

# The \$74 billion problem: US–Egyptian relations after the ‘Arab Awakening’

Oz Hassan<sup>1</sup>

Published online: 24 April 2017

© The Author(s) 2017. This article is an open access publication

**Abstract** Adopting an epistemic communities approach, this article outlines how US foreign policy elites have constructed their response to Egypt’s 2011 revolution. It argues that through the discursive deployment of elite power a neoliberal-security policy paradigm has been constructed and institutionalised. This policy seeks to promote a democratic transition in the long term whilst also allowing US elites to pursue more immediate security interests. However, tensions in the policy are evident as a result of continued flows of US foreign aid to Egypt that are contributing to the continuation of an Egyptian military–industrial–commercial complex that threatens the likelihood of any democratic transition.

**Keywords** USA · Egypt · Neoliberalism · Security · Foreign aid · Military–industrial–commercial complex

## Introduction

US foreign and security policy is elite-led. This is typical of mature democracies where foreign policy is largely made on their population’s behalf by small and increasingly transnational elites. These individuals are the custodians of the machinery of state who provide the primary justifications and overall vision of foreign and security policy projects. These core elites are supported by, and are often drawn from, a wider epistemic community of policy-making elites who have policy-relevant knowledge, such as those in the wider academic, business, lobby groups, military, non-governmental organisations and think-tank communities. Whilst the core foreign policy elite is reliant on these institutions intelligence

---

✉ Oz Hassan  
O.A.Hassan@Warwick.ac.uk

<sup>1</sup> Department of Politics and International Studies, University of Warwick, Coventry CV4 7AL, UK



gathering skills and knowledge resources, they establish international policy agendas by virtue of a shared value consensus, an agreement over the ‘rules of the game’, and contribute to processes of policy dialogue and official policy narratives (Hassan 2013, 31–55). Such observations are hardly innovative, but they do build on insights that are very much part of modern elitist state theory, and they provide a starting point for the analysis of elite power (see Evans 2006).

This article takes these premises as the basis for elucidating how US foreign policy elites have constructed US policy towards Egypt in the aftermath of the ‘Arab Awakening’. It outlines an epistemic communities approach that emphasises the role of elite *discourses* and elite *interpretations* in the construction, reproduction and institutionalisation of elite power. As a result, it argues that US foreign policy elites have constructed a ‘neoliberal-security paradigm’ towards Egypt, to rationalise and justify the simultaneous pursuit of both democracy promotion and near-term security interests. This article explores the construction of those rationalisations, to expose the assumptions embedded in the elite’s discourse. It argues that the US foreign policy elite is operating within a neoliberal economic doctrine. This is rationalised by US elites based on the assumption that open markets and free trade will not only provide Egypt with economic stability, but also create modernisation processes and the rule of law. In turn, it is perceived as inevitable that these will result in a democratic transformation and the production of a democratic peace. Simultaneously, the elite’s discourse allows for cooperation with the Egyptian government under the rubric of national security interests in counter-terrorism and counter-proliferation cooperation and the implementation of the Arab–Israeli peace treaty.

Once the underling assumptions of the neoliberal-security paradigm have been established, this article turns to exploring the internal contradictions and silences within the policy paradigm. It argues that the military coup d’état in July 2013 marked a moment of crisis requiring US elites to use their discursive power to prevent a paradigmatic failure. The events in Egypt directly exposed conflicting interests between trying to promote democracy and supporting the Egyptian military through US foreign assistance. As a result, to maintain the neoliberal-security paradigm, the US elite deliberately remained silent on labelling the events following July 2013 as a ‘coup d’état’ that would have required an alternative policy to be put in place. This silence helped hold the paradigm together, by not acknowledging the stark contradictions between, on the one hand, promoting neoliberal economic reforms in the pursuit of democratic modernisation, and on the other hand, supporting the autocratic Egyptian state with US foreign aid, which is in effect a rent totalling \$74 billion since 1948. This reveals serious problems with the neoliberal-security paradigm as it shapes the US–Egypt bilateral relationship around the systemic perpetuation of a military–industrial–commercial complex.

## Epistemic communities and elite power

The epistemic communities approach is a modern elitist state theory best outlined by Adler and Haas in the early 1990s. Attempting to set out a theory for the ‘sources of international institutions, state interests and state behaviour under conditions of



uncertainty' they established an elitist state theory that amounts to a theoretically driven 'research programme' that demands empirically rich accounts of the role of ideas in international relations (Adler and Haas 1992, 367). Policy elites are not just policy makers, but also those who structurally act as a filter mechanism to preclude inputs into policy debate. As such, policy elites within epistemic communities include stakeholders in professions and with backgrounds in natural and social sciences who have access and the ability to disseminate, shape and preclude certain types of policy-relevant knowledge. Policy elites assess circumstances and identify interests in attempts at problem solving; they interpret what is politically feasible, practical and desirable. For Adler and Haas, the epistemic communities approach collapses rigid distinctions between the domestic and international spheres with the objective of gaining 'depth and understanding' (Adler and Haas 1992, 367–368).

