

Full Length Research

Poverty and Economic Inequality as the Leading Causes of the 2011 Egypt Revolution

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Although it took place over only 18 days, the 2011 Egyptian Revolution was a significant socio-political event in modern Middle East history. As a part of an upsurge of protest movements across the region, the Egyptian revolution followed Tunisia's successful revolution. These protests incited many questions and intersectional studies that have looked at economic, social, and political factors that came into existence leading to the "Arab Spring." Focusing on Egypt as a case study, this article examines the economic motives of the revolution that grew out of those factors. Specifically, it focuses on the concepts of poverty and economic inequality as major reasons of the protesters' unrest. A group of analysts has argued that dictatorship, religious and ethnic tensions, and the prevalence of gross corruption in government, were some of the main triggers of the Egyptian revolution. However, a close analysis of the 2011 revolution in Egypt shows that these factors are not sufficient catalysts for a revolution, unless they caused an unbearable poverty and economic inequality.

Keywords: 2011 Egypt Revolution, Egypt, Arab Spring, Poverty, Economic Inequality, Revolution of Egypt.

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INTRODUCTION

Since the beginning of 2011, many Arab countries have been experiencing change in riots. This change has resulted in revolutions in some countries. Real change began in the small country of Tunisia, where dozens were left dead following a month of violent protests and demonstration, which made thousands of people rush out into the street. Ben Ali, the Tunisian president, fled to Saudi Arabia with his family on January 14, 2011, and protests gained its first success, causing a revolution.

Riding the wave of revolution, millions of Egyptians gathered in cities on January 25, 2011, especially in

Cairo's Tahrir Square. At the outset, tensions were high between the protestors and police, and violence not only spread in Cairo, but also in Suez. The government took harsh precautions against these tensions, applying riot-control strategies, and prevented all types of communication. However, protests had reinitiated by January 28, and the police had moved back. The security mission was assumed by the military, disregarding major problems in the everyday security mechanism. As the pressure on President Hosni Mubarak increased, the scale of the demonstrations kept rising, mainly at

organized Friday gatherings.

As in Tunisia, the conditions in Egypt made the country ripe for revolution. A small group of businessmen, mostly friends of Gamal Mubarak (son of Hosni Mubarak), had full control over the economy and were running it in pursuit of personal interests. Forty million Egyptians, half the population, were living below the poverty line, on less than two dollars a day. A few rich people lived liked kings in their palaces and resorts, travelling in private planes, whereas poor people were unable to feed their families and were committing suicide or sometimes dying in fights to obtain cheap bread or bottles of propane.¹ The army of Egypt finally joined with the struggling population and overthrew Hosni Mubarak in February 2011, following the protests and brutal police response that made the country chaotic.

The 2011 Egypt revolution attracted significant expert analysis, especially concerning the motives of the revolution. A group of analysts has argued that dictatorship, religious and ethnic tensions, and the prevalence of gross corruption in government, were some of the main triggers of the Egyptian revolution. However, a close analysis of the 2011 revolution in Egypt shows that these factors are not sufficient catalysts for a revolution, unless they caused an unbearable poverty and economic inequality.

WIDESPREAD CORRUPTION

To begin with, there is a strong belief that blatant corruption within the government was one of the main factors that caused the 2011 revolution. Those who hold this position argue that the prevalence of corruption within the government denied Egyptians economic empowerment. However, a close analysis of the 2011 revolution in Egypt shows that the revolt was not caused by a prevalence of corruption in the government. It is true, though, that corruption in Egypt was prevalent just before the revolt. Ann Lesch revealed that the corruption reached the highest scale in Egypt in the mid-2000s following the appointments of new cabinet ministers who used their positions to promote corruption.² According to Lesch, the newly appointed ministers used their influence to acquire and sell a large portion of the public sector for their personal gains. In addition, they also discouraged public investment in agriculture, education, housing, and health and land reclamation. In addition, the ministers promoted private investments in areas that only benefited

¹Alaa Al Aswany, *On the State of Egypt: What Made the Revolution Inevitable* (London: Vintage Books, 2011), 7.

² Ann M. Lesch, "Egypt's Spring: Causes of the Revolution," *Middle East Policy Council XVIII*, no. 3 (2011): 1-8.

them at the expense of the Egyptians. For instance, the most important ministers had connection with the key economic sets such as Ahmed al-Maghraby, minister of housing, was a big player in the hotel realm and Mohamed Mansour, minister of transport, was a car dealer.³

Despite the high prevalence of corruption, experts believe that it did not influence Egyptians to revolt against the government. According to Yolande Knell, corruption neither caused an unbearable deprivation nor economic inequality in Egypt.⁴ For example, despite the prevalence of corruption in the country, Egyptians continued to live a relatively decent life compared to their neighboring countries. Similarly, corruption did not prevent Egyptians from going about their businesses. Egypt is among the few African countries that have attained significant development despite the high corruption in the country. This clearly indicates that high corruption in Egypt was a minor factor for the 2011 revolt. Furthermore, corruption had been high in Egypt since the mid-2000s. As a result, if corruption had been the main issue, then Egyptians could have protested much earlier without necessarily having to wait until 2011. In this respect, the corruption in the country could only have catalyzed the revolt if it had caused an unbearable deprivation and economic inequality. However, in this case, corruption did not cause an unbearable deprivation and economic inequality.

LACK OF DEMOCRACY

Lack of democracy is also cited as a catalyst for the 2011 revolution in Egypt. A group of politicians has argued that the many years of dictatorship of President Mubarak catalyzed the 2011 revolt. Lesch noted that President Mubarak enjoyed over three decades of dictatorship by establishing a bureaucratic government in which all powers were centralized in the executive branch.⁵ Mubarak also created a presidential system in which the president was appointed by the People's Assembly, though the appointment had to be ratified by public referendum. The system enabled him to serve for six five-year terms with automatic renewal by referendum. Lesch also noted that power was consolidated to the extent that the president made all appointments, including mayors, deputy mayors, and governors.⁶ Furthermore, Mubarak created a system in which local council leaders were elected based on the winner-take-all system. The system provided the ruling party with a monopoly of power, which

³Ibid., 39.

