

## The Founding Moment

### Elite Conflict, Coalition Formation, and Regime Consolidation

I don't believe the 1952 revolution had any positive features, since democracy is still missing. Even its social reforms led to the failure of our economy. The greatest failure of the revolution is the lack of democracy, which I believe led to our defeat in 1967. Egypt has never experienced a democratic government from 1952 until now . . . The revolution embraced the slogan "raise your head, my brother, for the age of oppression is over," but it replaced it with the heavy foot of Abdel Nasser that kept people's heads down.

—Awad El-Morri<sup>1</sup>

To assert the primacy of politics in the incorporation periods of Egypt and Mexico would be to state the obvious. The political struggles of the pre- and postrevolutionary periods are critical to understanding the origins, profile, and support bases of the Mexican and Egyptian states. Different political rationales drove the processes of regime formation and coalition building in the two countries. Establishing control over the lower classes involves political mobilization, which can be violent and destabilizing, but the successful institutionalization of mass support increases state builders' capacity to consolidate their rule and policy agenda. Regime elites in Mexico and Egypt sought to limit the duration of mass mobilization, direct it through approved organizational channels, and guide social groups toward different elite-defined objectives. How state elites directed mass participation would have a powerful effect on the institutional profiles of the postrevolutionary authoritarian regimes.

The historical context in which the regimes were born shaped the leaders' strategies of coalition formation. In Mexico, intra-elite conflict before incorporation necessitated the electoral mobilization of the popular sectors, and subsequent conflict during the period of regime consolidation led

to the creation of a dominant-party system. If the Mexican state was born in an environment of civil war and revolution, the modern Egyptian state would appear in a context of intrastate war, specifically in the wake of the 1948 war, and develop in the shadow of the Palestinian-Israeli conflict; the wars of 1948, 1956, and 1967 would have decisive effects on state and party formation in Egypt. The Free Officers came to power in 1952 with the aid of the military only, and, despite the critical support provided by trade unions during the intra-elite power struggle in March 1954, Nasser did not attempt to cultivate the electoral support of labor. Instead, after destroying the power base of large landowners, Nasser sought to control labor and the peasantry using the state bureaucracy. Nasser forged electoral links with the smaller landed elites who, along with the military and the state bureaucracy, formed the base of his support.

The process of coalition building involves the expansion of state structures. Postrevolutionary elites will expand the state apparatus in order to centralize power and achieve the revolution's goals; the size and shape of the state is the product of struggles between the postcolonial regime and societal actors, on the one hand, and the regime and international actors, on the other. The coalitions that emerged in Egypt and Mexico were populist-distributive, but the specific bargains tying the state/party to the popular sectors differed in both countries and would produce disparate state structures. The differences in bargains can be explained through an analysis of the incorporation process and that period's coalitional struggles. Gaining the cooperation of the labor movement is often crucial for prevailing in the intra-elite conflict that occurs during the process of state building. Embattled political elites, particularly leaders who want to pursue statist and protectionist economic policies, often try to increase their power by mobilizing labor. Although elite conflict in Egypt did not center around the degree of state intervention, in both countries the dynamics of the power struggle determined the subsequent coalitional strategies that led to electoral mobilization in Mexico and "departicipation" in Egypt.

### Revolution and Labor Mobilization (Mexico 1910–34)

There is ample historical evidence showing how and why the conflict among elites in Mexico led to the mobilization of workers and peasantry. The instability of postrevolutionary Mexico dictated a coalitional strategy that made mobilization a rational option. The Mexican Revolution of 1910 triggered the collapse of Porfirio Díaz's long-standing oligarchic state, and the assassination of Francisco Madero in 1913 set off a civil war that raged until the victory of the Constitutionalist forces in 1916. In this setting,

with the oligarchic elite weak and lacking any substantial control over the population, peasant and labor unrest was rife, and different political factions appeared to court the support of the popular groups. Soon after the 1910 revolution, a split began to appear within the "revolutionary family" between the accommodationist faction (with ties to the oligarchic forces), represented by the supporters of Francisco Madero and Venustiano Carranza, and the populists, who sought to mobilize labor and peasant. The first major episode of labor mobilization occurred in 1914 when Victoriano Huerta assumed the presidency, and the Constitutionalist (the group opposing Huerta for being a counterrevolutionary linked to the oligarchic state) formed six Red Battalions of fifteen thousand workers to fight for the Constitutionalist cause; workers, in turn, fought in exchange for labor's right to organize the working class throughout the country.<sup>2</sup> Historians point to several factors that made labor's support crucial for elite factions: workers' new organizational strength; the military importance of railroad, port, and petroleum workers; labor's political significance in urban areas; and the continuing threat of working class violence.<sup>3</sup>

Although Adolfo de la Huerta began the state-building process in 1920, Ruth Collier has shown that the Mexican incorporation project occurred in two phases: an early phase in the 1920s and a later one in the 1930s under Cardenas; in both phases labor support proved crucial for regime consolidation. Both Presidents Alvaro Obregon (1920–24) and Plutarco Elias Calles (1924–28) sought to build a stronger state and to gain control over regional caciques who had gained power in the previous decade of armed conflict. But rivalries among the Sonoran leaders—Obregon, Calles, and De la Huerta—narrowed the support base of the presidency, as Obregon became identified with the agrarians, de la Huerta with the cooperativists, and Calles with labor.<sup>4</sup> The splintering of the coalition meant that Calles came to the presidency reliant on labor as his main source of support. In 1923, when de la Huerta staged a rebellion challenging Calles's succession to the presidency, the Regional Confederation of Mexican Workers (CROM) formed militias and took up arms in Calles's defense, playing a decisive role in the outcome of the conflict. A host of concessions was granted to maintain labor's support, including greater political influence at various levels of government. The federal labor law was revised, the role of the tripartite commissions increased, and the state supported the CROM's efforts to establish hegemony over the labor movement. To keep labor in the coalition, the government also granted unions an expanded social security program, a system of retail outlets selling subsidized goods to workers, and a number of agencies and banks to serve workers.

Calles's radical populism drew a conservative backlash from the private sector, the agrarians, and the church. During the Maximato (1924–28),

Calles would abandon his progressive policies toward labor, and, following president-elect Obregon's assassination for which the CROM was blamed, even previous pro-labor policies were reversed. A conservative labor code was passed, undoing the state-labor alliance that had existed during the 1920s. But even during this conservative hiatus, regime consolidation remained high on the agenda. Since the revolution, no presidential succession had occurred peacefully, and Obregon's assassination underlined the need for a mechanism to institutionalize presidential succession. Partly in response to this need, in 1928, Calles founded the National Revolutionary Party (PNR). Calles established the PNR to contain factional rivalries and as an institution that would support a strong state and unite both military and civilian elements of the "revolutionary family." Because of the hostility toward the Calles-CROM alliance, the labor confederation was not included in the PNR, and the party coalition was initially an alliance of regional caudillos and rebellious caciques and their factions.<sup>5</sup> Despite having little popular support, the PNR was an important instrument for Calles who used it to gain control over the presidency and to centralize political control.

#### Cardenas-Calles Conflict (1934-40)

Since the state-labor alliance had been broken, when Cardenas assumed power in 1934, he was again faced with the question of labor incorporation and coalition building. As a state builder, Cardenas sought to weld together a coalition that would allow him to strengthen the presidency and the party against civilian caudillos and against the army, which was still not subordinate to the state. In confronting Calles's conservative supporters, popular sector mobilization was necessary. Scholars have shown how few coalitional alternatives were available to Cardenas in battling the Calles group and how a populist coalition with radical labor and peasant groups was his only viable strategy.<sup>6</sup> When Cardenas armed peasants and formed workers' militias, his coalition also became a counterweight to the military. With that base of support he was also able to establish his autonomy from foreign and domestic capital and carry out the far-reaching reforms for which the Cardenas period is known.

