but – better than anybody else. But we also see a strong presence, after all, of the secular parties, for one reason or another. And the question is, why?

And if I can take this back a bit: You mentioned Amr Hamzawy, and a few years ago, we did a study of the secular parties together. And one of our conclusions was that, in fact, one of the weaknesses was that incapacity to build constituencies – that they simply did not have a constituency for – that, over the years, they really had not done any organizational work and so on.

So I'd like you to address a bit more this question of why you have this – why, essentially, the secular parties do not seem to be players at this point at all?

The second issue that I'd like to bring up is that of the divisions in the Islamist – in the Islamist spectrum; that is, you did bring up the fact that the Muslim Brotherhood is losing some of its younger members to new parties, to the youth movement and so on and so forth, although my impression is that they also still have a lot of youth in their own ranks. I mean, I met some of them on my last trip, and it seemed to me that is a very strong presence.

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But what about the divisions between the Muslim Brotherhood and the Salafis? Because the Muslim Brothers have – or the FJP; I never know what to call them because I don't think there is much difference there – had declared today that they are not going to form an alliance with the Salafis. That was – came out maybe when you were on the plane and you did not – (chuckles) – you did not see the – you did not see the statement. In other, words, they seem to be taking the position that what they want to do is an alliance with secular parties such as they are because, in a sense, the question is, what are these secular parties? – and not an alliance with the Salafis.

So I wonder if you could sort of comment on those two points, because I think it would round out the picture a little.

MR. KORANY: OK.

MS. OTTAWAY: And then we'll open it. I am not going to monopolize the discussion.

MR. KORANY: Concerning political parties, I think the short answer is that they were part and they are still part of the old regime. They behaved and acted in the same way: Lack of transparency; old leadership – very old leadership staying in power eternally; lack of transparency – you try to have some news about their membership, their finances – hard to get. So they didn't really have very big social roots – part of, perhaps, what we call the cosmetic democracy, but otherwise, they were not part of the political process. I suppose one shouldn't be unfair to them and say that they chose to do that, because they were harassed by the old regime, but certainly they acted with the regime. They were coopted; they negotiated; they were part of the old political forces. And they are paying the price for it. So that is – I think indicators are there very clearly. And they have lost many of their young people. I mean, many of these parties were divided. They had fights, even about the headquarters, who is the leader – it was a rotten process, in a sense.

MS. OTTAWAY: But what about the new ones? What about the Sawiris party, the Free Egyptians? What about the Social Democratic Party? Because they seem to be the only ones that got some votes.

[00:36:55]

MR. KORANY: OK. These are new. They haven't – many of them, actually, were against the idea of holding the elections immediately, because they felt that they needed some time to get familiar with ground, right? So probably

they are the wave of the future. I hope so. They will certainly work in a different way. But at the moment, they are still very marginalized compared to the three groups I have mentioned.

The other question is much more complicated, Marina – the relationship between the Muslim Brotherhood and the Salafis. And the fact that they have declared, as you say, that they are not going to work with the Salafi and work with the secular parties is news to me. And, I would say, that will be controversial for some time for the members of both groups, because there is a gray area where they share ideas. I mean, the – many members of the Muslim Brotherhood – I'm not talking about the young – the established ones will feel closer to some of the Salafis than to some of the secular parties. So I think that is a situation that will continue to be debated within the two groups.

And we might see some alliances, shifting alliances, but I don't think – even though I hope – that the break would be complete between these two groups. There will be sometimes gray areas where they will work together, perhaps not officially, but at least politically I think they will work together – some elements from both groups, right?

[00:38:47]

MS. OTTAWAY: Thank you very much. With this, we open –

MR. KORANY: Just perhaps one note: It'd be a good question – and perhaps some people in the audience might like to raise that – would we, in Egypt, at a certain time, have a repetition of what's taking place in Morocco, Tunisia and Turkey – have an Islamic group that is open, globalized and working with lots of young people? That – I think that is a very interesting issue, and I think it is in the minds of lots of the young people of the Muslim Brotherhood that have defected temporarily and worked with their liberal fellow mates.

