

THE DEVASTATION OF PEACE IN EGYPT

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Just a week after the Tunisian revolution, at a conference in Beirut, an astute Egyptian social scientist was asked, would the Tunisian contagion spread to Egypt? And his answer was a categorical, 'it is not likely, Egyptians are religious, conservative and the security apparatus has a good grip on the country.' Not long after, of course, the Egyptian popular uprising had proven once more that not only cultural explanations of revolutions were inapposite tools of analysis, but it has also shown that when the time comes for people to rise up, they just do so unexpectedly. Suddenly, all the facts on the grounds explain the revolution. They fall into place like a two-piece puzzle. It would thereafter be said that the revolution was historically overdetermined despite the most recognisable fact, which is, no one could have predicted it and the social seismic metre did not even record any serious pre-traumatic tremors. All the conditions for the revolution were there last year and the year before. So why now?

For a long time, the Egyptian government, in cahoots with the World Bank and the IMF, had concealed the deteriorating social conditions by reporting a rosy economic picture. Until of late, only around five percent of Egyptians were reported to be living in abject poverty at below one dollar a day or so². Egyptian real GDP growth was on average six percent a year over the past six years³. The long term story of economic growth is just as glowing; Egypt's GDP grew yearly on average by about five percent in real terms since 1980. Few other developing countries can boast a growth record, which is nearly three percentage points above the population growth

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2 Arab Unified Economic Report, League of Arab States, various years.

3 Central Bank of Egypt, Balance of Payments 2009

rate⁴. For several years back, Egypt was exporting five hundred thousand barrels of oil a day, worth nearly 15 billion dollars a year and, to boot, huge quantities of gas⁵. Over the last five years, average Workers' remittances were high as high as 6 per cent of GDP and tourism provided an even higher rate⁶. Egypt attracted more than 40 billion dollars in FDI between the years 2005 and 2009, which is incidentally high relative to the African continent⁷. It also recorded huge market capitalization growth rates and, over the last five years, the average yearly value of the stock market was anywhere between 80 to 100 billion dollars. Public debt as a percentage of GDP went down from one hundred percent in 2005 to around 75 percent in 2010⁸. The Current account deficit relative to nominal GDP was also insignificant at just one per cent last year. Egypt's Dollar reserves could cover nearly a year of imports and the inflation rate went from around 18 percent, three years ago, to 10 per cent at the end of 2009. Unemployment was around nine percent⁹. Egypt has steadily liberalised investment, ownership restrictions and trade and capital flows barriers. It further liberalised trade by doing away with quantitative controls and high tariff levels. And to top it all, its monetary policy successfully targeted inflation, which is the ultimate goal of the neoliberal arsenal. What more could an Egyptian citizen want from his or her government.

Despite its apparently crystalline economic performance, Egypt could not be flaunted as the golden boy of free markets as was Tunisia. For the millions of tourists who visit Egypt each year, absolute poverty was too stark not to miss. The country's poverty levels can be easily spotted. Real wages under pressure from inflation, an absence of effective and autonomous unionism, and a bourgeoisie, whose profits depended progressively on exports, were falling. Crude estimates situate the present real wage rate at half of what it was in the early nineties¹⁰. No control over news agencies could have covered up the brawls before the Cairo bakeries that led to the death of

4 The optimal putative real per capita growth rate at which poverty would be reduced is actually three percentage points. For the last decade Egypt was growing at the desired real GDP per capita rate of three percent. But it was a most inequitable growth.