⁴Yolande Knell, "Egypt's Revolution: 18 Days in Tahrir Square," *BBC News*, January 25, 2012, A9.

⁵Lesch, "Egypt's Spring," 1-8.

⁶Ibid.

encouraged corruption and nepotism among all local government offices.

Analysis of the 2011 revolution shows that lack of democracy did not catalyze the revolution. For example, Egyptians had lived under a dictatorship for more than three decades without protest. This clearly indicates that Egyptians did not revolt against Mubarak because of the dictatorship. Furthermore, as much as democracy was lacking in the government, Egyptians were not absolutely deprived of their rights. They were not entirely disenfranchised as voters since they had the power to vote through a referendum. Additionally, Egyptians also enjoyed economic empowerment, which enabled them live a relatively high standard of living compared to their neighboring countries.⁷ In fact, a very small percentage of Egyptians were jobless. Furthermore, over half of the country's million people were not poor despite the dictatorship. In fact, protesters carried posters during the revolt which contained mainly information regarding the deteriorating state of the economy; rather than denouncing the governance. For example, most placards carried information regarding "Bread" and youth unemployment. This clearly indicated that the revolt was much about the deteriorating state of the economy. As a result, Lesch concluded that the lack of democracy was a minor contributing factor for the 2011 revolution in Egypt.

RELIGIOUS TENSION

Egypt is a country that is largely Muslim, with the Coptic Christians being the minority. Analysis of the Egyptian revolution has indicated that religious tension might have contributed to the 2011 revolt in Egypt. Hassan argues that Mubarak concentrated on dividing Egyptians along religious and tribal lines by oppressing the Muslim Brotherhood and Salafis under the guise of fighting terrorism, while sympathizing with the Coptic Christians.⁸ However, a close analysis of the revolution shows that tribal and religious animosity did not catalyze the revolution. The revolt involved not only the Muslim Brotherhood, but also the Coptic Christians. As much as the Muslim Brotherhood was the majority of those who participated in the revolt, a significant number of Coptic Christians and other tribes also participated in the revolt. The involvement of the Coptic Christians and other tribes that were favored by Mubarak in the revolt is a clear indication that tribal and religious tension did not catalyze the revolution.

⁷ Duncan Green, "What Caused the Revolution in Egypt?" *The Guardian*, February 17, 2011, A6.

⁸ Amro Hassan, EGYPT: Religious Conflict Becomes the Revolution's Biggest Enemy, *Los Angeles Times*, May 9, 2011, B.7.

POVERTY AND INEQUALITY AS CONTRIBUTING FACTORS

Revolutions arise from inequalities, quantitative or qualitative, typically from a large segment of the population claiming a social equality denied them, or from a minority claiming a privilege denied them. In all revolutions, the conditions that lead up to the upheaval are the desire of the many for equality, and the desire of the minority to protect the status quo. They take to the streets to protect their profit, honor, or to avoid dishonor. The inciting occasions are many: jealousy of those who have wealth and honor, official arrogance, fear of the law or of its abuse, personal rivalries, failure of the middle class to maintain a balance, race antagonisms, antagonism of localities, and others.⁹ Inequality is the main pillar that led to the 2011 Egyptian Revolution, inspiring people to acquire what they did not have.

WHY INCOME INEQUALITY MATTERS

How does inequality within a country cause conflict? A renowned theory is Ted Gurr's Relative Deprivation Theory.¹⁰ Gurr argues that a large gap between the expected and actual economic and living conditions of a group can fuel conflict. While Gurr does not talk explicitly about gaps between rich and poor, arguably, frustrations about the gap between expected and actual living conditions are likely to increase even more when the poor are constantly confronted in their daily lives by the conditions of the rich.¹¹ The poor rebel against the rich to acquire wealth, and the rich fight against the poor to protect their wealth.

Inequality impacts growth and other macroeconomic issues all around the world. There is no need to look further than the income inequality, which has generated the dissatisfaction that stimulates the latest disorder in the Middle East. To form a simple connection, more income inequality is associated with less persistent growth. Figure 1 demonstrates the relationship between the income distribution and the span of growth for a sample of countries during the period of 1950 through

⁹ Aristotle, *The Politics* V, <http://classics.mit.edu/Aristotle/politics.5.five.html>.

¹⁰ Ted Robert Gurr, *Why Men Rebel*, Princeton, New Jersey: Princeton University Center of International Studies and Princeton University Press, 1970.

¹¹ Rich Morin, *Rising Share of Americans See Conflict Between Rich and Poor* (Washington DC: Pew Research Center, 2012).

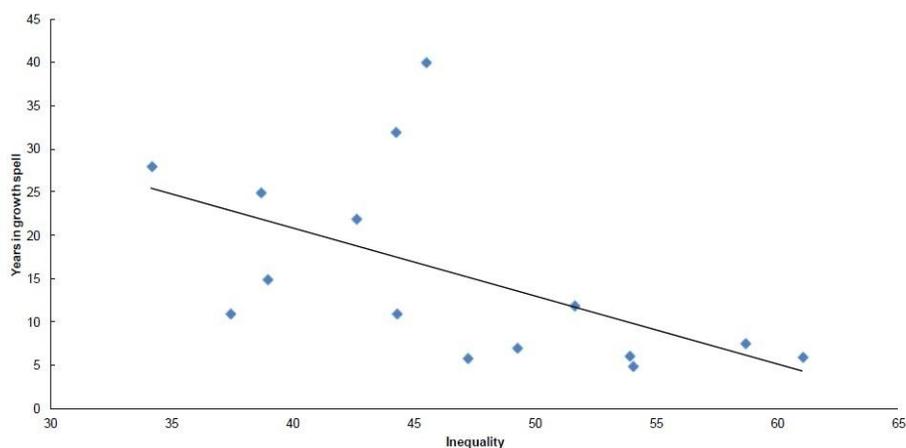


Figure 1. Inequality and Growth Relationship. (From Penn World Tables and Wider World Income Inequality Database, 2013).

