

**STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS APPROPRIATIONS FOR FISCAL
YEAR 2018**

TUESDAY, APRIL 25, 2017

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:18 p.m., in room SD-124, Dirksen Senate Office Building, Hon. Lindsey Graham (chairman) presiding.

Present: Senators Graham, Moran, Daines, Leahy, Shaheen, Coons, Murphy, and Van Hollen.

UNITED STATES ASSISTANCE FOR EGYPT

STATEMENTS OF:

**MICHELE DUNNE, DIRECTOR AND SENIOR FELLOW, MIDDLE EAST
PROGRAM, CARNEGIE ENDOWMENT FOR INTERNATIONAL
PEACE**

**HON. ELLIOTT ABRAMS, SENIOR FELLOW FOR MIDDLE EASTERN
STUDIES, COUNCIL ON FOREIGN RELATIONS**

**HON. TOM MALINOWSKI, FORMER ASSISTANT SECRETARY OF
STATE FOR DEMOCRACY, HUMAN RIGHTS, AND LABOR, U.S. DE-
PARTMENT OF STATE**

OPENING STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. The hearing will come to order. We have a lot of our Democratic colleagues in transit. We will get started. Senator Leahy is going to be a little late, but as soon as he arrives, we will let him speak.

The hearing today is on United States' assistance for Egypt. I would like to welcome our witnesses: Elliott Abrams, Senior Fellow for Middle Eastern Studies, Council on Foreign Relations, and he has served in Government in a variety of roles back to the Reagan administration; Michele Dunne, Director and Senior Fellow, Middle East Program, Carnegie Endowment for International Peace; and Tom Malinowski, Former Assistant Secretary of State for Democracy, Human Rights, and Labor, U.S. Department of State.

I will go ahead and make a brief opening statement and we will hear from our witnesses.

The reason for this hearing is that Egypt is important. It is important enough for us to care about the relationship, to try to make sure the relationship is going in the right direction, and it is imperative for me that Egypt become successful because it is such an im-

portant player in the Middle East region. We provide hundreds of millions of dollars of aid to the Egyptian Government and the Egyptian people. I want to make sure it is a good investment and I want to understand what we are investing in.

The one thing I would say about Egypt on the security front, they are doing things in Egypt that we have not done in a while. They are helping with Hamas in a historic fashion. They are taking the fight to the Islamic State of Iraq and the Levant (ISIL) in the Sinai, but at the same time, civil society seems to be deteriorating, their economy is lacking, and I really worry about a consolidation of power in a way that is basically undemocratic. I am not asking Egypt to become America. I am asking Egypt to become the best that Egypt can be.

Millions of people went to the streets years ago to protest the Mubarak era. Some people gave their lives. Mohamed Morsi was the result of that protest. It is clear to me that he overplayed his hand. I want current Egyptian President Abdel Fattah el-Sisi to be successful. I appreciate his partnership on the security front, but for the American taxpayer, we need to highlight what we are investing in and try to use our money to bring about outcomes that will stabilize not only Egypt, but also the region.

It is a large country with a unique history and I want nothing but success for the Egyptian people. The purpose of this hearing today is to inform the Congress about the good, the bad, and the ugly. Unfortunately, it is all three and we need to try to use our money in the most productive fashion to help Egypt, but it is now time for Egypt to help us when it comes to helping them.

With that, we will start with Ms. Dunne.

**STATEMENT OF MICHELE DUNNE, DIRECTOR AND SENIOR FELLOW,
MIDDLE EAST PROGRAM, CARNEGIE ENDOWMENT FOR INTER-
NATIONAL PEACE**

Ms. DUNNE. Chairman Graham, subcommittee members, thank you very much for this opportunity to address you.

The problem for the United States in assisting Egypt is precisely this: how can the United States best support an important country and a long-time regional ally when its Government adopts policies that promise chronic instability?

The United States has an interest in supporting a stable Egypt, an Egypt that is at peace with its neighbors and also at peace with itself. But while President Sisi is fond of presenting Egypt as a bastion of stability in a troubled region, actually the country is struggling and I am afraid it could be headed for unrest within a few years.

Now, to be fair, many of the problems in Egypt have roots that go back well before Sisi came to power. They have got a rapidly growing population. They have a history of indigenous extremist groups. They have an enormous and obstructionist bureaucracy. But there are also newer problems that Sisi has caused or exacerbated which have made the country more violent, more polarized, and poorer than it was, either under former President Hosni Mubarak or even under President Mohammed Morsi.

We are meeting today on what is a public holiday in Egypt, Sinai Liberation Day. And unfortunately, in the last few days some very deeply troubling information has been coming out showing the like-

lihood of the Egyptian army carrying out extrajudicial killings of terrorist suspects in the Sinai, perhaps in fact using assistance, using vehicles provided by the United States in this.

And this highlights exactly the problem I am talking about. Egypt does face a serious threat from terrorism, but the unprecedented human rights abuses and political repression practiced by the Government since 2013 is fanning the flames rather than putting them out. And the United States, at this point, it does not really have a way to ensure that our assistance is not making the problem worse instead of better.

I am actually going to use my time to focus on the economic situation because I think that does not get enough attention because in general in the United States, President el-Sisi is getting good marks on his economic policies. And there is a positive side to what he is doing on the economy, but there is also a very serious problem.

In the first few months of 2017, the misery index, which is the rate of annual inflation plus unemployment for Egyptians has been about 45 percent. Core inflation has been between 30 and 33 percent. Unemployment, according to official statistics, is about 12.5 percent, and most experts think that is really an underrepresentation. For young people, unemployment averages about 30 percent. For young women, it is about 50 percent. So for young Egyptians—and those are the most likely ones to cause unrest—the misery index ranges from 60 to more than 80 percent, so it is clearly an unlivable situation. And despite Draconian anti-protest laws, there has been a significant increase in spontaneous protests related to economic grievances in the past year.

Now, I said Sisi has gotten good marks on his economic policies. And that is because he has taken a couple of important steps on the fiscal side. He floated the Egyptian currency, which is the main reason for the very high inflation right now. And that was something that needed to be done. And he has cut back energy subsidies partially and instituted a value-added tax. And he did these things in order to get an IMF loan, which he has gotten, for \$12 billion over 3 years.

But there is another side in which Sisi's economic policies are really not helping Egypt with its economic problems at all. And that is when it comes to generating jobs, creating the conditions in the Egyptian economy for jobs.

There are 94 million Egyptians and right now there are at least 600,000 new Egyptians coming onto the labor market every year, but the economy does not generate anywhere near enough jobs for them and that number is only going to go up. Right now, there are one million new Egyptians every 6 months, so 2 million new a year, so you can see how the people coming into the labor force are going to be going up.

And despite lip service from Sisi about creating jobs and so forth, it is simply not the case that his economic policies are aimed toward that. And they are also not aimed toward developing the labor force, which is a major issue in Egypt, that even the jobs that are being created sometimes go begging because Egyptians do not have the skills, especially if they come out of the public education system. They do not have the skills that are needed for those jobs.

You know, unfortunately, look, a World Bank report in 2014 said it clearly. Economic policies in Egypt are not focused on promoting the emergence of fast growing, high productivity private sector companies that would generate jobs. Instead, and I am quoting here, they have worked to preserve insider privileges leading to growth in sectors that are not labor intensive.

This is what is happening in Egypt. For a long time, economic policies have been skewed toward protecting the privileges of a few, the cronies of the regime. In the Sisi era, it is even fewer than that. It is really—the economic policies are for the benefit of Sisi’s own constituency, the military itself. We are seeing a real change in laws, regulations, et cetera, that are allowing the military rather than the private sector to take up more and more economic activity. That is what is behind these mega construction projects that Sisi has been carrying out: the Suez Canal passage, the new administrative capital he is building in the desert, because this is how the Egyptian military knows how to make money, by building things.

Let me just end with a few recommendations. I think the United States, with its assistance, should set an example of wise investment in human development, in education, and not give budget support in the form of cash transfers and other things that will disappear quickly without any benefit.

I would like to submit, Mr. Chair, some written testimony in which I have more recommendations for foreign military financing, but let me just say briefly, before the United States extends more, we really need to investigate these reports of human rights abuses and how the United States can take foreign military assistance to Egypt off autopilot and look at what we can really do to help and not to contribute to a worse situation in the country.

Thank you very much.
[The statement follows:]

PREPARED STATEMENT OF MICHELE DUNNE

Chairman Graham, Ranking Member Leahy, subcommittee members, thank you for this opportunity to address the subcommittee.

The problem for United States’ assistance to Egypt is precisely this: how can the United States best support an important country and longtime regional ally when its government adopts policies that promise chronic instability? The United States has an interest in supporting a stable Egypt, at peace with its neighbors and itself. The Egyptian-Israeli peace is well established on the military and intelligence levels, although lamentably cold on the civilian and citizen level. While the United States will always do what it can to encourage closer and more multifaceted ties, at this point the relationship has its own dynamic. At the same time, there is much to be concerned about regarding what is happening inside Egypt, where security, economic, and political conditions have deteriorated since President Abdel Fattah al-Sisi took control in 2013. With \$77 billion in American taxpayer dollars invested since 1948 in security and economic assistance to Egypt,¹ it is time for the United States to reconsider its approach.

While President Sisi is fond of presenting Egypt as a bastion of stability in a troubled region, in reality the country is at best limping along and is likely headed for unrest within a few years. There are chronic challenges that date back years or decades, well before Sisi came to power: a rapidly growing population; an economy that generates few jobs; an enormous, obstructionist bureaucracy; and a history of indigenous terrorist groups. But there are also newer problems that Sisi has caused or exacerbated, which have made the overall picture much worse than it was under

¹Jeremy M. Sharp, “Egypt: Background and U.S. Relations,” Congressional Research Service, March 24, 2017, <https://fas.org/sgp/crs/mideast/RL33003.pdf>.

former presidents Hosni Mubarak or Mohammed Morsi. When Sisi took control in 2013, Egypt did not have a virulent insurgency, thousands dead in extrajudicial killings, tens of thousands of political prisoners, hundreds of enforced disappearances, hundreds killed in terrorists attacks annually including the recent suicide bombings targeting Christians, and a desperate economic situation. Egypt has all of those problems now, along with the strong social polarization and susceptibility to radicalization that result. While regional factors (conflict in Libya and the creation of the self-proclaimed Islamic State) are not helping, Egypt's problems are in the main homegrown.

ECONOMIC DRIVERS OF INSTABILITY

In the unhappy context of unprecedented political repression and rights abuses, Egyptians are also beset by an extremely difficult economic situation. In the first few months of 2017, the misery index—the rate of annual inflation plus unemployment—for Egyptians has been about 45 percent. Core inflation in recent months has been between 30 and 33 percent; food prices are rising at an annual rate of 39 percent,² a serious problem in a country in which a significant number of citizens are poor and spent a large percentage of their income on food. Unemployment according to official statistics is about 12.6 percent;³ many experts believe this underestimates the true unemployment rate, which for young people is estimated at an average 30 percent and for young women nearly 50 percent.⁴ So for Egyptians under 30—those most likely to cause unrest—the misery rate ranges from 60 to more than 80 percent. Despite harsh anti-protest laws put in place after 2013, public unrest related to the economy (such as protests against shortages of bread, sugar, baby formula) has been on the rise.

The current high inflation is due to a decision President Sisi took in November 2016, for which he has received much praise: he floated the Egyptian currency, after years in which he and his predecessors spent billions supporting the currency at an artificially high rate. That was a necessary step, one of several which Sisi took to secure an IMF standby agreement; he has also instituted a value-added tax and reduced energy subsidies, needed for fiscal stabilization after Gulf States started cutting back their cash aid. But if the currency devaluation is not accompanied by steps to increase investment and generate jobs, it will be pain without gain.

THE PROBLEM WITH EGYPT'S ECONOMIC POLICIES

This brings us to the core problem of the Egyptian economy: it does not generate nearly enough jobs for the number of new entrants into the labor force. Egypt has a population of nearly 94 million, increasing by one million every 6 months. There are more than 600,000 new entrants into the labor market every year,⁵ a number that will rise sharply in coming years. Yet despite lip service from the government about the need to create new jobs, Sisi's economic policies are not oriented toward attracting investment in labor-intensive industries or services. They do not encourage the creation or growth of the small and medium enterprises that have the potential to generate most jobs.⁶ Sisi's government also has not undertaken serious efforts to develop the Egyptian labor force through education and training; private sector employers complain persistently that graduates of public secondary schools and universities lack the basic skills needed to perform the jobs that are available.

