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## 1 In This Issue

Insurgent Notes No. 4 continues to ride the rising tide of struggle that, happily, has coincided with our first year of publication.

*Focus on the Middle East*

Since our last issue in March, the ferment in the Middle East has intensified. Following Tunisia and Egypt in the spring, governments have been shaken in Bahrein, Syria and Yemen, and none of these situations, at this writing (late July 2011) have been resolved; quite the contrary.

Hence IN No. 4 has a series of articles on the Middle East, including the Arab world as well as Iran and Turkey. Arya Zahedi, in his article on anti-imperialism in Iran since 1953, by way of 1979, to the present, writes the obituary for that ideology. Kadir Ates covers some new developments in working class struggle in Turkey. Benoit Challand analyzes not only the revolt in Tunisia and Egypt, but some of the geopolitical influences at work in the region as a whole.

Rounding this out, our comrades in the Mouvement Communiste current in Europe have very kindly allowed us to publish English-language adaptations of two lengthy articles, one on Egypt and the other on Tunisia, providing an overview of the political economies of the two countries, historical background, a chronology of events and a chronology of specifically working-class struggles. These articles were written in a collective effort of MC comrades in several countries; we thank them for their permission to publish them in IN.

*And also...*

This extensive coverage of the Middle East is complemented by several further articles. These include a portrait, by our comrade Rico, of the devastation of the Mon Valley (western Pennsylvania- northern West Virginia- northeastern Ohio) by deindustrialization. S. Artesian concludes the second part of his in-depth critical dialogue with Marx's theory of ground rent (see IN No. 3 for Part One). C.V. from Barcelona gives us a pithy analysis of the strengths and weaknesses of the May 15 movement in that city (which took place simultaneously in 50 other Spanish cities).

Loren Goldner offers theses for discussion, both within the IN group as well as by interested readers. These theses, with replies and other comments from IN comrades, will be discussed at a July 31 mini-conference and the entirety of the debate will be published in a special issue in early August.

Finally, we print two letters, one from Madison Wisconsin and the other from Paris, by readers of IN.

The Editors

## **Focus on the Middle East**

### **2 Anti-Imperialism and the Iranian Revolution – Arya Zahedi**

## **Anti-imperialism and the Iranian Revolution: Fetters of the past, potential for the future**

The question of anti-imperialism has been much debated on the revolutionary left-- particularly during most of the twentieth century. More recently, the question of imperialism has emerged once again—in regard to the wars in Iraq and Afghanistan, but more particularly in how the left should approach a popular struggle within a nation whose state perceives itself as a bastion against imperialism, or more precisely against US domination.

As students demonstrated in the streets in cities in Iran after the June 2009 elections, some of the left, particularly in the United States, was split, or at least confused, about how it should relate to this uprising. Should it support a movement challenging a regime that has been considered a bastion of anti-imperialist resistance?

The left in Iran already faced this question, with serious consequences, in the events around the revolution of 1979. In order to better assess our situation today, we should perhaps go back to the Iranian Revolution of 1979 to better understand the limitations set at that time, in order to better assess our situation today. This question is not only pertinent to the left in Iran, but to the US left as well, in its relations to both the movement within Iran as well as to the uprisings sweeping the Middle East and North Africa.

Going back to the revolution of 1979 is important for many reasons. The revolution presents many questions and lessons in strategy and tactics for a revolutionary left, as well as many questions for theory. The presentation given here will in no way pretend to exhaust all the reasons for the left's inability to maintain a foothold politically after the revolution, or to mount a significant resistance to the new regime. Indeed, many did resist and any claim to the contrary is a great affront to the memory of those who perished under the regime's repression, as well as those who lingered and continue to linger in the dungeons of the Islamic Republic. When discussing a revolution, avoiding an analysis implying "I told you so" is difficult, suggesting that if the correct line had been followed, history would perhaps have been different. Perhaps it would have, perhaps not. An equal mistake, on the other hand, is thinking that there is nothing to be learned from history. Understanding may best be gained in the tension between the two poles.

In the dialectical irony so characteristic of history, one of the results of the ideology of the Islamic Republic is the exhaustion of the former analysis of imperialism. This hardly means that an analysis should take no account of imperialism, or take the position that imperialism no longer exists, nor does it mean that there could not be a resurgence of the old outlook. Some sort of military attack, for example, could strengthen nationalistic feelings. Every bit of external pressure helps to better support this type of world-view, putting ruling classes and those who wish to overthrow them in the same camp. This article attempts to discuss how, in the years leading up to the Iranian Revolution,

objective and subjective factors contributed to the development of an ideology that was an amalgam of socialism, nationalism, and religious imagery which can broadly be described as a form of *third-world populism*. The contention here is that the struggle against imperialism so dominated political discourse in the two decades leading up to the revolution that it, in many ways, became a fetter on the struggle for socialism. The struggle against imperialism became so much the dominant hegemonic discourse in the years before the revolution that, when the revolution did come, the left found itself faced with new problems in the face of which it was impotent. The intent here is not to give the impression that this is the whole story; it was merely one, albeit a very significant, part of the story. To quote Val Moghadam, "...it became clear that two strategic mistakes had been committed: namely, neglect of the question of democracy, and underestimation of the power of the Islamic clergy. It is now widely accepted that this blind spot was due to an inordinate emphasis on the anti-imperialist struggle and an almost mechanical application of the dependency paradigm."<sup>1</sup> This is the starting point.

A number of significant factors can be identified in the demise of the left during the revolution; the extreme repression unleashed by the new regime almost immediately after it gained some foothold was certainly one of them. But repression alone doesn't explain much. And the establishment of the Islamic Republic was not a unitary affair that happened over night, but a process, one which included the incorporation as well as the repression of elements of the left opposition to the shah's dictatorship.

The *ideology* of anti-imperialism, and the particular variant of Third Worldist populism as developed in Iran, is part of what can generally be referred to as the *anti-imperialist paradigm*. This developed into the dominant hegemonic discourse in the years preceding and during the Iranian Revolution. Regardless of its place on the political spectrum, almost every political group participating in the struggle against the dictatorship saw that struggle primarily through this lens. Thus, however they interpreted the struggle, by making anti-imperialism the primary contradiction to be resolved, the political groups provided a unifying factor, a true hegemonic ideology that could bring all the forces of opposition under an umbrella and revolt against the shah's dictatorship. Thus the anti-imperialist paradigm was at once a great strength and a weakness of the revolution. Taking this into account helps to provide a better understanding of the course of the revolution; instead of seeing it as a revolutionary push, followed by a counter-revolutionary repression, as two successive moments, we can instead see it as a more mixed dialectical process. In other words, elements of the counter-revolution were contained *within* the revolution itself.

The debate over the understanding of imperialism and the struggle against it is nothing new, and indeed it found its clearest classical expression in the debates between Rosa Luxemburg and V.I. Lenin over the so-called "National Question." These debates are still with us, and in many ways the current confusion in relating to contemporary struggles in many countries reflects this. A return to the classical theoretical debates is not our purpose here, but they should be mentioned. In the early 20<sup>th</sup> century, an ideology of anti-imperialism had not yet developed. It is important to distinguish between anti-imperialism, meaning just any conception of imperialism and the expression of the

struggle against it, and what has developed into an ideology. By ideology, I mean its classical negative conception; a theoretical understanding, which blurs or masks the real conflicts lying beneath the world we live in (particularly the conflict between classes). Like any ideology, it mystifies the world and obscures the “hidden” reality. The ideology of anti-imperialism, as it developed for the greater part of the 20<sup>th</sup> century and found its expression in what has been called “Third World populism,” plays exactly this role and serves this function. The clearest definition of this ideology is perhaps best explained by Asef Bayat:

By "Third Worldist populism", here, I mean an analytical and ideological framework which represents a blend of nationalism, radicalism, anti-"dependencia", anti-industrialism, and somehow anti-capitalism. This perspective blames the general "underdevelopment" of the Third World nations wholly on the fact of their (economic, political and especially cultural) dependence on the Western countries. The radical intellectuals of the Third World in the post-war period seemed to cling to this ideological perspective, although they perhaps differed from each other in terms of the degree of their adherence to the defining elements, i.e. anti-industrialism, anti-capitalism, etc.<sup>2</sup>

He goes on to say:

The implication of this paradigm for the struggle against domination of the center is a strategy of national unity, i.e., the unity of all classes in a given Third World country including the workers, the peasants, the poor, the students, the old and new middle classes and the "national bourgeoisie". This strategy implies that the "national" classes, with different and often contradictory interests, should be united to form a national alliance against imperialism. However, within such an alliance, the political and economic interests of the subordinated classes are often compromised and sacrificed to the benefit of the dominant ones (e.g. workers are not to go on strike against their capitalist "allies", or intellectuals are not to criticize their national ruling parties, etc.). The influential dependency paradigm is partly responsible for the nationalism and Third Worldist populism of the radical intellectuals and the political leaders of the developing countries.<sup>3</sup>

If, in the middle of the last century, anti-imperialism had some reality and some validity as a step towards socialism (and I say this only hypothetically) today it most fully serves an ideological function. This ideology has been shown to have reactionary consequences. The experience of the Iranian Revolution proves to be the greatest historical example of this. In our contemporary situation, we see this in the support that some factions of the Left have shown towards petit-bourgeois dictators and authoritarian regimes purely on the basis of the latter's stance against the imperialist west.<sup>4</sup> This has become clearest in the support of some elements, not only for the Islamic Republic, or Hugo Chavez, but also for Muammar Qaddafi! Marx once said that history repeats itself “first as tragedy, then as farce.” If the experience of the Iranian Revolution is a tragedy, as indeed it is, the current support for populist regimes under the banner of anti-imperialism is a great farce. We digress for a moment to briefly explain why the Iranian Revolution is such an

important case for understanding Third World populism and the ideology of anti-imperialism in general. The Iranian Revolution is exemplary because it reflects many of the great paradoxes of capitalist modernity. Its very occurrence posed a challenge to many paradigms held at the time about revolution in general. Many of these challenges were not the ones people imagined or expected, and this is often still the case.

Fred Halliday, in a talk in February 2009, described the Iranian revolution as “the first truly modern revolution.”<sup>5</sup> Now this formulation may indeed raise some eyebrows, but there is some truth to it. For many, various 20<sup>th</sup> century revolutions had presented a challenge to Marx’s theories of revolution. And for those who choose to take this view, the Iranian Revolution is often the case they invoke. Most revolutions of the 20<sup>th</sup> century were not spearheaded or carried out by the industrial proletariat, but had their social base in the peasantry. Quite the contrary, in the Iranian Revolution what remained of the peasantry played almost no role.<sup>6</sup> The death knell of the dictatorship was sung by the general strike of 1978, particularly the involvement of oil workers that bought the regime to its knees.

