Before the war in Ukraine, Egypt was the second-largest recipient of US economic and military assistance after Israel. The numbers are quite staggering: for instance, between 1991 and 2010, “US economic assistance to Egypt hit a total sum of $13.66 billion (with a $1.73 billion average per annum), and $25.98 billion in military assistance” (p. 77). This may prompt many to ask not only what has motivated these policies, but also whether they have been successful. For anyone interested in these questions, Amir Magdy Kamel’s *Floundering Stability* offers a detailed and sobering account that is informative and accessible. The main conclusion he reaches is that American economic and military assistance has not contributed to Egypt’s economic or political stability (in fact, it has often hurt it), even though it has served America’s broader strategic interests.

Kamel approaches the issue of American foreign assistance through the framework of what he calls the “stability-through-economics policy” (p. 2). He argues that the focus on stability can be traced back to the United States’ independence, and that since World War II, American presidents have consistently sought to promote global stability through foreign economic assistance. Taking the rhetoric of political leaders at face value and assuming that economic and political stability is indeed the main goal of foreign economic assistance, the book sets out to test the effectiveness of this policy in the case of Egypt. In doing so, the analysis adopts a rather expansive understanding of both foreign assistance and of stability. For instance, foreign assistance includes economic agreements, trade, foreign direct investment (FDI), economic assistance, and perhaps somewhat controversially, military assistance. In turn, stability is defined as both economic and political stability. While the measures for economic stability are standard (steady growth, inflation rates, currency exchange rates, sustainable or falling unemployment, and a balanced level of income distribution), the political indicators include measures of both stability (absence of violence) and of regime type (voice and accountability) and governance (government effectiveness, regulatory quality, rule of law, and control of corruption).

This expansive understanding of political stability is not unusual; it is similar to how the Fragile States Index conceptualizes and measures political stability.[1] Given America’s rhetoric around democracy promotion in the Middle East, however, it may be useful to differentiate between stability and democratization, because promoting political stability may be incompatible with promoting democratization. This has implications for how scholars evaluate the effectiveness of the stability policy: American foreign assistance may fail...
to promote democratization, but it may be successful at maintaining political stability. The empirical chapters underscore these tensions between the different aspects of stability and offer a detailed and compelling discussion of how American priorities and calculations shifted over time.

One of the strongest aspects of this book is the empirical detail included in chapters 3 through 6, which trace the evolution of American foreign assistance from the time of the 1952 Egyptian revolution to the January 2011 Arab Spring uprising. Chapter 3 focuses on the pre-Hosni Mubarak period, showing how during the early period of the republic, American interests were centered around discouraging a Muslim Brotherhood-aligned government and close ties to the Soviet Union. A major turning point for America’s interest in and assistance to Egypt came during Anwar Sadat’s presidency, when Egypt turned away from the USSR and America sought to influence Sadat’s stance toward the Arab-Israeli conflict after the 1973 war. This chapter shows that while American policies in Egypt were motivated by larger geostrategic interests, Congress continued to understand developmental assistance as being key to Egypt’s stability and, implicitly, American interests in the region. The chapter also offers a compelling argument for why the economic assistance ultimately did not have the desired effects: Sadat used the funds to pay down the public debt, rather than helping Egypt develop its production base and reducing its reliance on food imports.

Chapter 4 looks more in-depth at Mubarak’s first decade in power. This period was marked by high levels of violence, which in turn was used to justify highly repressive policies. It is also during this period that the United States used debt forgiveness in return for Egypt joining the Gulf War against Iraq. This debt forgiveness, however, was not enough to solve Egypt’s economic challenges, especially as corruption continued, and IMF/World Bank calls for cuts to public subsidies exacerbated the crisis in public-service provision. In turn, this failure of the state only served to bolster the legitimacy of the Muslim Brotherhood, which was able to provide many needed services. During this period, the US was willing to overlook domestic repression and failures in the realm of Egyptian political stability for the sake of broader geostrategic interests. Thus, the foreign assistance did not produce democratic outcomes, but as the book notes, it produced “substantial strategic and foreign policy dividends,” like breaking ties with Moscow and the 1979 Egypt-Israel Peace Agreement (p. 66). This is one of the examples of the tensions between the different understandings of stability and whether this policy was primarily about democratization or about geostrategic interests and regional stability. For Kamel, these issues are linked if we focus on long-term consequences, and the 2011 uprisings are the evidence that the lack of democratization ultimately resulted in political instability.