Instead of focusing on creating jobs and improving labor force skills, Sisi's economic policies are oriented toward helping his most important constituency—the military—to make money. That means undertaking mega construction projects, such as the second Suez Canal passage and new administrative capital in the desert ("Wedian"), with no serious consideration as to whether such projects will generate

²Core inflation for March 2017: 32.35 percent; for February 2017: 33.1 percent. Inflation for fruits and vegetables for March 2017: 39 percent; for February 2017 31.3 percent. Central Bank of Egypt website, <http://www.cbe.org.eg/en/EconomicResearch/Statistics/Pages/Inflation.aspx>.

³The World Bank, <http://www.worldbank.org/en/country/egypt/overview>.

⁴Adel Abdel Ghafar, "Educated but Unemployed: The Challenge Facing Egypt's Youth," Brookings Doha Center, July 2016, https://www.brookings.edu/wp-content/uploads/2016/07/en_youth_in_egypt-1.pdf.

⁵Ghada Barsoum, Mohamed Ramadan, and Mona Mostafa, "Labour market transitions of young women and men in Egypt," International Labour Organization, June 2014, http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_247596.pdf.

⁶Decision-making that favored insider privileges over broader job creation policies has been a persistent problem. See "More Jobs, Better Jobs: A Priority for Egypt," The World Bank, June 2014, <http://documents.worldbank.org/curated/en/926831468247461895/pdf/884470EG0repla00Box385343B00PUBLIC0.pdf>.

significant employment, growth, or even revenue for the government. Sisi has also decreed many changes in laws, regulations, and government contracting procedures to allow the military or military-affiliated companies to take a larger-than-ever share of the economic pie.⁷

The fact that economic decisions in Egypt serve such a narrow range of interests reflects the overall constriction of public institutions as well as civil society. The parliament is open only to coup- supporters, with not only most Islamists but also many secular parties either legally barred or strongly harassed—even including several larger secular parties that have supported Sisi but have tried to preserve some modicum of independence.⁸ The judiciary, once the branch of the government most respected by citizens, has become highly politicized. Media and journalists have been strongly repressed, and there are very few media outlets that are truly independent. Civil society groups, both secular groups focusing on human rights or civil liberties and social welfare groups suspected of ties to the Muslim Brotherhood, have received harsh treatment unprecedented in Egypt—closed down, assets confiscated, leaders either under prosecution or driven out of the country by death threats.

All of this repression of society and institutions adds up to a situation in which there is minimal input to Sisi on important decisions, which are therefore made in the interests of the few and not the many. This is a more exaggerated version of what has long been the case; during the Mubarak era economic decisions were made to favor crony capitalists as well as the military, whereas now it is just the military.

THE U.S. DILEMMA REGARDING ASSISTANCE

For the United States, Egyptian Government decisionmaking that works against stability rather than for it has become a bigger problem over time. U.S. assistance increased sharply at the time of the Egyptian-Israeli peace in the late 1970s, and for a while military and economic assistance were each funded at about \$1 billion per year. Over time, military assistance stabilized at \$1.3 billion annually, while economic assistance began to drop off gradually, until in recent years it has been \$150 million per year. Egypt has used much of the military assistance to arm itself with heavy weapons (such as fixed-wing aircraft and tanks) for the sort of ground war it has not fought since 1973 and might not ever fight again, resisting persistent advice from U.S. officials to devote more assistance to training, lighter weapons, and higher technology.

The United States has gradually decreased economic assistance partly due to difficulties in implementing programs with Egyptian Government partners as well as persistent disagreements between U.S. and Egyptian officials about needed reforms.⁹ While some Egyptian officials have welcomed mutually-agreed reform programs, training, and technical assistance, others have stonewalled or frustrated such programs, pressing instead for cash assistance. The more pernicious side of this has been the strong campaign of harassment and retribution against American NGOs carrying out assistance programs, as well as Egyptian organizations or individuals who work with American or European organizations.¹⁰ This is hardly the behavior of a partner in development.

OPPORTUNITY FOR A NEW APPROACH

With a new U.S. administration in office that is reexamining foreign assistance priorities overall, there is an opportunity to take assistance to Egypt off auto-pilot and design an approach that better serves the interests of the United States and of Egypt—the nation broadly, not only the military. Members of Congress and of this subcommittee, with their long experience in dealing with assistance to Egypt,

⁷ See Emily Crane Linn, “The Army and its President,” *Foreign Policy*, January 28, 2016 <http://foreignpolicy.com/2016/01/28/the-army-and-its-president-egypt-sisi/>; Shana Marshall, “The Egyptian Armed Forces and the Remaking of an Economic Empire,” *Carnegie Endowment for International Peace*, April 2015, <http://carnegie-mec.org/2015/04/15/egyptian-armed-forces-and-remaking-of-economic-empire-pub-59726>.

⁸ Michele Dunne and Amr Hamzawy, “Egypt’s Secular Political Parties: A Struggle for Identity and Independence,” *Carnegie Endowment for International Peace*, March 2017, <http://carnegieendowment.org/2017/03/31/egypt-s-secular-political-parties-struggle-for-identity-and-independence-pub-68482>.

⁹ Amy Hawthorne, “Rethinking U.S. Economic Aid to Egypt,” *Project on Middle East Democracy*, October 2016, <http://pomed.org/pomed-publications/new-report-rethinking-u-s-economic-aid-to-egypt/>.

¹⁰ “Close Case 173,” *Amnesty International*, <https://www.amnesty.org/en/latest/campaigns/2016/12/close-case-173/>.

have a special responsibility to shape an approach that makes sense and draws on lessons learned.

The new approach should have a tighter focus on the most pressing threats to Egypt's stability: terrorism, but also inadequate education, unemployment, and the destruction of civil society. Ideally the U.S. and Egyptian Governments would agree on assistance programs and the Egyptian Government would cease harassment of implementing organizations. If those goals are unrealistic with the current government, the United States can still extend assistance to the Egyptian people with a minimum of government cooperation. At a bare minimum, the U.S. Government should ensure that its assistance is neither wasted nor complicit in exacerbating the country's problems.

RECOMMENDATIONS FOR FISCAL YEAR 2018 ASSISTANCE TO EGYPT

Foreign Military Financing

- Rather than starting with a fixed amount of FMF, assess the actual threats to Egypt's security and to U.S. interests in Egypt, which center primarily on security of the borders with Libya and Gaza, the Sinai insurgency, and the proliferation of small militant groups in mainland Egypt.
- Determine what sort of training, technical assistance, and weaponry the United States could provide to help the Egyptian military face these threats, and what it will cost.
- Make further security assistance contingent on a stop to extrajudicial killings, torture, enforced disappearance, and other serious human rights abuses by the Egyptian Government carried out in Sinai and elsewhere. There is no point in trying to help the government to fight terrorism while it enflames the problem at the same time, potentially with the use of U.S.-provided equipment.

Economic Support Funds

- Set an example of wise investment in human development by devoting most new economic assistance to merit-based scholarships for higher or vocational education at quality institutions in Egypt or abroad, including the American University in Cairo. Consider converting the existing backlog of unobligated economic assistance, amounting to several hundred million dollars, into a fund for such scholarships.
- Model good practices for job creation and support small and medium enterprises by continuing to fund the Egyptian-American Enterprise Fund.
- Continue direct assistance to Egyptian civil society organizations, but not through the bilateral aid program. Such assistance should instead be administered either through the National Endowment for Democracy,¹¹ the Department of State's Bureau of Democracy, Labor, and Human Rights, or private foundations. Discontinue democracy and governance programs (judiciary, parliament, decentralization) with the government.
- Do not give budget support to the government in the form of cash transfers or loan guarantees under current circumstances, as the funds will disappear quickly with no discernable benefit to Egyptian citizens or to the United States. The United States has already helped to address the government's fiscal challenges by supporting a \$12 billion loan from the International Monetary Fund as well as encouraging Saudi Arabia to provide oil worth several hundred million dollars per month.

Senator GRAHAM. Thank you.

Mr. Abrams.

STATEMENT OF HON. ELLIOTT ABRAMS, SENIOR FELLOW FOR MIDDLE EASTERN STUDIES, COUNCIL ON FOREIGN RELATIONS

Mr. ABRAMS. Thank you, Mr. Chairman. It is an honor to appear here today and I hope I can insert the full statement for the record.

There is a remarkable similarity between the structure of our aid to Egypt and the structure of the Egyptian military and its activities. And that is that both were really established decades ago and both need to be rethought. I want to talk about the security sector today.

¹¹The author serves on the board of the National Endowment for Democracy.

Our aid to Egypt had not been very high and then leapt up after the Sadat visit to Jerusalem and the Camp David Accord, and that is 1978. That is 40 years ago. The Middle East has changed, and Egypt's role in the Middle East has changed in that period.

The Egypt of that period was really the most influential country, the most influential Arab country. And its position on everything was of significance to us, but that is no longer true. Egypt has no role of significance when it comes to the conflict in Yemen or in Iraq or in Syria, nor really on the Israeli-Palestinian conflict itself. Egypt's weight in the region has really declined.

Now, what we obviously want to achieve was, you said, Mr. Chairman, a stable Egypt, a democratic Egypt, an Egypt that can deal with the terrorist threat that it clearly does face, that can protect its borders. We want to help Egypt protect the human rights of all Egyptians, but I am always reminded of a conversation I had decades ago with the late Tom Lantos, who was a great champion of human rights. And I was in the Bush administration at this point—it was about 10 years ago—and talking about aid to Egypt. And Tom Lantos said to me, “Let me ask you a question. Do you really think Egypt needs more tanks or more schools?” And I think it is a question we continue to have to ask ourselves.

Let us look at the Egyptian military. Our goals—probably the key goal in Egypt today on the security side is to fight terrorism. But the Egyptian military remains a force designed to conduct conventional warfare and indeed to conduct conventional warfare against Israel. That is what they exercise for, another war with Israel. As an Israeli analyst put it last year, “The Egyptian military is essentially still modeled to refight the 1973 war.”

Stratfor put it this way. “While the existential threat from conventional foreign militaries has waned in recent years, the new and unconventional dangers of insurgencies, terrorism, and non-state actors have risen to take its place. Egypt's large and inflexible conventional forces, which are better suited to guard against foreign incursion, may not be as capable of addressing the country's current security problems.”

The Egyptian military is actually spending huge amounts of money enhancing their conventional capability. CRS reported that in February 2015, they purchased 24 Dassault Rafale multirole fighters, a frigate, and missiles from France. That was a deal worth nearly \$6 billion. In 2014, they got four—they bought four naval corvettes from France. That was \$1.35 billion. Fall of 2015, two Mistral helicopter carriers from France, large purchases from Russia.

How do purchases like an anti-ballistic missile system from Russia and advanced combat jets really combat terrorist groups like ISIS? How do submarines? Yet Egypt just last week received the first of four German-made attack submarines, total cost 1.4 billion Euros.

There are other problems with the arms aid to Egypt. GAO published a report last March entitled “U.S. Government Should Strengthen End-Use Monitoring and Human Rights Vetting for Egypt.” They are not doing all the vetting that they should be doing.

Turn to the approach to terrorism. It is just not succeeding. The tactics of the Egyptian Government appear to be failing. Just as the terrorist attacks have become routine, so to have heavy-handed Egyptian responses resulting in civilian casualties. Michele Dunne mentioned this video that just surfaced. An analysis by the Carnegie Endowment recently concluded state-sanctioned violence against civilians has only increased anger against the military. That is in Sinai. Egyptian policy has “shifted some sympathy from the military to the militants, who are increasingly seen as a way to take revenge.” That is Sinai.

I think actually that the Egyptian handling of this is creating jihadis. I mean, if you take 60,000 political prisoners—and that is the number that there are in Egypt—people who have not committed acts of violence, beat them up, toss them into prison, keep them there for years, incarcerate them with real jihadis. And what comes out at the end of that process is more jihadis. That is what is happening in Egyptian prisons.

A recent New York Times article about prisoners in Egypt interviewed a man named Ayman who said many of the prisoners he met were from the Muslim Brotherhood. The group formally renounced violence in the early 1970s, but Ayman watched his cellmates grow hardened in prison. The torture and unjust imprisonment for long periods without clear charges or trial dates created human bombs.

NPR recently had a story about a journalist who was jailed, Hossam el-Deen, who said, “In jail, they become ISIS.” This is a common story. It is the story that produced Ayman al-Zawahiri of al-Qaida, who was radicalized in an Egyptian prison.

So I think it is time, Mr. Chairman, to review the tactics of the Egyptian military against terrorism and to review the nature of our aid so that it is targeted toward fighting terrorism and not toward sustaining this conventional military that really has no significant use today.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. ELLIOTT ABRAMS

Mr. Chairman and members of the subcommittee,

It is an honor to appear before you today to discuss United States assistance to Egypt. I will concentrate on the security side of the U.S.-Egypt aid relationship in my testimony.