5 OPEC.

6 World Development Indicators, and IMF.

7 UNCTAD, World Investment Report, Various Issues.

8 World Bank, World Development Indicators.

9 KLIM, ILO.

10 These preliminary results were reached the UN regional office for Western Asia..

many when bread prices rose in 2008¹¹. It is one of the few countries in the world where rising food prices resulted in immediate casualties. While growth was proceeding steadily, income inequality as could be gleaned from the few measures that were reported, was growing at a faster rate than the [growth in incomes](#). A recent article, which appeared in Arabic in AlQuds newspaper, warned that Egypt is becoming a two percent economy, as it was during king Farooq days, when two percent of the population owned 98 percent of the economy. Furthermore, its monetary policy, which was to reduce inflation in line with IMF recommendations, implied less spending on projects that would expand employment (fiscal contraction), and debt creation to expand the money supply available to the banks and rich. When disguised, hidden and under-employment are considered, the real unemployment rate in Egypt would easily surpass fifty percent. The mainstay of the labour market was not a market where labour services would be exchanged for a wage, but a market in which cronyism and consent were reproduced by a combination of clientalism, coercion or repression. The big news item that broke the silence over the cover up came at the end of 2009, when the UNDP says that despite a number of positive economic indicators, Egypt has a hunger problem: [nearly a third of all children are malnourished](#).

Egypt's recent economic and social history could be split in two phases. A golden phase of high equitable growth, which ended in the mid seventies, and a leaden period of lower inequitable growth- it was lower but still high growth relative to other developing countries as mentioned earlier¹². The first phase represented a tightly controlled economy with immense spending on social projects financed by local means. The second phase represented a period of social restructuring, openness and a reliance on the free market. It was Sadat's Infitah (openness), which caused the prices of basic necessities to rise while wages remained stagnant in the mid seventies. The wrath of the Infitah, which had an immediate impact on the working class, was blamed on Nasser and the war fatigue. Sadat's Infitah however, was more than just about letting prices and trade go free. It was about privatising what was socialised, restructuring social classes

11 [Fifteen deaths on the bread queues were reported. There was general shortage, panic, confusion and incidents. There was not enough subsidized bread to sufficiently meet demand.](#)

12 As calculated from national sources, the real per-capita growth rate was closer to four percent under the Arab socialist period, then it fell considerably to two percent between 1985 and 2000 (World Bank data), subsequently it rose to more than three percent over the last decade.

and turning back the clock of history. Nasser's social reforms, land reforms, universal health and free education, in a country that ranked poorly on the development scale under King Farooq, catapulted the nation into the modern age. The rate of literacy, life expectancy and real incomes soared in the first fifteen years pursuant to the Nasser revolution. The salary of a professional in those days, which was about ten Egyptian pounds, in socialised Egypt went a long way. One pound was paid for the monthly rent and around three pennies for public transport (a pound was a thousand pennies). A nationally produced soap bar would cost just few pennies¹³. But after the Infitah, the national soap factories, as was the case for much of the nationally owned industry, were allowed to become rundown, and more expensive imported soap became available. In all areas, the national industry was coming under assault and dollar remittances from the Gulf exchanged on the black market created a model of earning without effort. Although by all accounts, the socialised anti-imperialist war economy delivered much more in terms of welfare and economic dynamism, the woes of the transition paved the way to reinstitute the dark past of King Farooq.

There were two historical agents at work here that helped Sadat and his class roll back development. One was inherent in the half hearted nature of the Nasser revolution, since Egyptian workers did not fully partake in the political process of social reform to later safeguard their achievements. [Harry Braverman was somewhat prophetic in 1959](#) when he stated that:

'Nasser's regime is certainly a dictatorship masquerading as a revolution, but it is also a dictatorship fulfilling some of the obligations of a revolution, and initiating the trends and processes which will make for more revolution in Egypt . So long as the military can effectively substitute itself for the social struggle, keep the pot boiling, and give at least the impression of forward motion, it can hold sway. If it falters, the dispossessed nobles and landowners are on hand to take over again, with imperialist help, unless the Egyptian working class and peasantry have in the meantime so matured as to be able to make the Nile Valley the scene of Africa's first experiment in socialism.'

To be fair to the Egyptian working class, at the first sign of Infitah, in 1977, working people in Cairo rose up in a bread revolution, but the rebellion was brutally crushed by the army. The

13 These are observations I collected back in 1977 when I visited Egypt.

revolt centred in Cairo and was not all encompassing, meaning the conditions of maturity, as was hoped by Braverman, and the revolutionary moment did not yet dawn.