This presents us with a paradox. A revolution, very modern in one respect, brings into power a theocracy. It is this paradox, which I believe is what perplexes analysts and which obscures both the real nature of the revolution and the nature of the state it produced. It poses a much-debated question about social revolutions, namely: why do revolutions produce authoritarian regimes? I believe, however, that the question is more complicated than that and the question itself obscures the picture. The Orientalist veil still affects us when looking at this revolution. The “Islamic” character continues to veil (no pun intended) and obscure the character of events. The ideology that developed was not powerful because of its particularly religious character so much as for its militant, populist, and anti-imperialist character.<sup>7</sup>

The nature of the situation before the revolution and of the balance of forces, as well as the theoretical imperatives of the oppositional forces, contributed to the development of an ideology that gained hegemony in the Iranian Revolution. This ideology was picked up and run with by the founders of the Islamic Republic. The point is not that the development of this ideology was purely the conscious decision of certain actors, but that the historical conditions on the one hand, and the theoretical explanations of this situation on the other, worked together in a dialectical relationship to produce an ideology that served as both the great mobilizing strength of the revolution as well as a great fetter upon its development in a more emancipatory direction.

This ideological hegemony did not develop out of thin air; it grew out of a real situation. A history of imperialist domination contributed to this development. The most dramatic event that affected the consciousness of most Iranians was the 1953 coup against nationalist Prime Minister Mohammad Mossadegh. Something of a myth developed around Mossadegh that partially obscured the real nature of that time. But suffice it to say that he was a nationalist liberal who supported parliamentary democracy. The struggle at that time was over the nationalization of oil. Mossadegh himself was no great friend of the working class. And tension between him, the trade unions, and the Tudeh party,

which dominated the trade unions, grew. Strikes were banned, and anti-union legislation was enacted. The coup set the tone for the popular imaginary. Mossadegh became a symbol in more ways than one. Most importantly, Mossadegh symbolized the overthrow of a popular leader perceived as struggling for Iran's independence and replaced by the establishment of the shah. The "coup government", as it was called, carried out a wave of repression against the opposition in general, but against the workers movement and above all the Tudeh Party.

This traumatic event really was imprinted into the popular consciousness. It shaped the political discourse of a whole generation. As Hamid Dabashi writes, "28-Mordadism is the central traumatic trope of modern Iranian historiography."<sup>8</sup>

On the political stage, not just everything that occurred *after* 28 Mordad but even things that have happened *before* it suddenly came together to posit the phenomenon of 28-Mordadism: foreign intervention, colonial domination, imperial arrogance, domestic tyranny, an 'enemy' always lurking behind a corner to come and rob us of our liberties, of the mere possibility of democratic institutions.<sup>9</sup>

The three political and thus ideological forces, if we are to abstract for the sake of clarity, were socialism, nationalism, and political Islam; all contributed to the development of this ideological hegemony, which found its clearest and most resonating expression in an Iranian form of what can best be described as Third World populism. This Third World populism, in turn, found its strongest voice in that developed by the partisans of the Islamic Republican Party. The clerical militants, for a number of reasons, won the battle for hegemony over the course of the revolution. "The traumatic memory of the 1953 coup was very much rekindled and put to effective political use in the most crucial episodes of the nascent Islamic Republic in order to consolidate its fragile foundations."<sup>10</sup>

The Shah's White Revolution, a series of reforms begun in the early 1960s, had dramatically altered traditional social relationships, particularly in the countryside. The Shah's reforms in many ways set the stage for the revolution. "The Pahlavi White Revolution essentially advanced the simultaneous goals of primitive accumulation and capitalist accumulation proper."<sup>11</sup> The most dramatic policy was that of land reform. Indeed, this was a form of bourgeois revolution from above, intended to prepare Iran for capitalist development. It opened the way for modern agribusiness, mostly US, to move in, thus further incorporating Iran into the imperialist fold. The great landowning estates were divided and distributed among the peasants with little or no technical assistance. This turned the countryside into mainly "small-scale and petty-bourgeois"<sup>12</sup> rural production. The state then worked to promote large-scale capitalist agricultural production. Many of the former peasants sold their lands and moved to the cities. Masses of former peasants flooded the cities looking for work in the state's many construction and industrial projects, while those that stayed worked for agribusinesses as wage earners, making them agricultural proletarians. It is important to keep in mind that all of this took place in essentially a decade. The ranks of the working class swelled.

Other reforms had their effects as well. New education initiatives, while authoritarian, helped create a modern bureaucracy. The expansion of scholarships and opportunities to study abroad helped in the creation of a modern educated middle class, many of whom, as a result, had become politicized. The enfranchisement of women, including further employment and educational opportunities, also helped in this modernizing development. The regime did not understand, or underestimated the fact that all these policies were creating the material basis for a social revolution. Like all development under capitalism, the results were uneven. As the country as a whole became more developed, the class differences also became greater. Most of the new proletarians that flooded the cities lived a world away from the image of modern Tehran promoted by the state in its tourism brochures.

Simultaneously the regime used the tremendous oil revenues at its disposal to finance industrialization, and a policy of import-substitution resulted in rapid expansion of the manufacturing sector and the growth of and urban industrial labour. State policy came to favor large-scale, capital-intensive industry, at the same time that its urban bias and neglect of the countryside were displacing large numbers of peasants. Both 'push' and 'pull' factors—as well as a veritable population explosion—thus contributed to the massive rural-urban migration of the 1960s and 1970s, and to the creation of a pool of immiserated semi-proletarians in major cities, notably Tehran.<sup>13</sup>

Capitalist development was indeed state-centered. And, alongside the development of this entire modern infrastructure, went the development of the repressive apparatus of the state. The military, but more importantly the domestic security apparatus, became more developed technically and in its ability to gather intelligence. A society was developing with modern class forces coming to the fore in an environment that was becoming more repressive.

Most important to keep in mind is that the main modes of the revolution were what are generally attributed to modern forms of mass political struggle. Street demonstrations, some of the largest in history, strikes and factory occupations were the main modes of struggle during the course of the revolution. The players in the Iranian Revolution, then, were from what are considered modern classes: students, industrial workers, civil servants, writers/journalists, etc. Elements of the traditional society participated, but their role at first glance can be quite deceptive at first glance. These elements included the clergy and the bazaaris, or traditional merchant class. They may, on a more superficial level, be seen as a residue of the past, but they were very early on incorporated into the capitalist fold. This is evident by their modes of political struggle, which took a very modern form. A proper discussion of the role of the bazaar in the economic and political life of modern Iran is too lengthy to be taken up here, but it nonetheless needs to be touched upon. The bazaaris resemble what may be called the national bourgeois class. They, like the clergy, historically enjoy some autonomy vis-à-vis the state, and have risen to political action when this autonomy has been threatened. But this class is by no means



homogeneous economically or politically. This is the case both before and after the Revolution.<sup>14</sup>

The Pahlavi state's growth and increasing strength saw it begin to exert its control over this sector, as well as that of the clergy. The state began to impose regulations on the bazaar such as foreign exchange regulations. It also provided competition to the bazaar commercially by building modern retail stores and shopping centers. Like all other dominant social classes, including landowners and clergy (these three elements often overlap) the state had a policy of attempting to incorporate as well as dominate. Those that it could get to go along with the project were included and often benefited from this relationship, but the state was always keen to show its greater hand. In the mid-1970s, growing inflation, largely a result of the pumping of petro-dollars into the economy, was blamed on the bazaar. These were just some factors that helped develop the opposition of the bazaar. This added to the dissent, where the state was seen as benefiting 'western' business interests at the expense of the national marketplace. The opposition of the national bourgeoisie only added to the anti-imperialist dimension of the opposition.

The clergy had a somewhat similar relationship with the new state. It is by no means a homogeneous element. Some of the clergy benefited from a relationship with the Pahlavi state. These benefits included financial and political influence. But this was not the case for all, and much of the clergy began to resent their receding autonomy as well as what was seen as the "anti-national" aspect of the regime.

The cries of opposition from various elements of Iranian society developed more and more a similar 'national' or 'popular' voice, one that stood for national independence against the 'west.' Although the state was becoming more alienated from any social base and the opposition was finding more and more unity, it was not always understood that the interests of these various forces were not identical. The anti-imperialist nature of the opposition obscured this reality.

In terms of an individual, the common enemy was Muhammad Reza Shah Pahlavi. In terms of class, the enemy was the "comprador bourgeoisie," that is, a bourgeoisie reliant on capital and power emanating from the centers of world capitalism, and serving as their extension in the peripheral country.<sup>15</sup>

The left was essentially disarmed theoretically by the fact that it confronted a new state formation that was both anti-imperialist and reactionary. It was placed in a position of forcing the issue by attempting to prove that the Islamic Republic was indeed still tied to imperialism, and not truly revolutionary. On the other side of the coin, the left was stuck either fully supporting the regime, as in the case of the Tudeh party, or offering "critical support" pending socialist revolution, as some of the Trotskyist organizations did. I do not mean to insinuate that there were absolutely no left organizations that offered a different analysis, as there indeed were. But the more significant point is what had the influence on the street. The ideology of anti-imperialism was indeed the hegemonic discourse on the street, and this is much more significant in the final analysis than a

proper analysis by a small number of left sects. The majority of left organizations were stuck banging their fist against a wall, attempting (if they were critical), to prove that the Islamic regime was still a puppet of imperialism; the uncritical supporters were attempting to prove that the regime was revolutionary and progressive because of its anti-imperialist credentials. This specter of 1953, or the flag of its anti-imperialist credentials, emerged most spectacularly in the taking of the American embassy in 1979. This was a great propaganda victory for the new regime.