2006.¹² The growth spell is a period-of-time comprising at least five years that begins with an uncommon rise in the growth rate and ceases to exist with an uncommon decrease in growth. This table shows a general trend for many countries around world, including Egypt. The Gini coefficient technique was used for preparing this graph, which is the classic method used in most of the world to measure income inequality varying from zero to 100.¹³

It may seem contradictory that income inequality is strongly related to less persistent growth. Nevertheless, some inequality is necessary for the effective running of a market economy and the encouragement required for investment and growth. Too much inequality, however, could be harmful to growth. It might cause political turmoil, impeding investment, and amplifying the potential environment for financial crisis. In the presence of economic shocks, governments may find it harder to take difficult but necessary decisions, such as imposing taxes or cutting public expenditure to avoid a debt crisis. Then again, economic inequality may mirror poor people's inability to get financial services, which gives them fewer opportunities to invest in education and business

activities.¹⁴

Income inequality decreases the buying power of middle and low income people, reducing aggregate demand; however, people deriving benefit from inequality seek high-yielding investments, leading to the rise in mass of assets. Insufficient regulation and invalid monetary policy stir up more economic uncertainty and lower growth rate.¹⁵

Dealing with the income inequality is vital because inequality adversely affects progress in terms of the Millennium Development Goals (MDGs)¹⁶ and poverty reduction. It retards development in general, and leads to

¹⁴Berg and Ostry, "Equality and Efficiency," 12–15.

¹⁵United Nations Development Programme; Bureau for Development Policy Towards Human Resilience Sustaining MDG Progress in an Age of Economic Uncertainty 2011, 1 electronic document (312 p.), U.N. Bureau for Development Policy, New York, 186.

¹⁶The Millennium Development Goals (MDGs) are eight international development goals that were established following the Millennium Summit of the United Nations in 2000, following the adoption of the United Nations Millennium Declaration. All 189 United Nations member states at the time (there are 193 currently) and at least 23 international organizations committed to help achieve the Millennium Development Goals by 2015: the goals were as follows: 1. To eradicate extreme poverty and hunger, 2. To achieve universal primary education, 3. To promote gender equality and empowering women, 4. To reduce child mortality rates, 5. To improve maternal health, 6. To combat HIV/AIDS, malaria, and other diseases, 7. To ensure environmental sustainability, 8. To develop a global partnership for development. (United Nations Millennium Development Goals website)

¹²Inequality is measured by the Gini coefficient, which ranges from zero, where all people have the same income, to 100, where one person has all the income. The data cover the period from 1950 to 2006. Countries in the sample include Belgium, Brazil, Cameroon, Colombia, Ecuador, El Salvador, Greece, Guatemala, Jamaica, Jordan, Pakistan, Panama, Singapore, Thailand, and Zambia.

¹³Andrew G. Berg and Jonathan D. Ostry, "Equality and Efficiency," *Finance & Development* 48, no. 3 (September 2011): 12–15.

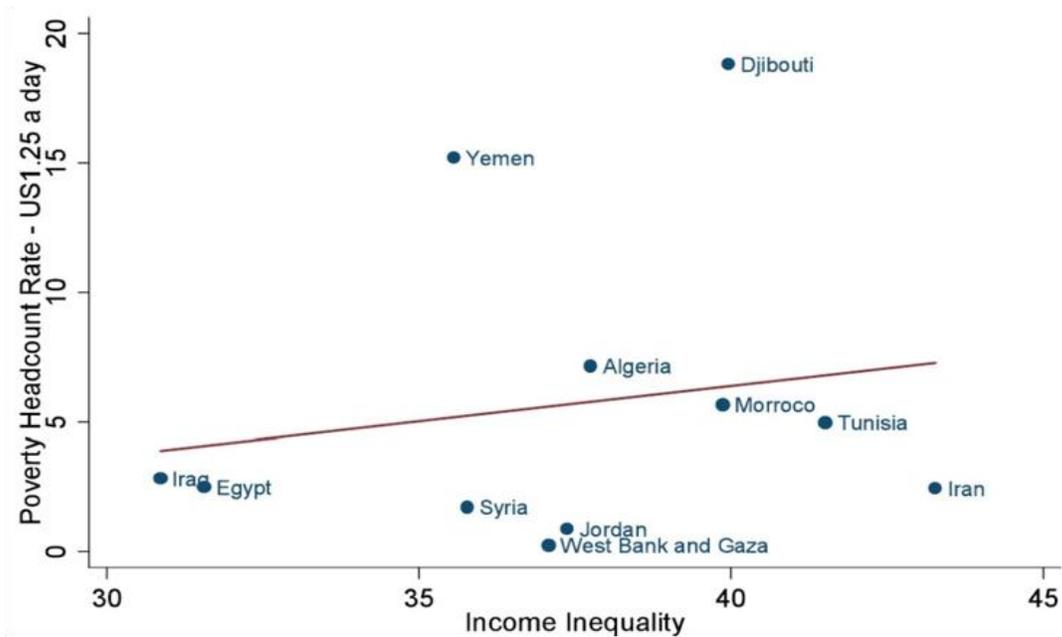


Figure 2. Inequality and Poverty Relationship. (After World Bank, 2012).