MS. OTTAWAY: OK. Thank you very much.

Please identify yourself. Given the number of hands, I'll take them in groups. Let me start over here. The microphone is behind you.

Q: Thank you. Bill Root (ph), Tufts University.

[00:39:50]

Bahgat, excellent analysis, thank you. Would you talk a little bit more about the success of the Salafis in the election? I guess the success of the Ikhwan wasn't too much of a surprise, but the Salafis were, as far as I know, almost invisible during the Mubarak period. They were not, as far as I know, politically organized the way the Ikhwan was. And all of a sudden, they did really well. How did they get organized and mobilize and develop such a success at the polls? And what do you predict will happen in the next two rounds for the Salafis?

MS. OTTAWAY: There was a hand over here. Yeah. Please. The gentleman in front in the – (inaudible).

Q: Henry Pract (ph), former foreign service officer.

Could you say a word about foreign relations and how they fit into the evolving equations – specifically, what the U.S. might do to its advantage, what Saudi Arabia is up to and how the new conjuncture will view Israel?

MS. OTTAWAY: OK. The gentleman right behind. Yes.

[00:41:09]

Q: Yes. My name is Eric Mottu. I'm from the International Monetary Fund. Thank you, Professor Korany. I found your talk extremely interesting.

I'm very interested – interested in your views on the – on the Islamists, and – because they may be our next interlocutors, in fact. What do you know about the economic program of the Muslim Brotherhood beyond the slogans that we have heard and the general principles? Have they articulated any specific policies in terms of tax policy, budget policies, budget priorities, monetary policy, et cetera? I would be very interested in your views.

And just one comment on – you mentioned the role – the economic role of the army. This morning, I learned that – there was a news that the army, the military council announced that they would lend \$1 billion to the central bank to help shore up their reserves. I think this is a very interesting news – (laughter) – because people will start wondering, well, where is this money coming from? Where was it before? How much is left? I think this raises extremely interesting questions. Thank you very much.

MS. OTTAWAY: OK.

MR. KORANY: Yeah.

MS. OTTAWAY: No, no. Second round.

MR. KORANY: Concerning the Salafists, we don't know much about them. I think they didn't have that much explicit organization. They were just part of the general population, especially in the countryside. I think they were involved in some of the social practices, the well-intentioned helpers. And that appealed to the conception of the simple people about Islam, right – the guy with the big beard living with virtue and repeating virtue.

There is some talk about the impact of immigration to the Gulf and their coming back – of some people from some countries like Saudi Arabia, and hence, really – I mean, some Egyptians – we shouldn't take that literally, but some Egyptians usually talk about Egyptian Islam as being moderate, and they quote Al-Azhar. And when they see excesses, they throw that on Wahhabi elements. I think there is part of the truth in that, certainly.

[00:43:50]

But certainly, when I talk with the people – the porter at my place or the maid, certainly the ideas she expresses about Islam are much more Salafi than Muslim Brotherhood. And this is where they get their power, I think.

MS. OTTAWAY: Can I push you on that a moment? Because there is also a – I don't know to call it rumor, information –

MR. KORANY: (Inaudible.)

MS. OTTAWAY: – I'm not quite sure which one it is – that both Qatar and Kuwait invested a lot of money in the Salafi movements. Do you think there is – is there any evidence that you are aware of that this is happening?

MR. KORANY: No, I haven't seen evidence. I haven't seen the money going around.

MS. OTTAWAY: No, but I – (laughter) – I suspected that's the case.

[00:44:39]

MR. KORANY: But I think, at a certain time, in Tahrir, during one of the “million” demonstrations, there were some flags of Saudi Arabia and some shouting in favor of Qatar, much more than Kuwait. And lots of people accused Al-Jazeera of having its own agenda representing Qatar. But again, we don’t have really hard proof to that. This gets repeated a lot.