Let us fast forward to our current period. The latest outburst of resistance since the June 2009 elections is a manifestation of many developments since the revolution. After the war with Iraq ended in 1988, a period of post-war reconstruction began. This centered on a policy of economic liberalization. The radical-populist rhetoric was momentarily toned down for a more pragmatic approach that favored privatization as a development strategy. This again created a social base that would later develop into an antagonistic force within the republic. There was an economic boom that created many millionaires, but also a generation of educated youth that were coming of age and becoming politicized once again. This also meant not only a whole generation of young workers entering the industrial workforce, whose job prospects were becoming more uncertain, but also a new modern and technical workforce. During the period of the liberal-reformist president Muhammad Khatami, the three social movements that have shown to be a force came on the scene; the student movement, the women's movement, and the labor movement.<sup>16</sup>

The period of (very) relative political liberalization offered an opportunity for greater open organizing. The limits of the new liberalization were tested, and the state showed its hand during the student riots of 1999. Labor as an organized force has emerged since 2004, when striking copper workers in Khatoonabad were attacked by the local gendarmerie.<sup>17</sup> Since then, there have been a series of militant strike actions as well as coordination and organization among different sectors of workers coming together as a class. The most publicized of these was perhaps the struggle of city transit workers, in particular bus drivers, whose strike actions and organizing efforts were met with severe repression.<sup>18</sup> But militant activity has also taken place, and still continues, among automobile workers at the Iran Khodro plant, the largest automobile plant in the region. Another important sector has been public school teachers. They succeeded in shutting down a large number of schools during a strike over lack of pay in 2004.<sup>19</sup> Industrial proletarians make up about 7.5<sup>20</sup> out of about 70 million people in Iran. This does not include much of the technical and service, or "white collar" forms of employment that make up a large part of the Iranian workforce. This needs to be factored with a 20% unemployment rate (the conservative estimate.) Taking into account a changing proletariat, we can see that there is a force much greater than 10% of the populace. We are faced, much like here in the US, with a young, highly skilled, technically advanced workforce. But when this force leaves the university and enters the ranks of the proletariat, there is no prospect waiting. There are more workers than positions. This is true not just of the "white collar" sector, but also for industrial workers, but for different reasons. Regardless, a precarious position awaits much of the population. The situation affecting a nineteen year old in Tehran is quite similar in many ways to that of her contemporary in Athens, Cairo or Paris. And we see the explosions taking place.

The alienation, so commonplace, is not one that can be quelled by the emotional rhetoric of national independence.

One of the dramatic outcomes is that the paradigm of anti-imperialism, particularly what Dabashi calls the paradigm of “28-mordadism”, has indeed exhausted itself. An entire generation born during or after the 1979 Revolution has developed within an Islamic Republic preaching self-sufficiency, independence, and an “anti-west” discourse from every channel. The issue of national independence, which plagued their parents’ or even more so their grandparents’ generation, seems like a relic of the past, and its only ideological function today is to cover up the real contradictions affecting people’s lives on a daily basis. This is true not only for young educated students and intellectual workers, but also for the industrial working class, which is vital to any social revolution. The experience, especially of those who were active worker-militants during the revolution, has taught them valuable lessons. Their inability to accept what is farcical today and which proved tragic to them yesterday does not only undermine the populism of Ahmadinejad. It is also a vaccine against the appeals by the liberal reform candidates of the opposition. The working class in Iran today, especially since 2004, has been increasingly active and militant, with strikes, sit-ins, demonstrations, and occupations a regular occurrence.<sup>21</sup> But some worker-militants still keep a certain distance from the liberal-reform elements of the opposition. Is this because they are leaning towards the populism of Ahmadinejad? Not in the least. As we have seen in many of the communiqués from the militant worker syndicates before and after the election, they don’t support any candidate, but at the same time do support the struggle for democracy. This is an important distinction.

If the working class is not rushing into either camp, this is not in spite of their class-consciousness, but exactly *because* of their class-consciousness. The working class, in particular those workers that were active during the revolution, have learned the lessons of the past. They lived through the tragedy of the revolution, as well as the reformists’ attempts to appeal to the people. “The June 2009 presidential election marks an epistemic exhaustion of 28-Mordadism, when the paradigm has finally conjugated ad nauseam.”<sup>22</sup> As was mentioned early in this essay, it is important to distinguish between an analysis of imperialism and the struggle against it, and the ideology of anti-imperialism, which is a particular historical manifestation. This critique should not imply that there is no such thing as imperialism, or that it is of a bygone era of capitalism. Nor is it out of the question that this ideology could be resurrected. But it does influence our understanding of imperialism, or more precisely global capitalism (a redundant term because capital has always been global, yet it is important always to emphasize its global character) as well as of the character of the struggle against it. So what is the outcome of the death of this ideology? The most important outcome of the negation of the ideological fetter of anti-imperialism is its positive supersession. But, as usual, this supersession is only a potential. The end of anti-imperialist ideology, in this particular case the “end of 28-mordadism”, offers a *potential* space, an opening, through a new understanding of the situation, as well as a new understanding of revolutionary subjectivity becomes possible. The recent uprisings are the clearest historical example of the potential overcoming of the binary between east and west, us and our other (whether this “other” is the Islamic world,

or Iran, or Cuba, or whether it is the “west,” however we may interpret the term). It is this negative space through which a new positive may be created but not finished, always in a process of formation and creation. In this space, new conceptions of revolutionary subjectivity offer us something new, through which a new universal can be created--one which is the product of collective human struggle, the antithesis to the universalism of capitalist modernity. “The end of 28-mordadism does not of course mean the end of imperial interventions in the historical destiny of nations. It simply means that now there is a renewed and level playing field on which to think and act in postcolonial terms.”<sup>23</sup>

The Iranian Revolution, and the anti-imperialist ideology that corresponded to its rise and demise, was indeed a tragedy from the perspective of proletarian revolution; to hold such an ideology today is indeed farcical. It no longer revolutionary, as we have tried to show (and it is doubtful that it ever was); it today serves nothing but reaction. It does nothing but bring workers, students, and women’s organizations into an illusory harmony with those who maintain their oppression and exploitation. If this ideological position once served an emancipatory potential, it is today nothing less than utopian and reactionary.

<sup>1</sup> Val Moghadam, "Socialism or Anti-imperialism? The Left and Revolution in Iran" *New Left Review* (1987)

<sup>2</sup> Assef Bayat, "Shariati and Marx: A Critique of an 'Islamic' Critique of Marxism" *Alif*. Issue 10, Pg. 16 (1990)

<sup>3</sup> *Ibid.*, Pg. 17

<sup>4</sup> The clearest expression of this farce lately was the last time President Ahmadinejad came to New York to attend the United Nations he met with a number of "leftists" so they could express their solidarity. See "US Progressives Meet with Ahmadinejad."

<http://www.fightbacknews.org/2010/9/23/us-progressives-meet-iranian-president-mahmoud-ahmadinejad>. Since then there have been other expressions of this farce such as their support for the Qaddafi regime.

<sup>5</sup> See "The Islamic Republic of Iran After 30 Years", a lecture at the London School of Economics, February 23, 2009.

<http://www2.lse.ac.uk/PublicEvents/events/2008/20081203t1525z001.aspx>

<sup>6</sup> The great exception to this was the land occupation and formation of a peasant council in the Turkoman Sahara region, which was swiftly dismantled during the establishment of the Islamic Republic. This was indeed was one of the early important conflicts between the left and the new regime, as well as within the left itself. See Maziar Behrooz, *Rebels With a Cause: The Failure of the Left in Iran*. I.B. Tauris, 2000. Pg. 109

<sup>7</sup> For the best analysis of the ideological dimension of the Islamic Republic see Ervand Abrahamian *Khomeinism: Essays on the Islamic Republic*.

<sup>8</sup> Hamid Dabashi, *Iran, the Green Movement and the USA: The Fox and the Paradox*, Pg. 92

<sup>9</sup> *Ibid.*, Pg. 93

<sup>10</sup> *Ibid.*, Pg. 94

<sup>11</sup> Moghadam, Pg. 10

<sup>12</sup> *Ibid.*, Pg. 11

<sup>13</sup> *Ibid.*, Pg. 11

<sup>14</sup> "If the assembly line, or the coal mine, is the historically ideal space for the fostering of proletarian class consciousness – workers being densely packed together, in perpetual communication with each other and forced by material necessity to develop a dense of fellowship – then the bazaar is the equivalent for the petty bourgeoisie...But the bazaar stretches beyond the confines of this class category." Shora Esmailian and Andreas Malm, *Iran on the Brink: Rising Workers & Threats of War*. 2007, Pluto Press. Pg. 28

<sup>15</sup> *Ibid.*, Pg. 26

<sup>16</sup> It should be stated that these three movements overlap and are not so easily abstracted from each other, particularly in the post-June 2009 election period.

<sup>17</sup> *Iran in the Brink*, Pg. 71

<sup>18</sup> Their union leader, Mansoor Ossanlou, is currently in Evin prison.

<sup>19</sup> A third of all teachers participated in the strike. See Esmailian, Malm, Pg. 74-77. The Iran Khodro actions began in 2004 as well and have continued. This plant has been referred to as the "Detroit of the Middle East," and its workers are known for their militancy and class-consciousness but this is counteracted by tactics such as temporary contracts and threat of sack as well as blatant repression. During the protests of June 2009 the workers staged a work slowdown in protest of the repression and in solidarity with the popular movement. <http://narcosphere.narconews.com/thefield/iran-khodro-auto-workers-begin-work-slowdown-protest-regime>

<sup>20</sup> International Labour Organization. Statistic from 2008 [http://amar.sci.org.ir/Detail.aspx?](http://amar.sci.org.ir/Detail.aspx?Ln=E&no=98515&S=TP)

[Ln=E&no=98515&S=TP](http://amar.sci.org.ir/Detail.aspx?Ln=E&no=98515&S=TP)

<sup>21</sup> For the most comprehensive report of worker activity in Iran under the Islamic Republic, in

particular since post-war reconstruction see Shora Esmailian and Andreas Malm, *Iran on the Brink: Rising Workers & Threats of War*. 2007, Pluto Press. Since its publication much has happened, including the June 2009 elections, but this does not invalidate the book as a good source of information on the labor movement.

<sup>22</sup> Dabashi., Pg. 94

<sup>23</sup> Ibid., Pg. 98

### **3 Taksim Is Not Tahrir- Yet – Kadir Ate**

## **Taksim is not Tahrir—yet**

Kadir Ateş

There is a photograph of a young man standing in the middle of an embattled Cairo with a sign which reads: “Egypt supports Wisconsin workers one world one pain.” In Madrid, where masses of the unemployed youth currently occupy the Puerta del Sol, homages to Tahrir Square can be seen next to banners which announce the Spanish Revolution. Underscoring this collective sentiment was the recognition of the limits to the trade unions and political parties, whose appearance on the scene arrived *post festum*. This resurgent brand of internationalism is nothing short of inspirational, and has clearly shown that the so-called Arab Spring is a much more global in content than its baptismal name would otherwise suggest. Turkey, a country with historic and religious links with the Arab world has not, however, experienced this same seismic upsurge. This almost unnerving quiet in the wake of such upheavals has (per usual) reinforced the tired narrative of Turkey as the stalwart secular republic, whose democratic tendencies and relative economic stability present itself as a model to which its restless southern neighbors can aspire.

