Egyptian Military Financial Interests May Decide Revolution's Fate.

Author : michaelbloomer

All investors are after stability. No investment can thrive and do well in instability or, God forbid, chaos. This kind of political development in Egypt I see as healthy--to select presidents through election rather than referendum, the parliamentary vote, the local councils as well.
Mahmoud Mohieldin, Egypt's first-ever investment minister, June 6, 2011

AL-MASRY: You're saying these people [investors] are betting on stability.

MOHIELDIN: Absolutely. Otherwise, they would not have bothered to invest. Those who subscribe to our long-term bonds, the 30-year bonds, are betting on stability.
mmmmmmmmmmmmmmmmmmm

Foreign Policy: Matthew Axelrod served as the North Africa and Egypt Director in the Office of the Secretary of Defense from 2005-2007. He held a Fulbright Research Fellowship in Egypt from 2007-2008, researching the U.S.-Egypt strategic relationship.

> However, doing so comes at personal financial risk. Senior military officers are believed to benefit handsomely from the revenues generated by military-owned corporations, private contracts with foreign companies, and post-retirement postings in the private and public sectors. General Ahmed Mohamed Shafik, former head of Civil Aviation and now Egypt's new Prime Minister, is the most prominent example. During my research in Cairo, foreign diplomats told me that Egyptian military officers regularly supplemented their incomes by receiving cash for routine military services, including Suez Canal passage. Some of those funds are believed to be held in Switzerland, where General Magdy Galal Sharawi, head of Egypt's Air Force from 2002-2008, currently serves as Ambassador. An accurate calculation of these activities is difficult to quantify, but they are systemic. We can assume that military officers are thinking about how the current crisis might affect their own livelihoods.

http://apusa.us/mubarak-wealth-10138/

http://wikileaks.ch/cable/2008/09/08CAIRO2091.html
Title: ACADEMICS SEE THE MILITARY IN DECLINE, BUT RETAINING STRONG INFLUENCE, Sep 08

. . . Contacts told us that military-owned companies, often run by retired generals, are particularly active in the water, olive oil, cement, construction, hotel and gasoline industries. XXXXXXXXXXX pointed out that military companies built the modern road to the Ain Souknah Red Sea resorts 90 minutes from Cairo and Cairo Universityâ€™s new annex. He noted the large amounts of land owned by the military in the Nile Delta and on the Red Sea coast, speculating that such property is a â€œfringe benefitâ€• in exchange for the military ensuring regime stability and security. (Comment: We see the militaryâ€™s role in the economy as a force that generally stifles free market reform by increasing direct government involvement in the

markets. End comment.)

Â¶6. (C) Most analysts agreed that the military views the GOEâ€™s privatization efforts as a threat to its economic position, and therefore generally opposes economic reforms. XXXXXXXXXXXX speculated that privatization has forced military-owned companies to improve the quality of their work, specifically in the hotel industry, to compete with private firms and attract critical foreign investment. XXXXXXXXXXXX predicted that the growing power of the economic elite at the militaryâ€™s expense is inevitable as economic necessity drives the government to maintain its economic reform policies in order to attract foreign direct investment (FDI). He said that FDI is essential to the governmentâ€™s plans to maintain economic growth and political stability.

****

Prospect of real reform in Egypt is dimPosted on 04 February 2011 by Calgary Beacon. Troy Media – by Fred McMahon

Take a look around the world and you will find that no society without a free market has ever supported a tolerant society governed democratically. The vast majority of free-market economies are already tolerant democracies or moving rapidly in that direction.

Sadly, what Egyptians perceived as “faux” market reforms have contributed to unrest. Egypt’s privatization program, much like the fake privatization program in Russia, was seen to benefit friends of the elite rather than move the economy towards truly free markets. Those who recognize the importance of free markets must be blunt about bogus reform.

****
Protesters 'right to complain,' Mubarak insider says
PATRICK MARTIN
CAIRO
From Tuesday's Globe and Mail
Last updated Monday, Jan. 31, 2011 11:21PM EST

“What we achieved in our reforms was tremendous,” Mr. Helmy said, referring to the massive privatization program and the slashing of bureaucracy that freed Egyptian business to stimulate significant economic growth in the country.

“But, frankly, the reforms stopped two or three years ago and we’re missing some vital components. There needs to be checks and balances in the market economy,” he said, “and there needs to be a more equitable distribution of wealth.”

“That’s the real problem and these young protesters are right to complain.”

AND: FROM The AmLaw Daily, 2-01-2011
While the reforms are credited with spurring economic growth, they are also blamed by some for widening the divide between rich and poor in Egypt, as a new class of billionaires took control of formerly state-owned industries--creating work for international firms in the process.

The reforms, pushed through parliament by a committee of the ruling National Democratic Party chaired by Gamal Mubarak, are credited with spawning a whole class of the newly rich, the people who are building and living in the lavish gated communities on the outskirts of the capital.

US provides 1/3 of mil. budget

Mubarak and his military leaders consider the U.S. military aid, called foreign military financing or FMF, as “untouchable compensation for making peace with Israel,” according to a Feb. 9, 2010, cable from the U.S. Embassy in Cairo released on Jan. 28 by WikiLeaks, an organization that publishes secret government and corporate documents online.

Egyptian stock exchange losses.

US "pay off" to military leaders now under water financially????

Tantawi-related cable WIKILEAKS

Military-related cable, WIKILEAKS -- "XXXXXXXXXXXX pointed out that military companies built the modern road to the Ain Souknah Red Sea resorts 90 minutes from Cairo and Cairo University's new annex. He noted the large amounts of land owned by the military in the Nile Delta and on the Red Sea coast, speculating that such property is a "fringe benefit" in exchange for the military ensuring regime stability and security. (Comment: We see the military's role in the economy as a force that generally stifles free market reform by increasing direct government involvement in the markets.

6. (C) Most analysts agreed that the military views the GOE's privatization efforts as a threat to its economic position, and therefore generally opposes economic reforms. XXXXXXXXXXXX speculated that privatization has forced military-owned companies to improve the quality of their work, specifically in the hotel industry, to compete with private firms and attract critical foreign investment. XXXXXXXXXXXX predicted that the growing power of the economic elite at the military's expense is inevitable as economic necessity drives the government to maintain its economic reform policies in order to attract foreign direct investment (FDI). He said that FDI is essential to the government's plans to maintain economic growth and political stability."

Article by Ian Black in guardian.co.uk In recent years the high command is known to have been unhappy with the idea that Mubarak might be succeeded by his businessman son Gamal, not least out of concern that his liberalising agenda and private sector cronies would undermine their own

extensive economic interests.
Military-owned companies run by retired generals are active in the water, olive oil, cement, construction, hotel and petrol industries. Large tracts of land are owned by the military in the Nile Delta and on the Red Sea, apparently a benefit in exchange for the military ensuring regime stability and security. Retired officers often fill top civilian jobs in key ministries, though privatisation has forced military-owned companies to improve the quality of their work.