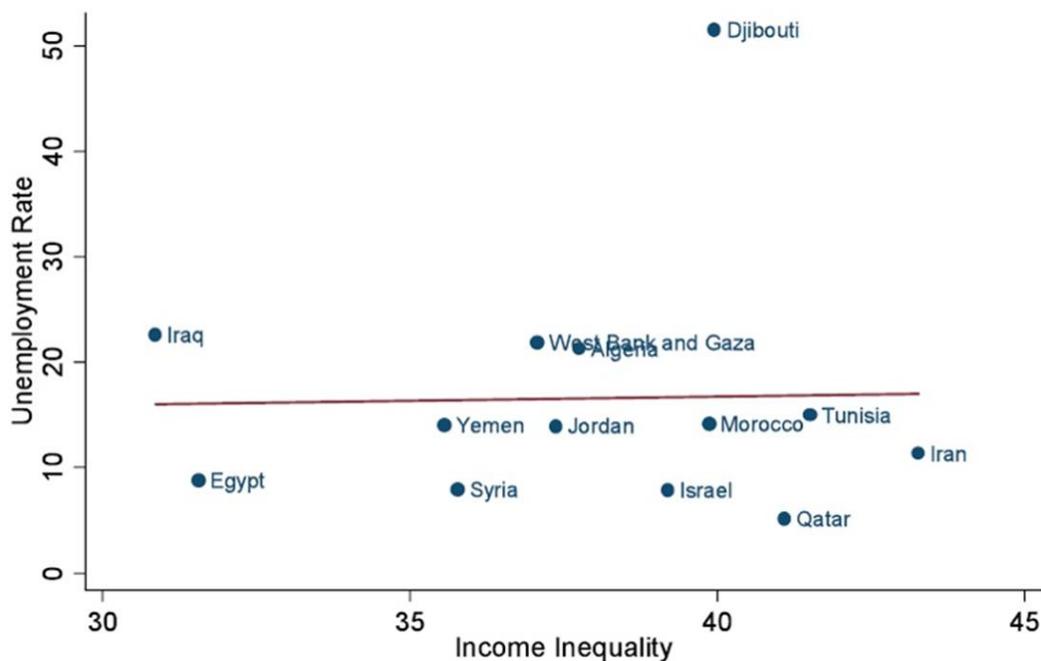


Figure 3. Unemployment and Inequality Relationship. (After World Bank, 2012).

ineffective resource allocation and misused potential productivity, as well as high rates of dependency, particularly food dependency mentioned in the previous chapter. It decelerates economic growth (Figure 1), leads

to social and health problems—including worsened education outcomes—worsens poverty (Figure 2) and unemployment rates (Figure 3), and results in social and economic inequalities among children, generating

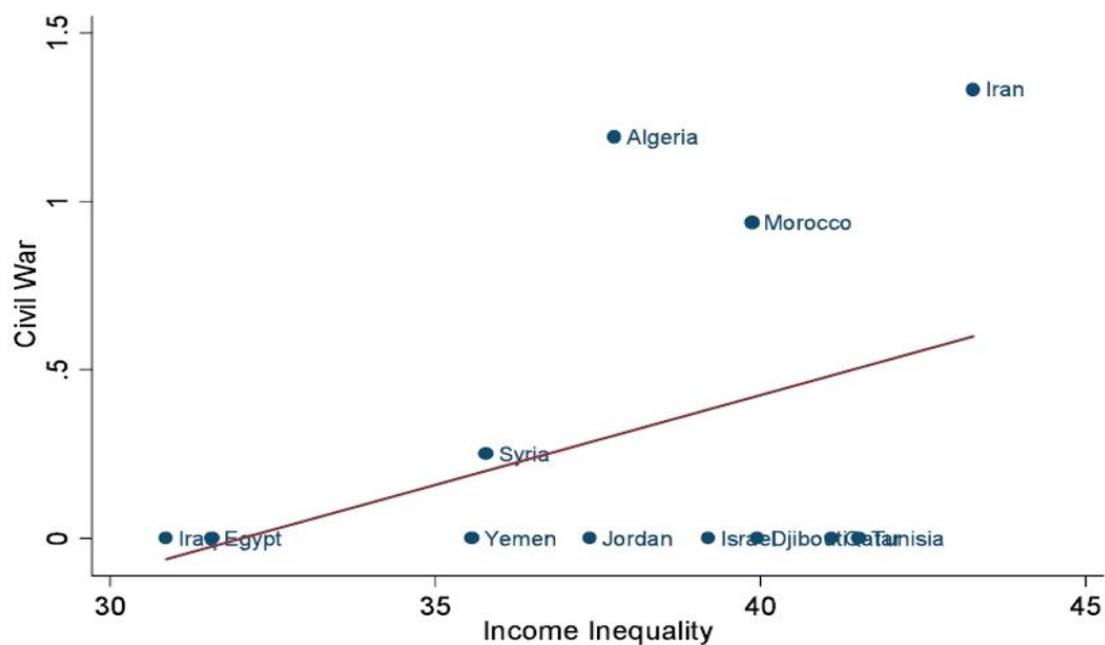


Figure 4. Inequality and Civil War Relationship. (After World Bank, 2012).

political and social insecurity and clashes (Figure 4).¹⁷ Examples in Figures 2 through 4 were taken from Arab countries. Using data from 2012, these graphs show that there is a close relationship between inequality and many crucial social problems such as poverty, unemployment, and civil war. For all these issues, the graphs draw a general pattern to indicate that when income inequality increases, other problems also increase.

Viewed together with other Arab countries, Egypt struggled with the same problems, although as displayed in the graphs, its economic position was always lower. Although the graphs only include a few Arab countries, they display a general trend related to inequality for the all countries. It may seem contradictory at first glance to see Egypt in these graphs at the bottom, and one may argue that inequality did not much affect Egypt in terms of poverty, unemployment, or conflict. It can easily be seen from the graphs that Tunisia was most affected by inequality and it was the first country that went through revolution. Moreover, other countries that did not experience revolution, such as Morocco or Algeria, were also affected by inequality, which weakens the argument about inequality causing the revolution in Egypt. But these graphs do not involve very crucial tenets such as subjective well-being, inaccuracy of GDP growth, and miscalculation of Gini Coefficient. If they were included in

the graphs, Egypt's position in the graphs would be much closer to Tunisian's. However, these graphs are sufficient to contend that inequality is highly related to poverty and contentious movements.

SUBJECTIVE WELL-BEING

There has been always a gap between reality and people's expectations. Revolutions are likely to occur when the gap widens. The 2011 Egyptian Revolution was not a surprise except to those who had shut their eyes to the truth of the economic, social, and political problems that had been accumulating for a long time. The general understanding in Egypt before the revolution was that social inequality in some way and unequal allocation of resources were deep-seated problems. On January 25, 2011, when the Egyptian revolution broke out in Cairo, Suez, Alexandria, and in other parts of Egypt, many activists from different social groups and faiths demonstrated against President Mubarak's rule and the existing economic inequality.