Foreign relations, not clear yet. I mean, we were talking with some colleagues in the foreign ministry about organizing a panel: Would the revolution reach foreign policy or only stay inside Egyptian society? Egypt has lots of issues to settle at the foreign policy level.

One big, important issue becoming a priority is the question of Nile waters, and the differences with the Africans, because contrary to what many people think, this is really what could threaten the life of the Egyptians, if Nile waters are getting less or stopped. So that is one big issue.

Camp David seemed, at a certain time, to attract attention, but it has disappeared in the background. Let me say so, though, that I think relations with Israel – let me put it this way: During the last year of Mubarak – and I don’t have data, but I’m almost sure, the one prime minister that visited Egypt very frequently was Netanyahu, more than many of the Arabs. And that surprised me. And I’m not talking about other covert action between the intelligence services – telephone calls. That will end, that close relationship, very warm relationship between the two leaderships. And we have seen the gas lines to Israel have been blown up for nine times, right? So – I don’t think that any government will go as far as abolishing Camp David. That, I don’t think, it is on the agenda.

Saudi Arabia has been distressed with the fall of Mubarak. In fact, the only one country which has been equally distressed as Israel was Saudi Arabia. Both of them tried to pressure Washington not to just let him go. So I think they are perhaps moderating their position now, but they are a bit mistrustful of the new regime. So this is a big issue.

[00:47:51]

The U.S., I don’t think they’re – there might be some attacks and some discussions, but I don’t think that relations will be – Egypt wouldn’t be, in this respect, a new era. I think there might be some discussions, but not a break with the U.S.

MS. OTTAWAY: No, he still has one. (Chuckles.)

MR. KORANY: Yeah, the IMF – and I would like to – just to hear your views about the negotiations that are taking place. Actually, when I was coming to Washington, I met at the airport Samir Radwan, the former minister of finance who is a friend since Geneva days – we studied in Geneva together, so – and unfortunately, most of us were running for our planes, but I would have liked to ask him about the details of the negotiations with IMF: I mean, what were the conditions? What were the problems? Why Egypt turned down the loan?

Very – thank you very much for the interesting news about the army giving the central bank – (laughter) – it just – it just confirms what we are talking about. But again, the army doesn’t want to reveal its resources. I mean, these – these are not issues of national security. They say it is an issue of national security, but it is not. I mean, the roads they have, the hotels, the – some of the companies. And what kind of accountability we have about these resources? And this, I think, will be – (inaudible).

[00:49:37]

MS. OTTAWAY: OK. Thank you very much. Can take one – yes, one here, and those two back there.

Q: One brief comment. And that is, with regard to your mention of –

MS. OTTAWAY: Can you please introduce yourself?

Q: Oh, I'm sorry. My name is Hattie Babbitt. I'm, I guess, here with my NDI hat on.

With regard to the – your mention of Turkey as a possible model, yesterday there was a program next door in which the polling reflected that, when asked in Egypt and in other – four other Arab countries to identify a national leader who they held in highest regard other than from their own nation, the biggest winner by far was Erdoğan. And I'd like – if you have some more comment about how that might – Turkey might be seen as a model.

My other question would be with respect to some – and another issue you brought up, which is the phasing of the elections over three sessions and the implications for the results of the elections.

MS. OTTAWAY: OK. Just so that you know, next door means at Brookings. And these are the polls that Shibley Telhami has been doing. There are two back there.

MR. KORANY: Thank you for the clarification, that's important.

MS. OTTAWAY: (Chuckles.) Yeah, that's – we are so used – (chuckles).

Q: I'm John Martin, professor emeritus, University of Maryland, and 1947 AUC graduate. (Laughter.) You talk a lot about the political system, just as we used to read about the kings and queens in our history books, and not about the people. I'd be interested in the bureaucracy: How permanent is it? How efficient is it? Who's running the country while these people are going around and making political decisions?

[00:51:40]

MS. OTTAWAY: OK, there is one right behind.

