Media Privatization and the Fate of Social Democracy in Egypt

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Introduction

On January 25, 2011 Egyptians took to the streets demanding the reform, and finally the toppling, of the government of President Hosni Mubarak who had been in power since 1981. In Tahrir Square, protestors chanted “we want a new government, baqna `at hadidat” a colloquial expression denoting extreme poverty and disenfranchisement (al-Watan, January 27 2011). Over the course of 18 days, protestors chanted for “bread, freedom, and social justice,” and of course, “down, down with Hosni Mubarak.” A mere 18 days after the outbreak of protests, vice president Omar Suleiman announced that Hosni Mubarak would be stepping down after thirty years in office (Al Jazeera Youtube Channel, February 11, 2011). Despite the miraculous success of what came to be known as the January 25 Revolution in Egypt, in the last four years, the nation has been incapable of enforcing many of the social democratic demands made during the 2011 protests. This paper will seek to explicate the declining importance of social democratic reforms in public discourse through an examination of the role of media commercialization in Egypt.

The period following the January 25, 2011 revolution was critical for the Egyptian economy. Not only were economists faced with the most severe economic crisis since the 1930s, but they also needed to devise new economic policies after the revolution. Thus, after transitioning from Nasser’s Arab socialist experiment of the 1960s, to Anwar Sadat’s Infitah or open market policies of the 1970s, and finally to Mubarak's neoliberal restructuring policies of the 1990s, Egyptians were once again at a crossroads in terms of economic policy. In elite discourse, Egyptians debated the structure and ideological orientations of the post-revolution economy, and on the streets, protestors advocated a renewed social justice, or ‘adala ijtima‘iya, and accountability of policymakers to the citizenry.

While debates about the Egyptian economy were ongoing, the restructuring and commercialization of media during Mubarak’s time in office played an immense role in steering discourse on the political economic environment after January 25, 2011. I argue that despite the popular demands for social justice, the structure of Egyptian commercialized media inhibited the translation of social justice demands into discussions of economic policy. In turn, media discourse contributed to the metamorphosis of a social democratic revolution into a neoliberal democratic political movement. To substantiate this argument, I will begin with a historical analysis of media policy in Egypt and start to trace the influence of the institutional development of media industries. Further, I will conduct an industrial analysis of the Egyptian media system, while explaining the importance of the political economy of the media system for media norms and systematic bias to shed light on the role of commercial media in the temporal moment of the Egyptian Revolution of January 25, 2011.
Media Policy and Collective Action
The literature on media policy reform globally reflects the importance of media policy to democratization processes as well as the successful functioning of a democratic system. In his influential work *The Structural Transformation of the Public Sphere*, Jürgen Habermas points to the media as a medium of deliberation that is critical to achieve self-governance in a democracy. Further, implicit in arguments for deliberation and consensus is the argument for mass communication as a channel of political information, which guides political engagement as it reaches towards consensus (Curran 2011: 4).

Due to its centrality to democracy, one of the central tenants in democratic theory has traditionally been the protection of the independence of mass communications vis-à-vis political power. Drawing from this liberal tradition, capitalism was heralded as the guarantor of media independence from the state. In 1962 Milton Friedman championed capitalism in his *Capitalism and Freedom* as the ideal political economic configuration to protect political freedom and democracy from the influence of the government. In 2014, Robert McChesney acknowledges the role that capitalism plays in maintaining an “independent” media. However, McChesney problematizes the universality of the argument for an independent corporate media stating, “democracy is not safe if people tolerate the growth of private power to a point where it becomes stronger than the democratic state itself” (2014: 5). This view is echoed in Mancur Olson’s study of interest group politics in modern democracies, as he argues that the growing power of private interest groups threaten policy making processes at the institutional level. Although Olson’s explanations of the mechanisms of private interest politics have been criticized extensively, his preoccupation with protecting society from the tyranny of the minority is a just cause that equally inspires this research on Egyptian media.