"Subjective well-being (SWB)" demonstrates how people evaluate the quality of their lives, and it encompasses both emotionally expressed reactions and rational judgments.¹⁸ Measurement of subjective well-being provides an alternative yardstick of development

¹⁷Mthuli Ncube and John C. Anyanwu, "Inequality and Arab Spring Revolutions in North Africa and the Middle East," *Africa Economic Brief* 3, no. 7 (July 2012): 2.

¹⁸Ed Diener, "Subjective Well-being," *Psychological Bulletin* 95, no. 3 (1984), 542–575.

that mostly depends on people's experiences; however, this measurement may diverge from the portrait presented by common metrics that only evaluate the access of people to resources. Particularly, depending on peoples' experiences and evaluations of their everyday life, measurement of subjective well-being is simply used to get information on the perceived well-being of respondents considering the influence of changes in economic and social conditions, and the effects of those changes in tastes and references to them. Measurement of subjective well-being, in addition to being a source of information for combined changes in a country, can also be a useful source to see which social groups are dissatisfied or are experiencing a worse life.¹⁹

Contrary to the common belief that subjective well-being is generally limited to measurement of *happiness*; it consists of a more diverse range of concepts. In particular, subjective well-being includes:

Good mental states, including all of the various evaluations, positive and negative, that people make of their lives and the affective reactions of people to their experiences.²⁰

This definition is very inclusive, covering the many different aspects of subjective well-being. Above all, it comprises measurement of the evaluation people make about their experiences as a whole. Even so, it also reflects people's level of satisfaction with their fiscal situation or health condition, as well as the *meaningfulness* or *purpose* of their life. This description of subjective well-being, therefore, involves three concepts:

1. Life evaluation: a person's reflective evaluation of his life,
2. Affect: a person's moods or emotional conditions,
3. Eudaimonia: meaning and purpose of life, or good mental health.²¹

The relative deprivation theory of Gurr suggests that it is the, "perceived discrepancy between value expectation

¹⁹Organization for Economic Co-operation and Development, *OECD Guidelines on Measuring Subjective Well-Being*. (Paris; Washington, DC: Organization for Economic Co-operation and Development, 2013), 36.

²⁰John Tierney, "A New Gauge to See What's Beyond Happiness," *New York Times*, <http://www.nytimes.com/pages/todaypaper/index.html>.

²¹Organization for Economic Co-operation and Development, *OECD Guidelines on Measuring Subjective Well-Being*, 10.

and value capabilities" that motivates people to revolt.²² It is not only the reality of deprivation that can create revolution but also the perception of this deprivation. Hardship on its own does not stir up people to revolt. To move from sorrow to mass action, people must first realize "a sense of social injustice."²³ Gurr states that the impression that societal distribution of pain is unjust and suffering is expected is one of the leading prerequisites to action. If Tunisia's revolution became the trigger for Egypt's revolt, the gap between what Egyptians wanted and what they had provided the fuel. Egyptians' sense that they were not profiting from the country's economic growth laid the groundwork for the overthrow of Mubarak.²⁴

GDP GROWTH AND DISCONTENT AMONG PEOPLE

It was the "disconnect" among people that led to the 2011 Egyptian Revolution, because they were treated unfairly by a small group of rich people who got the greater portion of GDP.²⁵ Inequality alone did not cause the revolution and the overthrow of Egypt's government. The difference between what *was* and what *should be* was the most important factor forming the chief motive for the country's historic revolt.²⁶

With real GDP growth numbers of 4.1 percent in 2004, 4.5 percent in 2005, and 6.8 percent in 2006, the Egyptian economy had recorded robust growth in recent years. Moreover, exports increased from \$7 billion in 2001 to \$18.4 billion in 2006, that is, 160 percent. As a percentage of GDP, exports grew from 7.6 percent to 17.3 percent. After experiencing deficits, extending from 1 to 3 percent of GDP from 1997 to 2000, the current number had increased since 2001, mostly due to increased exports of petroleum products, recording an excess of 5 percent in 2003 and 2004, and 2 percent in 2005. The total investment amount reached 18.7 percent

²²Gurr, *Why Men Rebel*, 37.

²³Barrington Moore, *Injustice: The Social Bases of Obedience and Revolt* (White Plains, New York: M. E. Sharpe, 1978), 540.

²⁴Abu Dhabi Gallup center, "Egypt: The Arithmetic of Revolution." Gallup World, <http://www.gallup.com/poll/157043/egypt-arithmetic-revolution.aspx>.

²⁵Doaa S. Abdou and Zeinab Zaazou, "The Egyptian Revolution and Post Socio-Economic Impact," *Topics in Middle Eastern and African Economies* 15, no. 1 (May 2013): 93.

²⁶*Ibid.*

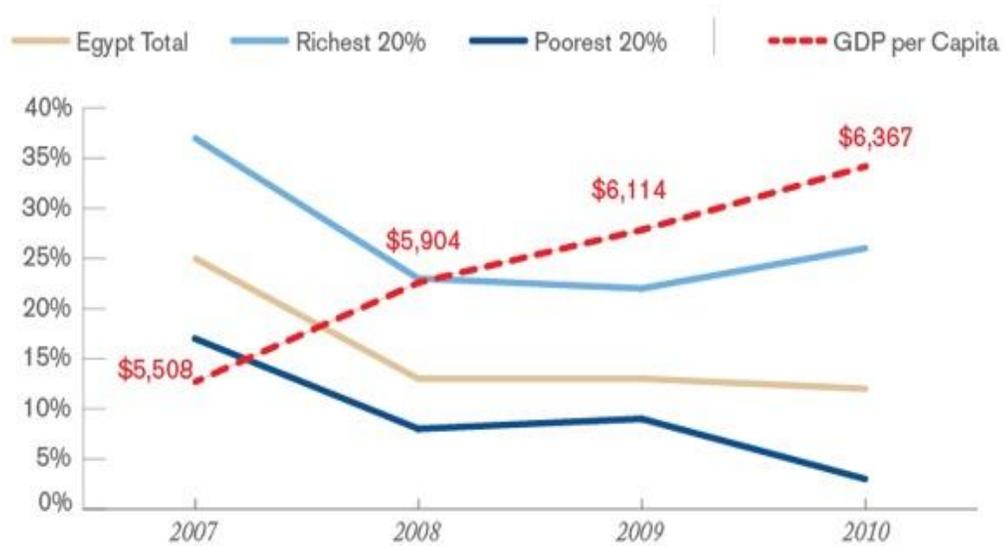


Figure 5. Percentage of Population Thriving. (After Gallup, 2010).