Q: Mohammad al-Kawaz (sp) from UDC. I'm also an Egyptian by origin, American by citizenship. I would like, really, to bring to your attention that – for an American audience it's always nice to put down the Muslim Brotherhood, but in fact "Islam is the solution" was the slogan in the '70s, not in 2011 or '12. Secondly, they have already announced that they are going to be forming a coalition and rejected the Salafists in favor of liberal and secular parties. So I don't really believe that you should emphasize negativity about the Muslim Brotherhood, rather than the positive elements.

For example, El Erian was just interviewed recently on CNN and indicated that they are going to be going to try to establish democracy. The reason that they survived Mubarak oppression is that because they denounced violence and then instead talked about democratic principles and willingness to work with them. And their programs in the neighborhood definitely were very popular. And they have been very organized.

I also like, based on my own research, to indicate that the leadership of the Muslim Brotherhood did not want to join January 25th, as you said correctly. However, they told their members if they want to participate, they can go ahead. Please comment on this.

MS. OTTAWAY: OK.

MR. KORANY: I will. (Laughter.)

MR. OTTAWAY: Go ahead – but later.

[00:53:16]

MR. KORANY: Erdoğan, yes, very popular, appealing I think, the message – he came to Egypt about six weeks ago and said that Islam is important, but Turkey and authority there are not Islamists and that Islam should find the way to be democratic Islam. That is – that is the model. So and actually, that raises some controversies among some Muslims, but many people are very much seduced by the idea of how to establish an open, democratic Islamic political system, right?

And the man, rightly or wrongly, is perceived as being the spare head of that, especially since he has left the forum when he was debating with Perez, and that has added – so I think the issue of looking for an Islamic, democratic governance is on the agenda, and for the first time, I think seriously so, with lots of parties in the different parts of the Arab world trying to find a way. And I think that would be good.

The Islamist groups have been excluded for too long. They have been used to frighten people and to justify all forms of dictatorship. The idea was, either you accept me or the end is chaos and Islamic repression, theocracy, Iran and all of that. That equation is no longer valid. So I think we are in a new political process. And I think the Islamists, rightly or wrongly, have their role to play.

The Egyptian bureaucracy, yes, it has been affected a bit by the revolution and just running the daily life sometimes has been difficult – people reaching their offices – and, I mean, in Mogamma if, for people who know Tahrir Square – Tahrir Square is dominated by that bureaucratic complex which is called the Mogamma. You see it on CNN and all of that.

[00:55:56]

And it has been besieged most of the time. And people couldn't go to their offices to carry out their daily tasks. And in fact, people who were very sympathetic with the young liberals occupying Midan al-Tahrir were saying to them it is unfair to the simple population, because many people were coming from the countryside to just carry out their tasks. And they couldn't go into Tahrir.

So Egypt was not working very well. Daily life was hard for many people during some days of the revolution. My idea is that the Egyptian bureaucracy wouldn't change very much in the short run. The historic bureaucracy, huge, well-established mindset – when they evolve they will evolve slowly. So if you are going to do something with the Egyptian bureaucracy you still have to be patient. (Laughter.)

Now, coming back to the Muslim Brotherhood – and I don't want here really – I'm not coming here to have an Egyptian debate about the Muslim Brotherhood. I'm coming to analyze – neither to condemn or defend. And I

talked about the social involvement. I have lots of people, friends, who are committed, who have spent their life with the Muslim Brotherhood. But I think two important things that we should take into consideration.

One, the generational divide: The young members of the Muslim Brotherhood are very different from the old guard. The old guard are part of the old system. They work with it in the same way. They have been pursued and they suffered a lot. And that reflects on their political behavior. So that is one important element if you want to analyze the situation as it is.

Number two, Muslim Brotherhood members haven't been saints. They have been politicians, like everybody else. I know El Erian very well. Muslim Brotherhood has said they don't want a government. Now, they say, according to the rule of democracy, we have the majority, we have to establish a candidate. They changed their position. And that is part of the rules of politics.

[00:58:44]

MS. OTTAWAY: Thank you. OK, you have been waiting for a long time. (Chuckles.)

