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Egypt's Uprising: Not Just a Question of 'Transition'

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The events of the last weeks are one of those historical moments where the lessons of many decades can be telescoped into a few brief moments and seemingly minor occurrences can take on immense significance. The entry of millions of Egyptians onto the political stage has graphically illuminated the real processes that underlie the politics of the Middle East. It has laid bare the long-standing complicity of the U.S. and other world powers with the worst possible regimes, revealed the empty and hypocritical rhetoric of United States President Barack Obama and other leaders, exposed the craven capitulation of all the Arab regimes, and demonstrated the real alliances between these regimes, Israel and the USA. These are political lessons that will long be remembered.

The uprisings have also shown the remarkable fragility of the nepotistic regimes across the Arab world. These regimes depended upon their networks of secret police (mukhabarat) and thugs (baltajiya), and inculcated a seemingly unassailable pessimism about the possibility of change that was reflected in the biting sarcasm of Arab political humour. But these mechanisms of control simply evaporated as people shed their fear. The Arabic word intifada conveys this sense of shaking off, and the sight of millions of people losing their fear and gaining a sense of the possible will long remain one of the most enduring memories of this revolutionary moment. The historic significance of this process should not be lost – there has quite literally never been a moment of such potential in the Arab world.

The purpose of this article is not to recount the story of these

uprisings or to attempt to predict the possible future scenarios of Egypt's revolutionary process. Rather, it aims to draw out some of the broader implications for the Middle East as a whole, and to argue that these struggles are best understood through the lens of class struggle. These recent uprisings show decisively that class remains the key dynamic to understanding any social transformation and, simultaneously, that the ways in which 'class struggle' is expressed will take a variety of forms that constantly disrupts any reductionist economic readings.

Capitalism in the Middle East

What this means is that we need to think of 'politics' and 'economics' – which we are accustomed to conceive of as separate spheres – as fused and part of the same struggle. To claim that the Egyptian demonstrators are primarily concerned with Hosni Mubarak and so-called 'political freedoms' – which has been the dominant narrative of U.S. and other world leaders and much of the corporate media coverage – is to distort and misread the nature of these protests. Clearly the protests have encompassed a wide variety of social layers with different demands, but their overall logic is inextricably tied to broader questions of capitalism in the Middle East. These questions include: (1) The global economic crisis and the nature of neoliberalism in Egypt, and (2) Egypt's role in sustaining patterns of U.S. domination in the Middle East. These questions are neither solely 'political' nor 'economic' but revolve primarily around which class rules Egypt and in whose interest the Egyptian state functions. The nature of Mubarak's rule cannot be separated from these questions, which is why the struggle against political despotism is inevitably inter-twined with the dynamic of class struggle. It is through this multifaceted understanding of class that these uprisings are best understood.

An Expression of the Global Crisis

The first illustration of the class character of these popular uprisings is their link to the chain of protests that have erupted over the last three years in the wake of the global economic crisis. This is the Arab world's response to that crisis and powerfully confounds the dominant narrative – unfortunately repeated by some radical economists – that the economic crisis was largely confined to the advanced capitalist core and that somehow the so-called 'emerging markets' had escaped the worst effects. Decades of neoliberalism have tied the Egyptian economy into the capitalist world market in a very uneven

fashion and, as a consequence, the crisis was to have a devastating impact on the majority of the country's population.

There have been a variety of mechanisms through which this transmission of crisis has taken place. First, the Middle East (and particularly the North Africa region) is highly dependent upon exports to Europe and these have fallen precipitously due to the drop in demand that followed economic contraction. World Bank figures show that Egypt's year-on-year growth rates of merchandise exports to the EU dropped from 33% in 2008 to -15% by July 2009.[1] Similarly, Tunisia and Morocco saw the total value of their world exports fall by 22 per cent and 31 per cent respectively in 2009 – leading the World Bank to note that these countries were facing the worst recessions in six decades.[2]

A second transmission mechanism has been the curtailment of worker remittances on which the Middle East is highly dependent. In the case of Egypt, workers tend to migrate to the Gulf countries, Libya and Jordan. For the rest of North Africa, this labour migration tends to be toward Europe. Egypt is the largest recipient of remittances in the Middle East, representing approximately 5 per cent of national GDP. With the mass layoffs that continue to characterize the global crisis – particularly in sectors such as construction – remittances have fallen rapidly. Egypt experienced a massive contraction of 18 per cent in remittances from 2008 to 2009. For a region where these flows form the basic survival mechanism for millions of people, the decline has had devastating consequences.