Chapter 5 examines the two decades leading up to 2011 uprisings, a period marked by continued efforts at economic liberalization, and the aftereffects of 9/11 and the global war on terror. In line with the arguments others have made about crony capitalism in Egypt, Kamel shows that the liberalization of trade, commodity prices, and interest rates did not solve Egypt’s economic ailments, and only served to further enrich economic elites.[2] Other reforms, such as the shrinking of public-service budgets, deteriorated the quality of public services, which disenfranchised lower-income Egyptians. Thus, Kamel shows once again that the policy choices made by the recipient countries are highly consequential for whether economic assistance has the desired effects. While the Egyptian government welcomed aid, it also continuously pushed to assert its autonomy. As Kamel notes, “Egypt viewed the aid as an assured entitlement for having made peace with Israel” (p. 85). When Washington threatened to make aid conditional on political reforms, Cairo in turned threatened to stoke anti-American sentiments.
This became particularly relevant after 9/11, when there was an unprecedented number of public demonstrations against the perceived American interference in domestic affairs. Even the Kefaya movement, which pushed for political reforms that could have aligned with America's focus on democratization, boycotted President Barak Obama's famous Cairo speech in 2009. These tensions continued after the 2011 uprisings, which are covered in chapter 6, where Kamel once again tells a compelling story of competing American priorities and the United States' preference for ensuring the protection of strategic interests, such as “preserving regional security, maintaining a safe Suez Canal channel, continuing to have access to Egyptian airspace to conduct regional operations, and maintaining the peace agreement with Israel” (p. 116). It is in this discussion that the importance of the military aspect of foreign assistance becomes particularly evident, even though the book focuses very little on the role of the military in Egypt when considering economic and political stability.

In addition to the rich historical detail, chapters 4 through 6 also present some quantitative data that tests the correlation between the different aspects of foreign assistance and the various indicators of economic and political stability. Whether one looks at the first decade of Mubarak's rule or the entire period from 1981 to 2011, the results consistently show that American foreign assistance had at best mixed effects on economic and political stability, with most tests showing no statistically significant effects. Kamel argues that throughout this period, the US was well aware of this, even as it kept increasing its assistance. Perhaps this is because one could point to some positive correlations, albeit very limited in scope: for instance, between 1991 and 2010, “trade had a positive relationship with Egypt's GDP and currency stability, FDI had a positive relationship on Egypt's currency stability, and military assistance had a positive relationship with Egypt's income distribution (GNI)” (p. 105). By the same token, though, economic assistance had a negative correlation with currency stability, and both trade and FDI had a negative correlation with political stability indicators. The more compelling story that emerges from the historical details throughout the book is that American foreign assistance to Egypt became path-dependent, making it increasingly difficult to change directions as time passed, especially as Egypt continued to serve America's broader geostrategic interests in the region.

While the focus of the book is on how American policymakers have framed, justified, and implemented this stability policy, Kamel also links this discussion to some broader debates in International Relations (IR). In both the first and the last chapter, Kamel presents this project as building on Robert Keohane and Joseph Nye's discussion of power and interdependence by focusing on the economic aspect of power.[3] Similarly, Kamel also sees this work as building on Paul Papayoanu's argument about the pacifying consequences of economic relations between democratic allies, by examining whether economic ties between Western and non-Western states can lead to shared interests.[4] While the analysis offered in the book adds nuance to these discussions, it is also relevant to other lines of inquiry and should be of interest to readers wanting to learn more about Egyptian politics more broadly, or America's policy of democracy promotion in the Middle East. The central argument that domestic actors have a key impact on the implementation and effectiveness of economic assistance is also relevant to the broader literature on foreign aid. Last but not least, this book will help all readers better contextualize and understand the continuing debates in Washington over whether to cut aid to Egypt or to make it conditional on political reforms or respect for human rights. Based on Kamel's compelling analysis, we can expect American assistance to Egypt to continue, even as it may ultimately have
detrimental effects on the country’s economic stability and prospects of democratization.

Notes

[1]. The Fragile State Index assesses the vulnerability of states to collapse, based on twelve conflict risk indicators. For more information, see https://fragilestatesindex.org/indicators/.


Joana Emy Matesan is an associate professor of government at Wesleyan University. Her research focuses on contentious politics and Islamist movements, with a particular interest in Middle East politics, political violence and conflict, and diasporic activism. Her book The Violence Pendulum (2020) explores why Islamist groups adopt or abandon violent tactics, with a focus on Egypt and Indonesia.

If there is additional discussion of this review, you may access it through the network, at https://networks.h-net.org/h-diplo


URL: https://www.h-net.org/reviews/showrev.php?id=60458