The epistemic communities approach is very much a modern elitist perspective crossing between Political Science and International Relations literature. It highlights how dialogue and bargaining occurs within and between epistemic communities, drawing on the policy elite's knowledge base, but also on the skills and knowledge resources of those within the wider epistemic community. As a result, inclusion in the epistemic community is less linked to the similarity of origins and outlook typified in older elitist approaches and rather draws on membership based on a common policy enterprise and access to knowledge and skills resources (see Adler & Haas 1992; Evans 2006, 51). This is particularly fecund in a globalised international environment where foreign policy elites draw on expertise from a wide range of international sources such as foreign-based NGOs, think tanks and academics and not just from domestic sources. Indeed, this blurs the lines between elites being recruited to an epistemic community based on instrumental criteria verses intellectual merit.

Through this construction of policy elites, within epistemic communities, 'elite power' is (re)produced. Underpinning this (re)productive function is the role of discourse, understood as,

A group of statements which provide a language for talking about – i.e. a way of representing - a particular kind of knowledge about a topic. When statements about a topic are made within a particular discourse, the discourse makes it possible to construct the topic in a certain way. It also limits the other ways in which the topic can be constructed (Hall 1996b: 201).

Within this context, the 'elite power' of an epistemic community cannot simply be synonymously reduced to a simple product of class, ethnicity, gender or broader social origins. Rather, policy elites are reliant on *social power*, which presupposes a *power base* of privileged access to scarce social resources, 'such as force, money, status, fame, knowledge, information, "culture" or indeed various forms of public discourse and communication' (Van Dijk 2001, 355). The importance of this is that the US foreign policy elite possesses power through its ability to shape and control public discourse on foreign policy issues. This is a product of how epistemic communities are constructed from a 'network of professionals with recognised expertise and competence in a particular domain' who demonstrate 'an authoritative claim to policy-relevant knowledge within that domain or issue-area' (Haas 1992, 3).



As a result of their power base, and in particular their privileged access to foreign policy-relevant knowledge and information, they are able to construct the context and structures of relevant policy knowledge whilst excluding others. The US foreign policy elite is therefore able to define the construction of national interests. Moreover, as custodians of the machinery of the state, they have a privileged position from which to operationalise their strategies for pursuing their goals and objectives.

The methodological importance of this is that to identify and question the US foreign policy elite's power requires de-structuring the knowledge and information that underpins their power base. It requires the identification of the structured set of ideas that elites use in formulating and legitimating their strategies. It is within this context that the US foreign policy approach towards Egypt can be best referred to as following a 'neoliberal-security paradigm', which is a direct expression of elite power and their ability to shape and control the public discourse.

### **Elite discourse and the production of policy paradigms**

The *neoliberal-security paradigm* is a term used here as a heuristic characterisation of the US foreign policy elites constructed approach to relations with Egypt. That is to say, it is not a term that would be recognised by the elites themselves, and it is not a term that is used within the current academic and policy debates. Rather it is deliberately distant and reflective term used to characterise the core components of an epistemic communities paradigmatic discourse and expression of elite power. As the name suggests, it highlights how discourses of neoliberal economics have become articulated with discourses of security through sedimented assumptions that are reified into elite practices. The term also highlights how elite power is embedded into an interpretive framework in and through discourse. This then becomes reified in a policy paradigm operated by, and across, foreign policy elites and institutions (see Hall 1993, p. 279).

A policy paradigm acts as a source of guidance for conducting and evaluating policies and defines the range of legitimate methods available. This in turn demarcates the very intentions and objectives of policy itself. This in short 'comes to circumscribe the realm of the politically feasible, practical and desirable' (Hay 2001, p. 197). This is particularly significant given that there is a strong tendency in the US foreign policy literature to categorise American foreign policy towards the Middle East as either 'realist' or 'idealist', that is to say, a policy that should be led by strategic interests versus a policy that should be driven by the need to promote democracy (see Hassan 2013, 11–30). Whilst this analytical division is useful in understanding general approaches and schools of thought, it fails to capture the manner in which elites and their discourses have over the last decade attempted to reconcile the two positions. The utility of referring to the policy paradigm underlying the US foreign policy towards the Middle East, as the neoliberal-security paradigm, is that it breaks with these more general categorisations of US foreign policy in favour of a more nuanced understanding of how elite discourse is reified into practices. Indeed, for over a decade US foreign policy elites have both



publically and privately sought to champion the need for political and economic reform in the Middle East region whilst pursuing core strategic interests (Carothers 2012; Hassan 2008). The neoliberal-security paradigm better captures this tension, whilst highlighting how on the one hand the US foreign policy elite champion human rights and democracy and, on the other, cooperate with autocratic regimes in the pursuit of more immediate security concerns. The neoliberal-security paradigm is the epistemic communities approach to focusing on what Henry Kissinger referred to as ‘the hinge’ in US foreign policy (Kissinger 1994, pp. 29–55).

## De-structuring the neoliberal-security paradigm

When asked ‘what constitutes American national security interests in Egypt?’ senior US State Department officials, under the Obama administration, were keen to assert the priority that the 2011 revolution becomes ‘a democratic transition, and not just a transition’. This was to be primary over other important interests, such as ‘security in the Sini and counter-terrorism cooperation’, ‘cooperation on proliferation and cooperation on the smuggling of weapons from elsewhere in the region’, ‘the implementation of the Arab–Israeli peace treaty’ and ‘a stable and strong Egypt that will be a good player in the region’. Pushed further, the same elites identified interests in overfly rights and access to the Suez Canal, but in a single line defined their national interests in Egypt as requiring ‘a democratic Egypt that is ultimately more stable and a reliable partner for the USA’.<sup>1</sup> With such a wide array of national interests, inevitable tensions emerge. The elite discourse attempts to reconcile these conflicting interests and institutionalise them through the neoliberal-security paradigm.