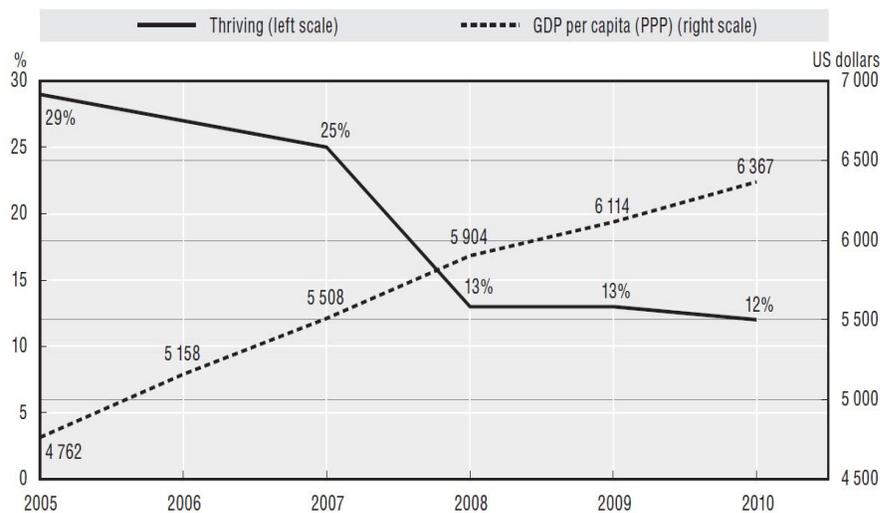


Figure 6. Trends in Subjective Well-being and GDP in Egypt, 2005–2010. (After Gallup, 2010).

of GDP, and foreign direct investment increased to 6 percent of GDP. The balance of payment account recorded excesses of \$1.8 billion in 2005 and \$1 billion in 2006, thus helping the Central Bank to raise its foreign reserves, which led to \$22.7 billion by October 2006.²⁷

²⁷Sufyan Alissa, *The Political Economy of Reform in Egypt: Understanding the Role of Institutions* (Washington, D.C: Carnegie Endowment for International Peace, 2007), 11.

Economic growth in Egypt increased the wealth of a small group, but many experienced decreasing access to this wealth (see Figure 5.) The figure shows that with the GDP growth “thriving”²⁸ the percentage of rich people

²⁸ “Thriving” is a gauge of subjective well-being measured by the Gallup Organization. It relies on answers to the Cantril measure of life satisfaction at the moment and how people hope their life to be in the next five years.

was increasing, while it was decreasing for poor people. While Egyptians dreamed of the highest democratic ambitions of the region, it had the lowest. Many tolerated a paternal state-citizen type of state, where people agreed to less freedom in return for high-grade social services provided by the state; however, Egyptian people got neither. As Egyptian contentment about their freedom diminished, so did their satisfaction with services provided by the state. This double deterioration suggests that, according to many Egyptians, the old regime had been more similar to a prison guard than a generous father.²⁹

Prior to 2011, there was a decline in contentment that was in contradiction with the more promising growth of GDP figures. Even as GDP increased, the well-being of Egyptians declined substantially. In Egypt, the percentage of people thriving dropped by 17 percent since 2005 (see Figure 5 & 6). This demonstrates how perceptions can render information on very important results in societies that other classical indicators such as GDP growth do not render.³⁰

DISCREPANCY OR MISCALCULATION OF GINI COEFFICIENT

One of the baffling aspects of the measurement of economic inequality in Egypt was the use of household surveys,³¹ which do not appear to agree with people's perceptions. Both formal governmental statistics and the World Bank indicate that the Gini coefficient³² had been declining during the last decade (2000–2010) from 36.1 percent to 30.7 percent in 2009.³³ This last percentage is lower than regional and international standards and it is also unusual for countries with low income that undergo

rapid growth phases. Egypt had experienced a much extended growth period since the late 1980s. From 1996 to 2010, Egypt saw a growth rate of more than 5 percent, with peaks of over 7 percent from 2006 to 2008.³⁴

In fact, the Gini coefficient is mostly subject to various statistical problems because it usually includes families who may underreport or not report their incomes. Moreover, the Gini coefficient is sensitive to extremes in income values. When rich families have a tendency to take part in surveys less often than poor families, the Gini coefficient may be miscalculated. Alternatively, if the rich report their incomes erroneously, the resulting incorrectness may greatly skew the Gini coefficient.³⁵ From another point of view, it might be said, for example, that when the richest 5 percent of the inhabitants was receiving 40 percent of the national revenue but now gets 30 percent, and the poorest 20 percent was receiving 3 percent of the national revenue but now receives 5 percent, it is accepted as progress in income distribution. This alleged improvement in the state of the poor is not real because such statistics are not enough to tell about whether the poor may be in a worse or better economic condition than they had been. Their proportion of the national revenue might really have been greater than it was, but their needs or ambitions might have increased as well, thus putting them in a more desperate situation. In such a situation, the increased level of buying power is useless in terms of people's contentment. On the other hand, the attitude of the rich toward them might have grown worse, causing the poor to feel even deeper desperation. Moreover, their acquiring a better portion of the national revenue might have become more depreciating, causing them greater alienation.³⁶

According to the HIECS 2011, in rural areas 26,500 households were sampled. The HIECS do indicate two important aspects of consequences that could actually help explain the incongruity between realities and perceptions. The first consequence the survey shows is that household welfare did not improve with the GDP growth. This would suggest that growth did not flow into the life of the whole population. Thus, even though families might have been reading stories about economic growth in newspapers, they were not feeling it directly. When people read and hear about economic growth, their expectations evidently increase for a healthier and better future; however, when they do not have most of the benefits of this growth, it frustrates those same

²⁹Abu Dhabi Gallup center, "Egypt: The Arithmetic of Revolution," Gallup World, Arithmetic. <http://www.gallup.com/poll/157043/egypt-arithmetic-revolution.aspx>.

