

**“The Future of U.S. Aid to Egypt”  
Rayburn House Office Building 2200  
Wednesday, September 18, 2013, 2:00-3:30pm  
1030 15th St, NW, 12th Floor Washington, DC 20005**

The Project on Middle East Democracy and the Rafik Hariri Center for the Middle East at the Atlantic Council hosted a panel discussion on Wednesday, September 18 entitled "The Future of U.S. Aid to Egypt." The event was held at the Rayburn House Office Building, room 2200. The event featured three panelists: **Stephen McInerney**, Executive Director of the Project on Middle East Democracy; Ambassador **Dennis Ross**, currently the Counselor at the Washington Institute for Near East Policy; and **Larry Diamond**, Senior Fellow at the Hoover Institution and Director of the Center on Democracy, Development, and the Rule of Law at Stanford University. **Michele Dunne**, Vice President of the Atlantic Council and Director of the Rafik Hariri Center for the Middle East at the Atlantic Council, moderated the event.

**Stephen McInerney** opened the panel discussion emphasizing that the United States' fundamental goal in Egypt was to secure stability. During the Mubarak era, McInerney noted, the U.S. focused on securing the regime to ensure stability. Now, he suggests, stability will only come through democratic transition, which needs to be the "primary goal" of the U.S. government. However, aid remains unchanged and "outdated" according to McInerney. He proposed two major changes to aid—a restructuring of the aid and increased flexibility to provide leverage. **McInerney focused on four key changes necessary in restructuring the aid: 1) rebalancing away from military and toward economic aid 2) moving from "prestige items" like F-16's towards counterterrorism and security equipment 3) shift from emergency aid that can be provided by Gulf states to more long-term aid that "develops and reforms the economy" 4) significantly add support for democracy and governance.** Next, he focused on reforming aid to provide the U.S. increased leverage. He suggested that in Egypt, aid provided simply to foster a close relationship, "does not work." Instead, aid that included conditions or benchmarks, he argued, has proven to be successful, despite popular consensus that aid conditionality is ineffective. He provided three instances where aid conditionality worked: 1) in 2002, the Bush Administration threatened to withhold 133 million USD from supplemental funds unless authorities released Dr. Saad Eddin Ibrahim 2) in 2011, the U.S. warned the military against violently ending protests or else aid would discontinue 3) in the spring of 2012, the government was told that aid would cease unless the non-Egyptian NGO workers being detained were allowed to leave Egypt. McInerney finished his remarks by stating that the U.S. should stop aid in the short-term, but resume aid when the Egyptian government meets certain benchmarks.

**Ambassador Dennis Ross** framed his remarks around the concept: "context matters." He stressed that aid is to serve "the interests and values" of the United States, which in Egypt include the peace treaty with Israel, counterterrorism and military coordination, fly-over rights, and preferred access to the Suez canal. **Next, he emphasized, "Whether it is fair or not," the Egyptian perception is, "we supported Morsi," during their transition to democracy and if "we cut off assistance," the perceptions will be, "we are acting against the will of the public."** He argued that the administration's response over the past two years, "succeeded in alienating everyone," in Egypt leaving little leverage for the United

States. Ross then explained that if the U.S. cuts aid, the Egyptian military would use the current animosity against the U.S. to strengthen its support. **Instead, he suggested that the U.S. should pressure the Saudi government, who he believes retains greater leverage with the Egyptian military.** In particular, Ross proposed assuring the Saudis of the U.S. commitment to their interests in Syria and Iran, for Saudi support in promoting U.S. interests in Egypt. Then, he recommended the U.S. provide four messages to the Egyptian military: 1) do not copy the Muslim Brotherhood's grab for power 2) eliminate government involvement in the economy 3) do not exclude the Brotherhood from the political process 4) allow civil society.

**Larry Diamond** began his remarks by critiquing Washington's predilection to use "reasoning by analogy," as "dangerous." Then, he described the status of Egypt's crisis as "unbelievably volatile," including "abundant and obvious" evidence of the military monopolizing power with little interest in "giving it up." **And he declared that there was, "no possibility of the transition leading to democracy."** Instead, he warned of Egypt's fragility and potential to become a failed state. He specifically mentioned Egypt's long-term environmental and demographic issues, coupled with its perpetual corruption. Next, Diamond stressed his surprise at the "shocking illiberal" attitudes by many "liberal Egyptians" who have shown strong support for the military removal of former President Mohammed Morsi, and suggested he feared an "Algeria scenario"—referring to the 1992 military takeover of Algeria and subsequent civil war. As a solution, Diamond proposed suspending military aid, reconfiguring aid towards the economy, as well as taking initiative with the Saudis to offer emergency aid. **He concluded by emphasizing the need to "think hard about public messaging" and need to "separate the military from the people," when conducting U.S. foreign policy.**

During the Q&A, the panelists were asked why it takes the U.S. so long to respond, in reference to continued U.S. aid to Egypt over the past few years. McInerney responded first by arguing that once policies are in place, they are often hard to change, declaring, "Don't underestimate the power of inertia." He also suggested that U.S. military companies often pressure the government. Ambassador Ross stated that policies often remain in place because politicians see "the near term costs" outweighing "the long term benefits." Moderator **Michelle Dunne** added that allies, like Israel and Saudi Arabia, are eager to see aid continue as well. The panelists also answered questions regarding terrorist attacks in the Sinai and issues related to the last election.