Used as a heuristic term, the ‘neoliberal-security paradigm’ points to the two central organising discourses the US foreign policy elite have constructed to guide and justify their policy towards Egypt. The term captures the manner in which the US foreign policy elite pursues both an intellectual rationale for an indirect and incremental approach to democratisation through economic liberalisation, in the name of security and long-term stability, whilst also maintaining relationships with autocratic regimes in the pursuit of more immediate security concerns. For the US foreign policy elite, this approach reduces the pressures of a ‘conflict of interests’ problem at the heart of US–Egyptian relations. Whilst neoliberalism has provided the US foreign policy elite with an intellectual articulation between democracy, development, governance, civil society and long-term security, this is seen as a long-term approach that will incrementally lead to democratic transitions. In turn, this provides the US elite with the freedom of pursuing near-term interests without using other policy instruments to overtly pressure autocratic partners into pursuing political reforms. The temporal sequencing within the discourse, differentiating between short- and long-term interests, has the effect of emolliating the overt tensions within the paradigm as a whole.

---

<sup>1</sup> Interview with author in Washington D.C. throughout 2013–2014, conducted under the condition of anonymity.



The elite rationale for adopting the neoliberal-security paradigm is evident within their discourse and the assumptions upon which it relies. Neoliberalism, which started out as a theory of political economy, suggests that human well-being can be best delivered by liberating individual entrepreneurial freedoms and skills. However, as David Harvey points out, ‘neoliberalism has, in short, become hegemonic as a mode of discourse’ (2005, 3). In this capacity, neoliberalism has spread beyond its origins as a theory of political economy to become a central ordering discourse. US foreign policy elites have come to believe that human progress is best advanced through liberating individuals within institutional frameworks that enhance private property rights, free markets and free trade. As such, they seek to promote political–economic practices that liberate individuals and limit the power of the state (see Harvey 2005, 2).

Central to this discourse are definitions of ‘freedom’ and ‘progress’ underpinned by a conception of how social ‘modernisation’ occurs. Within the discourse free markets and free trade rules are both economic and political. They are not only seen as necessary for generating wealth, but as a means of enhancing the overall freedoms enjoyed by the individual. As Secretary Clinton explained, ‘trying to have economic freedom and growth without accompanying political openness is just a recipe for an internal collision’ (Clinton 2010a). The rationale for this is that US foreign policy elites believe that there is ‘an inherent contradiction between economic freedom and the lack of political freedom, and so there will have to be adjustments made’ (Clinton 2010b). As such, the promotion of what the Obama administration interchangeably referred to as ‘economic freedom’, ‘economic liberalisation’, ‘economic empowerment’ and ‘prosperity’, is seen as a means of delivering not just ‘economic progress’, but also ‘political progress’, ‘sustainable development’ and ‘dignity’.<sup>2</sup>

The US foreign policy elites promotion of economic freedom is linked to an inherent understanding of how economic freedom can contribute to social modernisation in two ways. The first of these resonates with what political scientists refer to as modernisation thesis, and an understanding of how liberalisation and democratisation are linked to political economy (see Bridoux and Kurki 2014, 76). For US elites, positive political change can be achieved through pursuing policies of economic growth that result from integration into the global market. The globalisation of capitalism, and in particular the neoliberal reforms embedded into this discourse by US and other global elites, is portrayed as a method of reducing poverty and unemployment, but also of starting processes of democratisation. Within this schema economic freedom is paramount, and capitalism is seen as fundamental to processes of democratisation because it produces wealth that is assumed will ‘trickle down’ and lead to a higher level of mass consumption, and a well-educated and independent middle class that will demand cultural changes favourable to democracy. For the Obama administration this was seen as a fundamental processes in creating ‘peace, stability and prosperity’ as it helps to ‘grow the middle class’, by providing ‘inclusive growth’ and create a ‘new middle

<sup>2</sup> These terms have been taken from a database produced by Oz Hassan as part ESRC Grant Number ES/K001167/1: Transatlantic Interests and Democratic Possibility in a Transforming Middle East. Available from <http://reshare.ukdataservice.ac.uk/852391/>.



class' to fulfil the 'promise of economic statecraft'. The direct benefits of this to the US have however not been lost on US elites, who identify that,

Mutual opportunities for growth in subnational agreements create a vortex of opportunity for US business growth, jobs growth, and industry growth. Fueled by the expansion of a ... middle class, a whole range of American companies and products – from communications equipment to automotive manufacturing – have expanding markets (Lewis 2011).

Accordingly, it is easy to see how those challenging the neoliberal discourse have come to see the US elites definition of 'freedom' as exogenous to the societies they are seeking to modernise. Rather, neoliberalism has come to be seen by many as reflecting the elite power and interests of 'private property owners, businesses, multinational corporations, and financial capital' (Harvey 2005, 7).

The second modality in which US elites have come to see neoliberal reforms as contributing to social modernisation is through its contribution to the rule of law (see Bridoux and Kurki 2014, 59). Within this schema, economic statecraft is used as a method of promoting good governance, which will contribute to the creation of democratic governance in the long term (see Clinton 2012). The importance of this rule of law approach is that economic statecraft is being seen as a foothold for promoting gradual political liberalisation and democratisation processes. Economic governance is not only seen by US elites as a method of growing innovation, investment and industry, but also cultures of transparency and accountability. US foreign policy elites articulate this neoliberal rule of law approach as a method of indirectly promoting independent judiciaries and free presses, which it is hoped will symbiotically assist in gradual strengthening of civil societies, human rights and free elections as the cornerstones of democratic processes and institutions (see Clinton 2009).