There is a remarkable similarity between the structure of U.S. aid to Egypt, and the structure of the Egyptian military. Both were established decades ago, and both badly need rethinking and upgrading.

As the Congressional Research Service summed it up, “Between 1948 and 2016, the United States provided Egypt with \$77.4 billion in bilateral foreign aid (calculated in historical dollars—not adjusted for inflation), including \$1.3 billion a year in military aid from 1987 to the present.”¹ As you know, our aid to Egypt leapt upward after the Sadat visit to Jerusalem and the Camp David Accords of 1978. The assistance numbers are \$370 million in 1975, for example, and \$2.588 billion in 1979. Since then the average amount of aid, in total, has been around \$2 billion per year, of which 1.3 billion has been military aid since the late 1980s.

But that’s 30 years ago, Mr. Chairman. The Middle East has changed, and Egypt’s role in the Middle East has changed. The Egypt of decades ago was the single most influential Arab country, whose position on every issue of significance in

¹ U.S. Library of Congress, Congressional Research Service, *Egypt: Background and U.S. Relations*, by Jeremy Sharp, RL33003 (2017), <https://fas.org/sgp/crs/mideast/RL33003.pdf>.

the region was of real importance to the United States. If we wanted to achieve, or to block, something in the Arab League, it often took little more than a conversation with Egypt's president. Egypt was critical to the Israeli-Palestinian "peace process." Today, Egypt has no role of significance when it comes to the conflict in Yemen, or in Iraq, or in Syria, nor frankly does it have much of a role in mediating between Israelis and Palestinians. As an analysis by the Middle East Institute stated,

During the 1990s and afterwards, there were numerous illustrations of Egypt's diminished status in the Arab world. If Egypt played any role at all in the efforts to advance the negotiations between Israel and its Arab neighbors in the 1990s, it was only a marginal one. Egypt took no part in the preliminary work that was necessary in order to convene the Madrid Conference and set in motion a new Arab-Israel peace process under American sponsorship. The Oslo Agreement between Israel and the Palestine Liberation Organization (PLO) was signed behind Egypt's back, as was the peace agreement between Israel and Jordan, which angered the Egyptians, who thought Jordan would reap the fruits of peace at Egypt's expense.²

Egypt's weight in the region has simply declined.

The aid we have been giving to Egypt since the late 1970s and continue to give now should have a purpose. What actually do we want for it? Why do we give it? With the passage of time, I think it is fair to say we don't need to bribe or reward Egypt for its relations with Israel. As we saw under President Morsi, even a Muslim Brotherhood government did not end diplomatic relations and security cooperation with Israel—because those relations are in Egypt's interest. So our aid should be based on our desire to help achieve a stable, secure, Egypt that can defeat the terrorist threat it faces and protect its borders, helps to stabilize the region, and remains at peace with Israel. We also want to help the Egyptian people achieve a system that is more democratic and more respectful of their human rights. I will never forget a conversation I had more than a decade ago with the late Congressman Tom Lantos, a great champion of human rights. I was an official of the George W. Bush administration and we were discussing aid to Egypt, and Tom Lantos posed a question. He said, "Tell me, really, do you think Egypt needs more tanks, or more schools?"

We should judge the overall U.S. aid program against all those goals.

Let us look first at the Egyptian military. While our goals are above all to help it fight terrorism, the Egyptian military remains a force designed to conduct conventional war—against Israel. Major military exercises continue to presume Israel is the enemy. As an Israeli analysis put it last year, "The Egyptian military is essentially still modeled to refight the 1973 war, with a war paradigm very similar to that of 1973, yet with more advanced hardware and somewhat improved tactics. Its core competence is to move large armored and infantry formations into forward defense positions, under the cover of a mobile integrated air-defense system. Egypt's focus is still on main battle platforms (such as tanks, frigates, jets, etc)."³ The analysis from Stratfor put it this way:

[W]hile the existential threat from conventional foreign militaries has waned in recent years, the new and unconventional dangers of insurgencies, terrorism and non-state actors have risen to take its place. Egypt's large and inflexible conventional forces, which are better suited to guard against foreign incursion, may not be as capable of addressing the country's current security issues. . . . While Egypt has taken some steps toward better equipping its troops for counterinsurgency campaigns, it remains overwhelmingly focused on enhancing its military's conventional fighting capabilities. This stance is especially visible in the Egyptian military's force structure. Rather than restructuring its forces into a more flexible organization geared toward counterinsurgency operations, the military has maintained a centralized hierarchy that is broken down into conventional military region, army, corps and division units of command. It has also continued to invest heavily in weaponry such as surface-to-air missile bat-

² "The Middle East Institute Viewpoints: The Legacy of Camp David: 1979–2009," (Middle East Institute: Washington, DC, 2009), 31, <http://www.mei.edu/sites/default/files/publications/Legacy-Camp-David.pdf>.

³ Ron Tira, "The Future Middle East Strategic Balance: Conventional and Unconventional Sources of Instability," *Proliferation Papers* 56 (2016): 35, https://www.ifri.org/sites/default/files/atoms/files/prolif56_tira_oxsl_v2.pdf.

teries, anti-ship missiles, tanks and frigates that, for the most part, are useless for addressing Egypt's counterinsurgency and counterterrorism threats.⁴

Recently, Egypt has begun exercises with Russia for the first time: a news story dated October of last year was headlined "First Russian-Egyptian military exercise on Egyptian soil."⁵

The Egyptian military is spending huge sums on enhancing that conventional capability. The Congressional Research Service reports that

In February 2015, Egypt purchased 24 Dassault Rafale multirole fighters, a frigate, and missiles from France in a deal worth an estimated \$5.9 billion (half of which is financed by French loans). France delivered the first three planes in July 2015. In 2014, France sold Egypt four naval corvettes and a frigate in a deal worth \$1.35 billion. In the fall of 2015, France announced that it would sell Egypt two Mistral-class helicopter carriers (each carrier can carry 16 helicopters, four landing craft, and 13 tanks) for \$1 billion. In a separate deal with Russia, Egypt will purchase 46 Ka-52 Alligator helicopters which can operate on the Mistral-class helicopter carrier.⁶

Other Russian arms sales include Antey-2500 (S-300) anti-ballistic missile system (a \$1 billion contract) and 46 MiG-29 multirole fighters (a \$2 billion contract). How do an anti-ballistic missile system and advanced combat jets really combat terrorist groups like Islamic State? How do submarines? Yet Egypt just last week received a German-made attack submarine—the first of four it has ordered, for a total reported price of 1.4 billion Euros.⁷

There are other problems with our arms aid to Egypt. The Government Accountability Office published a report in March last year entitled "U.S. Government Should Strengthen End-Use Monitoring and Human Rights Vetting for Egypt." That report states that we cannot account for all the aid we are giving Egypt and indeed that Egypt is hindering U.S. efforts to track the billions of dollars in assistance. The GAO report referred to "the Egyptian Government's incomplete and slow responses to some inquiries limited U.S. efforts to verify the use and security of certain equipment, including NVDs [night vision devices] and riot-control items."⁸

There is also a problem with human rights vetting. GAO said that

The U.S. Government completed some, but not all, human rights vetting required by State policy before providing training or equipment to Egyptian security forces. State deemed GAO's estimate of the percentage of Egyptian security forces that were not vetted to be sensitive but unclassified information, which is excluded from this public report. Moreover, State has not established specific policies and procedures for vetting Egyptian security forces receiving equipment. Although State concurred with a 2011 GAO recommendation to implement equipment vetting, it has not established a timeframe for such action. State currently attests in memos that it is in compliance with the Leahy law. However, without vetting policies and procedures, the U.S. Government risks providing U.S. equipment to recipients in Egypt in violation of the Leahy laws.⁹

Egypt's approach to combating terrorism, which we are in fact supporting to the tune of \$1.3 billion per year, is not succeeding. There is a real effort in Sinai, but very recently we saw terrorism extending again from northern to southern Sinai. The Congressional Research Service report from which I quoted previously, dated March 24, 2017, noted that "Terrorists belonging to the Islamic State-affiliated Sinai Province (SP) have attacked military bases and police checkpoints, killing hundreds of Egyptian soldiers. Egypt has declared a state of emergency in northern Sinai, where most of the attacks take place."¹⁰ But the most recent Sinai attack was in

⁴"Egypt's Conventional Military Thinking," Stratfor, June 12, 2015, <https://www.stratfor.com/analysis/egypts-conventional-military-thinking>.

⁵"First Russian-Egyptian military exercise on Egyptian soil," Heaven TV7 Jerusalem, October 26, 2016, <http://www.tv7israelnews.com/first-russian-egyptian-military-exercise-on-egyptian-soil/>.

⁶U.S. Library of Congress, Congressional Research Service, *Egypt: Background and U.S. Relations*, by Jeremy Sharp, RL33003 (2017), 18, <https://fas.org/sgp/crs/mideast/RL33003.pdf>.

⁷"First Egyptian Navy Type 209/1400 submarine arrives to Egypt," *Naval Today*, April 19, 2017, <https://navaltoday.com/2017/04/19/first-egyptian-navy-type-2091400-arrives-to-egypt/>.

⁸U.S. Government Accountability Office, *Security Assistance: U.S. Government Should Strengthen End-Use Monitoring and Human Rights Vetting for Egypt*, GAO-16-435 (Washington, DC, 2016), <http://www.gao.gov/assets/680/676503.pdf>.

⁹*Ibid.*

¹⁰U.S. Library of Congress, Congressional Research Service, *Egypt: Background and U.S. Relations*, by Jeremy Sharp, RL33003 (2017), 13, <https://fas.org/sgp/crs/mideast/RL33003.pdf>.

southern Sinai, one week ago, Tuesday, April 17, at St Catherine's monastery.¹¹ One policeman was killed and four wounded, demonstrating sadly that Islamic State continues to be able to operate in southern Sinai. On March 24, skirmishes with insurgents produced a dozen casualties, ten soldiers and two policemen.

While no one can doubt the desire of the Egyptian Government to end terrorism and defeat Islamic State in Sinai, its tactics appear to be failing. Just as the terrorist attacks have become routine, so too have heavy-handed Egyptian responses resulting in civilian casualties. Egyptian security forces continue to accidentally kill considerable numbers of civilians in counterterror operations. In one incident, a group of tourists was mistakenly bombed in 2015. In January, a drone strike caused 10 civilian deaths. On April 20, a video surfaced on Twitter "that appears to show members of the Egyptian military shooting unarmed detainees to death at point-blank range in the Sinai Peninsula and staging the killings to look as if they had happened in combat."¹² Details surrounding the incident remain unclear.

An analysis by the Carnegie Endowment concluded that "State-sanctioned violence against civilians has only increased local anger against the military. . . ." and that Egyptian policy "has shifted some sympathy from the military to the militants, who are increasingly seen as a way to take revenge. . . . The combination of heavy repression, numerous civilian casualties, and the increased reliance on the use of airpower and heavy weaponry has not only alienated the local population, it has proven highly ineffective."¹³

It's not just the violence that is alienating Sinai residents, but the neglect as well. An article in *Foreign Affairs* last month said this:

Sinai residents are prohibited from joining any senior post in the state. They cannot work in the army, police, judiciary, or in diplomacy. Meanwhile, no development projects have been undertaken in North Sinai the past 40 years. The villages of Rafah and Sheikh Zuwayed have no schools or hospitals and no modern system to receive potable water. They depend on rainwater and wells, as if it were the Middle Ages.¹⁴

That is no way to win the residents away from the terrorists. The *Foreign Affairs* article warns that "the population trusts the army less by the day as it cuts off communications and services, sieges the city, bombs villages, and displaces residents."¹⁵

The Egyptian Government claims to be winning the battle against terror in Sinai, but its claims are suspect. The Carnegie report suggests that the numbers are not credible:

the number of casualties during counterterrorism operations far exceeds the estimated number of Wilayat Sinai fighters. Since the start of the large counterterrorism "Operation Martyr's Right" in September 2015, the Egyptian military has reported that 2,529 militants were killed and 2,481 others arrested as of December 2016. However, foreign intelligence agencies, including the Central Intelligence Agency (CIA) and the Israel Defense Forces, estimated in mid-2016 that the size of Wilayat Sinai ranges from several hundred to a thousand militants, far below the numbers of reported killings. This disconnect can be explained by faulty intelligence or by inflating of the number of militants killed to include civilian deaths among militant deaths. The Egyptian Government has a history of attacking civilians mistaken for militants. Local sources in Sinai back up the existence of such incidents, including an invented attack on a police station in Sheikh Zuweid that was used to justify the deaths of civilians in September 2013.¹⁶

Sinai is a particularly dangerous area but the battle against terrorism is a difficult one throughout Egypt. The Department of State issued a travel warning in December that begins "The U.S. Department of State warns U.S. citizens of threats

¹¹ Declan Walsh, "Gunmen Kill Police Officer Near St. Catherine's Monastery in Egypt," *New York Times*, April 18, 2017, https://www.nytimes.com/2017/04/18/world/middleeast/egypt-monastery-sinai-attack-isis.html?_r=1&mc_cid=8aa4c1c91b&mc_eid=9a4f749274.