The second agent to help Sadat and his class roll back history was of course no other than 'imperialist help,' which, after Egypt's two military defeats against Israel in 1967 and 1973, was waiting just around the corner. The 1979 Camp David accord culminated the surrender terms of the Egyptian people. Camp David was to offer a 'peace dividend' that would allegedly alleviate Egypt's economic problems. And, it did produce a dividend, but for Sadat and his class. For more than thirty years, income grew, but it grew along with class restructuring that stripped the working class from its earned rights and shifted resources to the top two percent. Everything was up to being privatised beginning with land reforms. The Camp David accord also made Egypt the second largest recipient of US aid, receiving around two billion dollars a year, two thirds of which went to the army, and the remaining one third went to buttress regime security and monitor the social conditions that might lead to rebellion. Little did the money spent on security inform of the rebellion.

The revolution of today cannot be ascribed to a sudden fall in capital or portfolio flows. Central bank reserves and portfolio flows are still positive and high at this very moment¹⁴. Revolutionary conditions took years in the making. Losing two wars to Israel compromised the security of the labouring classes in a good part of Africa and the Arab world, which for the last thirty years were exposed to imperialist plunder. A process of accumulation by dispossession and, de-development took hold of much of Africa and the Arab world. The US, by direct military intervention or the threat thereof, purposefully stripped peoples of the right to own and control their resources. The process was carried out by brute force and slaughter, especially in Iraq. Class cross-border alliance between ruling Arab autocracies and the US elite, became so well entrenched, that there is not a single Arab ruler who could retire in his own country, unless protected by tanks as the case of Mubarak is now. The Arab state was a subject of the security apparatus and the head of the state was simply the head of the security setup. In personalised institutions of this sort, economic growth that generates wealth does not trickle down; it trickles up. The Washington

14 Portfolio inflow to Egypt over two years 2008-2009 was 1,800 Million US\$, See IMF-IFS.

institutions, were themselves institutions, which knew that Arab states, were anything but formal institutions. They also knew very well that under these distributional and institutional arrangements, their policies would lead to this disaster.

When the recent global financial crisis arrived to the Arab world, I was taken aback by the banality of the word crisis in an Arab context. In the preface to one report that remained unpublished, I wrote:

There is a euro-centric tone to the word crisis in an underdeveloped region that has had the highest rates of conflicts globally. In the totality of existence, which is called underdevelopment, where wars and displacement rage in countries like Iraq, Sudan, Yemen and Palestine, *and where after some three decades of high positive growth rates nearly a third of Egyptian children suffer from malnutrition*, the word crisis has little or no meaning for it is an every day occurrence. This is rather reminiscent of Chekhov's words: 'even an imbecile can cope with a crisis. It's the everyday life that exhausts us.' But, the case may be that if economic wealth for the more developed world can be created by non-economic factors, by dispossession and dislocation of peripheral formations, then that could mean that the creation of wealth in the centre is positively related to pauperisation of the periphery. If even remotely or partially true, then the road to peace should begin here.

In an attempt to capture the developing conditions and reflect a real image of the situation, in the Summary of the unpublished report, which was incidentally published last year by the United Nations, Economic and Social Council, I tried to explain in the short space that I had the graveness of the deteriorating conditions and the relationships that were driving them, I noted for the summary¹⁵:

Certain Arab countries have been locked into a particular orbit of de-development. De-development depends on the extent to which the interplay between national and international forces allows for the retention of a bigger share of the social surplus in the national economy for the sake of industrialization and development. Certainly, cross-border class ties have come into play, facilitating the process of surplus usurpation. The development of the region in relation to security is therefore an outcome of the multi-tiered power structure; the continuing flux of international relations has thus far situated many Arab countries on the dispossession side of capital accumulation. Of the two paths of capital accumulation — accumulation by commodity realization and accumulation by dispossession — the region is subject to the diktat of the latter process.