Regardless of the fact that Taksim Square<sup>1</sup> did not transform itself into Tahrir Square, there has been a major upswing in labor militancy in the past few years which seems to have no clear end in sight. Reports of yet another strike or demonstration in the past several months have managed to drown out even the more stentorian accolades to Turkey’s successful weathering of the current crisis. This relative success of the Turkish bourgeoisie in maintaining growth was accompanied by a number of legal measures implemented to make labor more “flexible”, suppress the minimum wage, and continue the fire sale of state-owned enterprises. The Tekel strike of 2009-2010 provided the first substantial challenge to the continuous assault against the working class in Turkey, as explained in Issue No. 2.<sup>2</sup> Why the Tekel strike was so remarkable, beyond its militancy—which included hunger strikes, occupations, the formation of a tent commune in the middle of the capital city of Ankara—was the background of the workers themselves. Most closely aligned themselves to the Islamist AK Party (AKP) or the fascist Nationalist Action Party (MHP), and had otherwise been staunch anti-leftists. For the first time, many considered alternative ideas beyond what any of these parties had offered, and the lack of trade unionist support cast doubt over that form of organized labor as well. Yet in the months following the defeat of the Tekel workers, signified in the passing of Article 4/C, new anti-labor laws have been enacted which have in turn provoked the working class to continue its fight.

The willful refusal of the trade unions to support the Tekel workers was a lesson which they feel needs no repeating. Since the strike, they have begun to reassert themselves on the scene, with aggressive calls for strikes and demonstrations. Apart from those Tekel workers who

<sup>1</sup> Taksim Square has traditionally been a rally point for activists and protesters on the European side of Istanbul.

<sup>2</sup> See Toros Korkmaz and Kadir Ateş, “Lessons from the Tekel strikes: class solidarity and ethnic (in)difference” in Issue No. 2.



continue to denounce trade union bureaucracy and its meddlesome character in the class struggle, others have answered the call to participate in union-led protests and demonstrations. In the latest of a series of laws pushed through the Turkish Grand National Assembly by the ruling AK Party was the “Bag Law”, which takes aim at the power of trade unions in addition to the working class. The Bag Law, named as such because of the plethora of legal measures, some related to labor, some not, aims at continuing the process of cutting costs and providing narrower job opportunities. Here are some of its more distinctive features:

1. The creation of a flexible labor regime.
2. Providing less waged internship positions for the youth upon entering the labor market.
3. A sizeable reduction in corporate taxes for both foreign and domestic corporations.

Other aspects of the law include a reduction of the minimum wage. There appears to be more to come, as one journalist put it, that most of these laws are just the “tip of the iceberg”,<sup>3</sup> what comes next will perhaps be further structural adjustments in order to accommodate the Turkish bourgeoisie’s growing dependence on FDIs.

Reactions against these laws in February were met with blunt force: tear gas, arrests and beatings, similar to how the previous Tekel strike was handled by the state. Students, workers and trade unionists all seemed to have joined in blockading streets in Ankara, as the protests began to spread to other cities such as Istanbul, Diyarbakir and Trabzon. The inclusion of students is important, particularly as a report from the ILO last August reported that youth unemployment is at an all-time high. According to the Turkish Statistics Institute, unemployment for those “15-24 years of age is approximately 25%.”<sup>4</sup> Life for the youth in Turkey in general looks precarious at best, as public debt begins to spiral out of control and fears of inflation deepen as job prospects decrease.

### **And the election...**

The upcoming election on June 12<sup>th</sup> may nevertheless signal a victory for AKP, though with not quite the margin it had in 2007.<sup>5</sup> Mounting protests against the increasingly authoritarian AKP have been met with scores dead and injured. In one such protest on May 31<sup>st</sup> in the Black Sea city of Hopa, a retired school teacher died in a tear gas attack, causing further outrage against AKP. Having stuck its finger in the air to test the political change of wind, CHP has managed to purge some of its more orthodox Kemalist members for the sake of gaining more votes. One may recall a similar transformation of the CHP in the 1970s under the first

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<sup>3</sup> Zafer Adyin, “[Torba yasa, torbadaki sendika](#)”, December 12, 2010.

<sup>4</sup> Bianet.org, “[Youth Unemployment in Turkey Twice as High as World Average](#)”, August 13, 2010.

<sup>5</sup> AKP won with almost 50% of the vote.

government of Bülent Ecevit. Even the unions are beginning to take advantage of the situation and encouraging the rank and file to elect their own personal picks. The real danger which then presents itself to the working class in Turkey no longer seems to come from the call to (political) prayer of AKP or even MHP, but from the social democrats, garden-variety leftists and even the Stalinist Communist Party Turkey.

Much of the talk of “neoliberalism” coming from such leftist organizations is often a call for a return to state-administered enterprises under “workers’ control”, which is nothing more than bureaucratic state capitalism. It should be remembered that even under the most intense periods of nationalization in Turkey, often glorified among the social democrats and the like, was fought against by the working class. To therefore conclude that what is occurring in Turkey can be reduced to a neoliberal agenda only recycles the endeavors of past struggles, at a time and place where neither such a term nor entity existed. The effort for the working class to reject fascist and Islamist politicians is admirable, and should not be downplayed in any sense. Yet failure to consider how in the most trying of times, the trade unions or leftist parties have not always come to the defense of the working class—or come at a time when only they have been threatened—should be a point of departure, rather than an alternative to, the so-called neoliberal right-wing.

## 4 On Egypt – Mouvement communiste and KpK

This document was simultaneously published in three languages--Czech, English and French. According to the authors, “This is not because we are such efficient translators but because it is the result of a common effort by speakers of these three languages since its very conception. It is a joint effort by comrades from *Kolektivně proti kapitálu*, *Mouvement Communiste*, and others. We hope that this analysis, as an initial phase of a common political project, will be confirmed and amplified in a way which tends towards the unification of communists.”

The *Insurgent Notes* editors have made stylistic and syntactical changes intended to make the meaning of the original text clear. They have also deleted some sections which appeared to be redundant.

The *Insurgent Notes* editors also want to acknowledge their appreciation for the extraordinary effort of the document’s authors to provide a rich empirical context for the events in Egypt.

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# **EGYPT: HISTORICAL COMPROMISE OVER AN ATTEMPT AT DEMOCRATIC CHANGE**

## **WHAT HAPPENED IN 2011**

### *INTRODUCTION*

In the wave of riots and uprisings that have shaken the Arab countries since December 2010, Egypt was the second country, after Tunisia, to arrive on the stage, but with dramatic differences, not only because of the size of the country and its geopolitical importance, not only because of the number of deaths (864) and injuries (roughly 9,000), not only because the respective economic backgrounds and capitalist development were different, but because the two major actors in the regime change were different. In Egypt, a social compromise between the Army and the Muslim Brotherhood cadenced events from the beginning of the mass protests (but not in launching the movement). Unlike Tunisia, there were no unions (such as the UGTT) or, still less, political parties able to play any part.

And this compromise is still in effect as the results of the referendum on constitutional reforms proved in March. But, as in every compromise, each partner is trying to push the balance in its favor at the expense of the other. Within this constrained framework, the movement against the Mubarak regime and for democratic demands has tried to make its way but, up till now, it has not been able, despite many attempts, to overcome the limits from which it has suffered since the beginning. Remaining a desperate minority, it is not able to incorporate all layers of Egyptian society, including the poorest of the poor living in Cairo slums, not to mention the poor peasants who still represent 40% of the population.

Even in the working sectors of the Egyptian proletariat, figures are not necessarily so encouraging--if you only stay on the superficial level of "strikes", "discontent", "something is going on." Obviously, a lack of detailed and accurate data is a big burden that interferes with drawing definitive conclusions. Nevertheless, the working class (albeit a weight among others leading to Mubarak's toppling) has not organized any strikes or agitation in some important sectors--like the Army owned factories and the industrialized tourism sector while other strikes were going on.

Egypt is important in the Middle Eastern scene both for geo-political and religious reasons. The US is paying careful attention. It is quite aware of what happened in Tunisia; it favors reform from the top and wishes to see the Muslim Brothers participating in a compromise rather than acting fiercely in an opposition. It is also concerned because, in the Sunni world, Cairo is regaining its predominance as opposed to Mecca and Saudi Arabia, which is still the strongest partner of the US in the area.

What is sure is that in all Arab countries and Egypt too, people are not struggling for Communism (whatever we can put behind this word, at least a classless society) but for Democracy. And what we have to explain is what this Democracy and all the democratic demands mean by examining deeply what is going on in these countries even under the umbrella of a still powerful army. From this fact and since the main actor of transformation towards Communism is absent from the front line as itself, we must question if Democracy is "the rifle at the shoulder of the Proletariat" or "the best capitalist trap to bury the Proletariat." Perhaps something is in between.

The text therefore includes:

- What happened in 2011,
- Background of Egyptian situation,
- A bit of geopolitics,
- The pillars of social compromise,
- On working class side,
- An attempt at a conclusion,
- Appendixes.



## ***CHRONOLOGY***

January

January 1

Attack against a Coptic Church in Alexandria. Confrontation between Copts and police on the same day in Alexandria.

January 2

Confrontation between Copts and police in Cairo.

January 12

Egyptian Christian killed on train in random police shooting incident

January 13

Protesters clash with Egyptian police after fatal train shooting of Copts.

January 18

Egyptian Court convicts and sentences to death a Muslim man for killing six Copts and a Muslim guard last year.

January 19

Suicide attempts in Cairo emulate death in Tunisia as men torch themselves. Coptic religious celebration cancelled by Pope Shenouda over security fears.

January 20

The government considers discounts on basic commodities for workers in an attempt to fend off potential labor protests. Government is currently engaged in earnest discussions with the Egyptian Trade Union Federation to establish class cooperatives that offer basic commodities for laborers at wholesale prices. Meanwhile, the Syndicate of Commercial Professions has decided to hold a meeting with representatives of staff at the Omar Effendi retail chain to preempt possible strikes by workers who are threatening a sit-in if the company does not disburse January salaries.

January 22

Dozens of protesters in the Gharbiya governorate call for the abolition of the Emergency Law, the establishment of a minimum wage and the improvement of social conditions. Surrounded by intense security, protesters raise Egyptian and Tunisian flags and applaud the Tunisian uprising.