Moreover, the influence of private interests can be exerted independently from Olson’s theories in a commercial media system, as private interests may influence public opinion through ownership and control patterns of the media system. In their book *Manufacturing Consent*, Edward Herman and Noam Chomsky contend that the systematic bias of media content influences public opinion (Herman, E. & Chomsky, N, 1988). Further, studies in comparative media systems illustrate that the structure of media systems carries consequences for media content and ideological frameworks, as Hallin & Mancini’s *Comparing Media Systems* (2000), revealed that a contrast in media systems overlaps with diverging social environments and ideological frameworks across countries. Consequently, and in keeping with the theoretical legacy of media policy and social movement theory, this paper argues that the industrial analysis of media must be placed in conversation with the revolutionary political context to reveal the ways in which the structure of the media system perpetuates pre-revolutionary mechanisms of domination.

The Social Justice Demands of the Revolution
From the outset, the Revolution of January 25, 2011 in Egypt was aimed not only at democratizing the political system, but also at countering the growing strain placed on the country’s population by the Mubarak regime’s policy of unrestrained neoliberal reforms (Iskandar 2013: 4). From the chants of the revolution: “Bread, Freedom, and Social Justice” to the statements made by groups represented in the protests, the revolutionaries stressed throughout the movement the need for redistribution policies and greater economic equality. Throughout the protests, the popular chants of revolutionaries as well as major policy objectives outlined by various groups continuously emphasized the social egalitarian aims of the movement.

One YouTube video showing protestors in Tahrir Square on January 30, 2011 documents a protester singing, “The wealthy have slaughtered the poor.” (0:40) “They do as they wish and the poor are ‘ala al hadeed.” (Cassel 2011: 00:45) Another video from January 29, 2011 shows a female protestor raised on the shoulders of her male compatriots, shouting the famous chant
of the revolution “our revolution is legitimate – against poverty and against hunger.” (Usernameandword, January 29, 2011) Another protest chant also echoes the economic motivations of protestors as they shouted, “You, living in palaces, our protest is legitimate against poverty and against hunger.” (Al-Hamalawy, March 27, 2011) The social justice aspirations of the January 25 movement also found transnational allies in the global justice movement. In a YouTube clip broadcast on September 30, 2011 a protestor addresses the American public declaring that the movement is advocating for the “99%,” but also part of a global, “struggle for social justice.” (El Saber: 00:32) Thus, not only did the social justice aspirations of the global justice movement resonate with the groups present in Tahrir, but also the movement allowed Egyptian protestors to envision themselves as participants in a global movement for greater social democracy.

The need for social democracy was equally emphasized in the documents and statements issued by civil society organizations present in Tahrir during the January 2011 revolution. In fact, in the wake of the January protests, participating civil society organizations rushed to issue statements that publicly defined the movement’s goals. In part, this was in response to Mubarak’s dismissal of the movement as aimless and chaotic. However, underlying the immediate response of these groups was an effort to ensure that the goals would ultimately reach fruition while strengthening the decentralized social movement by introducing shared unifying goals among its various groups (McAdam 1982). Throughout these statements, the demands made by participants stressed the importance of economic redistribution policies and social justice as a fundamental aim of the revolution.

In its statement, The Tajamu’ party declared, “on February 9, 2011 a new period has begun with the Egyptian Revolution, which will seek to realize the dream of a free, democratic Egypt and a diverse civil [madaniyya] government whose citizens enjoy the greatest levels of social justice.” (Hashem 2011: 139) Equally, the Workers’ Party issued a statement (Hashem 2011: 12) on February 6, 2011 stating among its 19 demands the need to “prosecute corrupt figures in the Mubarak government,” to “repatriate embezzled funds abroad,” and to “take urgent steps to tackle poverty and hunger.” (ibid.: 151) In a declaration issued on February 6, 2011 the Social Democratic Nasserite party also called for the retrieval of embezzled funds, as well as “the execution of regulations for a minimum wage, the engagement of a social agenda that brings the government back into a role of employer of young professionals” (ibid. 2011: 164). Similarly, the declaration made by the Muslim Brotherhood on January 19, 2011 echoed these calls, stating among its ten demands the need for a trial of corrupt officials who had made large fortunes, the need for transparency of government budgets and remunerations for public offices, and finally the review of the price of large public lands distributed to corrupt businessmen. The Kefaya movement issued a similar call in its declaration on February 18, 2011 stating among its ten demands the need to legislate a minimum wage of 1200 pounds/month. Its second demand was “the return of public funds, and the trial of the Mubarak family and other billionaires with ‘dirty money’.” (Hashem 2011: 235) The April 6 Youth movement also noted that one of its key chants during the January 25, 2011 protests was a demand for a “1200 minimum wage,” and “linking of wages with commodity prices.” (ibid. 2011: 239)