To gain popular support, Cardenas offered benefits that were ideological, political, organizational, and material. He defended the cause of urban and rural workers and committed the state to intervene in the class struggle on behalf of the working class. He strengthened labor organizations, granted labor officials positions throughout the government, and encouraged workers to strike and demand wage increases; he also introduced

socialist education into schools, distributed more lands to the peasantry, promoted the collective ownership of land, and even armed groups of peasants and workers.<sup>7</sup> The Cardenas-labor alliance was taking shape in 1935 as the Calles-Cardenas power struggle intensified. Since Calles's establishment of the PNR, Cardenas had become increasingly dependent on labor support; and labor, alienated by Calles's pro-business tilt, broke with Calles and threw its support behind Cardenas who emerged triumphant in 1936 as Calles was exiled. During this period of regime consolidation, unions were drawn to Cardenas's nationalist economic program, which emphasized state ownership and regulation and which workers saw as an important means through which to realize their socioeconomic demands. Unions would subsequently begin to loosen their ties to the PNR, now known as the Partido de la Revolucion Mexicana (PRM).<sup>8</sup>

As with Calles's alliance with labor in the 1920s, Cardenas's state-labor coalition provoked opposition from capital, the middle class, the church, and factions in the military threatened by the formation of worker-peasant militias. Nora Hamilton observes that Cardenas's populist coalition precipitated a political showdown because it "suggested that while the state continued to perform the functions of accumulation in the interests of the dominant class, it had abdicated its social control function and was in fact participating on behalf of the subordinate class."<sup>9</sup> Right-wing factions joined forces and formed the National Action Party (PAN). Labor policy was at the heart of this conflict. The initiative to form worker militias had rankled military leaders. Labor discontent was also at the root of the tensions between foreign capital and the Cardenista state and the expropriation of the foreign oil companies in 1938. The political alliance with labor and state intervention in the labor market polarized relations between the state and capital. As conservative sectors within the state and society mobilized, Cardenas's alliance began to splinter. The beginning of the retreat from populism was evident in the dramatic decline in 1938 of land distribution in rural areas and of strikes in urban areas, as well as in the choice of the conservative Avila Camacho as presidential successor.

After 1938, with the rise of a conservative opposition to Cardenas and his reform program, Lombardo Toledano, head of the CTM, pledged support to the Cardenas government. Calles had failed to institutionalize his populist coalition in a party. Cardenas sought to cement his alliance with the populist sector organizations through their formal incorporation into the party. The centerpiece of this effort was the reorganization of the PNR into the PRM in 1938. To broaden and strengthen working class and peasant organizations, the PRM was organized on a sectoral basis with four sectors (labor, peasantry, popular, and military), and party membership was not individual but collective, based on membership in labor unions

or organizations affiliated with one of the other sectors. Each sector was to retain autonomy and to serve as a channel of political recruitment and candidate selection.

Cardenas's concessions to labor provoked an anti-populist backlash and calls by the private sector and the middle classes for inclusion in the ruling coalition. To regain the loyalty of these alienated groups and insure the survival of the regime, Cardenas's successors swiftly made several pro-capital concessions and institutional changes. During the presidencies of both Camacho and Aleman, policies encouraging foreign investment were introduced, and while the state-labor alliance was maintained various pro-labor measures were reversed. Lombardo Toledano, the CTM's Marxist ideologue, was forced out of the position of secretary general in 1941, and the state no longer promoted unionization, strikes, or wage gains for workers.<sup>10</sup> To prevent future polarization and contain elite conflict, the one-party system was reorganized. The PRM's popular sector was strengthened to serve as a counterweight to the labor and peasant sectors. Membership in the popular sector was expanded to include public employees, professionals, and small businesses, and the National Confederation of Popular Organizations (CNOP) was created as a new confederation for the popular sector to counter the CTM, which had served as the party's main mobilizing agent. By 1946, the PRM had been reorganized into the PRI.

Another regime-consolidating conflict-preventing mechanism was the 1946 electoral reform, which created legal measures to insure the dominance of the transformed PRI. The new law narrowed the political arena by introducing new requirements for the registration of political parties; the aim was to enhance the state's ability to control the electoral process and the opposition by limiting the existence of small parties, especially local and regional parties, religious parties, and parties of the far right or left.<sup>11</sup> By the mid-1950s, Mexico had a well-institutionalized dominant-party regime supported by a broad centrist coalition. Labor, without its left wing, continued to play an important legitimating role in the state's coalition. Not only did labor's support help state elites consolidate political control after the 1910–20 revolution, but the mass support of disciplined labor organizations was particularly significant during the moment of presidential succession, which was vulnerable to disruption. Also, although the private sector was never fully incorporated into the PRI, since the conservative backlash of 1946, there were links between the state and the private sector. Mexican state builders never decimated the private sector as Nasser did in Egypt, and it was not until Lopez Portillo's nationalizations that the private sector would be alienated again.

### Expanding the State

In the period of institution building from the 1920s to the early 1940s, Mexican leaders developed the coercive, administrative, and extractive capabilities of the state apparatus. In Mexico, as elsewhere in Latin America, political elites expanded the state's administrative role in the labor sector to address the crisis of participation that accompanied the mobilization of different social groups between 1910 and 1920, particularly the entrance of industrial workers into the political arena. The leadership's strategy was to achieve social control by increasing state capacity. In building the Mexican bureaucracy, Calles and Cardenas relied on the populist sectors and elite bureaucrats. Capital and the middle classes were excluded until the mid-1940s when, along with the military, they were brought into the ruling coalition. The expansion of the Mexican state bureaucracy was driven by the needs of state builders like Cardenas and his allies—the populist sectors and elite bureaucrats.<sup>12</sup> Cornelius similarly describes how Cardenas forged the coalition out of peasant and worker militias, not only to counter the army, but also to create a social base of support from which to establish bureaucratic autonomy from foreign and domestic capital and carry out his reforms and distributive policies. Mexico's leaders established specific administrative structures to mediate labor's participation. Agencies such as the Ministry of Labor and Social Welfare and tripartite conciliation and arbitration boards offered workers new channels through which to press their demands about economic issues and workplace conditions.

Mobilization proved advantageous to labor as well. In order to mobilize support successfully, an exchange was necessary in which real concessions and a degree of power sharing were offered in exchange for the support. After deciding to mobilize labor, it was in the interest of state elites to increase the power of organized labor and its weight as a coalitional partner. Radical populism and party incorporation in Mexico thus involved more concessions and a more favorable political position for labor (than the cases of state incorporation). In this vein, the PRM structure was used to increase the state's capacity. Direct linkages between an expanded state administrative apparatus and mass organizations were mediated by the party and were crucial to creating a reliable base of support for the regime. The PRM played an active role in promoting Cardenas's agrarian reform and the nationalization of the petroleum industry, which cemented ties between groups such as organized labor and the official party. After 1940, the party's principal responsibility would become the mobilization of popular support during elections.<sup>13</sup>

In summation, radical populism and party corporatism in Mexico entailed popular mobilization, the formation of a state-labor alliance

mediated by the PRI, concessions to labor, and substantive progressive reforms. The state's populist agenda provoked a conservative opposition and polarization along class lines. State elites would respond by making a policy turn toward the right, forming a multiclass party to channel and institutionalize the political participation of both the popular sectors and capitalist classes. The party would incorporate some of the conservative sectors—middle classes who had opposed radical populism. Mexican corporatism tried to ease this polarized situation, to reestablish the support of the dominant economic sectors that were alienated by populism, and at the same to retain popular support for the regime and newly created political structures. Egypt would follow a different path of incorporation and controlled mobilization. Nasser and the Free Officers came to power without the aid of labor, and the coalitional arrangements that would emerge in Egypt were different than in Mexico. Workers were granted a multitude of benefits, but labor unions were not strengthened or politically empowered, and labor policy was not so progressive as to elicit a conservative backlash.

#### Labor and the Wafd Coalition (1919–52)

The oligarchic alliance that existed in Egypt between the large landowners, the British, and the monarchy before 1952 was similar to the oligarchic system in prerevolutionary Mexico, which saw an alliance between the *hacendados* (landowners), foreign capital (especially land companies), and the Porfiriato, as Porfirio Díaz's thirty-one year regime was known. But unlike Mexico, in Egypt there was still a (British) colonial presence and the Wafd Party, which began as an anti-British movement and had developed into a strong electoral machine with a predominantly rural coalition, representing the interests of the oligarchy, the landed elite that had links to international capital. The large landowners who dominated the Wafd were against any reform in the areas of land tenure, rent, and the taxation of agricultural property. The Egyptian industrial bourgeoisie, often identified with the Sadist Party, acknowledged the need for agrarian reform, but they were also linked to large landowning interests by family and social ties and derived much of their capital from agrarian interests; the business class shared the pashas' social conservatism and fear of unleashing the anger of the impoverished rural and urban areas. During the 1930s and 1940s, foreign and indigenous industrialists promoted considerable industrial development, although most national capital came from large landowners linked to the European-dominated cotton market and went into agriculture.