January 24

Egyptian government points finger of blame at Army of Islam for New Year's Day Coptic Church bomb.

January 25

Furious Egyptians in Mahalla, Gharbiya, west of Cairo, destroy a picture of President Mubarak during Tuesday's protests, which had been called by different opposition groups. 5,000 demonstrators chant "Down with Hosni Mubarak". Egyptian Government warns protesters will be arrested; security forces say will deal with any lawbreaker firmly and decisively.

January 26

Two protesters and a policeman are killed in Cairo protests calling for end to Mubarak's rule; protesters, angry at poverty and repression, vow to continue; security forces disperse protesters with water cannon; US stands behind Mubarak.

January 27

Protesters rally in Cairo on Tahrir Square calling for Mubarak's ouster; Six protesters killed; between 500 and 1,200 detained by police; Muslim Brotherhood denies organizing the protests.

January 28

Massive anti-Mubarak protests sweep Cairo, more expected after Friday prayers; ElBaradei calls for Mubarak to resign; entire internet system down; protester shot dead in Sinai; members of Muslim Brotherhood arrested; Obama calls on Mubarak to make "absolutely critical" reforms.

January 29

Street clashes in Egypt leave 24 dead, 1,000 injured; protesters demand his Mubarak's, end of emergency state; army troops deployed to help quell unrest; NDP HQ set on fire; curfew declared in Cairo, Alexandria and Suez.

January 31

Protesters insist Mubarak should step down. Omar Suleiman named vice president and Ahmed Shafiq named prime minister. Protesters mandate ElBaradei to form "salvation government". US and UK press for reforms as the way out. Egypt's Information Ministry tells Qatar's Al Jazeera to close its office.

February

February 1

Millions protest to demand that Mubarak step down; New Vice President Omar Suleiman is delegated to negotiate with opposition leaders. Army backs protesters' demands, vows not to use force. New government is formed, rejected by Muslim Brotherhood. European Union

calls for authorities to hold talks with opposition groups, release jailed demonstrators and take steps towards democracy to end the unrest.

February 2

Mubarak pledges not to run for another term in upcoming presidential elections; insists on completing his present term in office, but opposition rejects offer. Obama tells Mubarak time for change is now; ElBaradei says Mubarak failed to meet demands of protesters; Brotherhood says resignation of Mubarak is only a matter of time.

February 3

Government opens negotiations with opposition leaders regarding the unrest. Muslim Brotherhood says Mubarak and his government "should go" in order to resolve the crisis. At least 6 killed and over 500 injured overnight in Egypt; pro and anti-Mubarak forces clash in main cities; Vice President Suleiman says riots must stop before dialogue begins. Protesters brace for 'Departure Friday;' talk about storming presidential palace. UK Prime Minister David Cameron says the process of political transition in Egypt needs to be quick and start now. Turkey's Prime Minister Tayyip Erdogan urges Mubarak to start a transition of power sooner rather than later.

February 4

Vice President Suleiman invites opposition leaders to discuss their demands; President Mubarak says in ABC interview that he wanted to leave office but he was afraid his departure would lead to chaos. Egyptian soldiers separate supporters and opponents of Mubarak in central Cairo to halt violence and prevent a further worsening of the turmoil on "Departure Friday". Journalists are beaten and roughed up by protesters.

February 5

Thousands of protesters demonstrate on "Day of Departure" in Tahrir Square.

February 7

Representatives from all political parties, civil societies and the Council of Wise Men meet with Vice President Omar Suleiman and agree to draft a road map. US Secretary of State Hillary Clinton "cautiously" welcomes the step by the Muslim Brotherhood to take part in the current talks between the government and the opposition.

February 8

Protesters say they will not leave until Mubarak goes--planning a big push after Friday prayers; Brotherhood will quit talks unless demands are met.

February 10

Brotherhood says it will not field candidate in September presidential poll.

February 11

Mubarak refuses to step down; mob is furious, plans to storm palace; higher military council issues communiqué no.1; protesters demand exit of both Mubarak and Suleiman.

February 12

Mubarak resigns after 18 days of protests; Higher Defense Council takes over power, begins reforms.

February 14

Field Marshal Mohamed Hussein Tantawi is now de facto head of state; military suspends the country's constitution, dissolves parliament and forms a committee to recommend constitutional and legislative reforms, vows fresh elections in six months. Nissan is resuming operations at its plant in Egypt. The factory, near Giza, which builds the X-Trail SUV, Sunny sedan and pickup trucks with an annual capacity of 10,000 units, had been closed since January 30<sup>th</sup> to ensure the safety of workers during anti-government protests. Large international companies, Heineken, Unilever Chemicals Company, Akzo Nobel and Siemens say they'd resumed near-normal operations in Egypt.

February 16

Egypt's Higher Defense Council sets a period of 10 days for the constitutional amendment committee to finish its tasks. The Brotherhood says it will form a party once promised freer laws are in place, again says won't field a presidential candidate. Military appeals to trade unions to halt strikes; Egyptian authorities ask US and Europe to freeze assets of former government officials.

February 18

Rights groups accuse Egyptian military of using torture against detainees. Military will not field candidate in presidential elections; ex-ministers, prominent businessmen detained on suspicion of wasting funds; victory march planned for Friday; simultaneous march planned to apologize to Mubarak for his ousting; US pledges \$150 million to ease democratic transition.

February 19

Millions take to the streets to celebrate a new Egypt. Egypt gives Iran the okay for its warships to pass through Suez Canal.

February 21

Egypt's *Wasat* Party becomes an official legitimate political party after 15 years.

February 22

Muslim Brotherhood announces formation of political party; plans to branch out into media, launch satellite TV, papers, and magazines. Egypt's public prosecutor Abdel Meguid Mahmoud requests nations to freeze Mubarak's funds.

February 23

Egypt's military rulers swear in a new Cabinet that includes 11 new ministers.

February 24

Brotherhood announces amendments agenda of its "Freedom and Justice Party", which it is seeking to establish. First meeting of Egypt's new cabinet is held. Muslim Brotherhood calls for a march to seek cabinet purged of Mubarak's men. Mohamed al-Katatni, a former chairman of the Brotherhood's parliamentary bloc, is appointed head of its new party. Former diplomat, Abdallah Alashaal, establishes a new "Egypt the Free" political party; will run in election.

February 25

Egyptian Copts protest army's demolition of Anba Bishoy's monastery walls in the desert Wadi El-Natron. Coptic Christian priest is murdered in the Upper Egyptian city of Asyut.

February 26

A mass rally in Tahrir Square calls for the dismissal of Prime Minister Ahmed Shafiq and the current cabinet, the end of the emergency law, the release of all political prisoners, and respect for greater rights.

February 28

Secretary General of the Arab League Amr Moussa announces his plan to run in the presidential elections.

March

March 2

Military provisionally sets vote on constitutional changes for March 19; more ex-Ministers to be prosecuted; media reports say Mubarak in Saudi hospital,

March 3

Two Muslim Brotherhood prisoners, deputy general guide Khairat al-Shater and businessman Hassan Malek, released early from seven year jail sentence under an order from Minister of Interior.

March 4

Prime Minister Shafiq resigns; Sharaf named successor.

March 5

Egypt's new Prime Minister designate Essam Sharaf addresses crowds in Tahrir Square, saying he is committed to the goals of their revolution.

March 7

PM announces appointment of four new cabinet ministers. Nearly 3,000 Muslim and Christian protesters gather outside the state TV and radio building to protest the burning of a Coptic Church. Men in plain clothes, armed with swords and petrol bombs, attack protesters in Cairo at night during a demonstration demanding reform of security services with a reputation for brutality. PM and the State Prosecutor appeal to citizens to return documents stolen during a raid on security buildings.

March 8

New government orders arrest of 47 state security officers accused of burning state documents.

March 9

Amr Moussa says if, elected president, he would maintain peace treaty with Israel, fight corruption and turn the Middle East's most populous country into a modern democracy. One Christian youth shot dead during a protest between 1,300 Christians and Muslims.

March 10

Reformist Mohamed ElBaradei announces his candidacy in upcoming presidential elections. Thirteen killed, 140 wounded after Muslim-Christian clashes erupt; new government meets for first time; Brotherhood calls on Egyptians to stand together to support armed forces

March 14

Egypt's military rulers plan to scrap a law that restricted the formation of political parties.

March 15

Christian protesters say they will suspend protests if burned down church is rebuilt.

March 16

Brotherhood leader forbids members from joining or creating other political party; Egypt replaces state security with a new National Security Force. Hillary Clinton makes her first visit to Egypt since popular uprising; meets her Egyptian counterpart foreign minister Nabil Elaraby.

March 17

Muslim Brotherhood agrees in principle to run a joint list with other parties in the upcoming parliamentary elections.

March 18

Egyptian Islamists and reformists remain divided over amendment referendum.

March 21

With a participation rate of 41% (18.45 million of 45 million voters), 77% (14.1 million voters) vote in favor of constitutional amendments. This is a success for Muslim Brothers.

March 22

Former lawmakers form "February 11" in honor of the day Hosni Mubarak resigned as president. Judge Hisham al-Bastawisy announces his candidacy for the Egyptian presidency.

March 25

Egypt's state commissioner's authority calls for dissolution of NDP.

March 29

The military command announces that parliamentary elections would not be held until September 2011. The presidential election, scheduled for August, was also postponed.

March 31

Egypt's military rulers announce a new interim constitution incorporating the amendments approved in the March 19 referendum. The 18-member ruling council said it would hand over legislative powers after the parliamentary election in September 2011, and that executive powers would be transferred after the presidential election, which will be held by November.

April

April 8

Tens of thousands gathered in Cairo's Tahrir Square, waving flags and demanding the prosecution of the ousted president, [Hosni Mubarak](#), and his family. The protest was called the "Friday of Warning."

April 9

Security forces [shot and killed at least two protesters and injured dozens more](#) in a predawn attempt to disperse peaceful demonstrators spending the night in Tahrir Square. The crackdown was the most brutal since the overthrow of [Mubarak](#).

April 11

An Egyptian blogger was [sentenced to three years in prison](#) for criticizing the military.

April 13

The former president and his two sons [are detained for 15 days for questioning](#) about corruption and the abuse of power during Mubarak's three-decade rule.

April 16

The Supreme Administrative Court ruled that the National Democratic Party would be

dissolved and its assets seized by the government.

April 29

[Egypt](#) plans to open the blockaded border with Gaza and normalizing relations with [Hamis](#) and [Iran](#).