15 I am reproducing the text in more simplified form. [For the original.](#)

And, as to how I distinguished this Arab de-developmental process from other third world processes, I explained matters in view of the preponderance of American military presence in the region and the brutality of its sponsored dictatorships, by resorting to the use of the concept, the terms of power. In a way, I took Raul Prebisch's contributions when he was at the United Nations a step further and situated the theory of dependency in an Arab context. I said:

Terms of power in lieu of terms of trade offer us a new perspective for analysing the determinants of the autonomy structure of Arab States. Those terms of power are determined by the interplay of national comprador forces and international forces within a context in which capital accumulation, rent-seeking and profiteering are predicates of, and hold primacy over, nationalistic forms of social organizations. Security arrangements in the Arab region are rarely the result of domestic developments or even of regional developments; they have to be understood in the context of the international division of political power, of which the Arab world represents the periphery. The geostrategic importance of the area has meant that the international powers have, to a large extent, an interest in determining its security arrangements and thus its autonomy over its own policy. Such a focus on the international roots of the security arrangements in the Arab world does not, however, negate the effect of domestic and historical factors. Nevertheless, it provides a rudimentary framework which enables these factors to be distilled and reorganized for a better understanding of the issues.

The reasons for the pervasively poor developmental showings are to be understood from a standpoint of imperialist power relations. Foremost among these relationships are the set of social relations, which are reared to generate divisiveness within and across Arab states and expropriate people. To turn things around, Arab people must ratchet up their anti-imperialist struggles to improve their lives through the political process. This takes us back to my first question, why did the revolution occur now, when evidently, the working class has been systematically pauperised for a long time.

Much will be said about this momentous political epoch. Questions like where was the vanguard, when the people poured into the streets, where was the ironclad organisation of the party, how did revolutionary consciousness come about and what was the alternative social model was being presented and how did it capture the imagination. I believe the answers to these questions will be in many parts straightforward. Humanity's history is abounding with revolutionary experiments

to generate analogies from, although no two conditions will be alike. On the straightforward side of answers, it may be said and, rightly so, that only a minority living in the Arab world do not feel the torture or the tortuous life under their autocratic regimes. In this regard, the Russian revolution of 1917 may serve to illustrate similar conditions of life under Tsarist Russia and how easily it would have been for the person residing under these immiserising conditions to understand and absorb the values of a freer and more egalitarian way of life. Many other revolutions across the landscape of history will also serve to illustrate the point. At a later stage of revolutions, political gains will have to be translated into social gains. Social benefits are to be readily earned by the labouring class, which had sacrificed so much in the process. In the case where these benefits do not accrue to the labouring classes, the revolution succumbs. There will be another analogy to draw examples from, but this time explaining the failure: [‘the spontaneous movement, the movement along the line of least resistance, may lead to the domination of bourgeois ideology. For the simple reason that bourgeois ideology is far older in origin than socialist ideology, that it is more fully developed, and that it has at its disposal immeasurably more means of dissemination.’](#) This could have been said in 1902, in 1989 when the Soviet Union collapsed, or it could be paraphrased in 2011. What I mean to say is that, unless there are immediate redistributions to the working class ensuring their inalienable human right to shelter, health, food education and work, [we could go back to square one.](#)

Unless there is a successful transition from the political to the social revolution, [Professor James Petras concern](#) that the US would have sacrificed the dictator to save the state, can turn out to be a real one. Egypt, one may do well to remind the reader, is key to American imperial strategy in the Middle East. The US can momentarily forfeit redistribution in favour of the Egyptian working class if it could continue to control Egypt and maintain the stature of [US Empire and its associated rents](#). In the present epoch of imperial crisis and inter-imperialist competition, Egypt matters more in the way it buttresses control over the geostrategic Middle East than the social surplus that would be extracted [from the exploitation and pauperisation of its labouring classes](#)¹⁶. The US has invested more than two hundred billion dollars in the Egyptian army and the security apparatus since the inception of Camp David (imputed for inflation and capitalised

16 See for instance this lecture to the 2006 Historical materialism conference, London.

over time). The upper ranks of the Egyptian army have declared that they will honour the terms of Camp David accord, which is the root cause of the misery in Egypt. The army should not be in a position to avow itself to this condition. Only a freely elected government can do that. The Camp David Accord should be suspended. The ancient regime edifice needs to be held to account for its transgressions and violations of human rights, including the suppression of the will of the people under Martial law, the building of the Gaza wall, torture and unlawful imprisonment and right to decent living standards, else much of the region will continue to sway under the yoke of US sponsored tyrants.