Since the 1920s, the Wafd and its rivals had competed for the leadership of the trade union movement. As Beinín and Lockman observe, the Egyptian labor movement's entry into the political scene had occurred with the nationalist revolution of 1919 with the demands of the nascent working class merging with the political movement for national independence.<sup>14</sup> The persistence of low wages and poverty among workers and rising militancy in the context of economic crisis and nationalist struggle led the Ministry of Social Affairs to speak of the "labor question" (*mas'alat al-umal*). Competing political forces realized that a controlled workers' movement could provide a mobilizable source of support in urban areas and fought to control the labor movement. In the wake of the 1919 revolution, the bourgeois nationalism of the Wafd emerged as the dominant ideological and organizational force within the labor movement. The Wafd's support base was in rural areas because of its appeal to rich, middle-level peasants and rural notables who delivered the poorer villagers. But no political party had a mass base among the poor peasantry and workers.

By the end of World War II, an economic and political crisis had developed in Egypt. The Wafdist regime was coming under attack, and labor was becoming more militant. Deeb has shown how, through the 1920s, Egyptian workers were largely passive in face of Wafdist domination, and trade unions were simply instruments of the Wafd and other parties.<sup>15</sup> By the 1930s, calls for an independent workers' movement grew louder as it became more evident that neither the Wafd nor Prince Abbas Halim were responding to labor's economic and political demands. The so-called Liberal Age (1932–52) of parliamentary politics had failed to create political stability. The Wafd came under criticism in the postwar period for its reluctance to mobilize the masses to fight for the full evacuation of British troops from Egypt. The Wafd began to lose control over the labor movement. The newly formed Egyptian communist organization (Democratic Movement for National Liberation [DMNL]) gradually became the leading force within the workers' movement and achieved its greatest popularity during the postwar nationalist mobilizations that took place from January to June 1946 and from October 1951 to January 1952. In the postwar period, the MB also emerged as a rival to both the Wafd's bourgeois nationalism and the DMNL's communism, vying for influence within the labor movement as well as in Egyptian society at large. The parliamentary system's bankruptcy and the protracted economic crisis following World War II offered these forces the opportunity to challenge the regime. The working class was used by different political contenders as "a social battering ram" to destabilize the old regime, and many nationalists, including socially conservative Wafdist leaders, encouraged labor agitation.<sup>16</sup>

The strikes of 1946 and 1947 at Shubra al-Khayma and Mahalla al-Kubra placed the “labor question” squarely on the nationalist agenda as an urgent issue that, along with land reform, the Free Officers would have to consider upon assuming power.

In describing the coup of 1952, one historian makes an important point: “The Free Officers did not accede to power by the consent of any large section of the Egyptian public, prior or even concurrent. They were not chosen. They took power forcibly. The public simply acquiesced.”<sup>17</sup> The Arab-Israeli war of 1948 had turned Nasser against the Egyptian monarchy and parliamentary system and led him to form his underground Free Officers movement to topple the regime; when he assumed power, Nasser was suspicious of preexisting political actors and institutions. Unlike Mexico, the Free Officers were not indebted to labor or any other social group, and they had considerably more leeway in forging a coalition and consolidating their regime. The Free Officers relied on the military and the bureaucracy to consolidate their power base and abolished the institutions that had permitted the ancien régime to exercise power—parties, parliament, the monarchy, and the courts—before proceeding to depoliticize the public altogether. Parties were dissolved; former party leaders were either imprisoned or forbidden from engaging in political activities. The brief flirtation with “popular participation” of the Liberal Age was abandoned, and an approach of departicipation, or political isolation (*al-azl al-siyasi*), was adopted. These decisions made in the aftermath of the 1952 takeover would have a far-reaching impact on the Egyptian state’s capacity to control and galvanize support. This context was different from the participation crisis that faced leaders in Mexico. In Egypt, we have a “reverse type participation crisis,” where the challenge facing the Free Officers was not how to mobilize and admit lower classes but how to restrict the participation of political actors who had been active under the ancien régime.

The incorporation and coalition-building projects in Egypt were carried out in roughly three phases: (1) the military coup and its aftermath, 1952–54; (2) the March Crisis and its aftermath, 1954–56; and (3) the Suez Crisis and its aftermath, 1956–62. The Free Officers passed the land reform law of September 9, 1952, to build support for their rule. Agrarian reform was intended not simply to gain rural support but to break the power of the large landowners, redirect their capital into industrial development, and expand the market for Egyptian industrial goods. The economic rationale was that the bonds that the state issued in exchange for confiscated lands would be invested in industry, since those holding the bonds were ineligible to purchase additional agricultural land. The land reform would also expand the market for Egyptian industrial products because peasants who received lands would have more to spend on consumer goods.<sup>18</sup> Land

reform was the only structural economic reform adopted by the Revolutionary Command Council (RCC) before the Suez War of 1956. The RCC’s early economic policy was to encourage private capital to develop the nation’s industrial base, though the government did take the lead in planning new heavy industrial projects, such as railways and Helwan Iron and Steel, and in arranging the necessary capital to finance them.

The political rationale behind the land reform was to stabilize the countryside and neutralize extremism in urban areas. Land distribution, it was believed, would reverse the processes of absenteeism and rural migration into the cities. But as I elaborate below, this much-touted land reform did not radically transform the traditional social structure in the countryside. According to several studies, land reform led to the limited redistribution of wealth in the countryside because the policy placed a ceiling on individual landholdings of two hundred feddans (a feddan, an Egyptian unit of land, is equal to 1.038 acres). The larger landowners, absentee and provincial, did indeed disappear, and their influence in the local affairs of the provinces did increase. But those who owned under one hundred feddans, particularly from ten to fifty feddans, emerged not only as the newly privileged group but also as the favored clients of the state with connections (through kin and economic relationships) with members of the military and the bureaucracy in the city.<sup>19</sup>

### Land Reform and Coalition Building

Nasser sought the active political support of one social group—the rural middle class (RMC), the rural notables who had received the confiscated land and supplanted the rural oligarchy. For their political cooperation and resources, Nasser gave the RMC subsidies, favorable prices, and rent and wage laws and attempted to gain their electoral support for the National Union first and then in successive party organizations the Arab Socialist Union and National Democratic Party. In this sense, in Egypt, as in Brazil under Vargas, there was no mobilization but a “politics of accommodation” between the landowners (read RMC) and the state builders. Nasser would come to rely on the RMC to man the rural bureaucracy, control the peasantry, and insure the flow of capital from rural areas to urban industrial projects. The RMC’s political role grew with the establishment of agricultural cooperatives and with the expansion of provincial and local government services. As state structures extended into the provinces, new state and local bureaucracies needed to be manned by members of the new small landowners. The larger farmers took advantage of these cooperatives particularly in the area of credit and dominated other local

institutions, including village councils, credit banks, and “combined centers” (*wahdat mujamma'a*).<sup>20</sup>

The rural middle class also insured the functioning of the urban bias in Egypt's development strategy. Demand for export crops forced all small-holders, dwarfholders (whose land holdings were less than half a feddan), and tenant farmers into a single crop system; and terms of trade (input costs versus producer prices) were weighted against the tenant farmers. When the government bought crops from the peasants (*fellahin*) at low prices and resold them in the domestic or foreign markets, vast profits were extracted out of the countryside. One analyst describes the indirect tax that all cooperative members had to pay: “Agricultural income is actually taxed implicitly through the price differential policy applied on the main agricultural crops . . . taxing agricultural income implicitly this way may turn out to be regressive, thus worsening the relative position of the small farmers as compared to the rich farmers.”<sup>21</sup> In the late 1960s and early 1970s, it became evident that this system presented few incentives to increase production and led to a severe agricultural crisis.

#### “Demobilizing” Labor

The Free Officers dealt with urban-based political rivals using co-optation and repression. As demonstrated by the Kafr al-Dawwar crackdown, the RCC labor strategy was to repress the left of the workers' movement so as to maintain an attractive climate for private capital. The RCC wanted to control labor within a corporatist system. But the creation of a successful corporatist system required that the RCC eliminate the communists from positions of influence in the union movement and build a significant base of support for the regime within the labor movement. The RCC's first initiative was to undertake a thorough revision of existing labor legislation. New labor policies were implemented to prevent labor unrest, increase the purchasing power of workers, and encourage greater productivity. Laws 317, 318, and 319 of December 1952 and subsequent decrees granted many of labor's long-standing demands, including the improvement of employment security by sharply limiting employers' freedom to arbitrarily dismiss workers, that is, not for misbehavior on the job but solely because of production cutbacks or other market considerations. In enacting this measure, Decree 165 of April 1953, the regime granted the single most important economic demand of the postwar workers' movement—job security—and in so doing, the Free Officers won the support of many workers and trade union leaders who saw this measure as a demonstration of the military's commitment to social justice.<sup>22</sup> The new Law of Individual Contracts also

granted workers significantly improved material benefits: increased severance compensation, longer annual vacations, free transportation to factories in remote areas, and free medical care. But labor paid a steep price for these concessions: a military order issued concurrently with the new legislation banned all strikes.