¹² Matthew Haag, "Video Appears to Show Egyptian Soldiers Killing Unarmed Men in Sinai," *New York Times*, April 20, 2017, <https://www.nytimes.com/2017/04/20/world/middleeast/egypt-soldiers-extrajudicial-killings-sinai-peninsula.html>.

¹³ Maged Mandour, "The Heavy Civilian Toll in Sinai," Carnegie Endowment for International Peace, March 16, 2017, <http://carnegieendowment.org/sada/68296>.

¹⁴ Maged Atef, "Sinai's Suffering," *Foreign Affairs*, March 13, 2017, <https://www.foreignaffairs.com/articles/egypt/2017-03-13/sinai-s-suffering>.

¹⁵ Ibid.

¹⁶ Mandour, "The Heavy Civilian Toll in Sinai."

from terrorist groups in Egypt and to consider the risks of travel to the country.”¹⁷ Same for Canada, which tells citizens “Global Affairs Canada advises against non-essential travel to Egypt due to the unpredictable security situation. This advisory does not apply to the Red Sea coastal resorts of Hurghada (and its surroundings) and Sharm el-Sheikh, nor to the area from Luxor to Aswan along the upper Nile, where you should exercise a high degree of caution . . . The security situation in Egypt is unpredictable. There is a significant risk of terrorist attacks throughout the country. Attacks can be indiscriminate and occur with no warning, including in Cairo.”¹⁸

I would suggest that in our general battle against terrorism, Mr. Chairman, Egypt is acting in ways that will in fact make it not an asset but a liability—indeed will make it a jihadi factory. It is estimated that there are 60,000 political prisoners in Egypt today—meaning individuals who did not commit crimes of violence. If you take thousands of young men, toss them into prison, beat and torture them, incarcerate them for lengthy periods with actual jihadis, what comes out at the end of the process is in fact more jihadis.

There can be little debate about prison conditions and about the maltreatment of prisoners. But there can also be little debate about what this produces. Here is part of a *New York Times* article about prisoners in Egypt:

Ayman said that many of the prisoners he met were from the Muslim Brotherhood, the Islamist political organization that briefly held power after Mubarak. The group formally renounced violence in the early 1970s, but Ayman watched his cellmates grow hardened in prison. “The torture and unjust imprisonment for long periods without clear charges or trial dates created human bombs,” he said. “Each one of them was just waiting to get out. They are so thirsty for revenge.”¹⁹

Last year an NPR story reminded us that “Egypt has a history of breeding militancy in its jails. Prominent jihadists including al-Qaida leader Ayman al-Zawahiri were radicalized during their abuse and humiliation in prison. Now it appears to be continuing, possibly on a wider scale to match a broad crackdown on rights in Egypt.”²⁰ The story quotes one journalist who was jailed, Hossam el-Deen:

In jail, they become ISIS. And this is very horrible. Many people—not one or two or three, many. . . . And I saw even members of Muslim [Brotherhood] become ISIS now. Some of them spent 3 years now without any real accusation in this very hard condition—so they become thinking that violence is the solution.²¹

The story then recounts a communication with someone still in prison:

Today he sleeps on the floor, with no mattress, in a cell with 10 other people. He told me that ISIS members imprisoned with him try to recruit him frequently. He says there are more than 100 ISIS members inside, and they openly sing Islamic State chants together at night. They bring him food. They talk to him about his father, who was killed in 2013 along with nearly 1,000 others, when the government crushed two sit-ins in Cairo. They tell him he should take revenge.²²

Ahmed Maher, a leader of the movement that peacefully overthrew Hosni Mubarak, and who is now under house arrest in Egypt after being imprisoned for his opposition to the government, gave us all another warning:

Prison has really become a breeding ground for extremists. It has become a school for crime and terrorism, since there are hundreds of young men piled on top of each other in narrow confines, jihadists next to Muslim Brotherhood members next to revolutionaries next to sympathizers. There are also a large number of young people who were also arrested by mistake and who don’t belong to any school of thought.

¹⁷ “Egypt Travel Warning,” U.S. Department of State, December 23, 2016, <https://travel.state.gov/content/passports/en/alertswarnings/egypt-travel-warning.html>.

¹⁸ “Egypt,” Government of Canada, April 12, 2017, <https://travel.gc.ca/destinations/egypt>.

¹⁹ Joshua Hammer, “How Egypt’s Activists Became ‘Generation Jail,’” *New York Times*, March 14, 2017, https://www.nytimes.com/2017/03/14/magazine/how-egypts-activists-became-generation-jail.html?_r=0.

²⁰ Leila Fadel, “As Egypt’s Jails Fill, Growing Fears of a Rise in Radicalization,” NPR, August 24, 2016, <http://www.npr.org/sections/parallels/2016/08/24/491170122/as-egypts-jails-fill-growing-fears-of-a-rise-in-radicalization>.

²¹ *Ibid.*

²² *Ibid.*

Everyone is suffering oppression and punishment inside the prisons. Everyone is accused of being either a terrorist or a member of the Muslim Brotherhood. This is turning the people arrested by mistake who don't belong to any movement into jihadists. Moreover, Muslim Brotherhood members are gradually becoming radicalized, since they suffer from inhumane treatment in the prisons. The authorities treat the prisoners like slaves, and this inspires a thirst for revenge, not to mention the undignified treatment that the families face when they visit.

ISIS has exploited the situation.²³

So I believe that the current policies of the government of Egypt almost guarantee that terrorism will continue and may indeed expand.

Our military assistance program is pretty much irrelevant to the effort to combat terror in Egypt. The Egyptian military has, as I've noted, wanted to spend vast sums on submarines and frigates and high-performance combat jets, all of which are useless in fighting terror and waste scarce resources. I believe we should all be reviewing our own aid to see how it can be made far more useful to the achievement of our own goals: to repeat what I said earlier, to help achieve a stable, secure Egypt that can defeat the terrorist threat it faces and protect its borders, help to stabilize the region, remain at peace with Israel, and protect the freedom and human rights of Egyptians.

Stratfor suggests some changes that would be useful: "Such an effort would require heavy investment into rapid reaction forces equipped with sophisticated infantry weapons, optics and communication gear. These forces would need to be backed by enhanced intelligence, surveillance and reconnaissance platforms. In order to transport them, Egypt would also need numerous modern aviation assets."²⁴ By the latter I assume they mean things like transport capabilities that would permit getting well-trained counter-terror forces to where they are needed very quickly.

We need to discuss the mix of weaponry now being given to Egypt to see how it matches with our objectives. As you know this has been an American goal at least since 2015—to align FMF with shared security interests. This is a matter of equipment, but also of training and doctrine. And all of the aid, and the advice and training we give, of course exists in a context—in this case, the context of growing terrorist activity in Egypt combined with a repressive government policy that seems most likely to increase rather than diminish the ability of terrorists to recruit.

We remain too much on automatic pilot, continuing an aid program that reflects a Middle East and an Egypt of 30 or 40 years ago. That's why this hearing and the subcommittee's work to review that program and rethink the aid relationship with Egypt is of such great value.

Thank you for this opportunity to appear before the subcommittee.

Senator GRAHAM. Mr. Malinowski.

STATEMENT OF HON. TOM MALINOWSKI, FORMER ASSISTANT SECRETARY OF STATE FOR DEMOCRACY, HUMAN RIGHTS, AND LABOR, U.S. DEPARTMENT OF STATE

Mr. MALINOWSKI. Thank you, Senator Graham, members of the subcommittee.

Let me—I want to start by echoing a point that Elliott Abrams made because I think the overarching question here is what are our interests? What are our expectations with respect to our relationship with Egypt? And what do we actually get for this investment?

The aid program, the relationship, it has been based on a long-standing assumption that Egypt is an important player in the region. And with that assumption comes another that our long-term interest and better governance, respect for human rights some-

²³ "In Translation: April 6's Ahmed Maher on Egypt under Sisi," Arabist, August 17, 2015, https://arabist.net/blog/2015/8/17/in-translation-april-6s-ahmed-maher-on-egypt-under-sisi?utm_source=Mailthru&utm_medium=email&utm_campaign=New%20Campaign&utm_term=%252AMideast%20Brief.

²⁴ "Egypt's Conventional Military Thinking," Stratfor, June 12, 2015, <https://www.stratfor.com/analysis/egypts-conventional-military-thinking>.

times comes into conflict with our immediate national security interests.

We certainly, in the Obama administration, operated under the assumption that there was a lot that Egypt could do for regional security and for us. And we tried again and again and again to engage them on a variety of common interests. And I would say the reality is we were frustrated in the vast majority of cases. More and more, it looked to us that Egypt is becoming a country that sucks up aid, a lot more from the Gulf states than from us, as you know, while contributing very, very little to regional security and treating the aid as an entitlement that simply must continue and continue and continue.

About the only country—well, there is the longstanding Egyptian commitment not to tear up the treaty with Israel. I guess that is one thing that we get. At this point, in the history of the Israeli-Egyptian relationship, I would say that that is something that sustains itself because it is very much in Egypt's interests. It is not something that they do for us.

In Libya, their influence has been largely negative. After receiving \$70 billion of American assistance over the years, I am sure you have noticed that there is not a single Egyptian F-16s in the skies over Raqqa or Mosul helping us in the counter-ISIL fight. Yes, they are engaged with ISIL in the Sinai, but as we have heard, in ways that probably make the problem steadily worse rather than better. And there is video that has already been mentioned a couple of times, I think in addition to showing something gruesome, also shows just how counterproductive the tactics are. This is basically a window into a strategy in which young men who may or even may not be members of ISIS are rounded up, executed in cold blood, and then passed off as casualties in a battlefield fight so that the army can look good. We know from history that is the way to lose a fight like this, not to win.

I think that almost any observer of the Sisi Government I think would agree that over the last 2 or 3 years the primary priority of the Egyptian military and General Sisi has not been to fight terrorism or to improve governance. It has been to make sure that what happened in 2011, the Tahrir Square rising, that something like that can never, ever, ever, ever happen again in Egypt and that the power of the military over the country's politics and economics is not challenged again. And as a result, they have concentrated as much on persecuting their political opponents, peaceful protesters, independent NGOs—the very people in the country who are most likely to despise jihadism—as it has on hunting down terrorists.

So we know some of the leading dissidents in the country from the 2011 period are still in jail. Tens of thousands of others behind bars for nothing more than having attended a demonstration or being members of a political party. A lot of these folks languish for years in pre-trial detention, like the American citizen Aya Hijazi did. Many are subjected to the most brutal forms of torture.

Read, if you have the stomach for it, the coroner's report on the death of that young Italian student, Giulio Regeni, who was disappeared in Cairo last year, and you will have a sense of the sadistic treatment that Egyptians experience at the hands of their secu-

rity agencies. The top officials of those agencies know perfectly well, what goes on, and they do nothing to stop it. In fact, one of the most notorious places of torture in Egypt is the headquarters of the national security agency, the successor to the old secret police, right in downtown Cairo near Tahrir Square.

Meanwhile, crackdown on NGOs has intensified. The NGO law basically makes it illegal for civil society organizations to function unless they get permission for every single thing they do from the Government. We have had a steady presence of preposterous, ridiculous, and pernicious anti-American propaganda in the state media. So the same Government that comes up here and lobbies for less restrictions on assistance in the name of better relations with Egypt, back home in Egypt treats anybody who seeks to get support and partnership from the United States as a criminal.

What should we do in light of all of these problems? Well, I think we have to have realistic expectations. Egypt has been experiencing this turmoil for a long time. Only Egyptians can resolve this. It is probably going to take a lot longer for that to happen. I do not think more positive engagement is going to work very well, nor do I think more quid pro quo slap on the wrist conditionality is going to work all that well in terms of changing things fundamentally.

But thought it may be hard to change the way the Egyptian Government treats its own people, one recommendation I would have is that we should demand that it change the way it treats ours. We should have zero tolerance for the mistreatment of American citizens, for continued anti-American propaganda and state media, and for the persecution of individuals or NGOs for association with Americans.

I will say this half tongue in cheek. You can call this an America First human rights policy for Egypt. These are things we can demand and they will respect it if we demand them.

Number two, avoid complicity in these abuses. So, enforce the Leahy Law when there are serious violations. Be very, very wary—I would encourage you all—of any proposals to try to strengthen, intensify, deepen, counterterrorism and intelligence sharing partnerships with the security agencies that are engaged in these abuses. They will abuse the partnerships in addition to the people.