The US foreign policy elite's articulation of economic liberalisation through a neoliberal discourse is particularly revealing of both its democratisation and security strategy for the Middle East and North Africa. Privately these elites acknowledge that they have a knowledge gap in understanding how 'modernisation from below' operates, as 'social mobilisation is difficult to predict'.<sup>3</sup> However, the neoliberal discourse fills this intellectual gap, by becoming sediment into the elites policy paradigm and practices. The discourse serves a distinct purpose of not only meeting these elites economic interests, but of also allowing them to justify economic liberalisation and political liberalisation as a national security objective. For many of these elites, altruistically promoting democracy in and of itself is not the policy objective. Rather, democracy promotion, through economic liberalisation, is seen as a 'means of creating a more stable ends'.<sup>4</sup> The importance of this is that as a 'means to an ends', democracy promotion has become securitised and inherently linked

<sup>3</sup> Quote taken from anonymous interviews with author conducted in Washington D.C. throughout September–December 2013.

<sup>4</sup> Quote taken from anonymous interviews with author conducted in Washington D.C. throughout September–December 2013.



with the elites objectives of regional stability and the potential of a democratic peace in the long term.

### **Institutionalising the policy paradigm**

The manner in which the neoliberal-security discourse is reified in US policy towards Egypt became apparent following the 11 September 2001 terrorist attacks and the institutionalisation of President George W. Bush's Freedom Agenda. From 2002, the G.W. Bush administration identified Egypt as a country in need of long-term incremental political transformation. Central to these efforts were the three main Freedom Agenda institutions, the Middle East Partnership Initiative (MEPI), the Middle East Free Trade Agreement (MEFTA) and the Broader Middle East and North Africa initiative (BMENA). Whilst these institutionalised wide conceptual commitments ranging from political liberalisation, education and women's rights, the core programming across all three emphasised economic liberalisation and reform. In the case of MEFTA, the George W. Bush administration explicitly tied this to, what was then termed, a 'competitive liberalisation strategy' (Schott 2004, 362). Attacking protectionism in the region was motivated more by geopolitical and security considerations and less by economic concerns. The rationale was that countries in the MENA who were eager for greater access to US markets would vie for Washington's attention and approval, and in return for liberalising their economies MENA governments would avoid legitimisation crises by diffusing popular dissatisfaction (Hassan 2013). This is clearly a strategy that has fundamentally failed, evident in the uprisings that swept through the Middle East and North Africa in early 2011.

Following the uprisings, however, the Obama administration increasingly emphasised the importance of economic liberalisation, building on the legacy of G.W. Bush's Freedom Agenda and significantly extending the neoliberal-security paradigm. The President made clear in the early months of the revolution that the US would 'promote reform across the region, and ... support transitions to democracy' (Obama 2011). Whilst imprecise, this overarching objective for Egypt and the wider region adopted a particularly neoliberal flavour. The US launched the Middle East Response Fund (MERF), creating a new US–Egyptian Enterprise Fund, in principle relieving Egypt of up to \$1 billion in debt, providing Overseas Private Investment Corporation (OPIC) loan guarantees of up to \$1 billion, supporting job creation through Small and Medium Enterprises (SME) development, and providing letters of credit. In return for this economic assistance, the US also sought to boost trade with Egypt through the MENA Trade and Investment Partnership (MENA-TIP), stimulate greater private sector growth and activity and expand exports through Qualifying Industrial Zones (QIZs) (Greenfield and Balfour 2012). Indeed, in spite of the counter-revolution being consolidated with the electoral victory of President Sisi, by November 2014, the US sent the largest-ever trade delegation to Egypt to explore business opportunities. This was just a month after President Sisi addressed the US Chamber of Commerce and members of the US–Egypt Business Council in New York (see Akhtar et al. 2013).





The Obama administration's approach to democracy promotion was a direct continuation of the discourse supporting the Freedom Agenda. For example, President Obama's MENA-TIP was a direct product of the discursive tracks laid by President G. W. Bush's MEFTA. In effect, the 'neoliberal' side of the paradigm was firmly institutionalised in US–Egyptian relations demonstrating the adoption of the same long-term strategy for the region. In addition, the two administrations shared the same temporal differentiation embedded within their discourses. If democracy is the *long-term* product of economic liberalisation, then *short-term*, or indeed immediate, security concerns can be adopted without contradiction. This temporal lynchpin is fundamental to the operationalisation of the paradigm, as it weakens the overt tensions within the paradigm as a whole. This allowed the US elite to propagate a discourse that saw no apparent contradiction between supporting a 'democratic transition' and human rights on the one hand, whilst also espousing the necessity of pursuing cooperation on immediate security concerns by backing President Sisi and the so-called military-led transition on the other (Sharp 2014, p. 5). This temporal dimension allows the contradictory dynamics between democracy promotion and a traditional security interests to coexist simultaneously within the neoliberal-security paradigm.