These effects also need to be placed alongside the other more recent feature of the crisis – the spiraling cost of basic food and energy items. There is no space to discuss the complex reasons behind this rising commodity inflation except to note that it is another aspect of the crisis itself – partially resulting from the large quantities of extra cash pumped into the system to ameliorate the crisis in the core countries, particularly the U.S. program of quantitative easing.[3] Once again, the effects have been magnified in much of the Middle East. In Egypt, annual food price inflation accelerated to 18.9 per cent in January 2011 from 17.2 per cent in December. These rapid increases in prices are essentially a form of severe wage cuts for those segments of the population that are compelled to spend most of their income on basic items.

Neoliberalism

But any mapping of this crisis needs to go beyond the immediate results of global slowdown and be situated within the three decades of neoliberal 'reforms' that Egypt has experienced. What neoliberalism has done is to make the country much more vulnerable to the crisis itself – massively widening the levels of inequality and, simultaneously, undermining potential mechanisms of social support. Precisely because of these outcomes of neoliberalism, the effects of the crisis were sharply concentrated on the most vulnerable layers of Egyptian society. At the same time, and this expresses the essential class character of the neoliberal project, a tiny elite benefited enormously from these economic measures.

This reading of Egypt's neoliberal experience runs directly counter to the account of international financial institutions such as the IMF and World Bank. The IMF was to claim in February 2010, for example, that Egypt had been “resilient to the crisis” because “sustained and wide-ranging reforms since 2004 had reduced fiscal, monetary, and external vulnerabilities, and improved the investment climate.” According to the IMF, the Egyptian government's successful implementation of neoliberalism had “bolstered the economy's durability and provided breathing space for appropriate policy responses.” [4]

The IMF finds evidence for Egypt's resilience in the relatively high GDP growth rates that the country has managed to sustain. From 2006 to 2008 growth was around 7 per cent annually and in 2009, when much of the world was experiencing negative GDP growth, Egypt recorded 4.6 per cent. But what this GDP-centric account does is to ascribe a general assessment of a country's health on the basis of aggregate macro-statistics. Embedded in this approach is the unspoken assumption that a growth trend at the aggregate level is good for the population as a whole. It hides the reality that capitalism is an exploitative system and the outcome of the unfettered market typically means that overall growth results in the widening of inequality. It is, in other words, a statistical expression of the 'trickle-down effect.' Egypt is a perfect example of the reality behind this myth: neoliberalism has produced rapid growth rates but, simultaneously, it has led to worsening living standards for the majority of the population and the increased concentration of wealth in the hands of a tiny minority (literally just a handful of families).

According to official government statistics poverty increased from 20 per cent to 23.4 per cent from 2008 to 2009. This in itself

is a significant increase but official statistics need to be approached with a large degree of skepticism. The official poverty line is set at an absurdly low rate – in fact, some 40 per cent of Egyptians live on less than \$2 per day. The official unemployment rate is recorded at around 9 per cent, but again the reality is completely different – more than half of those outside of agriculture are found in the “informal sector” and are not properly recorded in the unemployment statistics. These informal workers live in a society that lacks any decent social provisions for education, health or broader welfare. It is estimated, for example, that one-third of the Egyptian population is illiterate. The demographic question also looms large here. In a country where the leadership consists of men in their 80s, youth make up more than 90 per cent of the jobless.

The onset of neoliberalism in Egypt is associated with the series of policy measures known as *infatih* (opening) that were launched in the 1970s under President Anwar Sadat. After Mubarak came to power following Sadat's assassination, successive governments continued the policy trajectory set by *infatih*. There were two prongs to this policy, particularly as it unfolded under the aegis of an IMF structural adjustment programme in 1990-91. First, a series of policies began to transform social relations in the rural areas. In 1992, Law 96 of the Egyptian Peoples' Assembly liberalized agricultural rents and allowed for the eviction of tenants by landowners after a five-year transitional period. Rents were raised threefold and – with the encouragement of international financial institutions such as the IMF and World Bank, and U.S. government bodies such as USAID – Egyptian agriculture shifted toward the type of export-oriented production that typifies much of African agriculture today.[5] Hundreds of thousands of Egyptians lost their ability to survive on the land and streamed into the informal sector of urban centers – particularly, but not only, into Cairo.