Ultimately, the demands of the protestors on the street, as well as the concrete statements provided by different stakeholders established a commitment to not only political, but also radical economic change. The question that emerges from this becomes, how did the social democratic goals of the revolution become obfuscated and adopted into the language of economic growth? How did the motto “bread, freedom and social justice” transform into “Egypt is open for business” following the stepping down of president Mubarak? Further, how was the Egyptian public able to depose a despotic president within 18 days, while being unable, over the course of four years, to achieve the social democratic aims of their movement? One answer, I argue, lies in the media policy adopted by the Mubarak administration during the 1990s and 2000s, and the impact such policies had on discouraging
social democratic debate. In the following section, I will provide a historical analysis of media policy in Egypt to illustrate the policy trends.

**Media Policy under Mubarak**

As Mubarak entered office, he exhibited a commitment to the *Infitah* (market opening) policies of the 1970s, alongside exercising control over mass communication. As such, television in Egypt remained restricted to the control of the state monopoly Egyptian Radio and Television Union (ERTU). Similarly, radio and the press continued to fall under the supervision of the Arab Socialist Union created by Nasser and institutionally present in Sadat’s era (Sakr 2001). However, structural and technological changes that emerged in the Mubarak era necessitated the establishment of a new approach.

Firstly, the conditions attached to a series of long-term IMF loans granted in the 1990s to countries in the region led to an economic restructuring of several Egyptian industries, including the media. It was in this period that Mubarak employed a strategy of liberalization without democratization in the Egyptian economy, which extended to the Egyptian media industry. Consistent with this approach, Mubarak encouraged a number of divestment measures, transferring several public industries to private ownership (Hanieh 2013). An excellent example of this strategy is exhibited in the largest organization in the Egyptian media industry, Nilesat, which will be discussed later in greater detail. Notably, the commitment of external patrons to economic liberalization also played a determining role in the commercialization process. For example, in March 2006, a Wikileaks cable from the American ambassador in Egypt titled 06CAIRO1351 revealed the US’s commitment to the cause of privatization and increased professionalization and freedom in the media. The leaked reports revealed that USAID had previously invested $16 million to Egyptian media privatization projects (06CAIRO1351, March 6, 2006). Nevertheless, due to public response, the Egyptian state advanced privatization with caution. In the mid-2000s, Hosni Mubarak assured journalists that state-run newspapers would not be privatized (Wikileaks 2006).

In addition to internal and external political pressure, financial circumstances and technological changes ran parallel to, and reinforced the restructuring of Egyptian media. Firstly, the launch of Nilesat in April 1998 transformed the Egyptian communications industry. Nilesat expanded the capacity of Egyptian television from the pre-existing two terrestrial stations to about 80 channels after the launch of Nilesat 101 in April 1998 (Sakr 1999: 7). By the year 2000, this number had expanded to 200 channels of Egyptian, regional, and international origin, including a number of pay television packages such as Orbit and Showtime (Amin 2005). As for radio, prior to Nilesat, Egypt Radio operated using 62 medium wave (AM) and 3 short-wave (FM) transmitters, which permitted the service to provide programs to Egypt’s major towns and overseas programming in 33 languages. Nilesat, and its sister satellite launched in 2000 together improved the capacity of Egyptian television and radio exponentially (The Arab Center of Developing the Rule of Law and Integrity: 457). While expanding the reach and capacity of Egyptian mass communication, Nilesat required a large capital investment on the part of the Egyptian government. The Nilesat 101 satellite, launched in 1998, required a capital investment of $160 million (Sakr 1999: 8). Since 1998, Egypt has launched 102 in 2000, 103 in 2005, and 201 in 2010 further increasing the investment made by Egypt to support the project (Nilesat, 2014). On another front, Nilesat increased Egyptian media capacity beyond the supply resources of state media industry. Consequently, the launch of Nilesat strongly encouraged the Egyptian government to privatize television and radio, to fill airtime and to offset the capital investments made by the state. As of 2014, Nilesat is a joint-stock company where the ERTU holds 42% of shares. Banks, insurance companies, and individual investors own the remaining shares (Nilesat, 2014).
Regulations on newspaper ownership and control also followed in the footsteps of television and radio privatization. In 1996, Law number 96 allowed private newspaper ownership for corporate or collective legal persons, a policy which served to increase influence of large corporations in the media industry since the law required minimum capital investments of 250,000 Egyptian Pounds for weekly periodicals and a million pounds for daily periodicals (The Arab Center of Developing the Rule of Law and Integrity: 470). From a policy perspective, the process of privatization during the Mubarak era was a result of a confluence of internal and external factors, recognized by the state as the privatization of a strategic asset of government, which was only relinquished to wealthy loyalists of the regime. Meanwhile, the state maintained control of the press. The following section will analyze the ownership patterns of newspapers, radio channels and television stations in order to show the increased linkages between businesses and media.