May

May 5

Abul Fotouh, the Muslim Brotherhood's labour affairs official, accused leftist labour groups of criticizing the Brotherhood adding that the Brotherhood represents an active force among labour groups and that its members outnumber leftist workers. The group plans to establish its own independent labour union, which will be able to vie for seats in any official labour elections.

May 6

During Friday prayers in Tahrir Square, an imam called for the formation of a volunteer army of 3 million soldiers to assist the armed forces in reinstating security and protecting Egypt's borders.

May 7

Over 2,000, scholars and activists, gathered in Cairo, in the biggest post-revolt meeting of political forces for a meeting dubbed "Egypt's First Conference: The people protect the revolution." Ten people have died and 186 injured in sectarian clashes between Muslims and Copts in Imbaba, a north western district of Cairo.

## **BACKGROUND OF EGYPTIAN SITUATION**

### ***SOME KEY ECONOMIC FACTS***

#### Introduction

In Egypt, like in Tunisia, rising food prices have been one of the major triggers of protests. Despite the fertile Nile Delta, Egypt needs to import large quantities of food (it is the world's largest importer of wheat).

Much of the population lives below the "poverty line". Rising food prices have an immediate effect on its ability to meet basic needs (in Egypt, the weight of food in household spending is about 56%). So far, governments have tried to limit the impact of rising food prices through subsidies, but the high budget deficit limited its flexibility.

Unlike the Tunisian economy, the structure of Egypt's economy depends to a significant extent on "rent". Although the proportion of rent relative to GDP is lower than in the years from 74-86<sup>1</sup> (37% of GDP and 130% of total exports of goods and services), it is currently around 20%. This "rent" has multiple components: Tourism, Suez Canal revenues,

<sup>1</sup> Ressources Exogenes et Croissance Industrielle : Le Cas de L'Egypte, par Hé lène Cottenet



remittances from expatriates, revenue from hydrocarbons (oil, gas, taxes and royalties of any kind) and various aid, including American. These resources have largely taken precedence over the export of cotton, rice and other agricultural products.

The rest of the Egyptian economy is focused primarily on the following areas (to which we return below): agriculture, textiles, construction, pharmaceutical, telecommunications, banking, steel production and a large sector of a "gray" economy more difficult to quantify<sup>2</sup>.

A significant change in the economic and social structure, initiated at the end of the reign of Gamal Abdel Nasser, came after the defeat of the Six Days War in 1967. The new policy, the so-called "infitah" or "openness", pursued by Anwar Sadat then by Hosni Mubarak<sup>3</sup>, has moved the majority of public sector industries, developed during the fifties and sixties, to the private sector. This change is a reflection of the state's inability to adequately manage the industrialization of Egypt rather than a stated desire to liberalize the economy.

This privatization resulted in the emergence of a class of beneficiaries, proponents of "rentier" capitalism, closely linked to the state apparatus and to the army, and has largely resulted in a deterioration of living conditions for most Egyptians, particularly peasants, workers and the middle classes who constitute the vast majority of the population (an estimated 40% of Egypt's population lives on +/- \$ 2 per day).

Egypt's economy has been resilient during the crisis of 2007-2009, not because its economy was flourishing, but rather because the financial contagion has been contained by limited direct exposure to structured products, low levels of financial integration with global financial markets, the lack of a pension system financed by pension funds, etc. (IMF Country Report No. 10/94 – April 2010). If, before the crisis, the growth rate was around 7%, it was 4.7% in 2009 and around 5.1% in 2010.

As regards the public and private sectors' contributions to economic growth (5.1 percent) in 2010, the public sector generated 1.1 percentage points (against 1.4 points a year earlier), and the private sector 4.0 points (against 3.3 points), indicating the key role played by the latter in economic development. The main contributors to economic growth were the sectors of manufacturing, wholesale and retail trade, construction and building, tourism, and agriculture. At the level of the public sector, the main driver of growth was the general government. (Source: Central Bank of Egypt, Annual Report 2009/2010).

This growth is distorted by a quite high inflation rate (16.2% in 2008, 12% in 2009

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<sup>2</sup> "The analysis of the economic situation, based on available data, cannot take into account the informal sector. It cannot be ignored, however: it involves between 27% and 40% of the workforce depending on the sources and depending on the extent of double counting; up to 40% of private economic units are not reported. The consequences of this phenomenon are considerable, both on a social level, because of the lack of protection (health, pensions) for employees, the tax shortfall that results for the state coffers, the difficulties due to the absence of control over the quality of products. The government began a review towards the possibility of legalizing the shadow economy, but the process will be long considering the issues in employment, access to consumption for small budgets and production." (Sophie Pommier. *Egypte, l'envers du décor. La Découverte*. P.154)

<sup>3</sup> If, in 1974, Egypt embarked on a liberalization of its economy, it was under pressure, from the IMF and the World Bank, to expand this process and bend to the laws of international competition. It waives its protectionist policies and thus benefits from international aid added to U.S. aid. Trade with the EU accelerates from the early 2000s. Exports grow from \$2 to 7 billion between 2001 and 2006, while imports increased from 5.2 to 11 billion dollars.

and 10% in 2010) and by a high unemployment rate, particularly among the young and university graduates (average age in Egypt is 24.8 years). Official rates are 9.2% in 2007, 8.1% in 2008 and 9% in 2009 (IMF), but the actual rate would be much higher (unemployment affects at least 50% of those aged 15 – 29 (Confluences Méditerranée n°75). Egyptian production, beyond what are apparently quite favorable macroeconomic indicators, generally suffers from a lack of competitiveness and serious defects in formation of its workforce, a concentration of production in primarily low value-added products (raw materials, aluminum, cotton, semi-finished products, pharmaceutical generics), a major deficiency in infrastructure, much non-observance of contracts, and corruption.

The latter, far from eroding, is almost universal and not confined to the public sector alone. According to Transparency International, the "corruption index" of Egypt between 2005 and 2007 went from 3.3 to 2.9 on a ten-point scale, where 0 is equivalent to massive corruption).

Economic growth is based on shaky foundations

The traditional pillars of Egyptian economic growth are tourism, money transfers, Suez Canal revenues and oil. But all are now suffering a downturn:

- Tourism is subject both to economic conditions of countries where tourists originate, but also the threats of terrorism (Egypt has seen several bombings in recent years which have scared off tourists).
- Money transfers from expatriates are in direct proportion to the health of the economies that employ them, and are therefore also dependent on the economic fortunes of other areas. They also depend on the evolution of migration policies, linked to economic cycles (in recent years, preference has been given to workers from South Asia and Southeast Asia over those from Arab countries).
- Suez Canal revenues are, in turn, sensitive to economic conditions, the commissioning of new pipelines, and the problem of piracy near the Red Sea near the coasts of Somalia.
- The oil resources are dwindling (production is constantly decreasing and does not even cover domestic consumption). Egypt is obliged to import expensive oil and to subsidize the price. Gas is doing better and new deposits are regularly discovered—leading to the substitution of oil by gas.

To add to this, the education sector is in complete decay. The Egyptian education system is damaged. Teachers are not paid and are virtually forced to turn to private lessons to try to get by. In public education, the emphasis is on learning by heart and standards are at very low level such that Egyptian private companies, despite the cheap labor power in Egypt, are turning to a better qualified Indian workforce.

The transformation of the Egyptian economy

If the Nasser period implied a protectionist and “socialist” economy with its process of nationalization (especially in textiles) along with pharaonic works like the building of the Aswan Dam, along with heavy industry creation (steel mills, foundries, cement plants)<sup>4</sup>, Sadat engaged Egypt in the early 70's on the road to liberalization.

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<sup>4</sup> But not, as mentioned below, affecting the modern factories for the Army already built in late '50s.

The beginning of this overhaul of the economy was in a period marked by a record growth rate. The years from 1974-1985 were years of economic splendor because of the rise in oil prices, a massive influx of foreign currency from Egyptian expatriate labor in the Gulf countries, and a significant increase in income from tourism.

"Under the policy of "dénassérisation", confiscation of goods made in the 1960s is declared illegal, foreign investment becomes the key to development and import-export activities open to the private sector."<sup>5</sup>

But this policy of economic "openness" (*infitah*) was not without social consequences that would mark Mubarak's reign. The agrarian reform of 1974 which restored land to its former owners ruined a large number of peasants.

Many state civil servants (whose numbers proliferated in the previous government) were faced with a drastic reduction in their wages and a deterioration of their living conditions, leading to clashes in 1977 against the rising price of bread.

In 1979, the signing of a peace treaty with Israel resulted in the exclusion of Egypt from the Arab League, and the abolition of related aid. This loss was offset by the premium to the peace treaty granted by the US.

The early Mubarak years (Sadat was assassinated in 1981) were accompanied by a still favorable economic environment. This enabled him to make concessions to public officials and to subsidize certain positions in the economy (energy, staples, transportation, housing, etc.). But this improvement was quickly overshadowed by the counter-cost of the oil crisis and the pressures of a growing population. The Egyptian government was forced to rely heavily on foreign debt and to cut some subsidies, while trying to preserve social peace. A precarious balance--if a balance at all!

Promptly, in a critical situation, and on the verge of bankruptcy, the Egyptian state was forced to sign an agreement with the IMF which imposed drastic measures including cutting subsidies, a fight against the shadow economy, etc. The government didn't have the political means to implement this agreement.

War against Iraq in 1991 was timely for Egypt. Indeed, the Egyptian state, in spite of being almost bankrupt, matched the American camp and would be greatly rewarded with new aid.

"Cairo got from its Western debtors of the Club de Paris cancellation of half of its 20 billion dollar debt and the rescheduling of the remaining 10 billion. In return, this time he must undertake reforms and implement the Structural Adjustment Program (SAP) of the IMF Agreement (May 1991) and World Bank (Agreement of November 1991), although a flexible schedule is authorized to prevent further rioting".<sup>6</sup>

A somewhat more favorable period (facilitated by higher oil prices) followed and the Egyptian state increased its spending again, and we witnessed a wave of privatization in the food and beverage, hospitality, construction industries.

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<sup>5</sup> (Sophie Pommier. Egypte, l'envers du décor. La Découverte. P.155)

<sup>6</sup> Sophie Pommier. Egypte, l'envers du décor. La Découverte. P.155)

But in 1993-1994, due to different conjunctures (reorientation of Western aid to Eastern Europe, falling revenues of the Suez Canal), the situation deteriorated. The government reoriented its spending towards the security forces and their administration to deal with the Islamism of the Muslim Brotherhood and attempts to create ideological counter-fires, for example, by assuming control over thousands of mosques. These expenses were made to the detriment of the productive sectors, education sectors, etc.