Q: Hi, thank you very much. I'm Leah Wissow from the Public International Law and Policy Group. I was wondering, given that you mentioned the sort of sectarian dimension to the attacks on different gold shops that happen to be owned predominately by Copts, what do you see as the potential for either decreasing or increasing sectarian tensions in Egypt as the political process goes forward?

MR. KORANY: Look, I –

MS. OTTAWAY: Can I take some more questions?

MR. KORANY: Yes, OK.

MS. OTTAWAY: Back there, please, and then here.

Q: Eustace Theodore from eAdvancement Consulting. I am very interested in university – impact on universities in Cairo and throughout Egypt as an example of the kind of political impact on organizational elements within the society. Obviously, universities are very close to your own personal experience. I'd like to have you comment on where you see the future for your own university and for universities in general.

MS. OTTAWAY: Ah, there are too many questions here. (Laughter.) Next, over there. No, no –

Q: Yes? Lilani Teshshni (ph), researcher for the global reforms – international relations. My question is, Mubarak received donations – during – (inaudible) – he achieved – received donations from foreign countries. I mean, not investment, but donations. How these donations have been used, and after Mubarak donations continue or stopped? Thank you.

[01:00:37]

MS. OTTAWAY: OK. Let me take a fourth here in front that may – (off mic) – and then we'll have one last round.

Q: There?

MS. OTTAWAY: Here.

Q: Yeah. Elizabeth Colton (ph). What did – you've talked about all the issues in foreign policy, et cetera, like the Nile waters; at the beginning of – right after the revolution, of course, the ministry of foreign affairs and the prime minister all went down to Sudan and Ethiopia. But all – none of these – in the security and economic issues – none of these can be sort of moved forward until there's a real leadership. So what are you predicting over the next few months – or months, many months maybe – with elections, and then moving towards a presidential election?

[01:01:25]

MR. KORANY: I mentioned the issue of gold because that is a phenomenon. I didn't imply that the attack was against the Copts as such. It was just people who were trying to grab some of the wealth that is there. But the side effect, since many of these owners are Coptic, could have an impact on the sectarian aspect. I hope it will not, but that is an end that is there. And I think the Copts have been the basis of support for the liberals. And that is actually – will shape in a big sense the context of the dynamics of the different political forces that will appear in the end.

The liberals will have great support. I mean, you mentioned Sawiris; Sawiris has been one of the first people to establish a political party. He's a financial guru. I mean, he's one of – I think has been mentioned among the 15 or 20 most wealthy Arabs. So he has lots of money. And he has insisted that his party has lots of Muslims – and it does. So I think there is a direction there. And I hope that will continue. I mean, that is where my personal elements come out very clearly.

Impact on universities – I think in the long run it will be good. It will be good. Universities – Egyptian universities are in trouble because many of the deans and heads of departments were appointed after security clearance. And there were lots of revolts after the revolution to dislodge some of these people because they were not exactly outsiders, but they were not chosen because of their academic or other scientific qualities but because they were close members of the governing party.

Some of them were very good. And actually, one or two have been re-elected, which I thought was a sign of maturity. But somehow politics was excluded from the universities among the students. And I think this is unhealthy. I mean, if young people don't learn politics within the university, where will they learn politics? And I would say without really being – without exaggerating, I think that the American University has been in the front seat of that. We have exercised lots of programs of simulation – model Arab League, model United Nations – lots of freedom of expression about politics.

[01:04:56]

I used to say in my classes that we have a president that is there for 30 years. And this is unfair. And I never suffered for that. I wasn't sure that some of my colleagues in the Egyptian universities would be able to say that without having – without paying for it in a certain way, right? So I think the future of the universities is going to be good because now – I was saying that politics was excluded from student life, but that's not true.

Politics of other political parties – the governing party was monopolizing all action within universities. For the first time, young people are learning the political process within the universities. There will be some rough periods due to inexperience, but I think in the end it will be very healthy. So I am quite optimistic about that. They have open elections – just the normal process.