**Patterns of Ownership**

The privatization of the media followed a model of controlled economic opening without enhanced freedom of speech. While investors in private media were encouraged to enter the marketplace given the relatively expanded transparency and permissiveness of the legal infrastructure, the regulations remained restricted to solely Egyptian investors capable of fulfill high capital requirements for newspaper, radio, and television licenses. The development of the current Egyptian mass media structure occurred within the context of Egyptian media privatization. This section will map its trajectory in detail.

First, as Egyptian media opened up to private investors, the capital investments required to cater to the size of the Egyptian market restricted the industry to large businessmen in the country. In the sphere of television, the ERTU examined the possibility of adopting a French television model where the state would maintain control of the two main channels, while outsourcing management of other channels to private investors (“Egypt studies”, September 11 2000). However, the plans to privatize television were coupled with strong currents of clientelism and neo-liberalism. Accordingly, the first privately managed television station “Dream” was established in 2001 by Ahmad Bahgat, a businessman with strong ties to the Mubarak family (Cairo Post 2014). The station necessitated an initial capital investment of 36 million Egyptian pounds entitling the individual owners to a 90% share to the company. Meanwhile, the ERTU contributed 10% capital investment in the amount of 4 million pounds, entitling the state body to a 10% share in the station (Emperors of Arab Television, January 24, 2005). Later, the second private television station *al-Mehwar*, owned by Hassan Rateb, entailed an initial investment of approximately one billion Egyptian pounds (Francis, R. February 21, 2012).

The second trend demonstrated by the Egyptian media market lies in the increasing interconnections between the political sphere and media professionals, this aspect can be seen in the political ties of both Bahgat, and Rateb to the regime. Ahmad Bahgat was known for having close ties to Gamal and Alaa’ Mubarak (Cairo Post 2014). And nowhere are the media industry’s ties to businesses and government more evident than in the list of current positions held by Rateb, who in addition to ownership of *Al-Mehwar*, he also acts as Chairman for the Egyptian Company for Tourist and Leisure Projects (TULIP), Sinai Cement, Sinai White Cement Company, Sinai University, Sama Sinai for Investment, Sama Misr for Investment, Sama Al-Qahera, Sama International Company for Tourism, among others. In total, Rateb acts as chairman of the board for 10 different organizations spanning the tourism, construction and development, and education industries. He also acts within the management structure of several NGOs, investors’ federations, and real estate companies (Sinai University Founder Profile, January 2014). Further, Rateb was a vocal supporter of the Mubarak regime during his rule and well after the former president was deposed. In an interview on *Al Nahar* television in 2014 he warned that Egypt would pay the price for the injustice done to the former head of state (Azzam, 2014).
The trend of large capital investments made by prominent businessmen continued across all media platforms. As the first two privately-owned radio stations emerged in 2003 following the legalization of private-ownership, the radio industry demonstrated a similar trend of cross ownership and ties to large business. The first privately-owned radio station, Nogoom FM, was owned by Amr Adeeb, a real estate and entertainment businessman and the host of a popular talk show “Cairo Today” on Orbit, the Saudi-owned cable network (Amr Adeeb Profile, 2014). Meanwhile, the second station, Nile 104.6, is owned by Amr Adeeb’s father; chairman and CEO Emad al Deen Adeeb (Good News Group, 2014). This not only shows the cross ownership trend in Egyptian media, but also the increased media concentration amongst a limited number of investors.