"The reform program is recovering and still running in the second half of 1990 with the sale of new public companies and liberalization of land rents, completed in 1997, which eventually causes not the peasant mobilization feared. In the course of the decade, domestic borrowings, undertaken to fund major projects and loans to businessmen, take precedence over external debt. This includes funding pension funds through the National Investment Bank, Treasury Bonds and Treasury bills. This public debt is now one of the main flash points of the economic picture."<sup>7</sup>

The early 2000s were marked by a slowdown of the economy (a growth rate of approximately 3%) leading in 2003 to an end of the linking of the Egyptian pound to the dollar, allowing a devaluation of the Egyptian pound and leading to improved price competitiveness. 2004 marked the acceleration of reforms of the economic structure. The privatizations were revived--particularly in the area of banking, telecommunications, retail trade, and cement. Since 2005, nearly 600 million dollars of revenue emerged from this process, and triple that amount in 2006. Customs procedures are streamlined, the fees are strongly reduced and the state sets up free zones (QIZ<sup>8</sup> - Qualified Industrial Zones) which open the US market for Egyptian textile products.

To stimulate consumption and fight against fraud (less than half of tax returns are completed each year), the state cut taxes on income in 2005 (from 40% to 20% for higher income and 27% to 10% for low income) and on profits (consolidated at 20%). In 2007, when the government made some amendments to the Constitution, any reference to socialism disappeared. Thus, in Article 4, "The economy of the Arab Republic of Egypt is based on the socialist democratic system" was replaced by "The economy of the Arab Republic of Egypt is based on the development of the enterprising spirit".

The structure of the Egyptian economy

### *The five pillars*

As we saw earlier, the Egyptian economy is still strongly marked by a "rentier" logic (+/- 20% of GDP).

#### Tourism

This sector provides 10 million direct and indirect jobs and thus occupies a very important part of the employment structure. In 2006, the industry reported \$7.2 billion in

<sup>7</sup> Sophie Pommier. idem. P.156

<sup>8</sup> "The establishment of Qualified Industrial Zones (QIZ) resulted from an agreement signed in late 2004 between Egypt and Israel under American sponsorship. It opens the U.S. market access for textile products made in Egypt, excluding taxes and quotas, provided that those products are made with a certain percentage of Israeli components. In late 2007, this agreement has been revised: the proportion of components was reduced slightly (from 11.7% to 10.5%). Meanwhile, the number of Egyptian companies involved in this partnership was increased from 54 to 203." (Sophie Pommier. Egypte, l'envers du décor. La Découverte. P.157)

revenues or nearly 23% of all revenue and \$11.8 billion in 2009/2010. Tourism is not limited only to hotels welcoming tourists and therefore did not have a only an “unproductive” role (in terms of value). It is also composed of a significant amount of construction companies that build not only hotels, but also all the infrastructures (roads, railway, airport, transportation, etc.), agricultural enterprises (for feeding all the tourists), etc. The major tourist areas are located in Luxor, Cairo, Hurghada, Sharm al-Sheikh, Aswan, Red Sea regions and the Sinai.

### Suez Canal revenues

The Canal generated \$4.7 billion of revenue in 2009/2010. The oil sector provides 15 to 20% of Canal revenues. Its revenues are closely linked to the geopolitical situations and the changes in the global economy (goods shipped to China and India, and the size of boats). Significant work is regularly undertaken to address the increasing size of vessels (5000 tons in 1869, 210,000 in 2006, 350,000 in 2012 – Pommier. P.162). This important economic and geostrategic waterway would be threatened by various projects moving goods by rail (connecting the port of Ashdod in Israel, to those of Eilat or Aqaba).

### Money transfers from expatriates.

These amounted to \$ 9.8 billion in 2009/2010. In 2006, approximately 4 million Egyptians were living abroad. This emigration, already initiated in the 30s was due to population pressure and lack of employment opportunities in Egypt. In the years 60/70, destination countries were mainly the Gulf countries and Libya. Currently, the Gulf countries are also confronted with unemployment and workers preferred their premises or call for reasons of cost and qualification of workers from Asia (Indians, Pakistanis, Filipinos). Egyptian workers occupying jobs less qualified as construction, catering, agriculture.

### The hydrocarbon sector (oil and gas)

Egypt is an oil producing country of the middle rank (its position is between the 19th and the 26th largest producers in the world during the years we are taking into account) with relatively few reserves. Its peak production was in 1996.

The proven Egyptian oil reserves were 4.07 billion barrels in 2008 (6th place in Africa), or 16 years of production. The proven gas reserves reach 2060 billion m<sup>3</sup> (the third largest in Africa), supplemented by more than 3000 billion m<sup>3</sup> of probable reserves. In terms of gas production, Egypt occupies the 22nd position globally.

The oilfields are concentrated in the Gulf of Suez (42.6%) and in the Libyan Desert (24.7%). Gas reserves are located in the Mediterranean and the Nile Delta (Port Faud, Tamsah South and Wakah) and in the Western Desert.

All exploration, production, refining and distribution are managed by public institutions under the Egyptian General Petroleum Corporation (EGPC) for the oil sector and the Egyptian Natural Gas Holding Company (EGAS) for the gas sector. Any exploration activity and production require the creation of a Joint-Venture (JV) with EGPC or EGAS. Contracts for exploration and production take the form of a concession for a fixed period.

With a production of around 700,000 barrels/day, the major oil producers are BP Egypt (12,000 bpd), Eni Egypt (97,000 bpd) and Apache Energy (66,934 bpd). Egypt

currently has nine refineries with a production capacity of 747,000 b/d. Several new refineries are expected to see the light of day: a plant with a capacity of 500,000 b/d near the Suez Canal as part of a joint venture between Egyptian, Saudi and Kuwaiti investors; another plant of 130,000 b/d at Ain Sukhna on the Red Sea coast. In February 2009, Egypt and Libya agreed to a deal to build a new refinery of 250,000 bpd, the extension of Asyut refinery and construction of 500 service stations (investment USD 6 billion)<sup>9</sup>. That is, of course, a very uncertain prospect at this time.

Egypt has become a net importer of oil because its domestic consumption exceeds its own production. This requires imports at high costs, and because the price of this material at the pump is heavily subsidized, this leads to drains on the state budget. This is why Egypt is currently developing a significant gas production, both to overcome the deficit and to increase its oil export revenues.

The main gas producers in Egypt are BG Egypt (18 billion m<sup>3</sup> per year alone accounts +/- 40% of total production), Eni (8.39 billion m<sup>3</sup> per year), BP Egypt (3.24 billion m<sup>3</sup> / year), Apache Energy (billion m<sup>3</sup> per year) and Dana Gas (0.2 billion m<sup>3</sup> per year).

"Investment opportunities abound. The Gaz de France Group is an operator since 2005 in the West El Burullus concession. The French company has pledged to invest 22 million dollars over 8 years in prospecting for digging three new wells. Britain's BG, main gas producer in Egypt (40% of total production), announced it would invest 1 billion USD in Egypt in 2009 and 2.5 billion USD in 2010. The energy group Edison (48.96% owned by EDF and 51% by the Italian group A2A), which acquired the rights to the exploitation of the Abukir site, plans to invest 1.7 billion USD over twenty years. In May 2009, the Italian Eni committed to invest 1.5 billion USD over the next five years in exploration and production. Dana Gas (UAE), which made significant gas discoveries in October 2008 in West Manzala, also confirmed its intention to increase its presence in the country and to double its reserves. Finally, the company Total announced in May 2009 that the Egyptian authorities had assigned it an exploration license in Block 4 of the site of the El Burullus Offshore East located about 70 km from the Mediterranean coast (100-1600 m depth).<sup>10</sup>"

### International aid

This is the fifth pillar. By itself, U.S. aid (including armaments – see below) was about \$3 billion in 2009/2010 and more generally on the order of 1.7 billion dollars per year --about 400 million dollars for civilian aid and the rest for the military). In July 2007, 13 billion dollars in additional aid over 10 years was granted by the US to Egypt. But this is not the only source from which the Egyptian state drinks. Assistance from the World Bank (\$2 to 2.8 billion between 2005 and 2008 to promote investment and economic, social and financial reforms), from Europe (\$2 billion to upgrade the Egyptian economy and form a free trade agreement), Japanese aid, and also from Arab Gulf countries.

Besides these five pillars of “rent”, other important sectors include some traditional activities, such as agriculture and textiles, and other more "modern" ones, such as construction and telecommunications.

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<sup>9</sup> Source: Oil and gas in Egypt. UBI France. June 2009.

<sup>10</sup> The oil and gas in Egypt. UBI France. June 2009.

## Other sectors of the Egyptian economy

### Agriculture

Acreage devoted to agriculture is approximately 3.8 million hectares, equivalent to 4% of the country's land area. Agriculture is based almost entirely on an irrigation system fed by the Nile. Nile waters are of poor quality, partly because Egyptian agriculture uses pesticides and fertilizers in bulk (a rate among the highest in the world), but also because many polluting industries discharge their waste unfiltered directly into the Nile. From a food viewpoint, the country is not self-sufficient. It is the world's largest importer of wheat. The importance of agriculture in the GDP growth rate has steadily declined from 50% of GDP in the late 70's, to 10% in the late 90's and to 5% currently.

### Industry

The sector employs about 14% of the Egyptian workforce. Industries are divided into forty industrial zones and ten free zones<sup>11</sup>.

#### Textiles

The textile industry and its exports are no longer subject to the state monopoly since the 1990s. Nevertheless, the state continues to dominate spinning and weaving, while the private capitalists are focusing on finishing operations (dyeing, etc.). This sector is in crisis, because since 2005 it suffered the effects of a quota removal ordered by the WTO (loss of preferred access conditions to the European market) and is subject to competition from China and India (lower quality but much less expensive) or the US in cotton. The sector is undergoing restructuring, many companies were sold to foreign manufacturers who are constantly trying to modernize the manufacturing process and increase the pace of work, which has led to numerous strikes in previous years (such as that of the Misr Spinning and Weaving in Mahalla al-Kubra in 2007).

#### The construction industry

Cement production is growing rapidly since the late 80s. This sector was privatized in early 2000; foreign private capital is invested in mass in this sector—including French (Lafarge, Ciment Français and Vicat), Portuguese, Italian and Mexican. These foreign groups represent over 50% of total production.