### Tensions in the paradigm

The most visible element of the US continuing its more traditional security programme in Egypt is evident in the durability of US foreign aid to Egypt. Whilst between 1946 and 1978 US foreign assistance to Egypt would receive approximately \$4 billion, from 1979 to 2013 this swelled to approximately \$70 billion (see Sharp 2014).<sup>5</sup> The steep rise in foreign aid funding to Egypt followed the signing of the Arab–Israeli Peace Treaty and the establishment of a 'cold peace' between Israel and Egypt. For the US elite this has proved fundamental to Egyptian–Israeli peace and provided a corner stone of US–Egyptian relations that persists into the twenty-first century.

The importance of the US–Egyptian foreign aid relationship cannot be understated. Within the US elite's discourse it is seen as fundamental to ensuring Arab–Israeli peace is maintained, but also as a method of providing the US with a regional ally and security partner (see Clinton 2011). This does not, however, mean that there are not serious tensions within the neoliberal-security paradigm itself. The nature of the internal tensions within the discourse was made highly evident following the Egyptian military's seizure of power in July 2013 that saw the removal the Egypt's first free and fairly elected President from power. This provided a moment of crisis for the neoliberal-security paradigm and challenged the US elite's ability to maintain an internally coherent discourse.

Initially, US elite's uncertainties regarding the electoral success of President Morsi and the Muslim Brotherhood's Freedom and Justice Party (FJP) were alleviated as the Brotherhood, the Egyptian military and wider Egyptian elites

<sup>5</sup> Figures are not adjusted for inflation and are, therefore, represented in historical dollars.



sought an accommodation (El-Sherif 2014, 14). Indeed, senior members of the Brotherhood and the FJP made political overtures towards the US, in return for political support and economic assistance. As Shama explains, ‘Morsi’s new domestic allies, particularly the military, had a vested interest in safeguarding the alliance with the US to ensure the flow of US military aid and training’ (2014, 228). This also allowed US elites to maintain their ‘long-term investment’ in the military. As Secretary Kerry explained,

We are getting a return on that investment that is not inconsequential ... The army ... is helping us enforce security in the Sinai. The army is also helping us enforce the Gaza peace, and the Gaza peace has held (Committee on Foreign Relations 2013, 16).

However, as anti-Muslim Brotherhood popular protests spread throughout the country in June–July 2013, old elites seized the opportunity to switch allegiances. This facilitated the Egyptian military’s unilateral decision to dissolve the Morsi government, suspend the constitution and install Adil Mansour as the interim president pending a new election (El-Sherif 2014; Sharp 2014). This proved problematic for US elites as it provided a counter-revolutionary moment that undermined Egypt’s democratic transition and created instability. This, in turn, provided a moment of crisis within the elite discourse. The events risked challenging the discourses overall structure by exposing the tensions between supporting an elected President and a democratic transition and backing the military seizure of power. As a result President Obama requested a review of US assistance to the Government of Egypt, and its implications within US law (Obama 2013).

Over the coming months as the military began to violently crackdown on the Muslim Brotherhood, the dynamics and fragility of the US elites discourse were exposed. As a result, the Obama administration withheld 125 M1A1 battle tank kits, twenty F-16 fighter jets, twenty Harpoon cruise missiles, ten Apache attack helicopters, and suspended US participation in Operation Bright Star (Hawthorne 2014).<sup>6</sup> This was significant to the extent that it was the first time a US administration had ever suspended any proportion of the \$1.3 billion package in military aid, but the administration’s overall response was more revealing. The annual foreign operation appropriations act prohibited the issuing of foreign assistance to a country whose elected head of government is deposed by military coup d’état or decree (see Congress 2012, 7008). The Obama administration, however, determined that,

Egypt serves as a stabilizing pillar of regional peace and security, and the United States has a national security interest in a stable and successful democratic transition in Egypt. *The law does not require us to make a formal determination – that is a review that we have undergone – as to whether a coup took place, and it is not in our national interest to make such a determination* (emphasis added Psaki 2013).

<sup>6</sup> Operation Bright Star is a biannual military exercise involving the US and the Egyptian military.



The Obama administration's discursive act of refusing to determine that a coup d'état had taken place was deeply significant. It allowed the majority of military aid to flow to Egypt, but also allowed US elites to signal their displeasure by withholding 'prestige' items and showing that there was at least a price for the Egyptian military's actions (see Wittes 2013). In a clear demonstration of the US foreign policy elites discursive power, they were able to circumvent legislation and down play the importance of the events so as to continue the pursuit of the neoliberal-security paradigm. When a clear conflict of interests emerged, between supporting a potential democratic transition and pursuing security, the US foreign policy elite pursued the latter whilst insisting that the former come to fruition in the future. The importance of the temporal functioning of the discourse cannot be understated, as it was fundamental in maintaining the eventual appearance of internal consistency within the discourse itself.

### **The seventy-four billion dollar problem**

That the Egyptian military's coup d'état could cause such an acute crisis within the US elite's discourse is symptomatic of the wider tensions within the neoliberal-security paradigm. It provides a tangible instance of US foreign aid policy conflicting with the objective of promoting democracy through a neoliberal doctrine. Yet, this instance is also symptomatic of wider structural problems within the paradigm that the US elite has failed to address. This is particularly fecund given the role that the Egyptian military played in counter-revolutionary practices, and is symptomatic of what Root, Li and Balasuriya refer to as 'the alliance curse' (2009, 46). Whilst the US elite argues that neoliberal reforms provide a route to democratisation through processes of modernisation and the construction of cultures favourable to the rule of law, US foreign aid is in tension with these processes. Foreign aid acts as a 'free resource' that reduces 'pressure for regime modernisation, reducing the imperative for sitting governments to develop accountability mechanisms to their own people' (Root et al. 2009, 41–42). The US role here should not be overstated, especially given the role of Gulf states in financing Egyptian fiscal deficits, but nor should the US role in distorting Egyptian domestic politics and economy be ignored (see Hassan 2015).