There is, as I said, much in the ongoing political process that would resemble the past, but the ongoing events have reasons of their own, which are rooted and have matured in their own circumstances. The massive de-socialization of social programs, which were meant to support and maintain a decent standard of living for the working population, the pauperisation of the working class, and the growth in relative surplus population (the unemployed) prove to be a blatant case of commodification of human life. The free labourer was reduced to a state of complete alienation¹⁷. A human being is supposedly separate from the labour services he or she sells on the market for a wage, however, when there are too many idle people and a regime that has no respect for human life, there occurs a unification of the labourer with his or her capacity to labour (labour services). Working people get treated like the labour service- commodity they sell on the market. The autocratic regime simply renders people dispensable as if they were commodities. The young people of working class origin who are willing to work for any wage, depress the wage of those already working¹⁸. This downward spiral was self reinforcing. Already, there was a prevalence of geo-political rents and rent seeking in the Egyptian economy that obviated the prospect for a productive economy that could have produced jobs. So that was an economy that could not for structural reasons produce jobs, and where rent seeking or making profits without effort had gripped the mindset of the ruling elite. In this context, cheapening life

17 Meillasoux Claude, *Maidens, Meal and Money: Capitalism and the Domestic Community*, Cambridge University Press, 1981.

18 The Egyptian currency appreciated against other major currencies in the presence of inflation. Competitiveness was severely weakened. Price competitiveness was weakened but Egyptian firms continued to export at the cost of wages. To the extent that the wage level correlates to the rising exchange rate and inflation, the purchasing power of income measured by Egyptian Pounds could have been reduced to half the level at which it was in 2004. Please note these are rough estimates because reliable data on real wages are non-existent in Egypt.

and reducing people to commodities became part of the rent seeking process. To the ordinary worker, this was also a process that no religious belief or no shifting of worldly woes unto a supernatural power can redeem. The condition and frustration of many workers or people who seek work became intolerable from an 'existentialist' point view. Even if an alternative model did not exist, there needed to be change; the case was no longer that of a shattered hope but of a pain that is so severe that only the person upon whom it was inflicted would feel what it is. The process that I just dubbed commodification represented a loss of humanity and human dignity. That is why, only days after the young graduate, [Mohamed Bouazizi](#) who sparked the Tunisian revolution by self immolation, was few days after, followed by several Egyptian young men who had set themselves on fire in protest of their living conditions across the country. One would have wondered how many human sacrifices would it have taken to ignite revolution in Egypt.

The part of this revolution that definitely does not resemble any past is the one to do with the forms of organisation and dissemination of information through the internet that has led to the demystification of the political process and the beginning of the dissolution of the repressive structure. Revolutions will always occur, but they succeed when the organisational and mobilisation framework tallies with the frustrations and the dreadfulness of living conditions. For the time being, the Egyptian insurrection was dubbed an internet one. However, that is not the point I want to raise about the particularity of this insurrection.

The novelty that is brought forth by the present rebellion is twofold, the resurrection of the social class as living real process that is the primary agent of history, and the socialising factory floor. These ideas have not died under capitalism. We have witnessed how a whole class, discussed, organised, mobilised and was capable of, for the time being, putting a dent into history. These were events that post-modernism would have confined to the history books. It is my contention that impersonal internet communication of the modern age became a surrogate factory floor, which served as the shop floor or socialising platform in days past. It was received theory that the growing division of labour, its becoming more discrete and the power of elites to divide and disperse labour have vitiated the chances of revolution. The old factory shop floor in which workers of similar skills organised, debated and formed a strategy for the struggle no longer represented the meeting stage of the working class. It was not possible to bring people together