Third, avoid reinforcing the Egyptian sense that aid is an entitlement. So cash flow financing of military aid, we should not go back to that.

And then the big question is what do we do about military assistance? What do we do about the \$1.3 billion NFMF? I think it would be a dispiriting choice to simply go back to providing that unconditionally. It would just be helping Egypt buy weapons that are ill-suited to meet the threats that it faces while reinforcing that entitlement mentality and kicking the serious problems down the road again.

Another possibility would be to provide most of it, continue withholding the 15 percent currently withheld because of human rights abuses. That would send a modest signal of disapproval. Not sure if it would do all that much good.

The third option would be to step back and ask whether our investment in Egypt is appropriate given the value we get from it and the crisis and opportunities we face elsewhere. My strong view

is that the investment is completely out of balance. Does it really make sense for this Government which does so little for regional security which consistently rejects our advice, which describes us to its people as a hostile enemy to receive such a disproportional share of U.S. military aid.

So I agree. We should tailor what we provide to actual counter-insurgency operations in places like the Sinai if they are willing to accept it, which I am not sure if they would under those terms, and think about where else in the region and the world our partnerships are appreciated and our money can do actual good in the fight against terrorism and for a better world.

Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF HON. TOM MALINOWSKI

Mr. Chairman, members of the subcommittee, thank you for the opportunity to testify today.

There is a perception of Egypt that has guided our engagement with the country for decades. Egypt is the largest country in the Arab world; historically, it has exercised great political, cultural, and religious influence in the region as a whole. With that in mind, despite the internal turmoil Egypt has experienced in the last few years, the Obama administration, like its predecessors, tried to engage successive governments in Cairo to address regional challenges. We tried to address the internal turmoil, too, especially after the Tahrir Square revolution created what seemed like a real chance to help Egyptians build democracy. But as those hopes faded, Egypt began to look once again like a classic case of a country where our long term interest in better governance and human rights came into conflict with our immediate need to cooperate with an important country on security interests.

Looking back on our experience, I would say that the perception of Egypt as an important player in the region, and thus our weighing of the trade offs, needs revision. We should see Egypt more clearly for what it has become: a country that sucks up aid from the United States and the Gulf countries, treating our largesse as an entitlement, while contributing virtually nothing positive to regional security or prosperity. Yes, it is true that Egypt has maintained its peace treaty with Israel, but that is not a concession to us; it is something it does in its own interest. The one place in the region where Egypt has exercised independent influence is Libya, where it has made matters worse. It has played no significant role in the counter-ISIS coalition. We've given Egypt more than \$70 billion over the years, yet the last time I checked, there were no Egyptian F-16s helping us fight ISIS over Raqqa or Mosul. Meanwhile, the Egyptian military has taken our aid while consistently rejecting the advice we've offered alongside it—for example, that it fight the insurgency in the Sinai by securing rather than punishing the population. As a result, that insurgency has grown, and terrorism has increased in Egypt since President Sisi took power.

Despite all this, it is often said that President Sisi is the counter-terrorism partner we need. He is a religious man committed to secular politics. He says he wants to reform Islam. He promises to protect Christians. He tells us a lot of what we want to hear. And I'm willing to believe that he believes it. But we need to ask ourselves: why would young people in the Muslim world who might be open to persuasion by extremists look instead to an army general known for imprisoning and torturing thousands of young Egyptians for moral and spiritual guidance? General Sisi is not a man who can exercise influence in such matters, whatever his intentions. What he should do is to focus on governing Egypt well, delivering services and security and giving his people the sense that they are being treated fairly and with dignity. That would be the best thing he could do to counter the extremists.

Unfortunately, neither good governance nor counter-terrorism has been the Egyptian military's top priority in recent years. Its focus, and General Sisi's, has been preserving its dominant position in Egypt's government and economy. To that end, it has concentrated as much on persecuting political opponents, peaceful protestors and independent NGOs—the very people in the country most likely to despise jihadism—as it has on hunting down terrorists.

Prominent dissidents like Alaa Abdel Fatah and Ahmed Maher, both leaders of the 2011 Tahrir Square movement, remain in prison after being convicted in unfair trials. Tens of thousands of others who are not as well known are also behind bars

for nothing more than having attended a demonstration or membership in a political party or for reasons that security agencies do not explain, since current counter-terrorism laws basically give them carte blanche to do what they want. Many prisoners languish for years in pre-trial detention, like the recently released American citizen Aya Hijazi. Some disappear for weeks or months, their fates hidden from family and lawyers. Many are subjected to the most brutal forms of torture. Read, if you have the stomach for it, the autopsy reports on the death of the Italian student, Giulio Regeni, who was disappeared in Cairo last year, and you will have a sense of the sadistic treatment Egyptians experience at the hands their security agencies, especially when suspected of political crimes. The top officials of those agencies know perfectly well what goes on and do nothing to stop it.

One consequence of the Egyptian Government's conflation of political dissent with terrorism is that in the country's overcrowded prisons, peaceful protestors are held right alongside violent jihadists. I've heard from people released from those prisons that inside, the men from ISIS taunt those who had placed their faith in political activism: "You thought you could change Egypt through elections and look at what happened to you; next time, don't be a fool and fight with us."

The Sisi government has also intensified its crackdown on NGOs. A new NGO law the parliament adopted last November essentially places civil society groups under government supervision, prohibiting work that doesn't conform with the government's priorities. Here is an example of what that means in practice: this February, the government shut down the main organization in Egypt working to rehabilitate victims of torture.

Meanwhile, the government reserves its worst persecution and vitriol for those in Egyptian society who have received support from the United States. Think about what this means: Even as the Egyptian military takes billions of dollars from us, even as the Egyptian state and its lobbyists make the rounds in Washington urging us to improve the relationship, prominent Egyptians who commit the so called crime of partnering with us are prosecuted or have their bank accounts frozen. Mr. Chairman, two of your counterparts in the Egyptian parliament who were among the most vocal supporters of good relations with the West and peace with Israel were thrown out of the parliament last year, including Mohammed Anwar Sadat, the nephew of the late President Sadat, who was expelled for speaking to Westerners about the NGO law.

This doesn't just happen to those associated with democracy and human rights issues. Last year, the Egyptians launched a smear campaign against the U.S. non-profit organization RTI, through which we were providing aid to Egypt's education system. The Egyptian Government prevented us from spending a significant share of our economic assistance because of restrictions it imposed or outrageous accusations it made against the implementing NGOs. Eventually, we moved some of that funding elsewhere.

All this has been part of a broader campaign in Egypt's state and pro-government media against the United States. General Sisi himself often has spoken about what he sees as the threat of "fourth generation warfare"—which other Egyptian military officials have explicitly defined as an effort by the U.S. and other Western countries to weaken Egypt through promotion of democratic values and funding of NGOs. In the last couple of years, state media have constantly pushed the message that the United States aims to destroy Egypt from within. Some of it is obviously preposterous—my favorite was a full page spread in one newspaper alleging that the Hunger Games movies contained hidden signals to Egyptians to rise up against their state. But it's not a laughing matter. This propaganda reaches a lot more people than anything ISIS puts out, and it encourages deep cynicism and hostility towards the United States. We raised this with General Sisi during the Obama administration, and he has tempered his own comments since. But the larger problem in state media continues, and we should be much less tolerant of it.

What should we do in light of all these problems?

We should start with realistic expectations. U.S. officials have spent countless hours with their Egyptian counterparts in recent years, urging economic reforms, better military strategies, and greater respect for human rights, offering help on all counts, to almost no avail. More of that kind of positive engagement is not likely to help. Any efforts to improve the relationship will likely be subverted anyway by Egyptian actions to which we will have to respond. The video that surfaced over the weekend showing Egyptian security forces in the Sinai executing prisoners who apparently had been transported in U.S. provided Humvees is a case in point—that kind of incident could require, under the Leahy Law, suspending assistance to forces in the Sinai unless those responsible are punished.

At the same time, I don't think that quid pro quo conditions on assistance are likely to do much good, either, at this point. The Egyptians don't believe we're capable of sticking to our guns for long when we use that weapon.

If there is any chance for fundamental change in Egypt, it's going to come from within. And it's probably going to take a long time. But there are some sensible steps we can take in the meantime.

First, though it may be hard to change the way the Egyptian Government treats its own people, we can certainly demand that it change how it treats us. We should have zero tolerance for the mistreatment of American citizens (several more of whom remain unfairly imprisoned), for continued anti-American propaganda in state media, and for the persecution of individuals or NGOs for association with Americans. Call it an America First human rights policy. Swift consequences for such actions would deter them and lead over time to a healthier U.S.-Egyptian relationship.

Second, we should avoid policies and statements that make us complicit in or legitimize the Egyptian Government's abuses. This means having a correct relationship with General Sisi, without giving him undue praise or suggesting that his rhetorical commitment to fighting extremism excuses crimes that fuel extremism. It means enforcing the Leahy Law. It means keeping our distance from the Egyptian security agencies responsible for political persecution. I would encourage you, Mr. Chairman, to be especially wary of any proposals to enter into additional intelligence sharing or counter-terrorism partnerships with these agencies; this is an area where congressional oversight is needed.

Third, we should continue to speak out publicly against human rights abuses in Egypt, ideally in concert with European and other allies. I am confident that the Egyptians care about their international image, and that it matters to them greatly, for example, when we and our allies speak with one voice, for example, at the UN Human Rights Council. Multilateral diplomacy can be effective with Egypt at least on the margins. We should pursue it with greater vigor.

Fourth, we should avoid reinforcing the Egyptian sense that U.S. assistance is an entitlement. The Obama administration ended cash flow financing of military aid to Egypt, and that decision should stand. It makes no sense for U.S. taxpayers to be on the hook for subsidizing Egypt's defense budget years in advance no matter what the Egyptian Government does in the interim.

That leaves one final, critical question—what to do with our military aid to Egypt? There are three basic choices here. We could simply return to providing \$1.2 billion a year unconditionally. That would be a dispiriting choice, in my view—we'd just be helping Egypt buy weapons that are ill suited to meet the security threats it faces, while reinforcing its entitlement mentality, and kicking the tough issues down the road once more. Or, we could provide most of the aid package, while continuing to withhold the 15 percent currently withheld because of human rights abuses. That would send a modest signal of disapproval, but do little good besides.

The third option would be to step back and ask whether our investment in Egypt is appropriate given the value we get from it and the crises and opportunities we face elsewhere. My strong view is that the investment is completely out of balance. Does it really make sense for this government, which does so little for regional security, which consistently rejects our advice, which describes us to its people as a hostile enemy, to receive such a disproportionate share of U.S. military aid?

Again, I'm not arguing here that we use aid as leverage to get something out of Egypt. I'm simply arguing for spending money sensibly. Let's provide assistance tailored to support the Egyptian military's efforts to protect its borders and its people from terrorists—assistance that might enable a true counterinsurgency campaign in the Sinai, for example—if it is willing to use it wisely. But we should no longer subsidize the purchase of planes and tanks that Egypt wants for showing off at military parades, or for a hypothetical war with one of its neighbors.

And then we should reprogram the bulk of the \$1.2 billion subsidy where we can actually achieve something and where our help is appreciated. Think of what we could do with such a sum. We could make sure every Syrian refugee child can go to school. We could provide democratic Tunisia more of the support it needs to protect itself against returning foreign fighters and to get its economy going again. We could more quickly restore governance to liberated areas of Iraq and Syria. We could do more to help the victims of famine in Yemen. With just the teensiest fraction of that sum, my former bureau at the State Department could do more to help victims of torture and persecution in Egypt and elsewhere; it could make a huge contribution to our North Korea strategy by getting more uncensored information to the North Korean people; it could ensure that everyone in Iran has access to an uncensored Internet in time for their presidential elections this year. That's just my list; I'm sure, Mr. Chairman, you could come up with your own.

I think our foreign policy would benefit from a more rational allocation of foreign aid spending. I also think that our relationship with Egypt, over time, would benefit if we could break out of the straightjacket of an outdated policy and stop providing it with support for which virtually no one in the U.S. Government can provide a positive justification. Let's try to imagine a policy tailored to our interests and values, and then work over time to put it into place.

Senator GRAHAM. Well, thank you.

COOPERATION BETWEEN EGYPT AND ISRAEL

We will do 7-minute rounds of questions and answers and I will start off.

Mr. ABRAMS, I talked to Israel recently. They are fairly pleased with the security cooperation between Egypt and Israel regarding Hamas. Is that an accurate statement?

Mr. ABRAMS. Yes. The Government of Egypt, of course, views Hamas as part of the Brotherhood, very much opposed to it, and there is probably better cooperation against Hamas than there has ever been. I think it is fair to say the Israelis are more active now in helping in Sinai than they have ever been before.