With the enactment of land reform legislation on September 9 and the labor law of December 8, the new regime gained substantial support from peasants and workers, and the Free Officers felt confident to move against potential sources of political opposition. On January 17, 1953, all political parties were dissolved. These improvements in labor legislation and the special attention the RCC paid to cultivating good relations with trade union leaders explain why most labor leaders supported Nasser in his confrontation with Naguib. The crisis of March 1954 was of critical importance in shaping Nasser's coalitional strategy and power base.

#### Nasser-Naguib Power Struggle

Even after the dissolution of political parties in early 1953, the new regime was challenged by antiestablishment movements such as the Muslim Brotherhood (MB) and the DMNL and the Communist movement, both of whom shared the Free Officers' disdain for old-regime politics, and constituted alternative bases of power in the country. The Free Officers feared the political machines of the MB and the DMNL. The MB could rally mass support second only to the Wafd and, with its paramilitary secret organization and cells in the army, appeared to be, as the RCC described it, “a state within a state.” Likewise, although splintered, the Communist movement was well organized on campuses and factories and had allegedly infiltrated the Free Officer corps. The MB and the DMNL had supported the Free Officers' coup and were expecting a role in influencing the revolutionary agenda. The Communists wanted progressive social reforms and called for a coalition of opposition movements including the Wafd to press for a return to civilian life. Moreover, the MB, more suspicious of the party system, pressed the Free Officers to refrain from a hasty return to parliamentary life.

The RCC banned all political parties, except for the MB, which was not considered a party but a political movement, and shared the regime's opposition to party politics. To fill the void and galvanize support, the regime created the Liberation Rally. Despite the progressive measures of land reform and pro-labor legislation, as a grassroots political organization, the Liberation Rally never succeeded in surpassing its rivals, the Wafd and the MB. As one historian put it, “overt Wafdist hostility to the regime

and the Muslim Brotherhood's unease with the formation of a rival political front effectively blocked efforts by the Rally's organizers to create a civilian power base for the RCC.<sup>23</sup> As long as the MB, the largest mass membership organization in Egypt, remained allied to the regime, as they did uneasily until 1953, a stand-off prevailed. The RCC had in effect outlawed the parties but had not yet replaced the old system with a viable political alternative.

As the crisis between the RCC and MB intensified, a broad-based popular challenge to the legitimacy of military rule and the suspension of parliamentary democracy emerged. A pro-civilian rule coalition was developing and exploited the conflict simmering within the RCC. In late 1953 and early 1954, Supreme Guide Hedaybi of the MB and General Naguib were considering the possibility of overthrowing Nasser and placing real power in Naguib's hands.<sup>24</sup> The MB's cooperation with the Free Officers ended when Hedaybi realized the RCC would not pass his proposed Islamic laws. When Nasser signed an agreement with Britain over Sudan in February 1953, the MB saw the deal as a betrayal because it undermined the unity of the Nile Valley. On January 12, 1954, the MB led a rally at Cairo University denouncing Nasser as a pro-American dictator, and the demonstrators clashed violently with supporters of the Liberation Rally. Aware of the Naguib-Hedaybi contacts, the RCC responded by declaring the Islamist group a political organization and dissolved it in accordance with the decrees of January 1953. By early 1953, the RCC was opposed by every organized civilian political force from the pre-coup period.

Naguib saw the RCC's attack on the MB as a blow against his own base of support and a strengthening of military rule in the face of popular demands for the restoration of civilian rule. The clash between the RCC and the MB thus pitted Nasser against Naguib. Because Naguib had never been a member of the Free Officers, he served as a focal point for all of the political forces opposed to military rule. Naguib subsequently demanded more powers in line with his formal offices of chairman of the RCC, prime minister, and president of the republic. On February 24, he resigned from all his posts, bringing the crisis within the RCC to the public's attention. When Nasser assumed both the premiership and presidency, mass demonstrations erupted in support of Naguib and called for a return to parliamentary democracy with the participation of the Muslim Brothers, Communists, and Wafdists; even a section of the army (the cavalry officers led by Khaled Muhieddin) threatened to rebel. Considering the split in the army and the broad support he had from the Muslim Brotherhood-Communist-Wafdist alliance, Naguib became the greatest threat to Nasser's faction in the RCC. On March 9, the RCC was obliged to reinstate Naguib as president of the republic, while Nasser stayed on as prime minister. Upon

news of Naguib's return, supporters took to the streets of Cairo calling for Nasser's resignation. Nasser proceeded to organize his supporters among the junior army officers, while Naguib, still enjoying his victory, failed to mobilize his own supporters in the army, particularly, the cavalry forces. Nasser, intent on winning the power struggle, worked with a small circle of Free Officers (Zakariya Muhieddin, Salah Salim, and Anwar Sadat) to foster a crisis atmosphere and to create a situation analogous to that which existed prior to July 1952, in which the army would be the only alternative to corruption and disorder—and this is where labor's support proved crucial to Nasser's consolidation of power.<sup>25</sup>

After staging bombings in different parts of Cairo on March 26, the RCC passed resolutions permitting the establishment of parties to further exacerbate the chaotic atmosphere. With the announcement that the ban on political parties would be lifted, the MB, who had supported Naguib against Nasser, withdrew its support for the domestic coalition because it opposed the formation of parties and because it then seemed likely that the Wafd could return to power on July 24, 1954, when the RCC would dissolve itself as promised. On March 26, massive pro-Naguib demonstrations supporting a return to parliamentary democracy took place all over Cairo, but then pro-Nasser forces began to counter, and the Liberation Rally, with its connections to trade unions, proved vital in enabling the Free Officers to mobilize their own mass support. With Nasser's approval, Liberation Rally's chief officers, Ibrahim al-Tahawi and Abdallah Tuaymah, called their forces into the streets. By March 28, with their superior organization and with the aid of mob and police violence, pro-Nasser forces succeeded in cowing the opposition and compelling the RCC to stay in power.

The centerpiece of the mob activity was a general strike declared by pro-regime trade unions on March 27. Nasser approved of the action as long as the RCC did not officially have to recognize the strikers.<sup>26</sup> The leader of the transport union workers, Ahmed al-Sawi, organized the strike in conjunction with the heads of major oil and tobacco unions. On the evening of March 26, leaders of the transport union began a hunger strike and called for a general strike to force "the RCC to answer the people's call." The vanguard of RCC support came from the unions that could most effectively disrupt the daily operations of Cairo: transport workers, gas station attendants, and bank and cinema employees. If matters had not been resolved by March 29, electricity, gas, and waterworks were scheduled to shut down, which would have paralyzed the country. Nasser's strategy of mobilizing a segment of the working class in his favor thus succeeded: strikes and mob activity by workers intimidated and eventually neutralized Naguib's followers. By the end of March 1954, Nasser's coalition had begun to take shape. A pact with the MB neutralized the regime's most troublesome and



potentially dangerous foe. Nasser had promised Hedaybi to restore the movement's legal status and, during the March crisis, released three hundred detained Muslim Brothers. In return, Hedaybi adopted an ambivalent public stance toward legalization of political parties and kept the MB out of the events of March 26–28.<sup>27</sup>

Labor emerged as a staunch supporter of the military regime, although many unions, particularly in Communist-dominated areas, stood against Nasser and the RCC. The conventional wisdom is that labor unanimously supported Nasser because of his welfare policies. In reality, labor was divided, and it was Nasser's superior resources and control over the means of coercion that got dissident unions to join the strikes. The response to the transport union leaders' call for a general strike was mixed. While the Cairo bus, tax, and metro workers participated, the Cairo tramway workers did not until their leader was assaulted by workers and police who then forced some of the trams to stop running. The strongest trade union resistance to the call for a general strike was in Alexandria where many union leaders called for an end to martial law, the dissolution of the RCC, and the establishment of a general federation of trade unions. As Beinin and Lockman show, on March 27 and March 28, the ranks of the trade unions were clearly divided for and against Najib and the restoration of parliamentary democracy, but by March 29 a large number of trade unions had either been persuaded or coerced to join the general strike.<sup>28</sup>