US foreign aid to Egypt is primarily delivered through three accounts: Foreign Military Financing (FMF), Economic Support Funds (ESF) and International Military Education and Training (IMET). Of the \$1.56 billion per annum in US foreign aid to Egypt, FMF has amounts to approximately 83.5% of this total, compared to 16% in ESF and below 1% in IMET. Whilst the US Congress appropriates the precise allocation of these funds, the FMF account is administered by the US Department of State and implemented by the US Department of Defense. The FMF account is then used for the procurement of weapons systems and services from US defence contractors. Sales of goods and services are, however, conducted through government-to-government Foreign Military Sales (FMS), coordinated by Office of Military Cooperation (OMC) based in the US embassy in Cairo. In effect,



the US government buys products for Egypt through this procurement channel and Egypt does not receive a cash transfer (see Sharp 2014, 18–40).

The importance of this procurement channel is twofold. Firstly, in its current configuration it points to a complication in cancelling US FMS. The Egyptian FMF account is intrinsically linked to the US military–industrial complex, and adjusting or cancelling FMS would have an impact on US defence contractors. FMF operates as subsidy for US defence contractors. Secondly, however, the US military–industrial complex is intrinsically connected to Egyptian elites and an Egyptian military–industrial–commercial complex. This is directly the case, for example, with the coproduction of M1A1 Tank kits produced in Michigan but assembled in a factory in Cairo. Nevertheless, with the Egyptian military allocating few national funds to the procurement of US military equipment purchases, the Egyptian military has been able to allocate resources elsewhere. FMF is therefore a subsidy to the Egyptian military (see Schenker 2013). Given the military’s ability to allocate funds elsewhere, its ownership of land and access to military recruits as a de facto workforce, the Egyptian military–industrial–commercial complex has spread to the wider economy creating a ‘military-run commercial enterprise that seeps into every corner of Egyptian Society’ (Stier 2011). This includes the manufacturing of a wide range of items such as cars, clothes, kitchen appliances, gas bottles and food, but extends into hotels and resorts. Estimates of the military-owned percentage of the national economy vary as widely as 5–40% (Blumberg 2011). By acting as a subsidy, therefore, FMF plays a systemic role in perpetuating a political economy in which the Egyptian military is a deeply significant player with strongly vested interests. In terms of the neoliberal-security paradigm, this situation is contrary to the US foreign policy elite’s objectives and is masked within the discourse itself.

Moreover, the role of the military in the Egyptian economy has expanded since July 2013. This was cemented with the election that saw President Sisi officially take power in June 2014, but has been underpinned by state stimulus spending and capital from the Gulf, which allowed the Egyptian military to expand into new sectors previously controlled by large corporations (Adly 2014, 1). As Samer Atallah argues, ‘the military came to the forefront of the political arena to protect its economic interests. But these interests are the main roadblock to real and credible political change in Egypt’ (Atallah 2014). In effect, what’s emerged in Egypt is a neauthoritarian national security regime ran by an elite set of actors willing to seize state power to further their economic interests and patronage networks.

This raises questions regarding even the long-term effectiveness of the neoliberal-security paradigm. Egypt has undertaken varying degrees of economic reform since its retreat from Arab Nationalism and the institutionalisation of the 1974 *infitah* (‘open door’) policy. In the 1980s and 1990s this saw the ‘imposition of neoliberal economic policies through stabilisation and structural adjustment agreements’ (Beinin 2012, 20). Since 2004, Egypt pursued a more vigorous implementation of neoliberal policies, which correlated with a rise of neauthoritarianism justified by the Mubarak regime as necessary to crack down on Islamic violence. As Joel Beinin demonstrates in significant detail, rather than a greater privatised Egyptian economy leading to the creation of entrepreneurs with access to global capital seeking greater political power, what emerged was a form of crony



capitalism and neoliberal opposition movements (Beinin 2012, 26–32). This is contrary to assumptions within the US elite's discourse regarding the sequencing between neoliberal reforms leading to emergent trends in modernisation and the rule of law. Neoliberalism in Egypt transforms into crony capitalism, where entrepreneurs have moved closer to the patronage of the regime, whilst movements such as *Kifaya* ('Enough') have emerged in part as a result of opposition to neoliberal reforms (Beinin 2012).

The persistence of crony capitalism and the increased economic roll of the military in Egypt demonstrate that there is a fundamental silence within US elites discourse and that the neoliberal-security paradigm is problematic. Whilst US elites operate on assumptions that the policies institutionalised after the 2011 revolution will provide both democracy in the long term and security in the short term this remains questionable. US foreign aid is contributing to the systemic reproduction of an Egyptian military–industrial–commercial complex that is empowering Egyptian elites through a merger of guns and money. At the same time, neoliberal reforms are being institutionalised into corrupt practices and patronage networks between the military and a class of private business. Formal trade liberalisation is not giving rise to an independent middle class, but rather is distorted through unequal competitive pressures under the direct control of the current ruling elite. Neoliberalism is empowering an Egyptian elite that is seizing the opportunities of privatisation through unequal access to financial services (see Wurzel 2012). Neoliberal reforms, when institutionalised in Egypt, are not creating transparency in a real market economy, nor are they providing the basis for sustainable development for lower social strata in a country of enormous wealth inequality. They are further empowering an elite who under the banner of free market reforms empower themselves, whilst also redirecting state wealth and public funds towards supporting their own profits. This hardly appears to be the basis of a democratic transition in the short, medium or long term, nor the basis of sound policy-making from US elites and the epistemic communities they belong to.