in a single space despite the massive commodification of human life. There was what appeared to be an insuperable sociological impasse until the virtual world provided a platform for participation. It also provided the possibility for communication to become impersonal and anonymous. Like any usage of a pseudonym, it furbished the grounds for wavering personal responsibility of individual action and dropping cultural inhibitions. There is no need to invoke Carl Jung here, although Zizek would probably revel at the idea, to tell us that talking from behind a mask allows people to bare the essentials and cut through the fog to reveal primary concerns. The living conditions and the demands of working people were legitimate bread and butter demands. The internet provided the capacity in terms of numbers for the individual to hide behind and the impersonal medium or 'mask.' The debate that is now ongoing is shaping the alternative across the Arab world. Arab regimes are aware of the threat that this mass media poses to them. In the case of one regime, the scare tactic was elevated to the state of the surreal as it sentenced a teenage girl to more than five years in prison for having politically sensitive notes on her personal webpage. The bourgeoisie has inadvertently replaced the shuffle in the hands of its gravediggers with a jackhammer. And in a modest and preliminary attempt to answer the complex and still unfolding question with which I began this essay, it is my contention that the collusion of the heroism of Mohamed Bouazizi, the commodification of human life, and modern impersonal communication means made the revolution inevitable at this point in time!

As of today, the real living conditions have not changed and food prices are at their highest since 2008 once more. Redistribution at a vast scale will inevitably entail class restructuring, which would not go down in history as an easy first. The US wishes to see the Islamic brotherhood step in because at a fundamental level they do not change the social structure or instil reform that would lead to further revolutions. At any rate, the rising tide of political Islam has long receded. The boundaries are already drawn. The suicide act that sparked the uprising was the ultimate blasphemy, and that explains in part why political Islam, joined late in the revolutionary process. But in principal part, the Muslim brothers were not a revolutionary vanguard. They did not provide an alternative social model to the existing one¹⁹. They sanctified existing distributional

19 The army and Muslim brotherhood represent the two foremost institutions in Egypt. Both were caught off guard when the Sahabab took to the streets. These institutions, archaic as they are, will undergo a process of reinventing themselves as liberal establishments, which are responsive to the real demands of the population.

mechanisms and, more importantly, placed obligations before rights, when the process of accumulation is one of forced dispossession and dislocation. They have never understood that historical conditions changed and that capitalism represents a completely different system than that of the Middle Ages. Lest one forgets, it was Anwar Sadat at the behest of the US who brought out the anti-Nasserite brothers and the regime cohabitated with them since. Already the hype of American media is attempting to dispel the notion that the brothers are their Trojan horse. The US is trying to fabricate for itself a most convenient enemy reincarnate in political Islam. But the present struggle is a struggle for rights. ‘The idea of rights empowers people; it gives them a sense of self affirmation. The language of rights establishes a framework for the allocation of resources. Without the rights rhetoric we will end up with a totally uncaring market system that will not solve our problems’²⁰. So which rights are to be restored? For now, wages should immediately rise to keep pace with rising prices. The clamp down on the right to politically organise and trade unionism under Martial law was enormous. A recent report by the International Trade Union Confederation, for instance, indicates that ‘workers in the Arab region still have fewer trade union rights than anywhere else in the world’²¹. Had unions been autonomous, nominal wages could have relatively kept pace with rising prices and the calamitous impact of inflation on the purchasing power of the working class would have consequently been less.

At later stage, many wrongs of the ancient regime, which lingers to date, should be redressed. The expropriation of the robber barons is a right that would redress the wrong. Land reform bringing back the land to the people who toil it is another right. That a state has to incarnate the working class is an ultimate right. Working people have the right to self-defence. If the revolutionary reform measures do not include the working class, then workers reserve the right to deploy whatever means they see fit in self-defence. There are so many other rights to be restored, but one thing is for sure: delay is a crime.

20 These are the words of South African Justice Albie Sachs.

21 Annual Survey of Violations of Trade Union Rights (2007).