³⁰Organisation for Economic Co-operation and Development, *OECD Guidelines on Measuring Subjective Well-Being*, 37.

³¹Household Income, Expenditure and Consumption Survey (HIECS), 2011, conducted by Egypt's Central Agency for Public Mobilization and Statistics (CAPMAS). <http://www.erfdataportal.com/index.php/catalog/42>.

³²The Gini coefficient (Gini index or Gini ratio) is a measure of statistical dispersion intended to represent the income distribution of a nation's residents.

³³World Bank, *World Development Indicators, 2012*. <http://data.worldbank.org/country/egypt-arab-republic>.

³⁴Robert E. Looney, *Handbook of Emerging Economies*, 438.

³⁵Vladimir Hlasny and Paolo Verme, "Top Incomes and the Measurement of Inequality in Egypt" (Policy Research Working Paper Series: 6557, World Bank, Washington, DC, 2013), 2.

³⁶Amin, *Egypt in the Era of Hosni Mubarak: 1981–2011*, 145.

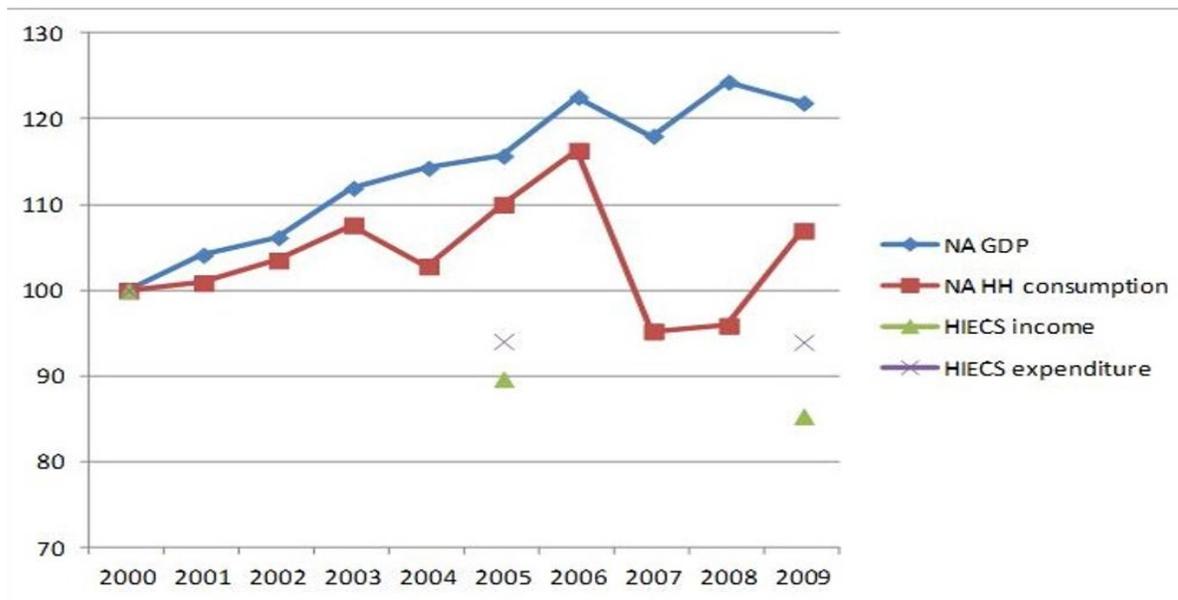


Figure 7. GDP, Income, and Expenditure Relationship. (From World Bank, 2009).

expectations.³⁷

The second consequence the survey shows is that the incongruity between GDP growth and household well-being increased in the years leading to 2011. This can be seen in Figure 7 by the gap between GDP growth on the one hand and income growth on the other, which increased suddenly from 2006 to 2010 right before the revolution. It is also obvious that not only the gap between GDP and measured household revenue had increased according to the HIECS but also the gap between GDP and household consumption increased according to national accounts. The statistics show an important gap between the expected increase in income and its real increase, rather than an improvement in inequality—a gap that widened over the years leading up to the revolution.³⁸ This indicates what made people discontent about their life and motivated them to want more than they had, thus taking to the streets to fight for it.

³⁷ Paolo Verme, “Facts vs. Perceptions: Understanding Inequality in Egypt,” The World Bank, Last modified January 24, 2014. <https://blogs.worldbank.org/arabvoices/facts-vs-perceptions-understanding-inequality-egypt>.

³⁸ Household Income, Expenditure, and Consumption Survey (HIECS), 2011, Economic Research Forum and Central Agency For Public Mobilization & Statistics (CAPMAS).

WHAT DO THE EGYPTIAN PEOPLE THINK?

Covering the same period as the HIECS, World Values Surveys (WVSs)³⁹ measured the general perceptions of the Egyptian people on economic inequality from 2000 to 2008. The World Values Survey is a comprehensive survey of opinions and views about a diverse range of topics. This survey includes a question about how people think of inequality, using a scale from one to ten, where one shows an aspiration for more equality and ten shows that people overlook higher levels of inequality.

As stated by WVSs, the years between 2000 and 2008 also experienced a notable change in people's perceptions on a wide range of topics. Preferences among Egyptians shifted from common concerns about freedom to very physical desires about stable food prices and GDP growth. Consistent with the HIECS data, there was also an obvious decline in the amount of reported pay and economic status. Families were poorer in 2008 than they were in 2000, and they were of the opinion that they were a part of a lower social class. When compared to concerns about pay, concerns about social status increased even more. The data suggests that individuals became more conscious of their social status, and as opposed to absolute status, they became more conscious

³⁹ The World Values Survey is a worldwide investigation of sociocultural and political change. It is conducted by a network of social scientists at leading universities all around world.

of their relative status.⁴⁰ Actually, the concern for social status explains the dislike for income inequality more explicitly than for the income itself.