## Conclusion

Understanding how US foreign policy elites are embedded in epistemic communities can provide significant insights into the wider US relationship with the Middle East and North Africa, but also demonstrate how elites construct policy paradigms through interpretation and discursive power. This was apparent in the aftermath of the 'Arab awakening', when US foreign policy elites drew on familiar discourses to justify both their overarching strategy and the deployment of policy instruments towards Egypt. Indeed, the neoliberal-security paradigm is a hybrid discourse that bares all the hallmarks of the 'Washington Consensus' articulated with the 'war on terror'. Neoliberalism has become defined as an incremental pathway to greater prosperity, peace and freedom, whilst simultaneously counter-terrorism, counter-proliferation and regional stability have justified the maintenance of strong relations with the Egyptian military and the continued flow of US foreign aid. Elite power has



helped to mask the tensions between these two approaches, but it has not removed what are fundamental tensions within the US elite’s discourse.

A closer analysis of the US elites discourse reveals that there are serious and significant problems, which need to be addressed even if US administrations want to ‘play the long game’. Supplying the Egyptian military with FMF is not only empowering elites, but also helping to create interest structures that have proved counter-productive to Egypt’s democratic transition. The US is contributing to the systemic expansion of an Egyptian military–industrial–commercial complex that is willing to play an active role in domestic politics to protect its interests. US elites are also contributing to the creation of crony capitalism that is serving the needs of the few and has little hope of creating a modern free market economy. That the Obama administration opted to continue with large flows of US foreign aid to Egypt following the July 2013 coup d’état demonstrates a symptomatic problem. When a ‘coup d’état’ cannot be deemed a ‘coup d’état’ in the interests of national security, farce becomes tragedy. The continuation of the neoliberal-security paradigm is testimony to the lack of alternative ideas and imagination within an overly cautious and career-centred foreign policy elite. As such, it is little wonder that populist movements are beginning to challenge these elites, their epistemic communities and their policy paradigms. This challenge, and a nationalist attack on neoliberalism, was the essence of the 2016 Presidential campaign between Donald Trump and Hilary Clinton. Yet, just as there are at least seventy-four billion reasons why the neoliberal-security paradigm will not meet its objectives, neither would simplistic platitudes masking populist or fascist intents.

**Open Access** This article is distributed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits unrestricted use, distribution, and reproduction in any medium, provided you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license, and indicate if changes were made.

## References

- Adler, E., and P.M. Haas. 1992. Conclusion: Epistemic communities, world order, and creation of a reflective research program. *International Organisation* 46 (1): 367–390.
- Adly, A. 2014. The future of big business in the new Egypt. In *Carnegie endowment for international peace*. Retrieved from [http://carnegieendowment.org/files/big\\_business\\_egypt.pdf](http://carnegieendowment.org/files/big_business_egypt.pdf).
- Akhtar, S.I., M.J. Bolle, and R.M. Nelson. 2013. *U.S. trade and investment in the Middle East and North Africa: Overview and issues for congress*, Congressional Research Service Report R42153. Washington, DC.
- Atallah, S. 2014. Seeking wealth, taking power. *Sada*. Retrieved from <http://carnegieendowment.org/sada/57252>.
- Beinin, J. 2012. Neo-liberal structural adjustment, political demobilisation, and neo-authoritarianism in Egypt. In *The Arab State and neo-liberal globalisation: The restructuring of state power in the Middle East*, ed. L. Guazzone, and D. Pioppi. Reading: Ithica Press.
- Blumberg, A. 2011. Why Egypt’s military cares about home appliances. *NPR*. Retrieved from <http://www.npr.org/blogs/money/2011/02/10/133501837/why-egypts-military-cares-about-home-appliances>.
- Bridoux, J., and M. Kurki. 2014. *Democracy promotion*. London: Routledge.
- Carothers, T. 2012. *Democracy policy under Obama: Revitalization or retreat?* Washington, DC: The Carnegie Endowment for International Peace.