Second, state employment began to be cut back dramatically with the privatization (wholly or in part) of 209 public sector companies (out of a total of 314) by 2005.[6] The number of workers in these public sector companies was halved from 1994-2001. In the banking sector, nearly 20 per cent of the banking system was transferred from public control to the private sector. The consequence of this wave of privatization – hailed by the IMF in 2006 as having “surpassed expectations”[7] – was a massive downgrading of working conditions and the further impoverishment of wide layers the Egyptian population. This

was another contributing factor to the expansion of the army of informal workers that characterize Egyptian cities and have played such a critical role in the recent uprising.

It is in response to these neoliberal measures – and the complicity of the official state-linked trade union movement – that independent forms of worker organizing emerged in an important wave of strikes in 2006-08. During 2006 there were 220 major strikes involving tens of thousands of workers in the largest strike wave that Egypt had seen in decades.[8] These strikes linked up with peasant movements, which aimed at resisting the loss of land due to the neoliberal measures described above. These earlier forms of organization and struggle have been a key element to the historical experiences underpinning the current wave of protests.

But accompanying these neoliberal measures was its natural corollary: the concentration and centralization of wealth in the hands of a tiny layer of the country's elite. As Tim Mitchell has thoroughly described, a key feature of the 1990-91 IMF structural adjustment was the transfer of wealth to the private sector. The result was the strengthening of a handful of massive conglomerates – such as the Osman, Bahgat, and Orascom Groups – whose activities stretched across construction, import/export, tourism, real estate and finance.[9] It was this class that benefited from the privatization process, the access to cheap labour, the government contracts, and the other forms of largesse distributed through the channels of the state.

The result of neoliberalism was the enrichment of a tiny elite concurrent with the immiseration of the vast majority. This is not an aberration of the system – a kind of ‘crony capitalism’ as some financial commentators have described it – but precisely a normal feature of capitalist accumulation replicated across the world.

So while the outrage at the wealth of Mubarak and the state officials associated with his regime is well deserved, we must not forget that Mubarak – and the Egyptian state as a whole – represented an entire capitalist class. The result of neoliberalism was the enrichment of a tiny elite concurrent with the immiseration of the vast majority. This is not an aberration of the system – a kind of ‘crony capitalism’ as some financial commentators have described it – but precisely a normal feature of capitalist accumulation replicated across the world. The repressive apparatus of the Egyptian state was aimed at

ensuring that the lid was kept on any social discontent arising from these worsening conditions. In this sense, the struggle against the effects of the economic crisis would inevitably be compelled to confront the dictatorial character of the regime.

The Regional Dimension

This uprising cannot be understood without situating it within the regional context. Once again, we can see here the intertwining of the political and economic. U.S. policy in the Middle East is aimed, first and foremost, at keeping the oil and petro-dollar rich Gulf states under its influence. This should not be interpreted as meaning that the U.S. wants to directly own these oil supplies (although this may be part of this process), but that the U.S. wants to ensure that the oil supplies remain outside of the democratic control of the people of the region. The nature of global capitalism and the dominant position of the U.S. state within the world market rests significantly upon its control over the Gulf region. Any move toward a broader democratic transformation of the region could potentially threaten U.S. power at a global level. This is why the U.S. so strongly supports the dictatorships that rule the Gulf states and also why the majority of the labour in the Gulf is performed by temporary, migrant workers who lack all citizenship rights and can be deported at any sign of discontent.

All other relations between the U.S. and other countries in the region are subordinated and linked to this goal of U.S. hegemony over the Gulf region. This includes the U.S.-Israel relationship (which is why any talk of an 'Israel lobby' controlling U.S. foreign policy is nonsense). The U.S. sees Israel as a key pillar of its overall Middle East policy: it is an ally that is fully dependent upon U.S. military and political support and can always be relied upon to act against the interests of the Arab masses. Precisely because Israel has its origins as a settler-colonial state founded upon the dispossession of the Palestinian people, it is seen as a more stable and steadfast pillar of U.S. power than any of the Arab dictatorships that are exposed to threat of popular revolt. This is why the interests of Israel and the Arab dictatorships are coincident, not opposed to one another – as was so clearly illustrated in the recent uprisings of both Tunisia and Egypt.