To maintain the loyalty of the pro-RCC unionists and neutralize the influence of the dissidents and communists, Nasser began to grant some further concessions to the loyal unionists. But despite the alliance between a section of the trade union leadership and the RCC, labor's calls for the right to strike or a greater role in economic policymaking were not granted. Instead of a greater political role, further benefits were paternalistically extended over the following decade. After March 1954, Nasser quickly implemented legislation improving wages, job security, and social benefits, thereby solidifying the state-labor alliance. But he still refused to mobilize or institutionalize the labor movement. Nasser initially refused to allow the formation of a union confederation for fear that it would be infiltrated by members of the Wafd, MB, or Communist Party. He moved to institutionalize the labor movement by establishing the General Federation of Egyptian Trade Unions in 1957 and a Ministry of Labor in 1959. In the 1960s, legislation was enacted requiring that workers constitute at least 50 percent of the management committees and that workers and peasants comprise 50 percent of membership in the National Assembly. Despite the show of repression at Kafr al-Duwwar, the continued stability of the new regime was heavily dependent on making real concessions to workers. The

benefits served their purpose of tying labor to the state: throughout the Nasserist era, the working class did not violate the terms of the bargain struck in March 1954. Despite occasional strikes and collective expressions of discontent, there was nothing comparable to the labor unrest of 1946 and 1951.

In sum, the Egyptian scenario differs from the Mexican one where workers were mobilized electorally and given a role in policy making—in exchange for their role in the leadership's rise and consolidation of power. Cardenas relied on labor's support to overcome the conservative opponents to his nationalist development strategy. Nasser did not rely on labor to the same degree. The Free Officers' rise to power was not due to labor or any other group's support. Labor provided the foot soldiers during the March crisis, helping Nasser stay in power. But the power struggle between Nasser and Naguib did not involve a conflict over the economic borders of the state, so the former did not require labor's sustained, mobilized support to initiate his development strategy; the mere control and acquiescence of the working class would suffice. Also, as of March 1954, there was no plan for nationalization or for a quasi-socialist development strategy; the RCC was actually leaning toward a pro-capitalist strategy and was pondering ways to enlist the support of the Egyptian private sector.

### “The Politics of Resentment”

As mentioned, the internecine conflict and left-right division within the RCC did not involve the degree of state intervention or industrial strategy but centered around the return to parliamentary democracy versus continued military rule. While it was Khaled Muhieddin, a left-leaning officer backed by the cavalry officers, who backed Naguib's call for a return to democracy, the remaining twelve officers who supported Nasser were not all pro-American or economically conservative. The disagreement did not revolve around the state's economic strategy, essentially because the Free Officers did not have an economic plan yet; there was as yet no import substitution strategy or quasi-socialist plan that would require labor's support against conservative elite opposition. In 1953, the Free Officers had proclaimed their commitment to six principles that were to influence their conduct of government: an end to imperialism, feudalism, monopoly, and capitalist control of Egypt; social justice and democracy; and the establishment of a powerful national army. These objectives outlined no particular strategy of development or desired mix between public and private sectors. As O'Brien observes, the Free Officers were “without an economic ideology and apart from land reform not even the most general ideas relating to

economic organization had formed part of their pre-revolutionary discussions on the future of Egypt.<sup>29</sup>

Judging by the Free Officers' policies between 1952 and 1956, it appears that Nasser made an effort to work with the private sector that was defeated by unforeseen political and international circumstances. The initial years of military rule were marked by a strong conservatism in economic affairs, and Egypt's political revolution of 1952 only began to have its counterpart in the economic sphere after 1956. Robert Tignor has argued that one reason for the economic crisis of 1951–52 was that the initial stage of ISI had run its course, and "to develop further, Egypt needed to expand the industrial sector and make its manufactures competitive in export markets," a strategy that would have necessitated the cooperation of the private sector.<sup>30</sup> One of the earliest steps in favor of private capital was the military's crackdown on labor during the riots at Kafr al-Duwwar, a large private textile company. Despite the pro-labor legislation of 1953, the state continued to give preference to the interests of capital.

Unlike Mexico, then, where Calles and then Cardenas pursued a statist strategy that aimed to subordinate the private sector and benefit labor, in Egypt welfare benefits were granted to appease labor, but the regime was leaning toward a strategy that relied on private capital. The military regime's early courtship of business groups is reflected in a series of legislations—measures long advocated by the Egyptian Federation of Industries that were speedily implemented. The regime raised tariffs and lowered customs duties on raw materials and capital goods, as the federation had frequently urged. Generous tax exemptions and benefits were granted to businesses when the government increased its financial support of the industrial bank. New privileges were also accorded to foreign investors. Law 156 of 1953 on the investment of foreign capital allowed profits to be remitted abroad up to the value of 10 percent of the initial investment. Despite speeches on the merits of socialism, when asked for more detail on the socialist society that he envisioned, Nasser acknowledged that Egypt was not ready for socialism because its industrial sector was too small to be worthy of nationalization.<sup>31</sup> At this juncture, rhetoric notwithstanding, Nasser's ambition was to create a mixed economy in which the private and public sectors worked in close harmony. Pro-business policy statements were often made to reassure the private sector, such as when the Minister of National Guidance declared, "We are not socialist. I think our economy can only prosper under free enterprise."<sup>32</sup> Such statements were backed by actions such as the purging from the leadership of left-wing elements, as well as by the imprisoning of communists following the Kafr al-Duwwar riots of 1952.

The military turned against foreign capital after the Suez War of 1956. The French-British-Israeli invasion led directly to the sequestration of British, French, and Jewish assets. Until that moment, the RCC was still committed to fostering the private sector and foreign capital, but the invasion and Nasser's belief that certain foreign banks and insurance companies were sympathizing with the invaders infuriated the Egyptian leader and led to an order of full-scale nationalizations. After the war, it was possible to return sequestered companies to their previous owners, but the state was unwilling to renounce a new source of patronage, and the alienated private sector was understandably reluctant to invest and preferred compensation. In 1956 and 1957 the military called upon the Egyptian bourgeoisie to lead the drive for industrialization and diversification, but following the tumult of that year, Egyptian businessmen were in no mood to cooperate. When they failed to do so, their assets were nationalized as well.<sup>33</sup> Political factors were again important in these decisions. Some scholars have linked the nationalizations to tensions within the Syrian-Egyptian union. Others point to the state's incapacity to fully control capital and Nasser's fears of independent bases of power from which social actors could challenge his rule; private capital, he believed, was one such center of power that had to be absorbed into the state. But it's important to recall that before the 1956 invasion, Egypt's military rulers had sought to preserve the private sector. They underscored the importance of foreign investment and by early 1956 had resolved most of the major issues that had plagued the relationship between foreign capital and the state. The invasion, however, provoked such a xenophobic backlash that these plans were swept aside, private property expropriated, and foreign and "Egyptianized" businessmen expelled—actions that would have far-reaching and devastating effects on the Egyptian economy.

Regarding the role of organized labor, it is worth noting that even when Nasser embarked on a "socialist" public sector-driven strategy of development he did not rely on or attempt to gain labor's support, despite workers' attempts to use the 1956 war to extract further concessions and gain a more prominent role in ruling coalition. During the Suez crisis, trade unions mobilized support for the nationalization of the canal and wanted to participate in the national defense. Unions collected financial contributions for their members to assist the war effort. Over fifty local (military) committees, some with hundreds of workers, were established with the participation of trade union leaders and rank-and-file workers. The government, though, would not accept the prospect of armed workers led by communists, even if their aim was to defend the nation.<sup>34</sup>

The economic borders of the Egyptian state were shaped by intra-elite conflict and struggles between the state and various social groups but also

by conflict between the Egyptian regime and external actors—foreign capital and other states. This occurred in Mexico as well, where state builders had to deal with external pressure from the United States and international markets in conjunction with domestic demands, which together would coalesce to push the regime to adopt nationalistic policies. After trying unsuccessfully to shape the outcome of the Mexican revolution (by sending American troops to topple General Victoriano Huerta in 1914), in 1923 the United States said that it would recognize neither Mexican sovereignty nor the Alvaro Obregon government, unless the Mexican regime agreed not to apply Article 27 to American assets. (Article 27 of the new constitution declared national resources the inalienable property of the nation and allowed the state to expropriate private property for the “national interest.”)<sup>35</sup> The Mexican government gave the United States the requested assurances, but in 1925 Plutarco Calles passed the Alien Land Law—prohibiting foreign capitalists from owning land within fifty kilometers of the Mexican border and from having majority ownership in land-development companies—and the Petroleum Law, which made non-Mexican businessmen, who had owned their property before the revolution, request “confirmatory concessions.”<sup>36</sup> President Cardenas would also clash with foreign petroleum companies. When Cardenas nationalized the petroleum sector, the United States demanded “prompt, effective and adequate indemnization,” and for some years preceding World War II the U.S. State Department forbade U.S. government money from funding the Mexican oil sector unless U.S. companies were allowed back in. But as the United States also wanted to secure its southern border, coveted raw materials from Mexico, and needed diplomatic support in the war, the U.S.-Mexican relationship gradually improved.