Senator GRAHAM. I hear reports where Egyptian helicopters are flying from Israeli airbases to confront ISIL.

Mr. ABRAMS. I have heard those reports.

Senator GRAHAM. So, on the good side, it seems like we have a relationship between Egypt and Israel on the security front that is productive.

REPRESSIVE NGO LAW

Tom, tell us about the NGO law very briefly if you could. What are the new requirements of this new law they have passed?

Mr. MALINOWSKI. Well, they have gotten tighter and tighter, but basically a whole range of day-to-day activities that an organization needs to conduct.

Senator GRAHAM. Well, I have heard that you have to get approval from the Government for a poll survey.

Mr. MALINOWSKI. Sure, or any number of other activities. So, first of all, those requirements give the Government the opportunity to say no and to shut down particular activities, but even if the Government is not so inclined, the mere fact that you have to constantly ask for permission to do things is just—it makes it virtually impossible to function. And it is almost impossible not to—the rules are so complicated, it is impossible not to be in violation of something at any given moment, which means that at any given moment if the Government wants to shut you down, it can.

Senator GRAHAM. Okay.

Mr. MALINOWSKI. An example of this, the leading organization in Egypt for the rehabilitation of torture victims was recently shut down, so.

Senator GRAHAM. Okay.

Mr. MALINOWSKI. Yeah.

Senator GRAHAM. It is also true that American NGOs and employees, the International Republican Institute and the National Democratic Institute, have been convicted in Egyptian court of being spies. Is that true, Mr. Abrams?

Mr. ABRAMS. It is true and it is an extraordinary thing.

Senator GRAHAM. Ray LaHood's son.

Mr. ABRAMS. Ray LaHood's son is one of them. It is an extraordinary thing. We are talking about Freedom House, IRI, NDI. These are not subversive organizations.

Senator GRAHAM. Right. I have talked extensively with President el-Sisi about this. I appreciate what the Egyptian Government did with Aya Hijazi. Clearly, I think they were trumped up charges. She was acquitted within a few days of a visit, so so much for we cannot control what happens in the judiciary.

IMPACT OF EGYPT AS A FAILED STATE

Ms. Dunne, in terms of the future of Egypt, without some economic reforms and without economic growth, what is going to happen in Egypt? And to all of you very quickly—what does it matter to us if Egypt becomes a failed state? Because that is what I fear the most, quite frankly, is that we are headed that way.

Ms. DUNNE. Yes, Senator. That is true. That danger is there. The employment problem in Egypt is enormous. The human development problem in Egypt is enormous. They have failing educational institutions, people coming out of secondary school and even public universities without the basic skills needed to be in the global workforce.

So those are major problems and, as I have said, the Egyptian Government persistently makes economic decisions that do not really empower the private sector, small and medium enterprises, et cetera, to create jobs. That is what is really needed to create, you know, labor intensive industries, services, et cetera, to put Egyptians to work. Without that, you have got a growing unemployment rate and you have a growing population. The growing population, I think, is also related to the fact that young women cannot get jobs and so sometimes they marry very early and start families, have big families.

So they are—you know, this is—it is hard to see where this is going. And what the Government keeps doing, and I think Tom Malinowski referred to this, is just trying to attract more and more external financing to keep them afloat, but that is not a long-term plan. They need a productive economy.

Senator GRAHAM. Elliott.

Mr. ABRAMS. But it is by far the most populous Arab state with over 90 million people and growing fast. So if it were to become a failed state, as you said, Mr. Chairman, the impact on the whole Arab world would be destabilizing. It would be destabilizing in North Africa and if you ever got refugee flows, it would make the refugee situation in the region and toward Europe that much worse.

Senator GRAHAM. How realistic is that? Is that a possibility?

Mr. ABRAMS. Well, I think it is a possibility that you would see more disorder because, for one thing, as Dr. Dunne says, the economic conditions are deteriorating. You have more strikes. You could see more bread riots. So you could see a deterioration which could—you know, it is a vicious cycle. That produces more repression, which then produces more of an uprising. So I think it is we should not assume stability in Egypt.

Senator GRAHAM. That is my question. We assume it just because it has been there, but I do not think that is a good assumption to make, given what I know.

Tom, do you agree with that?

Mr. MALINOWSKI. Sure. You know, I do not think Egypt has been stable for the last 6 years, since 2011. I think it would be foolish for me to make predictions about when the next political rising will be. We have no idea, but we do know that this is a country that will demonstrate surface stability until it does not. And because of its size, because of its volatility, the consequences could be quite great.

Senator GRAHAM. Thank you all. I will recognize Senator Leahy now. Then we will go to Senator Moran.

STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you very much, Mr. Chairman. I apologize for being late. I am glad to see this panel. I know all three of them and the subcommittee is fortunate to have their views.

Egypt is an important country, at least in their mind. The question is where is it going. We—yes.

Let me try a different microphone. Can you hear me all right?

Senator GRAHAM. Yes.

U.S. ASSISTANCE FOR EGYPT AND EGYPTIAN CIVIL SOCIETY

Senator LEAHY. Okay. In my lifetime, we have provided more than \$79 billion in economic and military aid to Egypt. That does not include the excess defense equipment that runs into billions more. Yet the Egyptian people seem generally unaware of this, since the U.S. comes across so negatively in most of the polls. Or maybe they do know it and they resent how the aid has been used to prop up repressive actions in their own Government. And the younger generation sees no prospects for jobs.

Now, Egypt's position geographically does give it importance. I don't know if it justifies the billions of dollars we spend there. Thousands of members of political opposition parties have been imprisoned after sham trials. Members of civil society organizations are falsely accused of salacious crimes, and are detained for years. Critics of the Government are tortured and killed, when U.S. officials and independent press are denied access to areas where U.S. weapons are being used amid reports of war crimes. I think we have to ask some basic questions.

Secretary Malinowski, you have heard me ask these questions before, but what are the Egyptian Government's intentions with civil society groups? If they use anti-terrorism laws to arrest these people, how should we react? What purpose does our \$1.3 billion in annual military aid serve and what security threats do they face to justify it?

I want Egypt to succeed, but certainly not in a way where critics of the government are being repressed, where the response to our concerns is "give us the money, give us the aid, give us the equipment. But we are not going to tell you how we are going to use it." That's not acceptable.

Mr. Malinowski, you were Assistant Secretary for Human Rights. I want you to know an awful lot of members of the Senate, both Republicans and Democrats, applaud what you did.

Mr. MALINOWSKI. Thank you.

EGYPT AND HUMAN RIGHTS

Senator LEAHY. I am sure you had a lot of meetings with the Egyptian authorities on human rights concerns. How did they respond? Was it useful?

Mr. MALINOWSKI. Well, my job was talking to authoritarian Governments around the world. And I have to say the meetings with the Government of Egypt were amongst the least productive and most unpleasant in my time at the State Department. That there are a lot of Governments around the world that do things we don't like, but you can have a thoughtful and intelligent conversation, intellectually challenging where you are talking to somebody who you feel like they have got the best interest of their country in mind, but they have a different vision for how to achieve them. And in the case of Egypt, it is just angry, rude denial of all problems and how dare you, U.S. Government official, raise these things with us and where is our money? Thank you very much. Goodbye.

Senator LEAHY. That is giving them the benefit of the doubt.

Mr. MALINOWSKI. Yeah. I don't have to be as diplomatic anymore as I used to be. And, you know, this is why I have come to the conclusion that probably more endless hours of attempted persuasion are not going to get us very far, that what we need with the Government of Egypt is a stepping back, a bit of a time out where we get out of this entitlement mentality where they think that every part of the relationship is something that we owe them. And we step back and try to design a relationship and an aid program that actually is there to do something positive rather than just an aid program that we provide because of what we fear they will do if we somehow cut them off. And—

Senator LEAHY. When I express concern about human rights, they say, "Look how much we are doing against ISIL in Iraq, Syria, Yemen." Are they?

Mr. MALINOWSKI. Well, certainly not in Syria, certainly not in Yemen. They are fighting ISIL in the Sinai, but as we were discussing, in a manner that is probably making the problem worse, not better. They face a very, very real genuine serious security threat. Their soldiers, their police are getting blown up. There are attacks in Cairo and other Egyptian cities. I would like to be able to help them with that threat. I would help any country facing that threat.

But what they have been absolutely resistant to doing is taking the advice that our military and our national security professionals have tried to offer with the equipment, with the training that our aid pays for. And so you see these very ham-handed tactics that, again, make the problem worse.

Senator LEAHY. Chairman, my time is up, but Dr. Dunne and Mr. Abrams, my staff gave me a summary of everything you have already said and I was not only impressed, but I am very appreciative of it from both of you. Thank you, Mr. Chairman.

Senator GRAHAM. Thank you, Senator Leahy.

Senator Moran.

U.S. ASSISTANCE FOR EGYPT

Senator MORAN. Mr. Chairman, thank you very much. Thank you all for joining us this afternoon. I will try to do two or three quick questions. What is the consequence to an alteration of the aid we provide Egypt and the relationship between Egypt and Israel? The historic connection there exists. Would you expect any consequences today if we alter the aid that we provide Egypt?

Mr. ABRAMS. Well, I would not, Senator. We saw even during the Morsi period when there was some fear that he would completely change the relations with Israel, he did not really touch that. Good relations with Israel are in the interests of Egypt. The army understands that. They are getting help. As Senator Graham was mentioning, they are getting help in the Sinai, so I think the answer is no impact.

Senator MORAN. Okay. Anyone disagree? Yes, Ms. Dunne.

Ms. DUNNE. Well, I don't disagree, but I would like to add something, Senator. Look, I think that there is a good and bad side to the Egyptian-Israeli relationship. The good side is the military to military and security to security cooperation. The not so good side is the civilian side of it and the people to people side, which is very weak and very cold. And but I agree with Mr. Abrams that the aid that the U.S. provides no longer drives this.

And I would point out that there was a period during the Obama administration shortly after the military coup of 2013 in which much of the military assistance was suspended for more than a year. I mean, that was the heyday of Egyptian-Israeli relations, so I think that really proved the point that the relationship now has its own logic, its own dynamic.

Senator MORAN. Thank you. I was looking for that kind of reassurance.

EGYPT AND CIVIL SOCIETY

Mr. Malinowski, you indicated about what is occurring in regard to NGOs and Senator Graham followed up a bit on that. What is the rationale? What benefits the Egyptian Government in restricting NGO activity? Why is that a benefit to them?

Mr. MALINOWSKI. Well, parts of it are more logical in a nasty way than others. Certainly, if there is an NGO that is working on anti-torture and your police and security forces are engaged in torture, then you may not want that NGO running around and making its reports. NGOs that work on press freedom, on human rights issues, on any matter or anti-corruption, very important. Any matter on which the Government is likely to be exposed for doing bad things. It is natural that in an authoritarian state like this would want to bring those kinds of NGOs under control.

What is interesting and perhaps a bit less obviously rational is that this crackdown has encompassed not just organizations working on what you might think are politically sensitive issues like the ones I mentioned, but virtually all NGOs that operate independently from the state.

One of the problems we had last year in our ESD Program is we had an NGO called RTI, which is one of the big sort of U.S. AID

implementers that was working on education programs in Egypt—totally innocuous, non-political. And that organization became subject to a massive campaign of public vilification in the Egyptian state media. They are corrupting our youth. They are spreading homosexuality. They are doing this and that. All part of this larger campaign against foreign and particularly American funding of NGOs.

So the Government uses this kind of nationalism, this anti-Americanism, to vilify NGOs of all stripes. And in that case, it resulted in Welfare Secretary Kerry pleading with General el-Sisi, "Please, take our aid. Do us the favor of taking our money?" And in the end, they would not do it, or they were willing to take it if we just wrote them a check, but they did not want us to do it through an independent NGO. And one of the best decisions we made was to say, "All right. To heck with it. We are going to spend that money in Tunisia, in Iraq, in Syria, and places where we have equally pressing interests, but partners who want to work with us."

Senator MORAN. Thank you very much.

EGYPT AND RUSSIA

Mr. Abrams, you mentioned that Egypt is purchasing Russian military equipment. Russian special forces have been dispatched to the western desert in Egypt. Since intervening in Syria, there has been a lot of concern about Russia asserting itself in the Middle East. In changing how we provide aid, are we giving Russians opportunity for more influence in Egypt and in the region as a whole? What are the consequences to Russia and its influence based upon decisions we might make?

Mr. ABRAMS. I think one would have to say that there would be something of an opening for the Russians. Unlike the Gulf states which are giving tens of billions of dollars or the United States, we give about a billion and a half a year. The Russians are not going to give them that kind of money, but they would be willing to make loans and sell arms and equipment and they would throw their weight around in Cairo if they see a weakening of the U.S.-Egyptian relationship.