Beyond the Gulf states and Israel the third leg of U.S. power in the region is the reliance upon autocratic leaders such as Mubarak. But lying behind Mubarak (as with his predecessor

Sadat) has always been the Egyptian military. U.S. linkages to Egypt have largely been constructed through the military and this is one of the key reasons why the military plays such a dominant role in the structures of the Egyptian state. The vast amount of military aid that Egypt receives from the U.S. (around \$1.4-billion annually) is well-known as is the role that the military has played in supporting U.S. policy across the Middle East (the current head of the Supreme Council of the Armed Forces, Mohamed Tantawi, fought alongside U.S. troops in the 1991 Gulf War). The highest ranks of Egypt's military should properly be considered as part of the capitalist class with significant economic interests that overlap with the state and private sector. Precisely because of the military's central role in sustaining U.S. power regionally, and its own stake in the reproduction of Egyptian capitalism, any belief that the Egyptian military is 'part of the people' or 'neutral and above politics' is a very dangerous illusion.[10]

Over the last two decades the linkages between the political and economic configuration of U.S. power in the Middle East has become even more explicit. United States policy has followed a two-pronged track that ties neoliberalism with the normalization of economic and political relations between the Arab world and Israel. The broader goal has been the creation of a single economic zone from Israel to the Gulf states, linked under the dominance of the USA. One of the mechanisms for reaching this goal has been a series of Free Trade Agreements (FTAs) signed between the U.S. and Arab states in the region (Morocco, Bahrain, Oman, Jordan, and Egypt) that, over time, would be knitted together in a single free trade area enabling the unfettered flow of capital and goods across the region.[11]

The bond between normalization and neoliberalism is powerfully illustrated in the character of these U.S. bilateral FTAs, which include as part of their conditions a requirement to lift any boycott or refusal to trade with Israel. In the case of Egypt (and Jordan) the link is more advanced than any other state in the region, and is best shown in the so-called Qualified Industrial Zones (QIZ). These QIZ provide duty free access to the U.S. market for Egyptian exports. But they contain the remarkable provision that a certain proportion of imports (around 12 per cent) must be Israeli in order to qualify for duty-free status. The Egyptian QIZ are concentrated in the textile sector, with 770 companies operating in the zones at the end of 2009. Since the few short years of their existence they have grown to be a significant weight in Egyptian exports to the

United States. Egyptian exports from the QIZ grew at an incredible 57 per cent annually between 2005 and 2008, more than ten times the rate of Egypt's exports to the U.S. as a whole. [12] In 2010, QIZ exports made up more than 40 per cent of the value of all of Egypt's exports to the United States.[13]

It is noteworthy that Egyptian activists have raised the demand during the recent uprising to shut down these QIZ. It would be a further powerful step to open the books of these QIZ – accurate and factual information about their operations are notoriously hard to come by and it would be a great service of the Egyptian people to reveal them to the world. It should also be noted that similar QIZ exist in the Jordanian context – with the added twist that many of the workers in the Jordanian QIZ are badly exploited migrants from Asia.

These regional processes thus further confirm the impossibility of separating the ‘economic’ and ‘political’ aspects of the current uprisings. The demand to cut ties with Israel and abrogate the regional agreements signed by Sadat and Mubarak are part-and-parcel of resisting the logic of neoliberalism and U.S. power in the region. The authoritarian nature of the state is a direct outcome of these regional processes and, for this reason, if it is to be successful, the struggle for greater political freedom must inevitably take up questions of confronting U.S. dominance of the region and the particular role Israel plays in sustaining that dominance.[14]

Conclusion

The story that has been told in much of the mass media and reinforced by the carefully-worded rhetoric of U.S. and European officials is that these demonstrations have primarily been a struggle to overthrow individual tyrants. There is, of course, a one-sided truth to this: protestors have taken aim at the individual personages of Ben Ali and Mubarak. But the claim that this is a struggle for ‘democracy’ acts to obfuscate more than clarify what these uprisings are about. Two-thirds of the Egyptian population is under the age of 30. This means that the vast majority of the Egyptian population has not only spent their entire lives under the rule of Hosni Mubarak; they have also endured a very brutal form of neoliberal capitalism. The demonstrations were a direct result of the naked class power embodied by Mubarak's rule. This was, perhaps, no more graphically illustrated than by the way in which the capitalist class essentially fled the country in the first few days of the

uprising.[15]