Egypt’s position as a frontline state in the Palestinian-Israeli conflict and its tortured relations with various Western states (Great Britain, United States, France) and Israel would have a sharper effect on the country’s economic and political development. The Egyptian state was born in a context of interstate war, unlike Mexico, which emerged out of a civil war. From Calles and Cardenas’s bargaining with American interests, one could see that, since the Roosevelt era, Mexico’s relationship with the United States—like Egypt’s—was governed by political and security considerations and not driven simply by market logic. Both relationships were driven by political rationales, but the calculus underpinning the United States’ relationship with Egypt—a frontline state in the Palestinian-Israeli conflict whose stability was critical to the regional balance of power—would differ from the rationale underlying Mexico’s “special relationship” with the United States.

### Bureaucracy and Coalitional Politics

Bureaucratic expansion was an integral part of the state-building process in Egypt, and the state apparatus was expanded and structured with the aim of preempting activity by banned political forces in the country. After dismantling the monarchy and shutting down parties, the military regime relied on the bureaucracy to consolidate power and control societal actors. Nasser was able to assert control over the inherited bureaucracy by segmenting it into fiefdoms, which were then assigned to trusted lieutenants. Zakariya Muhieddin, for instance, gained control of the Ministry of Interior, which gave him access to the state security apparatus. By December 1954, Nasser had appointed trusted army officers to supervise the work of civilian departments. Nasser exerted control over the state apparatus by using his military appointees. By 1961, more than 3,400 of the 4,100 employees in the Ministry of Interior were either active or retired military officers.<sup>37</sup> The creation of committees and commissions directly responsible to him for the coordination of policy allowed Nasser to gain control over the activities of the state.

The nationalizations of 1956 fueled the expansion of the bureaucracy. The establishment of the Economic Organization, a parastatal body to manage the nationalized foreign assets, provided new job opportunities for educated Egyptians and leadership positions to the military men and their cronies. Between 1960 and 1963, the regime staffed nationalized private enterprises with members of its administrative and military constituency. As a pillar of the regime, the civil bureaucracy came to employ over one million in 1970. The military establishment grew to over three hundred thousand by 1973.<sup>38</sup> These two institutions were vital in building a support base, achieving control, and implementing state policy. High school and university graduates who depended on the military and bureaucracy for employment gradually became key regime constituencies.

The Free Officers were forced by political circumstances to turn to the bureaucracy. Since previously active political institutions had been dismantled or demobilized, the bureaucracy was the only civilian institution of control remaining. The Free Officers, who were fully cognizant of the inefficiency and corruption of the civil service, had wooed bureaucrats upon assuming power, because of the new regime’s need for support and the lack of alternative allies. Bureaucrats, in turn, welcomed the Free Officers’ reliance on the administration and supported the RCC’s plan to expand. Historian Tareq al-Bishri attributes the bureaucracy’s favorable response to the Free Officers to the common social origins of mid-level civil servants (who moved to administrative posts following the purges of upper echelons of the state immediately after the revolution) and to the Free Officers;

and, moreover, the Free Officers' agenda fulfilled many of the aspirations of Egyptian civil servants in terms of employment security, a low cost of living, and free education for their children.<sup>39</sup> It was ultimately a coalition of military officers, bureaucrats, and populist sectors that drove the expansion of the bureaucracy.

Immediately after the coup, the Free Officers appointed Ali Maher as prime minister, who outlined a major overhaul of the government bureaucracy. His plan for bureaucratic autonomy included purging the ranks and ending the patronage system by taking the power of civil service appointments out of the hands of individual ministries.<sup>40</sup> But because of his opposition to land reform and other RCC policies, Maher was replaced by Naguib; Nasser also scuttled Maher's plan for bureaucratic reform, which would have alienated bureaucrats, a sought-after constituency. The RCC needed the bureaucracy as an instrument of control. One of Nasser's first moves was to purge the state apparatus of individuals deemed disloyal rather than any fundamental restructuring, which would have alienated important constituents. Instead Nasser proceeded on an ad hoc basis, establishing state bodies to manage expanding functions, such as the Suez Canal Authority created quickly to bypass the old bureaucracy.

In the absence of effective parties, the bureaucracy and the new public sector became the Egyptian state's instrument of control, the sole target of societal demands and the main channel for participation. The competition for rents and patronage was intense both within and outside the state administration. The result was the formation of clientelistic networks that crisscrossed the state and that would render the bureaucracy incoherent and inefficient. The same clientelism existed in the public sector where control was valued more than efficiency. Fearing that managers could translate their important functional roles and high status into an independent base within the industrial system, Nasser created an intricate control system. The manager was placed at the bottom of a four-tiered hierarchy that included the enterprise head, corporate head, minister, and president and was constrained by a number of control agencies, including the Central Audit Agency, the Central Agency for Administration and Organization, and the Legal Department. In addition, Committees of the ASU were formed and used as watchdogs within the individual enterprises. To monitor the ASU watchdog committees, Nasser created several popular organizations within each industrial organization and assigned to them monitoring functions. Subsequently, in each large factory there existed a labor union, a joint labor-management consultative committee, worker members of the board of directors, and the ASU committee. All four groups acted as "popular" restraints on the managers, while their mutual

rivalry, which forestalled the emergence of a power base, also prevented the efficient functioning of the enterprise.<sup>41</sup>

### "Populism without Participation"

The pre-1952 coalition binding the pashas, the monarchy, and the British had never strongly pushed for bureaucratic capacity and autonomy. Despite their liberal view of parliamentary politics, the landed elites were never able to forge a stable progressive coalition for state autonomy. Given their common economic interests with the British-dominated export market, the pashas were more willing to compromise with the foreign power and the monarchy than to mobilize a middle- and lower-class constituency. The urban bourgeoisie did oppose foreign economic domination and did favor state autonomy, but without allies they were powerless.<sup>42</sup> The Free Officers did attempt to weld together a new coalition for state autonomy that would include the military, the urban and rural populist sectors, the rural middle class, and the bureaucrats to counter the oligarchy and foreign and domestic capital. But the partnership with the private sector failed due to international factors that eventually led to nationalization and the alienation of private capital. The strategy of state capitalism that Nasser would adopt after 1956 may have been the only alternative, the most feasible strategy of state building and coalition formation. Jobs, benefits, and patronage were doled out to bureaucrats, populist sectors, and the rural middle class in exchange for their support; and plans for administrative reform were abandoned.

In Mexico a similar populist distributive coalition emerged, but Mexican leaders had a different understanding of bureaucratic autonomy than their Egyptian counterparts. Mexican state elites did use local strongmen to maintain stability and to turn out the vote in rural areas, but the same kind of "politics of accommodation" as in Egypt, where a segment of the landed elite was spared and protected to become a rural comprador class, did not emerge. Land reform under Cardenas was thorough, distributing nearly eighteen million hectares of land to more than eight hundred thousand peasants and governors aiming to gain rural support; Cardenas allowed peasant leaders to hold major political and administrative posts, often even arming peasants so they could defend their land.<sup>43</sup> Mexican leaders were ultimately more reliant on the ruling and its links to the peasantry than their Egyptian counterparts.