[01:06:04]

Donations I don't know much about. I mean, we heard lots of offers from many Arab countries – as much as 20 (billion dollars) or \$25 billion. I don't think the Egyptian government has seen much of that. There is a big project to mobilize Egyptians living abroad and to ask each of them not only to participate in investments, but to create a fund to help Egypt out. And I think there is some success at this level – probably some of the Egyptian expats who are here might know better than me about that – but there is that aspect certainly.

Nile waters is going to be on the agenda. I think if you have somebody like Amr Moussa, for instance, who has been foreign minister and secretary general of the Arab League, he knows about the issues, and certainly the issue will advance very quickly. It has been marginalized unduly. I don't understand why. I mean – and when I've talked to lots of specialists, they couldn't give me a definite answer. But I think there is a need for the Egyptian ministry of foreign affairs and the Egyptian ministry of irrigation to work together.

I mean, that is the basis. It is not just diplomatic issue and it is not just a water issue. And I think if somebody who is familiar with the Egyptian foreign policy, like Amr Moussa, is elected, I think the process will be accelerated. But the problem is there; the problem is not new. When you talk at a lower level than the ministerial or presidential level, the – in the two ministries that I mentioned people are very much aware and very well qualified. Their files are really up to date and they know what to do. So it is just to give the experts the right to go and discuss the issue.

MS. OTTAWAY: If I can just add, it may be very difficult to because there is also nobody in the Sudan right now with whom you can discuss the issue. So that, you know, there is another lack of government there.

Let me take a last round here – yes, back there.

Q: Thank you. Dave Timberman with Management Systems International. Great presentation. One of the things you haven't touched on, which I assume must be important for the transition going forward, is the openness and the role of the media. So I'm wondering if you could just say something about kind of where that's headed and, you know, how that's influencing the political processes going forward. Thanks.

[01:09:06]

MS. OTTAWAY: OK. Khaled, over here.

Q: Khaled Elgindy from next door – Brookings Institution. (Laughter.)

MR. KORANY: I know now, next door.

Q: My –

MS. OTTAWAY: We – (off mic) – mentor each other – (laughter).

Q: My question is, you mentioned Amr Moussa, and he's generally believed to be the front runner in the future presidential election. Do you think the strong showing by the Islamists, and especially the surprisingly – surprisingly strong showing by the Salafis – does that change the presidential equation in your mind? Has, for example, Aboul Fotouh's prospects improved as far as – as far as you can tell, given that strong showing, or will Egyptians vote on a different basis for president?

[01:09:58]

MS. OTTAWAY: OK. Yes. You have a second question?

Q: No, but I was asked a question, so I wanted to answer it – (inaudible) –

MS. OTTAWAY: OK, sorry. OK, OK. So you – yes, yes – no, no, no, no, go ahead. Go ahead. You were asked a question.

Q: No, Eric Mottu from the IMF. I am sorry to take the floor again. Professor Korany asked me a question. Actually, you didn't answer my first question on the – on the Islamists' economic program. So should I take it that they don't have program or an economic program or – OK, I'll let you respond to that one. But you asked me about the IMF negotiations and the program. I mean, it is common knowledge, and it was published on our website imf.org, that on June 5th we went onto a – on a press conference with Dr. Samir Radwan, the minister of finance, to announce that we had negotiated a program for \$3 billion stand-by arrangements that would support the authority's economic program.

That's my understanding, but you would have to ask Mr. Radwan for confirmation – is that subsequently the military council indeed got cold feet and backtracked from this program. The program was to support the authority's policies with financing from various international organizations – the World Bank, the African Development Bank, money from the Gulf countries – and I think at that point they got a bit scared to engage in – to indebt the country going forward. And this may go back to the experience of the past century, in fact, and the memories of that.

Were there any conditions? Well, I mean, there – (chuckles) – the authorities repeatedly said that there were no conditions. And it's true that it was a very favorable and easy program compared to the programs of the 1990s with the IMF. But of course, there cannot be no conditions. I think the fundamental condition to get IMF support is to have a sensible, sustainable economic program for the next year or so, so that the money that the international community would put would not go down the drain and disappear and the problems would not be solved.