The anti-democratic character of the Egyptian regime is not accidental or a question of individuals, but rather the political form of capitalism in Egypt. It is the necessary way that capitalism functions in a society that is marked by astounding (and ever-widening) levels of inequality, and which is located in a region that is so central to the constitution of U.S. power at a global level. For this reason, the demand for democratic expression in societies characterized by decades of atrophied public space is one facet of a much broader struggle that pivots fundamentally around the question of class. Mubarak was the public face of a military government and removing that face does not change the character of military rule or the way in which that rule sustains the dominance of a particular class. The political form of the Egyptian state is not an ephemera. The role of the Egyptian military cannot be decisively reformed while leaving the structure of capitalism and its regional linkages unchallenged.

This analysis runs precisely opposite to the rhetoric of Obama and other world leaders that whitewashes the West's decades-long support for Mubarak and claims that the Egyptian people's struggle was simply a question of political 'transition.' There is a furious attempt now on behalf of the Egyptian military and elite, the U.S. government and all their regional allies – including Israel – to separate the 'political' and 'economic' characteristics of the popular struggle and confine the struggle to simply a question of Mubarak. This is clearly demonstrated by media reports on 14 February that the military would outlaw strikes and other forms of independent worker organizing. But the struggle against the Egyptian dictatorship remains, in essence, a class struggle. This is not a matter of bombastic pronouncement or an empty political slogan, but an inescapable fact.

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End notes:

1. World Bank, [Global Economic Prospects: Crisis, Finance and Growth](#) (Washington: World Bank), p.142.
2. World Bank, p.142.

3. See: David McNally, [“Night in Tunisia: Riots, Strikes and a Spreading Insurgency,”](#) The Bullet, N. 455, 19 January 2011.
4. IMF, [Arab Republic of Egypt](#) – 2010 Article IV Consultation Mission, Concluding Statement, 16 February 2010, 2010.
5. For a detailed description of this process, see: Ray Bush, “Civil Society and the Uncivil State Land Tenure Reform in Egypt and the Crisis of Rural Livelihoods” (United Nations Research Institute for Social Development), Programme Paper, N. 9, May 2004.
6. Angela Joya, [“Egyptian Protests: Falling Wages, High Prices and the Failure of an Export-Oriented Economy,”](#) The Bullet, N.111, 2 June 2008.
7. IMF, Arab Republic of Egypt: 2006 Article IV Consultation.
8. See Jamie Allison, [“Wave of struggle shakes Egyptian regime,”](#) Socialist Worker, 7 April 2007.
9. Timothy Mitchell, ‘Dreamland: The Neoliberalism of Your Desires,’ Middle East Research and Information Project (MERIP), N. 210, Spring 1999.
10. Also see: Gilbert Achcar, [“Whither Egypt?,”](#) The Bullet, N. 459, 7 February 2011.
11. See: Adam Hanieh [“Palestine in the Middle East: Opposing Neoliberalism and US Power,”](#) The Bullet, N. 125, 15 July 2008.
12. Barbara Kotschwar and Jeffrey J. Schott, [Reengaging Egypt: Options for US-Egypt Economic Relations](#), Peterson Institute for International Economics, 2008, p.20.
13. Calculated from data at dataweb.usitc.gov.
14. Moreover, any solidarity movements in support of regional struggles (such as Palestine) also tend to grow to encompass the nature of the political regime. It is no accident that the antecedents of this uprising are to be found in the protests that emerged in September 2000 in solidarity with the Palestinian intifada. At that time, as the Egyptian socialist Hossam el-Hamalawy has noted, students attempted to come out on to the streets but were crushed by the regime. See: Mark Levine, [“Interview with Hossam el-Hamalawy,”](#) The Bullet, N. 456, 31 January 2011.

15. It was reported in the early days of the uprising that Egypt's largest business owners flew out on 19 planes to Dubai where they hoped to ride out the storm of the uprising.

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Egypt's economic relations with the socialist countries, stimulation of the community, despite some probability of collapse, spatially traces role liberalism, thereby opening the possibility of synthesis of tetrachlorodiphenyldioxin.

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