

## TOO BIG TO FAIL: EGYPT'S LARGE ENTERPRISES AFTER THE 2011 UPRISING

AMR ADLY

Large private enterprises are vital to Egypt's economy and stability. After the 2011 uprising, they lost political sway due to their ties to the regime of former president Hosni Mubarak. However, Egypt's economic crisis pushed successive regimes to reverse measures taken against these enterprises, affirming their role in economic revitalization. Though cut off from patronage networks after Egypt's 2013 coup, enterprises are more autonomous from the state today. This may create advantageous openings if the state's dependence on them grows.

### Key Themes

- Large Egyptian enterprises have grown in size and significance since the 1990s and remain critical for Egypt's economic health and stability.
- Following the 2011 uprising, many businessmen who were influential under the Mubarak regime saw their political role sharply reduced.
- As economic conditions deteriorated after the uprising, measures directed against large enterprises and their owners were reversed, on the grounds that these enterprises were vital for economic growth.
- Since the military takeover in July 2013, large private enterprises have been progressively excluded from rent seeking and patronage networks, in favor of new enterprises closer to the military.
- The increasing autonomy of large enterprises from the state may be a blessing in disguise by inducing them to push for measures that advantage the private sector as a whole.

### Main Findings

- Although large private enterprises lost political influence, successive Egyptian governments after 2011 recognized their importance for economic growth and employment. This is especially the case given Egypt's current economic crisis.
- The reaction against large private enterprises after the 2011 uprising underlined the profound risks influential businessmen may face when entering into relationships of favoritism with political authorities.
- Large private enterprises gain from relying less on political connections to secure profits and market share. This autonomy can push them to defend their collective interests and become more market oriented.
- Of key importance to large enterprises will be how they can exploit their economic autonomy to compensate for their growing political exclusion.
- The weak response to efforts by the post-2013 regime to encourage the private sector to invest in the Egyptian economy suggests improved mechanisms of interaction and communication are needed for the regime and large businesses to coordinate on investment issues.

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