Nasser, in contrast, sought no political engagement with his coalitional supporters, except arms-length electoral support from the rural middle class; state autonomy did not mean administrative reform and bureaucratic

autonomy, but it meant the RCC's independence from coalitional constraints; this type of autonomy deprived the regime of organized, mobilizable support. In his comparative study of regime formation in Egypt and Turkey, Ilkay Sunar observes that the Nasserist and Kemalist revolutions were supported by "etatist coalitions," but subsequently different mobilization strategies led to different uses of the state bureaucracy:

The RCC wished to win the loyalty of the masses without engaging them politically . . . the populist state was the distributive state par excellence; its strategy was to couple distributive incorporation with political exclusion. While Nasser incorporated them [the popular classes] economically through redistributive policies, he excluded them politically by eschewing organizational engagement with the popular classes. The outcome was "populism without participation." The early Republican elite in Turkey used the rhetoric of populism but did not incorporate the masses either economically or politically. The result was "populism without incorporation."<sup>44</sup>

The Mexican case, however, was populism *with* participation, and mass participation was channeled through the PRI. In Egypt, the absence of dense participatory linkages with societal actors and classes granted the Nasserist state an incapacitating type of autonomy.

Analyses of Nasser's heavy reliance on the bureaucracy as the principal mechanism of social control have emphasized the leader's military background and distrust of party politics, while others have underlined the state's weak capacity. Nasser, in the latter argument, simply lacked the capacity to gain the private sector's cooperation, and that incapacity is what led to nationalization. Chaudhry, in this vein, argues that it was the postcolonial Egyptian state's inability to tax, regulate, and discipline the private sector that led Nasser to expand the public sector and nationalize private assets. State weakness would eventually also produce an inefficient public sector. Moreover, the type of autonomy that Nasser sought allowed the state to dominate society but did not enable the regime to elicit cooperative action. In attempting reform, it became evident that the Egyptian state is not autonomous from bureaucratic and labor constituencies; it lacks the capacity to extract itself from postrevolutionary commitments. State autonomy under Nasser was conceived as the absence of institutionalized engagement with society led, and this ultimately produced an incoherent and isolated state.

### Egypt and Latin American Corporatism

Historians have noted the influence of Marxism-Leninism, particularly Tito's brand of Marxism, on Nasser, when he began constructing the Arab Socialist Union in the mid-1960s.<sup>45</sup> Others have highlighted the influence of Southern European corporatism,<sup>46</sup> but few have noted how Nasser was drawn to Latin American variants of corporatism. When Peron came to power in 1946, Argentina was internationally isolated. Because of its perceived pro-Axis position during the war, both the United States and the Soviet Union were reluctant to grant Argentina membership in the United Nations. To counter American and Soviet "opposition" to Argentina in international fora, Peron actively tried to forge what came to be called an "Arab-Latin American bloc."<sup>47</sup> The Argentine leader began to build political alliances with Arab states, in particular, Egypt, Iraq, Syria, Lebanon, and Saudi Arabia, who voted as a single unit and could influence the vote of Pakistan and Iran. Peron's "courtship" of Egypt's Free Officers began (to Britain's dismay) immediately after the latter came to power. Peron saw Egypt, the Arab League's most powerful member, as crucial to the success of his "Tercera Posición" ideology, an alternative to capitalism and communism, which some have seen as a precursor of Third Worldism and the Non-Alignment Movement.<sup>48</sup> Egypt would become Argentina's largest export market and also the most willing recipient of Peronist ideas. Nasser was intrigued by Peron's populism, military rule, and aversion to party politics. According to the memoirs of Abdal Latif al-Boghadi, one of the Free Officers, the RCC regularly debated aspects of Peronism and whether to maintain military rule as the Argentine strongman suggested or to return to multiparty politics.<sup>49</sup> Various authors have noted the influence of Peronism on the development of the Egyptian regime. Robert Bianchi's describes Nasserism as "a fascinating and often intentional Egyptian counterpart to Peronism." Abdal Maghni Said highlights the Free Officers' interest in Peronism and the Argentine regime's corporatist reorganization of the labor movement, though in the end, he notes, the trade union confederation Nasser ended up creating was modeled on the labor hierarchy of the Brazilian Estado Novo under Vargas.<sup>50</sup> Beattie also highlights the parallels between the Brazilian state and the post-1952 Egypt, which he dubs "Nasser's Estado Novo."<sup>51</sup>

Latin American scholars in turn have described Nasserism as "Arab Peronism" and noted not only Peron's influence on Nasser but the latter's influence on Peron's military clique.<sup>52</sup> In 1962, a book titled *The Nasserist Revolution* was published in Buenos Aires and by some accounts, had wide circulation among Argentine military officers.<sup>53</sup> In the mid-1960s, American scholars and policy makers were pondering the possibility of

“Latin American Nasserism,” that is, of military juntas in South America who would overthrow elected governments and assume “modernizing and reforming possibilities that the military have assumed in the Near East.”<sup>54</sup> Some nationalist commentators have gone so far to say that Peron was in fact a “disciple of Nasser.”<sup>55</sup> Given that the working class was incorporated in Argentina almost a decade before Egypt, it is more likely that Peron influenced the Nasserist incorporation experience than vice versa. The ruling styles and incorporation patterns of Nasserist Egypt and Peronist Argentina are similar. Nasser, like Peron, was a poor institution builder and distrusted political parties, dissolving all parties after the 1945 elections. Peron would create the Peronist Party but would not grant it much power or leeway. In 1954, he finally created the Peronist Movement, which was made up of the Peronist Party, the Women’s Peronist Party, and the General Confederation of Labor (CGT). Nasser would also establish the Liberation Rally, which he preferred to call a movement, not to mobilize the populace but simply to take up space. The Egyptian leader’s hostility to political parties would begin to mellow only after 1964.

But the parallels between Nasserism and Peronism notwithstanding, the corporatist structure Nasser established looked more like the system introduced by Vargas during the *Estado Novo*. Unlike Peron’s corporatism, which valued worker mobilization, the system introduced by Nasser closely resembled Vargas’s *Estado Novo* with the single labor confederation, the prohibition on strikes, the high degree of inducements, and the constraints aimed at producing a docile, controlled labor movement rather than cultivating labor support. Given Nasser’s opposition to worker mobilization and communism, it is not surprising that he would be drawn to Vargas’s *Estado Novo*, which has been described as the “most full-blown” and “purest form of corporatism in Latin America” that rejected liberal politics, claiming that would allow communists to take over the state.<sup>56</sup> The system instituted was, in Philippe Schmitter’s words, a preemptive, co-optive, “artificial” corporatism.<sup>57</sup> Scholars have noted that the absence of mediating political parties in Brazil led to coups and “high military involvement” between 1945 and 1964 to control popular groups.<sup>58</sup>

As in Brazil, the corporatist structures put in place in Egypt did not seek to mobilize unions but saw them as organizations through which to deliver benefits to workers. According to the Nasserist plan, unions could not have direct links with others; any links were mediated by a federation; the federation included unions in the same industry. The federations were grouped by economic sector into seven nonagricultural confederations with no single confederation embracing them all together. The state had the right to intervene in union activity and union elections. By making unions essentially social welfare agencies, Egyptian state officials limited

unions’ abilities to participate in wage setting and collective bargaining and created a cadre of docile but unrepresentative unionists. Given rural elites’ control of the countryside, Brazilian state elites would not find mobilization necessary; likewise, in Egypt, the control over the peasantry by rural elites traditionally allied with the state meant that Nasser need not mobilize the peasantry, and he would opt instead for the limited and controlled mobilization of workers.

After Nasser’s death, Sadat tried to reconstruct a single-party organization, and he too would look toward Latin America, but he would be more interested in Mexico where the PRI was seen as a paragon of stability and continuity. Sadat probably saw that post-Nasserist Egypt shared with Mexico the rural-urban support coalition, a single party, and the continuity of the postrevolutionary regime. John Waterbury argues that Sadat before his death was pushing Egypt “toward a political and economic system similar to Mexico’s. It would be civilian, and his National Democratic Party would occupy the same preponderant position as the PRI.”<sup>59</sup> The constitution that Sadat introduced in 1971 after purging the state included stipulations for sexennial presidential elections and the *dedazo*, whereby the incumbent president can select a successor; although it is not clear if these two features were directly copied from Mexico, the two institutions are unique to that Latin American country. In short, while Nasser’s “political formula” blended elements of Peronism with Vargas’s corporatism, Sadat and Mubarak seemed more drawn to Mexico’s “perfect dictatorship,” which experienced decades of stability unknown to other Latin American regimes.