So the IMF was supporting a program of economic reform, fiscal reforms – but that was a homegrown – it was just supporting the authority's program. And going forward, if the IMF were to come back to Egypt, it would be the same conditions – to support a program that would work, that would resolve the fiscal issues, address the subsidy issue, address the main problems that confront the Egyptian economy.

Thank you. Sorry for taking the floor.

[01:12:55]

MR. KORANY: No, this is great –

MS. OTTAWAY: Yeah, you – I almost gave you the floor before. And then I have to apologize to the rest. I think that's all the time we have.

Q: Hi. My name is Erica (sp). I'm from Georgetown University. My question was about the military and its refusal to allow the newly elected parliament to go ahead and select the cabinet – or the majority to select the Cabinet and that they'll retain that power.

Do you think that the international community should play a role in providing incentives for them to basically acknowledge the results of the elections and to acknowledge that as an elected body they should go ahead and be allowed to select the cabinet and the prime minister, or do you think that the international community should just kind of stay out of it and see what happens? And if so, how do you expect the international community to respond?

[01:14:02]

MR. KORANY: Concerning major – it's interesting what you are asking, because in the Arab Human Development Report that's coming, when I reviewed the previous ones there were lots of discussions about different issues in the Arab world. But media was not emphasized. And yet, media is central. The regime – all Arab regimes, without exception, keep control with the police or the military and the media – you have only one line of thought. So as a result, the Egyptian media, especially reviewing these – during the few days – the 18 days until Mubarak left, has played a very shameful role in fact. I mean, and this is why the minister of information has been arrested and is on trial. So the media has been the other arm of the regime, if you like.

I think it will take some time. It is still contested, and there were lots of debates. And about a month ago when there arose that battle around the television headquarters – and the Egyptian television was accused of inciting violence against demonstrators few months after the revolution. So there is a huge debate there. And when you talk with people inside, I think they are preparing for their own January revolution. So it is in flux, chaos. But I think the future is good.

Now, one important thing is the mushrooming of private media – the satellites – all types. So we will end by having a sort of media chaos at certain times. I don't believe that we will have independent media in the near future, because even with the private satellites, they have their own agenda. So – but it is certainly an important issue.

[01:16:29]

Concerning the presidential candidates, yes, that's an important question. The Salafis don't have their own representative. So Aboul Fotouh is the nearest to the Islamic groups. I would say that Amr Moussa is such a – the politics run so much in his blood that he is always ready to make compromises. And I think he will end – I don't trust him; I mean, that shows. He's a very, very intelligent man. And I think he's a front-runner. But he's really too much of a politician. And I think he might convince the Muslim groups by giving him his votes.

The one that is much more honest and wouldn't do that is, of course, the least favored – Mohamed ElBaradei. He wouldn't do that. Aboul Fotouh, I'm not sure about his status because he had a conflict also with the Muslim Brotherhood. He stood in elections against their advice. So he's a sort of outsider compared to the Muslim groups.

The information about the IMF I would love to discuss with you more because there are lots of things. I mean, you have different versions. But I'm sorry I didn't answer your question, that's true.

I was very surprised by the different groups not having an economic program. And yet, this is number one if you want really to have a minimum of stability. My impression is – or rather, more than an impression – is that social inequality will become much more central. The role of private sector wouldn't be very much in doubt. I think the economic model will continue. But there is going to be a lot of emphasis on reducing the gaps that are huge within Egypt.

And an indicator of that is that when you are discussing minimum wages, people are saying: That is not enough to fix minimum wages. You have to discuss also and fix maximum wages, and see the ratio between the two. So I think that is an indicator about the importance of social justice.

I think I have tried to answer as much as I can all the questions and give the information I have.

[01:19:17]

MS. OTTAWAY: You have. Considering the fact that you just arrived last night – (chuckles) – you have lasted very well. Please help me thank Professor Korany, thank you. (Applause.)

(END)