The thing is, you know, they cannot really replace us in terms of economic aid, in terms of military aid, in terms of technical assistance, but I think we would have to acknowledge that you might see a kind of resentful Government of Egypt talking to the Russians more. They are doing—for the first time in history, they are doing now a military exercise with the Russians in the western desert and they are doing that already when the aid has not been cut back a cent. You might see more of that.

Senator MORAN. Thank you.

Thank you, Mr. Chairman.

Senator GRAHAM. Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman, and thank you for holding this hearing, both you and Senator Leahy, and to all of our witnesses for your testimony.

EGYPT AND RUSSIA

Just to follow up a little bit on Senator Moran's question, might we expect that Sisi would go back to the days of Nasser where

Egypt played off Russia against the United States in terms of future assistance, Mr. Abrams?

Mr. ABRAMS. I think you would see him threatening to do that. I think you would see that in the state press. It is hard for them. I mean, you know, the whole military now after all these decades is really equipped with American stuff. Now, they are starting to diversify with these more recent purchases, but I think you would certainly hear, if you will, threats of doing that. And the Russians would love to take advantage of this. As we have seen in Syria, they would like to reinsert themselves. For Putin, this would be a dream come true. So I don't—I think we have to acknowledge that there is a danger of the Egyptians moving in that direction.

Senator SHAHEEN. Did either—did you want to comment on that, Mr. Malinowski?

Mr. MALINOWSKI. Yeah. I mean, I agree with Mr. Abrams. And they will if we let them, in a way. I mean, it is an old game, right? And we remember that game in the Cold War where all kinds of authoritarian countries in the developing world would play us off against the Soviet Union. If you are not nice to us, we will go to Moscow or we will go to Beijing.

And I hope we don't allow ourselves—this is a much bigger question than just Egypt. In this era of unfortunate great power, resume great power competition, I hope we don't allow our decisions to be influenced too often by that kind of calculus because all we would be doing is empowering people like Sisi to get what they want by making that trip to Moscow and being pictured with Putin and then scaring us into giving him more. I don't think that is in our interest.

Senator SHAHEEN. Dr. Dunne, did you want to add something?

Ms. DUNNE. Yes. Thank you, Senator. I just wanted to add that I think this is already happening, in effect, and I think it will happen even if we continue providing the military aid at the full level, that clearly President Sisi admires Putin a great deal, approves. He said openly from the beginning that he approved of the Russian intervention in Syria and perhaps would feel the same way about Libya, that he is ramping up the relationship with Russia in a number of ways. So I think he is going to move forward with that relationship even if we provide all the aid.

Senator SHAHEEN. Thank you.

EGYPTIAN VIEWS ON PROGRESS

To follow up, Dr. Dunne, I was struck by your testimony where you point out that what under Sisi Egypt is moving to a state where even more so than under Mubarak the interests of the few are what overrides decisionmaking as opposed to the interests of the many. Remembering the press reports about the brief time in which the Muslim Brotherhood controlled Egypt, and there were a number of reports about mainstream Egyptian society. I am probably using the wrong term there in terms of identifying who was concerned about that, but there were definitely reports that there were many Egyptians who were not happy with that situation and who were feeling relieved when Sisi actually took back control in Egypt.

So to what extent do we think the Egyptian people are happy with what Sisi is doing and the direction that he is heading and how do we speak to the people of Egypt in terms of the support that we want to provide?

Ms. DUNNE. Thank you, Senator. Look, I think that it is certainly true that while Mohammed Morsi of The Muslim Brotherhood was president of Egypt, it was a very brief time. It was a year. You know, there were concerns among more secular Egyptians who don't consider themselves Islamists that the Brotherhood would sort of try to bring about different expressions of Islamic law or things like that. There definitely were concerns.

Now, the Brotherhood through Morsi was in power a very brief time and, frankly, they did not have time to do any of that. And we can only kind of imagine what they would have done. What they did do, which Senator Graham indicated earlier, was to, you know, overplay their hand and they did a number of undemocratic things. They sort of manhandled the Egyptian judiciary and forced through a constitution that a lot of Egyptians did not agree with, right?

So it is true. There was a lot of public resentment and opposition to Morsi, but I think unfortunately what the military did was use that to not only remove Morsi, but to end the democratic transition. And that is—I do not think that is what most Egyptians wanted. You know, people went out in the millions in June 2013 calling for a new presidential election. They wanted a chance to vote again on whether Morsi should continue his term or not. That is not what they got. They got an end to the whole thing and a restoration of military rule in a much more direct and brutal way than they had under Mubarak.

Sisi is growing increasingly unpopular. There is not much polling in Egypt nowadays, but the little there is shows that because of his failure to deliver what he promised, either in terms of security or in terms of improving the economy, Egyptians are becoming disenchanted. But at this point because he has thrown so many people in prison and eliminated so many opposition political forces, they really do not have many alternatives from which to choose.

Senator SHAHEEN. Thank you.

EGYPT AND HUMAN RIGHTS

Mr. Malinowski, the recent visit by President Sisi saw the White House saying that they did not want to make human rights an issue, a public issue. They preferred to work behind the scenes. President Trump suggested that. Is that a good approach for us to be taking when it comes to the human rights issues in Egypt?

Mr. MALINOWSKI. You will not be shocked to hear me say no and it is not just the impact on Egypt that I am concerned about. I am somewhat pessimistic about our ability to influence Egypt in any fundamental way right now. But when I was Assistant Secretary, I would often find in traveling around the world in Africa and Asia people would throw certain emblematic examples of American relationships with other countries in my face, and Egypt was one of them. Oh, you know, you are here. You are criticizing us. You are urging us to do this and that, but look, in Egypt you are propping up.

Senator SHAHEEN. Right.

Mr. MALINOWSKI. And I would explain, look, we are not. You know, it is much more complicated and we are criticizing them and withholding some aid. But the point is that when the whole world sees the spectacle of the Egyptian general coming to the White House and being praised in such a way by the President of the United States and then the statement that we will not talk about human rights publicly. And I am afraid it affects perceptions of what we stand for in the hearts and minds of people in every part of the world in a negative way.

I am glad they got Aya Hijazi out of prison and I applaud President Trump for bringing her to the White House when she returned. That was a good symbolic action. But the way that visit itself was handled, I was very sad.

Senator SHAHEEN. Me too. Thank you all.

Senator GRAHAM. Senator Coons.

Senator COONS. Thank you, Chairman Graham, and Ranking Member Leahy for convening the hearing and for our assembled witnesses for testifying today. I must say that this is a very disheartening hearing. It is a reminder just how challenging it is for us to pursue our three goals of promoting regional security, supporting American values, and defending human rights in a country that has received more than \$70 billion in U.S. bilateral aid over many, many years.

And many of the topics I had thought I would address have already been discussed by others, so let me focus on a few specific questions. Given the broad and intense crackdown on human rights that has been going on under the current Government in Egypt, I am concerned about it undermining long-term efforts to build any enduring political institutions or to successfully combat and defeat violent extremists.

U.S. ECONOMIC SUPPORT FUNDS FOR EGYPT

So, first, there is a significant amount, if I understand right, of unobligated Economic Support Funds—I think something like \$600 million. There were reports last year that these are funds that multiple organizations had not received as implementing partners of ours and never got final approval from the Egyptian Government to continue their work. Why is Egypt delaying these funds and why should we continue to provide funds when there is such a dramatic backlog? \$600 million is not chicken feed. That is real money and could make a significant difference in a country that has so many basic challenges addressing the real human needs of its people. I am looking for any volunteer from the panel who wants to address that one.

Ms. DUNNE. Thank you, Senator.

Yes. And, you know, unfortunately, there is a long history of real problems between the United States Government and the Egyptian Government in getting the economic support funds spent in a productive way.

One thing that there have been disagreements sometimes about economic reforms that were needed. There has been Egyptian Government resistance, but then, you know, puzzlingly, even when sometimes there was agreement on steps to be taken, there was

even, you know, specific programs agreed upon and signed and so forth with Egyptian ministries, there are times when the Egyptian Government then has obstructed the implementation of programs. I believe Tom Malinowski was referring to just such a program of educational assistance that was to have been implemented by RTI.

And so I think what this gets down to is a couple of things. One thing is that there is a deep xenophobia inside the Egyptian Government, particularly certain parts of the Egyptian Government, the security establishment, and they fight very hard against engagement between—people to people engagement between Egyptians and foreign organizations, nongovernmental organizations and so forth. And they will try to block it because of their deep suspicion.

The other thing is that basically there are parts of the Egyptian Government, they really want the aid in cash. And sometimes they will just try to stonewall programs in the hopes that it will eventually just be delivered in cash as cash budgets support with few or no conditions.

So there is a long history of this. And if you would permit me, Senator, my own feeling about this is this could usefully be converted into something like, for example, a fund for scholarships, for university and vocational educational scholarships for Egyptians, for the kind of training that they need that perhaps could be implemented with a minimum of Egyptian Government involvement.

Senator COONS. Interesting.

Mr. Malinowski.

Mr. MALINOWSKI. Yeah. So a while back President Sisi made a speech which he mentioned a concept notice, well, that he referred to as fourth generation warfare. And what he meant by that, as other Egyptian officials explained in more detail, was an effort by the United States and other western countries to destroy Egypt from within—I am using their terms—by through these kinds of assistance programs, subverting Egyptian youth, spreading western ideals, democratic ideals, human rights ideals, et cetera.

We had a talk with him about that during the former administration and about the broader problem of this anti-American propaganda. And we did not hear as much of that personally from him subsequently, but certainly in the Egyptian state media, pro-Government media, these kinds of attacks on our aid providers, including RTI, continued to the point where it became very, very difficult for them to continue to do their work. They worried about the safety of their Egyptian employees, amongst other things.

I totally agree that, you know, something like a scholarship program would be a great way to spend economic assistance money in Egypt. It would be the thing probably above all that ordinary Egyptians would appreciate. I am not sure if we could implement it because you cannot just do it remotely. You have got to have people there to do the selection and figure out, you know, who gets what. And I do not know if we can do that without risk.

MUSLIM BROTHERHOOD

Senator COONS. I have just a minute and a half left, so let me—two other questions, and, Mr. Abrams, I will invite you to answer all of these in one move, if you could. Some have called upon the

Trump administration to designate the Muslim Brotherhood as a terrorist organization and I would be interested, Ms. Dunne, if there is sufficient evidence to do so and what would the consequences be.

And then last, Mr. Abrams, you might combine a comment on ESF with whether long-term stability in Egypt is possible without strengthening civil society. And I would be interested in hearing what concerns you have about the attack on civil society. Thank you.

Mr. ABRAMS. Well, I just wanted to start by saying on the international cooperation question, part of the problem is the so-called Ministry of International Cooperation in Cairo, which is about the least cooperative agency on the face of the Earth when it comes to implementing American aid programs. I will leave the MB answer to others, but, no, you should not designate the Muslim Brotherhood as a terrorist organization. That would be, I think, a very foolish move.

Egypt is not going to be stable if there is nothing in it but the army and the opposition to the army.

Senator COONS. Right.

Mr. ABRAMS. And if all of the civil society organizations that represent actually not just Egyptians, but represent American values as it turns out in Egypt like freedom of press and freedom of speech, freedom of association, free trade unions are crushed by the state that is going to weaken stability in Egypt not only in the long run, but I would say in the medium run.

Senator GRAHAM. Thank you. Ms. Dunne.

Ms. DUNNE. Briefly on the Muslim Brotherhood question, Senator. First of all, no, I do not believe the evidence exists. First of all, there is not anything really globally called the Muslim Brotherhood, but even let's just look at the Egyptian Muslim Brotherhood itself. I do not think the evidence exists that they are carrying out actions that meet the U.S. legal standard of terrorist activity.

Second of all, I would say that I think if the United States decided to designate regardless even without the evidence, it would be handing a major victory to ISIS because they are the ones who have argued that, you know, only violence works and therefore that those Islamists who tried to pursue change through political or other means were fools.

Senator COONS. Thank you very much. I appreciate the whole panel. Thank you, Mr. Chairman, for holding this hearing.

Senator GRAHAM. Senator Daines.

Senator DAINES. Thank you, Mr. Chairman, and thank you to the panel for coming today. Foreign assistance can serve as an effective tool of American foreign policy and advance U.S. interests abroad, whether it be humanitarian aid or economic and military support. That being said, it is essential the programs are administered in open, transparent, and accountable fashion that minimizes the potential of running into any consequences or use by inappropriate recipients.

The significance of accountability was further highlighted by the recent horrific terrorist attacks on Coptic Christians and others in Egypt. Ensuring the U.S. taxpayer dollars and equipment does not end up in the wrong hands is certainly of utmost importance.