Print media followed suit as other mediums underwent commercialization. The most popular independent newspaper Al Masry Al Youm owned by Engineer Salah Diyab, possesses a board of trustees of the “most prominent Egyptian businessmen” (About Al Masry Al Youm, January 2014). Similarly, Al Youm al-Sabe’ is owned by the prominent engineer Mohammad Al Amin Ragab who has ties to the Mubarak regime through his business partnership with real estate tycoon Mansour Amer (Mekay, 2011). The newspaper also demonstrates the increased cross-platform concentration of the industry, as Amin also owns CBC Television (Caravan, March 19, 2012 “Chairmen”, 2015).

The strong ties of media owners and investors with political figures create an alignment of interests between the two interest groups. This in turn carries implications for editorial content. For instance, Ahmed Bahgat strictly limited political dissent on his channels. On July 24, 2012 after TV presenter Dina Abdel Rahman engaged in a debate on air with a military general where she criticized the military rule in Egypt, Bahgat personally called the presenter to reprimand her and terminate her contract (“Chairmen”, 2015). A similar situation has been reproduced on other channels, a series of labor strikes surrounding the January 25 Revolution which ousted Mubarak received limited coverage on OnTV, owned by business tycoon Naguib Sawiris, and on Dream TV, Hayat, or CBC, owned by Mohammad Amin.

In fact, the privatization of print, radio and television media in Egypt while seemingly a positive democratizing force to introduce new voices into the media landscape, instead lead to the development of two main trends: firstly, the large capital investments required for operation limited the market to large investors and created significant barriers of entry to the market. Secondly, the large capital investments needed encouraged increased conglomeration and cross-ownership between media industries in existing industries in Egypt, with the main investors in the growing media sector hailing from real estate, food and beverage, tourism and others.

**Conclusion**

The period following the Egyptian Revolution of January 25, 2011 witnessed an enriched debate about the future structure and ideological orientation of Egyptian economic policy. As demonstrated in this paper, the structural analysis of mass media reveals a tri-partite alliance between the state, media owners and the business community committed to the maintenance of neo-liberal economic policies. Consequently, despite the social democratic goals of the Egyptian Revolution, the political economy of Egyptian media reveals a strong influence of private interests in steering media debate on Egyptian politics and economic policy. While media discourse cannot be considered the sole determinant of the outcome of the Egyptian Revolution, research in the political economy of media systems has stressed the importance of the structure of media systems on democratic deliberation. In keeping with earlier work on media and the public sphere, it is clear that the structure of Egyptian media has played an undeniable role in the deliberative process following the Egyptian Revolution.
In the case of Egyptian media, the convergence of media concentration, cross-ownership and the increased involvement of businessmen in the professional sphere has impacted media norms and threatened the independence of media. Further, the three trends in Egyptian media demonstrate a widened circle of media actors, with a joint interest in sustaining the neo-liberal reforms of the Mubarak regime. Thus, media commercialization has not led to a more democratized media, but rather allowed the media to continue to uphold systems of oppression after the Mubarak regime had been overthrown.

In attempting to answer the question, why has the Egyptian public been able to depose a president in 18 days and yet unable to enforce any social democratic reforms in the four years following the revolution, this research points to the role media played through the process of agenda-setting, legitimization of neo-liberal policy, and the discouragement of opposing discourse. While it is undeniable that tensions over civilian or military, religious or secular government played an instrumental role in relegating the social democratic and neo-liberal frictions to the background of public discourse following the revolution, the role played by media in steering debate towards a pro-business economic consensus was instrumental to the outcome of the revolution.

The January 25, 2011 revolution aimed at eradicating poverty, reducing income inequality, promoting employment, and most importantly, transitioning to a political system that engaged with an informed and politically engaged citizenry. In parallel with this radical political change this paper demonstrates that democratization and a “life with dignity” can only be demanded in the context of a culture of democratic and independent media, that represents public interests rather than narrow corporate or state concerns.

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