### “Egypt’s Incomplete Revolution”

Several historians have argued that Egypt’s revolution was not as transformative as has long been believed—certainly not as far reaching as Mexico’s. This point is central to understanding the two regimes’ institutional evolutions and differing state capabilities. Recently scholars have traced the institutional continuity from pre-1952 Egypt to the revolutionary regime, noting that the Free Officers may have abolished the monarchy and party system, but most of the pre-coup legal and judicial structures continued to function, though the officers tried to bring them under Nasser’s political control. Nathan Brown, for example, argues persuasively that some of the welfare policies of the Nasserist period—such as the free public education—can easily be traced back to the 1930s and 1940s.<sup>60</sup>

Economists have also argued that Nasser’s land reform was not as extensive as the regime and its cheerleaders claimed and did not succeed in replacing the pre-1952 patterns of land ownership and social control in

rural areas. The failure of complete land reform and the continued prominence of landowning elites would have dire economic repercussions, as policy makers deferred to the interests of landowners. Agrarian reform was intended to bring an end to the feudal ownership patterns and to encourage large landowners to invest in industry; investment capital would come from the forced sale of land over the two hundred acre limit. But this did not quite happen: there was no significant rise in investment in industry largely because reforms were not as distributive as claimed and because the laws were easily evaded by landed elites. Nasser expropriated the estates of the royal family, but for others he set the maximum holding at three hundred acres. The 1952 land reform stated that “no person may own more than two hundred acres of land” but allowed owners to keep another one hundred acres by giving up to fifty acres to each of two children. Land over three hundred acres was to be taken by the government over five years and sold to small farmers in two- to five-acre holdings. The five-year implementation period, however, allowed owners to sidestep the law through private sales or transfers to other relatives.<sup>61</sup>

Although the reforms did put in place rent controls and tenant rights that improved conditions in villages (until their reversal in October 1997), only a small proportion of the land was actually redistributed. By one account, between 1952 and 1961, only 14 percent of total cultivable land in Egypt was redistributed, with ownership rights transferred to only 10 percent of the population.<sup>62</sup> In 1965, the top 5 percent continued to control 43 percent of the cultivated area, while 95 percent of those owning or renting land held less than five acres; 45 percent of agricultural families were still landless.<sup>63</sup> Since land reform was fairly limited, the Egyptian state gained the support of the small landowners who had benefited from the redistribution, but many in rural areas (an estimated 4.3 million in 1985) remained landless. The limited nature of land reform in Egypt undermined the country’s industrialization and did not generate the same growth rates as Mexico or East Asia but actually increased inequality, exacerbating tensions within and between rural and urban areas.

It’s ironic that that President Park Chung Hee of Korea, as Alice Amsden notes, claims to have been influenced by Nasser in his implementation of land reform in South Korea, given that reform in Korea was more far reaching and effective than in Egypt. In Japan, Korea, and Taiwan, where extensive land reform was carried out, the limit was 2.65 acres (while in Egypt the limit was set at 50 to 100 acres). In the 1930s, 3 percent of all farm households in Korea owned two-thirds of the land; by the 1940s, land reforms had decimated the landed elite and left only less than 7 percent of the population landless. By 1975 in Korea, less than 20 percent of the land was held in farms of two hectares or more (around five acres), while in

Egypt 47.5 percent of the land was in holdings above this limit, and almost one-third of Egyptian landholders (32.3 percent) had holdings in one acre, amounting to only 6 percent of this agricultural area.<sup>64</sup> As Dani Rodrik has observed, given that income distribution was relatively egalitarian, Korean leaders were not under pressure to redistribute incomes and could focus on accumulation and investment.<sup>65</sup> Nasser never gained enough capital from land reform and domestic constituencies, and his distributive commitments would lead him to try to mobilize capital at the international level. The issue of external capital flows is related to the question of institutional continuity before and after 1952. The degree of institutional continuity between pre- and post-1952 Egypt can help elucidate the impact, if any, of external revenue on Nasser’s state-building efforts. Did external flows “skew” the fledgling Egyptian state’s structures, as some have argued, or did these structures predate both the flows and the revolution?

### Rents and State Building

Rentier theorists claim that the Egyptian state’s weakness and inability to reform today is the result of a decades-old dependence on external revenue, which not only deprived leaders of the incentive to reform but produced the isolated Nasserist state, detached from the population and “suspended from above.” I argue that Egypt is indeed reliant on external rents, which began flowing long before Camp David, but, contrary to Terry Karl Lynn who says the character of rentier states was shaped by the infusion of external capital flows during the critical initial phases of state building, I demonstrate that the Nasserist regime’s coalitional arrangements and welfare commitment had already been established before Soviet and American aid began flowing.<sup>66</sup> Moreover, Nasser’s state-building strategy took the direction it took because of the dearth of capital, in particular foreign capital, which necessitated the policies of land reform and nationalization.

Several scholars have noted that many of Nasser’s welfare policies were put in place in the 1930s and 1940s. Brown has argued that the notion of a Nasserist social contract is “exaggerated” and that what we think of as Nasserist welfare commitments actually preceded 1952 and “can easily be traced back” to the period during and immediately after World War II: “Rents and price controls were imposed during the war . . . [H]igher education began to expand and become accessible to the middle class under post-war governments . . . Nationalist economic policies were not an invention of the Free Officers; rather they were made possible by Egypt’s legal independence,” following the 1937 Montreux conference, which proclaimed “the abolition of the capitulations” that had theretofore prevented

the Egyptian government from claiming jurisdiction over non-Egyptian citizens. Despite some innovations in the legal arena, Nasser, according to this argument, essentially used preexisting state organs and political structures to govern. "The image of Nasserism as a bargain of welfare gains in exchange for political silence is thus perhaps less accurate," writes Nathan Brown. "Pre-Revolutionary governments laid the groundwork for the new welfare policies and some of the authoritarian tools later developed much fully under Nasser."<sup>67</sup>

But even accepting that Nasser expanded a preexisting welfare state, it is not evident that this expansion or that his coalitional strategy of inclusion of the lower classes was prompted or funded by external revenue. The critical phases of state building—shaped by intra-elite conflict, state-society struggles, and international circumstances—had been completed by the time external revenue began flowing. In September 1952, the law on agrarian reform was passed. The nationalization of the Suez Canal on July 26, 1956, was carried out because of the lack of external revenue—specifically in response to the United States' refusal to finance the Aswan High Dam and John Foster Dulles's withdrawal of an aid package on July 19. (President Truman had granted Egypt a ten million dollar subsidy for the purchase of wheat surpluses but had adamantly refused to sanction any military aid, for fear of triggering an arms race in the region and to avoid a backlash from pro-Israeli groups at home.)<sup>68</sup> This was followed in 1957 by the nationalization of other foreign assets in Egypt, including banks, insurance companies, and foreign trade agencies. It was *after* these nationalizations, which provided income for the government and assets for the public sector, that Egypt began receiving significant amounts of non-food aid. In 1958, Egypt negotiated its first twelve-year loan for economic development with the Soviets, who agreed to provide financing for the Aswan High Dam project.<sup>69</sup> Between 1959 and 1966, Egypt received \$1.124 billion (\$949 million in food aid) from the United States, \$842 million from the Soviet Union, and \$273 million from the Eastern bloc countries.<sup>70</sup> But it is not clear how this money skewed the Egyptian state's regulatory, extractive, and distributive institutions, as some rentier state theorists would predict; welfare commitments were in place before 1959, and, as discussed in the next chapter, the ASU, established in 1962, actually encouraged participation and tried to mobilize various constituencies. Just as it is not clear that the early phases of Egypt's state building were shaped (or "skewed") by external rents, it is not clear that rents post-1958 forestalled institutional development or participation.

The size and complexity of the Egyptian state apparatus would be shaped not only by the nationalist struggle against the British but also by the Palestinian-Israeli conflict; the wars of 1948, 1956, and 1967 would

affect the process of state building and incorporation—in ways neglected by most rentier analyses that focus on revenue flows—by strengthening the military, polarizing domestic constituencies, and paving the way for greater state intervention. The conflict in Palestine, from the war of 1948 to the invasion of 1956, combined with domestic instability made Nasser obsessive about his autonomy and independence from different social groups and interests. The "bellicist thesis," which claims that states make war and vice versa, is not belied by the Egyptian case; protracted military conflict in the Egyptian case did lead to an "administrative growth," but not the state apparatus Weberian "bellicist" theorists predicted. Rather, the combination of successive wars and (later) external rents produced an isolated, militarized state with an enormous bureaucracy and few links to society. This context would set the Egyptian state on a different institutional path than Mexico. Lacking the manpower and administrative means to directly rule their territories, postcolonial states have often ruled through middlemen. Nasser, though, was reluctant to grant power to mediating institutions or agencies for fear that they would become bases of opposition, in contrast to Mexico where corporatist organizations were granted some autonomy.