Egyptian Businessmen in a Historical Perspective

Introduction

This chapter starts by providing a background on the relations between Egyptian landowners/capitalists and the British during the period of British occupation (1882–1952). I argue that Egyptian capitalists like Talaat Harb refused foreign interference in the economy and established local industries and companies. Then the chapter examines businessmen under Nasser, Sadat, and Mubarak during the 1980s. I argue that the political economy of authoritarianism from Nasser to Mubarak relied on co-opting businessmen. As mentioned in the previous chapter, Nasser introduced land reform to redistribute the land, and at the same time, he created a new constituency composed of middle class citizens, workers, and peasants, who supported and benefited from his socialist policies. However, while Nasser’s regime excluded the big landowners of the old regime from political and economic life, he did not turn against all of them. Nasser co-opted members of the upper class from the old regime, as well as the state bourgeoisie, for the purpose of implementing his national development plan.

This chapter also argues that Sadat co-opted the bourgeoisie of the Infitah (open door) policy, who were linked to foreign capitalism through trade and foreign franchises for the purpose of allying with the West. I argue that Sadat’s economic liberalization provided an opportunity for the Infitah bourgeoisie to be co-opted at different levels (by the foreign capital and by the regime through high-level government officials). In an exceptional case, a businessman named Osman Ahmed Osman entered into a clientelistic relationship with President Sadat. At each of these levels of co-option, the Infitah bourgeoisie engaged in parasitic activities that relied on quick and high profits.
Mubarak started his rule by excluding the parasitic bourgeoisie associated with Sadat by dismissing them from the ruling party; however, to ensure survival of his regime, he co-opted other members of the *Infitah* bourgeoisie, such as the owners of the Islamic investment companies. But when their economic power increased to the extent that they could threaten the regime, he then prevented them from continuing in business.

**Businessmen under the Monarchy and the British Occupation**

The formation of the new class of big landowners started under the rule of Mohamed Ali Pasha (1805–49). He co-opted members of his own family, army commanders, bureaucratic cadres, and local notables by granting them large plots of land in return for their loyalty.¹ The big landowners were later able to expand on land ownership due to international factors that included the American Civil War in the 1860s, which led to an increased demand for cotton. The profits made from selling cotton were reinvested in buying or reclaiming more land. Another factor that contributed to land concentration was the British occupation of Egypt in 1882. From 1882 until Egypt’s modicum of independence in 1922, the British encouraged the export of cotton by co-opting the big landowners and giving them credit facilities through Egyptian banks that were only extensions of London banks. Bank loans helped the landowners fund their agriculture or purchase more land.² Also, big landowners made a lot of profit from exporting cotton; however, the British co-option of the big landowners did not help improve Egyptian industry. Cotton exported to England was exported back to Egypt in the form of finished textile goods, which is why Egyptian capitalists like Talaat Harb sought investment opportunities outside the agricultural sector by developing local industry. In 1910, Harb started writing a series of articles asking Egyptians to gather their economic resources for a national economic struggle against the British. Harb’s campaign led to the founding of Misr Bank in 1920.³ The bank was established with start-up capital of eighty thousand Egyptian pounds (EGP). Harb raised funds for Misr Bank by relying on the support of large landowners, who contributed 92 percent of this capital. Then, after the establishment of Misr Bank, Harb used its funds to develop industry by establishing the Misr Group, which depended only on Egyptian capital. The companies established by the Misr group in the 1920s included Misr Printing Company, Misr Ginning Company, Misr Transport Company, and Studio Misr.⁴

In 1930, the tariff system was amended, reducing taxes to 5 percent on essentials and raising them to as high as 50 percent on luxury items and