SCENARIOS FOR EGYPT'S DEVELOPMENT

Dr. Dunne, in terms of Egyptian political stability, what do you see as potential best and worst case scenarios for the next 2 to 3 years?

Ms. DUNNE. Thank you, Senator.

Look, the best-case scenario would be that, you know, some sort of a return to a more open political process in which more people can participate, a turn away from repression and human rights abuses, a change in the economic policies towards something that is a little more private sector oriented and oriented toward generating jobs for ordinary Egyptians. I wish I thought that was a likely scenario, but I have not seen any indications that things are going that way.

The worst-case scenario, you know, there is a possibility of sort of political unrest similar to what happened in 2011. What is even worse than that though, would be if the insurgency that is based in Sinai and the individual cells related to ISIS that we see starting to pop up in the Egyptian mainland were to really take off, you know, into a kind of—a larger insurgency. And that is my fear about the Egyptian Government's approach right now, that they are actually driving towards this insurgency becoming a much larger thing and really destabilizing the country.

UPCOMING EGYPTIAN ELECTIONS

Senator DAINES. Thank you. So when you think about the U.S. relationship with Egypt and particularly the continued U.S. support for President Sisi, what are the potential benefits as well as the risks ahead of the next Egyptian presidential election?

Ms. DUNNE. Yes, Senator. As you point out, so President Sisi's term ends about a year from now in May of 2018. And I do think the United States has to be careful about the signal that we send, that we should be supporting Egypt as a nation, the Egyptians as a people, and making a vote for a positive future for Egypt without endorsing necessarily President Sisi himself or the specific policies that he is pursuing because many of them are quite troubling.

U.S. FOREIGN MILITARY FINANCING PROGRAMS FOR EGYPT

Senator DAINES. Mr. Abrams, on your testimony, you state that the Egyptian military remains a force designated—or excuse me—designed to conduct conventional war, not to fight terrorism. With that in mind, the previous administration proposed to require military assistance to Egypt to be directed to be used for, and I will quote, “counterterrorism, border security, Sinai security, and maritime security.” Are these appropriate and effective conditions?

Mr. ABRAMS. I think it is the right idea. I think the problem in part is that that may be what we direct our aid to, but if the Egyptian military is meanwhile buying submarines which they do not need to combat terrorism, buying high performance combat jets which they do not need to combat terrorism, they are wasting an awful lot of the resources. So we are pouring it in, but they are pouring it out on the wrong end.

But I think what the Obama administration did in trying to push them in that direction is the right thing to do and I would hope that the Congress would continue it.

IMPROVING U.S. ASSISTANCE FOR EGYPT

Senator DAINES. So along that line then, what other conditions might you recommend to ensure that U.S. assistance is used effectively and does advance our interests?

Mr. ABRAMS. First, that we continue to insist that it be used on a certain kind of program, a certain kind of weapons system. I also think they need more training to do this in a way that suggests that they are killing terrorists rather than civilians.

The Egyptian military has said—it is in the testimony—they have killed about 2,500 ISIS people in Sinai and captured 2,500. That is 5,000. But the CIA estimates there are only between 500 and 1,000 anyway, so these numbers are not reliable. And I think we ought to have some conversations with the Egyptian military in which they are more honest with us about what they are doing and in which they are not creating jihadis by attacking civilians in Sinai, creating sympathy for the Sinai province of ISIS.

IMPORTANCE OF EGYPT TO U.S. NATIONAL INTERESTS

Senator DAINES. So many of us were back home the last couple of weeks and if you talk to the men and women on the street and if they were here in this and were asked the question, “Are U.S. interests, are they served by sending U.S. taxpayer dollars to Egypt and why should America care?” I will let Mr. Abrams answer that. How would you respond then talking to the person on the street as oftentimes we are having to justify when we go back home—

Mr. ABRAMS. Yeah.

Senator DAINES [continuing]. The significant amount of dollars that are sent overseas.

Mr. ABRAMS. The latter part, I think we can say, is in a sense easier. We have learned the hard way that terrorism that emerges in the Middle East does not stay in the Middle East. So we are talking here about terrorist groups, the strength or weakness of terrorist groups that seek ultimately to attack the United States.

Now, whether \$1.3 billion for Egypt, looking at the global question of combatting terrorism, whether \$1.3 billion for Egypt can really be defended today I think is a lot harder to explain to your constituents.

Senator DAINES. Dr. Dunne, Egypt’s economy has grown in recent decades. You pointed that out. It still faces challenges in private sector growth, unemployment, especially for young people, Egyptians under the age of 30. How would you recommend the United States help boost Egypt’s economy and do you see opportunities in the ag and potentially natural resource sectors?

Ms. DUNNE. Thank you, Senator.

So I have already mentioned that I do think the United States should support human development, the development of the Egyptian labor force, so young Egyptians coming into the market have good skills through our education, you know, which is highly valued.

On the job creation side, you know, we really have this problem with Egyptian Government policies not supporting—not changing their policies in such a way as to support the private sector small and medium enterprises. It could be the agricultural sector is one of the promising sectors in Egypt.

So what we can do, I think we have been trying to do some things through the Egyptian American Enterprise Fund. The United States, you know, has established this fund and I think it is starting to do some things that set a good example of how one would encourage small and medium enterprises and so forth, but admittedly, this is a very, very tough one. And several administrations have tried and not been successful in getting the Egyptian Government to change its policies in such a way as to really generate jobs. It is a very tough one.

What we can do is try to set a good example and do the best thing we can do, a little bit of good with the amount of aid that we are comfortable providing.

Senator DAINES. Thanks, Dr. Dunne. Thank you, Mr. Chairman.

Senator GRAHAM. Thank you.

Senator VAN HOLLEN. Thank you, Mr. Chairman, and thank you all for your testimony today.

And, Dr. Dunne, I think you are right on the mark when you said there is absolutely no way the Egyptian people bargained for the kind of repressive regime that they have today, 60,000 political prisoners, journalists being locked up. That is not what the Egyptian people asked for.

I can also sense all of us are obviously frustrated because we are struggling with how we can better use our leverage and influence with Egypt, which over a period of time has been a close ally of the United States. And I think you all made the case very well that the United States is less reliant on Egypt's sort of standing in the region. I think it is also fair to say from Egypt's perspective, they are a little less reliant on the United States given the amount of money they are getting from the Gulf states and some other potential limits.

That is not to say we do not have leverage. So this subcommittee is going to have to make specific decisions on where we go on military assistance and economic assistance. Thank you, Dr. Dunne, for your suggestions with respect to the economic assistance.

CASH FLOW FINANCING

I would like to get from all of you where you stand on the following things. Should Congress put in a restriction that continues the Obama's administration's prohibition on the cash flow financing? Should we put that in the legislation? Yes? All three yes. Okay.

Now, Senator Daines raised the question about limiting the military assistance to the four pillars that the Obama administration had laid out, the counterterrorism, border security, Sinai security, maritime security.

Mr. Abrams, you pointed out that there is a lot of flexibility in those categories. Based on your testimony, it sounds to me like you all might support actually a tightening of those categories and

making it even more focused on counterterrorism in the Sinai, maybe some strict border security type actions. Is that the case?

Mr. ABRAMS. Yes.

Senator VAN HOLLEN. All right.

Mr. MALINOWSKI. Yes. And I would add access to the Sinai for our people. I would add for journalists. NGOs would be an important piece of this. I mean, if we are going to be serious about counterinsurgency, there has got to be accountability that goes with that. And one of the outrageous demands that we made, "outrageous demands" we made on the Egyptians was if we are going to be giving you all of this help in the Sinai, maybe you should allow our people to go there and see what is going on. And that was not received with great enthusiasm.

Senator VAN HOLLEN. I hear you.

Dr. Dunne.

Ms. DUNNE. Yes. I mean, and look, you know, the GAO report from a year ago spoke about the very serious problems the United States has had with end use monitoring and human rights vetting that are required by our laws based on obstruction by the Egyptian Government. So I think we need to take another look at that and be serious about that, especially in view of these very troubling recent reports about extrajudicial killings.

Senator VAN HOLLEN. Got it. And would you all support a continuation of the 15 percent withholding unless there is a certification that the Egyptian Government is making progress toward more democracy and human rights?

Mr. ABRAMS. Actually, I would raise because the last year has been really horrendous for human rights. So I would at least ask you to consider going to 20 or 25.

Senator VAN HOLLEN. Okay.

Ms. DUNNE. I would agree with that. And I think also that at a more basic level as long as we continue to keep the \$1.3 billion in FMF on sort of autopilot and they know that is going to be approved every year and then it is just a question of how do we do it, then that is another thing that sort of removes some U.S. leverage. I think it is time for a sort of ground up assessment of what is really needed to help Egypt effectively and in a way that we think we can monitor and respect our own laws and so forth in doing.

Mr. MALINOWSKI. I strongly agree with Dr. Dunne. Keeping the 15 percent is better than nothing, but I think a much more fundamental assessment is needed. The basic problem is that Egypt does not view this assistance as having a policy purpose. This is not money that America is giving us to help us achieve something. It is owed. It is part of a deal that was struck decades ago. And that mentality, I think, is what I could not explain to your constituents and that needs to be broken.

Senator VAN HOLLEN. Fair enough. So a provision extending the ban on the cash flow financing, conditions that limit the aid that we do provide, the military assistance that we do provide, to an even narrower category, and then expanding the withhold amount withheld or reducing the overall amount based on the current conditions. Would you look—in terms of the current conditions for

withholding, do you have any suggestions there? Do you think that the criteria are the right ones?

Mr. MALINOWSKI. I think I would need to look at them again in light of what is happening on the ground right now. I mean, I think they are the right categories, but we always want to try to hone them to the daily realities.

Senator VAN HOLLEN. Okay. And so my last question is assuming the Senate accepts these recommendations and we move forward with these conditions, obviously the Egyptian Government will not like it, but what do you believe their reaction will be? Do you think that they will move forward with us?

Using this leverage in the way that we are talking about, I assume your judgment is that this would be a sort of a moment where we say to the Egyptians, "This is not on automatic pilot. We are serious about this." And that you believe that will have a—in the long-term, a beneficial result.

Mr. ABRAMS. I don't think the Egyptians are going to walk away. The aid is still very significant and it is very significant for the military, which is President Sisi's base of support. And, you know, what will happen if you cut the aid, you, meaning the Congress, is that the administration will play good cop bad cop in what is potentially a very useful way.

Ms. DUNNE. And I would add to that, Senator, that clearly President Sisi is eager to have a good relationship with President Trump. He has sort of sought that avidly from the time of the campaign until now. And so—you know, and the administration has indicated that they are going to have a fresh look at aid. I was struck by the fact that during President Sisi's visit he did not get a promise, it seems, from the administration to keep aid on autopilot, so there is a moment here I think that can be used to redefine the relationship in a way that is more in our interests.

Senator VAN HOLLEN. Good. Thank you, Mr. Chairman. Thank you.

Senator GRAHAM. Thank you all for a very helpful hearing as we try to go forward. We are about to do, hopefully this week, fiscal year 2017, but we will take all of this in terms of fiscal year 2018. It is going to be a real budget struggle. We have got to find a way to replace the sequestration caps. A 29 percent cut to the State Department is just unacceptable.

The reason we had this hearing is that we all care. I care about Egypt. I want to have a good relationship with Egypt. What I see is disheartening. I am not asking Egypt to do what I am telling them. I am asking Egypt to listen to their people who went out in the streets in 2011, and to me, this is not what they bargained for. I don't think they got what they bargained for from Mr. Morsi and I don't think they are getting what they bargained for or hoped for from the current regime.

As to the taxpayer dollars we have, we are obligated to spend them wisely consistent with our values. As to what Egypt might do, I don't know what they might do. I just know what we need to do. We need to reshape the relationship in a way that is sustainable. A good outcome for Egypt is a good outcome for us.

What is a good outcome? That everybody is sharing the benefits or the economy, that the military is a strong institution, but it is

not the most dominant player in the economy, and that political parties can form and people can have their voices heard without fear. These are simple things that we take for granted but have stood the test of time. And that is not the direction we are headed.

As to what they might do with Russia or any other country, I just hope they understand that we want to be friendly, but I don't think it is wise to hook your wagon to Russian President Vladimir Putin. What he offers Russia over time will be rejected. It is just a matter of time before the Russian people realize that Putin has played them for a fool, ripped them off, put their country and their economy at risk. I hope Egypt will take a new direction, not march toward Putin, but march away from him. March back to the square where it all started.

With that, the hearing is adjourned. We will have the next hearing on May 9 on democracy programs and sometimes later about the fiscal year 2018 budget.

Thank you all for coming. The hearing is adjourned.

[Whereupon, at 3:40 p.m., Tuesday, April 25, the subcommittee was recessed, to reconvene subject to the call of the Chair.]