- Clinton, H.R. 2009. Expanding the U.S.–Indonesian dialogue. *State Department*. Retrieved from <http://www.state.gov/secretary/rm/2009a/02/119423.htm>.
- Clinton, H.R. 2010a. Remarks on innovation and american leadership to the Commonwealth Club. *State Department*. Retrieved from <http://www.state.gov/secretary/rm/2010/10/149542.htm>.
- Clinton, H.R. 2010b. Town interview hosted by Media Prima in Malaysia. *State Department*. Retrieved from <http://www.state.gov/secretary/rm/2010/11/150325.htm>.
- Clinton, H.R. 2011. Interview with Candy Crowley of CNN's state of the union. *State Department*. Retrieved from <http://www.state.gov/secretary/20092013clinton/rm/2011/01/155588.htm>.
- Clinton, H.R. 2012. Remarks on building sustainable partnerships in Africa. *State Department*. Retrieved from <http://www.state.gov/secretary/20092013clinton/rm/2012/08/195944.htm>.
- Committee on Foreign Relations. 2013. *National security and foreign policy priorities in the fiscal year 2014 international affairs budget*. Washington, DC: U.S. Government Printing Office. Retrieved from <http://www.gpo.gov/fdsys/pkg/CHRG-113shrg86860/pdf/CHRG-113shrg86860.pdf>.
- Congress. Consolidated Appropriations Act., Pub. L. No. 125 STAT. 2012. Government Printing Office. Retrieved from <http://www.gpo.gov/fdsys/pkg/PLAW-112publ74/pdf/PLAW-112publ74.pdf>.
- El-Sherif, A. 2014. *Egypt's post-Mubarak predicament*. Washington, DC: The Carnegie Endowment for International Peace.
- Evans, M. 2006. Elitism. In *The state: Theories and issues*, ed. C. Hay, M. Lister, and D. Marsh, 39–58. Hampshire: Palgrave Macmillan.
- Greenfield, D., and R. Balfour. 2012. *Arab awakening: Are the US and EU Missing the challenge?* Washington, DC: The Atlantic Council.
- Haas, P.M. 1992. Epistemic communities and international policy coordination. *International Organization* 46 (1): 1–35.
- Hall, P.A. 1993. Policy paradigms, social learning, and the State: The case of economic policy making in Britain. *Comparative Politics* 25 (3): 275–296.
- Harvey, D. 2005. *A brief history of neoliberalism*. Oxford: Oxford University Press.
- Hassan, O. 2008. Bush's freedom agenda: Ideology and the democratization of the middle east. *Democracy and Security* 4 (3): 268–289.
- Hassan, O. 2013. *Constructing America's freedom agenda for the Middle East: Democracy and domination*. New York: Routledge.
- Hassan, O. 2015. Undermining the transatlantic democracy agenda? The Arab Spring and Saudi Arabia's counteracting democracy strategy. *Democratization* 22 (3): 479–495.
- Hawthorne, A. 2014. What's happening with suspended military aid for Egypt? Part I. *The Atlantic Council*. Retrieved from <http://www.atlanticcouncil.org/blogs/egyptsource/what-s-happening-with-suspended-military-aid-for-egypt-part-i>.
- Hay, C. 2001. The “crisis” of Keynesianism and the rise of Neoliberalism in Britain: An ideational institutionalist approach. In *The rise of neoliberalism and institutional analysis*, ed. J.L. Campbell, and O.K. Pedersen, 193–218. Oxford: Princeton University Press.
- Kissinger, H. 1994. *Diplomacy*. London: Simon and Schuster.
- Lewis, R.J. 2011. Leveraging state-to-state global relationships: Remarks by the special representative for global intergovernmental affairs. *State Department*. Retrieved from <http://www.state.gov/srjia/2011/185288.htm>.
- Obama, B. 2011. Remarks by the president on the middle East and North Africa. *The White House*. Retrieved May 19, 1BC, from <http://www.whitehouse.gov/the-press-office/2011/05/19/remarks-president-middle-east-and-north-africa>.
- Obama, B. 2013. Statement by President Barack Obama on Egypt. *The White House Office of the Press Secretary*. Retrieved from <http://www.whitehouse.gov/the-press-office/2013/07/03/statement-president-barack-obama-egypt>.
- Psaki, J. 2013. Spokesperson daily press briefing. *U.S. Department of State*. Retrieved from <http://www.state.gov/r/pa/prs/dpb/2013/07/212484.htm>.
- Root, H.L., Y. Li, and K. Balasuriya. 2009. The US Foreign Aid Policy to the Middle East. In *Handbook of US-Middle East relations: Formative factors and regional perspectives*, ed. R.E. Looney, 38–50. Oxon: Routledge.
- Schenker, D. 2013. Inside the complex world of U.S. Military Assistance to Egypt. *The Washington Institute Policy Watch 2130*. Retrieved from <http://www.washingtoninstitute.org/policy-analysis/view/inside-the-complexworld-of-u.s.-military-assistance-to-egypt>.
- Schott, J.J. 2004. Assessing US FTA Policy. In *Free trade agreements: US strategies and priorities*, ed. J.J. Schott, 359–381. Washington D.C.: Institute for International Economics.



- Shama, N. 2014. *Egyptian foreign policy from Mubarak to Morsi: Against the national interest*. Oxon: Routledge.
- Sharp, J.M. 2014. *Egypt: Background and U.S. relations*, Congressional Research Service Report RL33003. Washington, DC.
- Stier, K. (2011). Egypt's military–industrial complex. *Time*. Retrieved from <http://content.time.com/time/world/article/0,8599,2046963,00.html>.
- Van Dijk, T.A. 2001. Critical Discourse Analysis. In *The handbook of discourse analysis*, ed. D. Schiffrin, D. Tannen, and H.E. Hamilton, 352–371. Oxford: Blackwell Publishing.
- Wittes, T.C. 2013. Reported suspension of U.S. Aid to Egypt: A short-term measure. *Brookings: Up Front*. Retrieved from <http://www.brookings.edu/blogs/up-front/posts/2013/10/09-us-egypt-aid-wittes>.
- Wurzel, U.G. 2012. The political economy of authoritarianism in Egypt: Insufficient structural reforms, limited outcomes and a lack of new actors. In *The Arab state and neo-liberal globalisation: The restructuring of state power in the Middle East*, ed. L. Guazzone, and D. Pioppi, 97–124. Reading: Ithica Press.