As people draw benefits directly from the economic growth of their country, GDP and subjective well-being normally correspond to one another. For instance, growing GDP typically creates expanded enterprise and job opportunities. Nevertheless, as Egypt's GDP grew, people's perceived access to this new growth declined. In 2010, only the richest top 20 percent of Egyptians regarded their lives as better than they were in 2009.⁴¹

The public showed great dissatisfaction on many issues. One of those displeasures was the ease with which individuals could get official licenses to set up a new business, thus benefiting from Egypt's economic growth. According to the Legatum Prosperity Index,⁴² Twenty percent of the Egyptians in 2010 said the government made the official procedure easy enough for businesspersons to start a business, as opposed to 26 percent who said the same in 2009.⁴³ In spite of the substantial growth, which made Egypt's industry globally competitive in key areas and raised the economy to *lower-middle income status* (World Bank definition) during the past two decades, a prevalent feeling of financial injustice fueled the anger for the revolution.⁴⁴ So, the population did not approve of the government even though the economy had improved, because they did not directly benefit from that situation. Moreover, the government did not use the revenues from economic

⁴⁰Verme, "Facts vs. Perceptions: understanding inequality in Egypt."

⁴¹Abu Dhabi Gallup center, "Egypt: The Arithmetic of Revolution," Gallup World. <http://www.gallup.com/poll/157043/egypt-arithmetic-revolution.aspx>.

⁴²Traditionally, a nation's wealth and prosperity have been based only on economic indicators such as a country's annual revenue measured by GDP. However, wealth and prosperity are more than just the collection of material wealth; wealth is also the enjoyment of the life and the ability to construct an even better life in the future. The Prosperity Index is a tool to measure the prosperity based on both income and well-being. It is an annual ranking, formed by the Legatum Institute, of 142 countries. The ranking is based on a wide range of factors including wealth, economic growth, education, health, personal well-being, and quality of life, and so on.

⁴³Abu Dhabi Gallup center, "Egypt: The Arithmetic of Revolution," Gallup World. <http://www.gallup.com/poll/157043/egypt-arithmetic-revolution.aspx>.

⁴⁴Magda Kandil, *The Egyptian Economy After The Revolution: Managing Creative Destruction*, Prosperity in Depth: Egypt (London: The Legatum Institute, 2012), 7.

growth to deliver better social services to the population. If the job of government is to help people or to help people help themselves, then it had failed.

To some extent, income inequality is probably related to the sometimes stark divide between urban and rural households. Along with the government's inability to invest in rural infrastructure, the rapid increase in population hastened migration to already crowded cities, where the socially dislocated new inhabitants were last in line for rare jobs in the formal economy. Inequality is also heightened by the gradually increasing gap between the wealthy, benefiting disproportionately from market liberalization and privatization, and just about everybody else. Certainly, an aforementioned 0.32 Gini index is comparatively low by global figures—lower than in the UK and the United States. But it must be remembered that the Gini coefficient number mirrors income inequality instead of wealth inequality, which had swollen in very noticeable ways, particularly in the numbers reflecting housing quality.⁴⁵ There is also proof that the increase in food and fuel charges worldwide over the last decade increased the number of Egyptians experiencing real poverty.

Paradoxically, reforms designed to increase speed of economic growth had demolished the social fabric of the middle class, as well. College-educated young Egyptians were no longer able to get civil service jobs in a period of privatization and greater budget discipline, and were rejected for professional jobs in private initiatives because they lacked family relations and connections or technical abilities not having been sufficiently trained in colleges.⁴⁶

CONCLUSION

Certainly, the 2011 revolution in Egypt is the most discussed revolution in recent history. Although several reasons have emerged as causes of the 2011 Egyptian revolution, analysis indicates that lack of democracy, the prevalence of government corruption, and tribal/religious tensions were not primary catalysts to revolution. In Egypt, these factors did not contribute significantly to the revolution since they did not result in an unbearable deprivation and economic inequality. Accordingly, the Egyptian revolution was a protest about the deteriorating state of the economy, which resulted in increased poverty, unemployment, and increased unequal income distribution and disparity.

A rising GDP did not mean a rising standard of living. Even if the GDP were a more correct evaluation method of material well-being, it would still be mathematically

⁴⁵Ibid., 8.

⁴⁶Ibid., 9.

likely for a great number of people to live in worse off economic conditions as GDP rises. This situation could happen if there is rising income inequality. In Egypt, that mathematical likelihood became an economic fact.

Deteriorating standards of well-being were politically disruptive, and had naturally enough support for regime change. The regime was dictatorial in Egypt, and the demand for change arose as a commitment to democracy, a hatred for corruption, and demands for civil rights. By contrast, in democracies, deteriorating standards of living can have the opposite outcome. Institutionalized and open methods of regime change, such as voting, ease discontent for the moment; otherwise, people would look for new methods to satisfy their discontent.⁴⁷

The lesson from Egypt is that GDP is a measure of the aggregated money in an economy, not a measure of distributed well-being. If persistent or growing well-being is what is politically and economically requested, it should be measured directly, not by GDP alone. No type of government, whether despotic or democratic, succeeds when the most of its citizens experience a deteriorating standard of living.⁴⁸ People are more likely to overthrow that government if they feel that they are not being heard, that their suffering is not being addressed adequately, when they see a small percentage of the population profiting from national economic growth and policies, and when they are reminded of the widening economic inequality.

The Egyptian government was not able to perceive what was going on in the streets and what people were thinking about the way of life they had. The government was under the illusion that it would solve the problem with short-term policies such as importing food; however, it made everything worse. It is recommended that the government of Egypt should take its people's pulse regularly, even if statistics show that they are doing well in economic terms. They can do this by conducting everyday surveys or holding elections on a regular basis.

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⁴⁷Eric Zencey, "Growth of GDP and Discontent in Egypt and Tunisia," *New York Daily News*, March 7, 2011. <http://steadystate.org/growth-of-gdp-and-discontent-in-egypt-and-tunisia/>.

⁴⁸Ibid.

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