#### Telecommunications

This is a sector that has been significantly restructured and expanded in recent years. Egypt has the highest number of lines per capita in the Middle East. There were 22 million mobile phone subscribers in 2007, against 4.3 million in 2002. The mobile network covers major cities, the Suez region and major axes of the Delta, and is growing rapidly. The mobile sector is wide open to private capitalists. The main actors are Mobinil (owned by Orascom Telecom group also active in construction), Vodafone, and Etisalat (Emirates Telecommunications Corporation).

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<sup>11</sup> "Alexandria, Madinet Nasr (Cairo), Port Said, Suez, Ismailia, Damietta (Delta North), Six-October (Cairo); Media Public Free Zone, Shabina al-Qom (Menoufiya Governorate, Delta Center), Qoft (Qena governorate, Upper Egypt), Port Said East Port. (Sophie Pommier. op. cit. P.165).

The development of this sector is due in large part to international aid for development. In 2007, the number of Internet users was 8.6 million and is now close to 17 million:

"Within Telecom Egypt, established in 1996, a team of managers largely from the private sector maintains the momentum. Giza, Six-October, Mansoura, Asyut have seen the birth of Silicon Valley dedicated to IT, called "smart villages" considerable investments have been made, training in new technologies has been the subject of several initiatives, with major international support (IBM, Microsoft, Lucent Technologies, Alcatel), modern methods have been generalized as the fiber optic cables.<sup>12</sup>"

#### The pharmaceutical industry

Characterized by low-cost production, equipment and labor, it represents 30% of the regional market and is the first player in this regional area. This sector is heavily subsidized. It imports its ingredients from abroad at high prices, making this activity less attractive for private investors, because of price controls.

#### The banking sector

During the 20<sup>th</sup> Century, the banking sector underwent movements of nationalization and privatization. In the early fifties, foreign banks largely control the Egyptian banking sector. In 1956, on the 32 banks operating in Egypt, 12 have their headquarters abroad. These foreign banks collect approximately 54% of bank deposits and distribute nearly 47% of credits.

Under Nasser, a great wave of nationalizations affected the Egyptian banking sector in 1960 and 1961. Following that wave of nationalizations, the state controlled 100% of the banking sector. However, public ownership of the Egyptian banking sector has been accompanied by a significant deterioration of the performance of Egyptian banks. From 1961 to 1974 the Egyptian banking sector was highly concentrated (10 banks in 1963 and 6 banks in 1971) and very rigid. This sector practiced its traditional activities within a specialization framework decided by the State and with the complete absence of competition or development of services.

An initial correction took place in 1974 with the enactment of the Act of June 10 (called the Law of Arab and Foreign Funds Investment) and the organization of the Free Zones. Foreign banks were permitted to establish banks on Egyptian territory either through branches or in association with the Egyptian capital. In carrying out their activities in local currency, the banks created must be founded on the form of a joint enterprise involving Egyptian participation of at least 51%.

Despite this early privatization, the state still controls the majority of the banking sector through the four major state commercial banks which represent nearly 60% of the capitalization of banks in Egypt. In addition, the state owns indirectly (through public banks alone or with other agencies) majority stakes in the capital of most joint venture banks created since 1974.

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<sup>12</sup> Sophie Pommier. *idem.*, p.167.



A new privatization of banks started in 1993--largely dictated by the IMF and World Bank. In 2003, the country still had 64 banks (28 commercial banks and 31 investment and business banks), but the market is dominated by public sector institutions which include the four largest banks in Egypt. The "Big Four"--Bank Misr, National Bank of Egypt (NBE), Bank of Cairo and Bank of Alexandria--control over 50% of the total activities of the banking sector, but they also hold a significant amount of bad debts.

As of December 2004, there were 57 banks. In June 2006, there were only 43 banks and in June 2010, only 39. The aim of the restructuring led by the Central Bank of Egypt is to reform the banking sector by creating large banks capable of meeting international standards set by the Basel Accord (including international solvency ratio), and to cope with increased international competition. The banking sector in Egypt is composed (since 2006) of three types of banks: commercial banks, specialized banks (relating to specific economic sectors) and Islamic banks. The bulk of bank capitalization remains in the hands of commercial banks. But, despite the restructuring that has lasted more than 10 years, compared to international standards, the Egyptian banking sector is still not fully open to competition. Within the private sector, lack of access to credit is important, restrictions on foreign exchange rates and excessive government bureaucracy are often cited as barriers to investment and Egypt remains an economy with very basic banking services. The banking sector accounts for about 4% of GDP. In 2011, the privatization of four large state banks (the "Big Four") is still ongoing.

#### Rapid population growth

In 1962, Egypt's population totaled about 30 million. In 2010, it was 77.8 million. These are the numbers of Egyptians living in Egypt. Taking into account expatriates, there is a population of over 80 million people. In 48 years, there has been a growth of 193%. Nearly 43% of the population lived in urban areas in 2008 and the average age is 24.8 years. (Source: World Bank). Much of the country is uninhabited, 95% of the population is clustered on 5.5% of the surface in the Delta and Nile Valley, in the coastal areas and in the northern governorates. (Confluences Méditerranée N°75).

Almost two thirds of Egypt's population lives from day to day, without an assured income. They lack access to health services, education, etc. In 2006, in the country as a whole, the illiteracy rate for women was 37% compared to 22% among men. In rural areas, this rate reached 47% compared to 27% for men.

A quarter of the population (middle class) has access to mainstream services (health, education in the private sector, housing) and a regular salary giving them access to more and more automobiles and various leisure activities. 10% have a standard of living corresponding to a high level of skills (senior administration, business executives, etc.) and 1% have a life of leisure and travel and have access to the best universities in Europe or states in the US (less than one million people). (Confluences Méditerranée N°75).

Cairo city alone accounts for 25% of the population, with a high proportion of poor farmers from the countryside living off the crumbs of the rich.

"The 'rentier' structure of the economy is no longer based on the exploitation of a local labor force, beyond the needs of tourism, the processing of local resources (cotton, oil, agro-industries) or the semi-manufacturing of imported products such as automotive or electromechanical, and merchant services. The result is a proliferation

of fake service jobs and a saturation of the administration, coupled with corruption and disguised begging, which is omnipresent and grips the economic and social machine, while also allowing the survival of millions of “useless” mouths.<sup>13</sup>”

This situation of a large surplus population in the labor market, unprepared for working conditions in industry, leads to chronic instability, evidenced by more than 1,000 strikes in 2009, including factory occupations<sup>14</sup>. This instability is not confined to a single working class sector. All categories of public servants, middle classes, are also affected (judges, doctors, teachers, etc.):

“The answer provided by the State in response to contestations of its neo-liberal orientation is modulated repression: social stability is based on the control provided by several security apparatuses, crisscrossing the entire country. But the state must make occasional concessions, being subjected to a vigilant press criticism, which is granted a unique space of freedom in the region as a result of the new electronic media, news relayed by the *diaspora*, and that of foreign powers concerned with regional stability.”<sup>15</sup>

### The role of the army in the economy

From the Nasser period, the military had access to the business world. The military is involved in real estate from which it derives substantial profits because of the high population growth. The military also manages important properties, including many farms; they also participate in a program of land reclaimed from the desert and in the development of infrastructures for tourism.

They are also found in various industrial activities (construction and armaments, in particular) for which they receive subsidies for the purchase of raw materials, and are exempt from laws they find to be too restrictive. The arms industry is directly managed by the army. They are found involved in several major projects like the construction of roads, the Cairo Metro and airport development. The army controls between 33% and 45% of the Egyptian economy. (See below for more).

## **THE CREEPING OPPRESSION OF WOMEN**

### A bit of history

To support the war effort during the First World War, the British government largely drew on the resources of its Egyptian colony. This led to a severe deterioration in the living conditions of the Egyptians, causing a rise in unemployment, the requisition of crops, forced conscription of peasants, etc. This generated a reaction that led to the formation of an inter-class national independence movement. The arrest of three of their leaders and their exile in 1919 triggered a wave of strikes and demonstrations, with clashes with British police.

Women joined the movement, notably in spontaneous demonstrations by students from secondary schools and a demonstration called by Hoda Shaarawi (1879-1947), a founder of the feminist movement in Egypt. At these events, women choose to remove the veil (the

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<sup>13</sup> Confluences Méditerranée N°75.

<sup>14</sup> Joel Beinin: «The Egyptian Workers Movement in 2007», in Chroniques égyptiennes 2007, CEDEJ 2008.

<sup>15</sup> Confluences Méditerranée N°75.

veil is part of the clothing imported by the Ottomans) as a sign of their claim of independence and equality with men. Following this trend, during the next 20 years, a women's emancipation process developed in different fields (education, media, and literature)--always in the context of a struggle for national independence from British rule.

The process accelerated after 1952 (the Nasser period) with the introduction of a new constitution which stipulated equality between men and women. Girls' enrollment, access to higher education and women's work were encouraged by the Egyptian authorities. From that time until Sadat's arrival in power, the gap between laws and their application in all matters directly or indirectly related to the situation of women was the opposite of what it would become during the Sadat era. That is to say that, at that time, social practice was far ahead of the law. Sadat reintroduced the "religious" in the public arena where it had been expelled during the previous period. Sadat built a "State of Science and Faith," granted pardons to Islamic activists, and allowed the Muslim Brotherhood exiles to return.

The post-Sadat governments continue in the same manner. Paradoxically, it is therefore during the Sadat and post-Sadat periods that, under the pressure of the United States in order to keep its financial support, laws concerning women were improved in comparison to the laws before 2000. Legally, the right to divorce was reformed. Women can obtain a divorce in a legal process (long and complicated); they can also transmit Egyptian nationality to children of a non-Egyptian father, and finally, in the case of polygamy, a man must inform the first wife and get her consent. But unlike the Nasser period where social attitudes were ahead of the law, the case is exactly the opposite:

“Especially revealing of the difficulty in promoting women's rights despite a more permissive legal tool are the judgments in the cases of violence against women, including rape. Almost always, the judges apply the minimum penalty under Article 17 of the Penal Code section that entitles judges to reduce the sentence based on their assessment of the gravity of the facts.

This inability to increase penalties against perpetrators of sexual violence resulted in the last ten years in a surge of violence against women. In this grave context, a new phenomenon, particularly shocking, has recently developed: it is the collective harassment of women in public places where groups of men target one or more women in a crowd.

These acts have led repeatedly to scenes of public and collective sexual aggression. In all these sex cases, NGOs and associations are struggling to collect data on the subject, first because the victims and their families do not complain and secondly because the publication of official data was suspended by the Ministry of Interior since 1997.

Another recent example of the gap between the apparently favorable legislative history and the reality of the recognition of the role of women is the very massive refusal of the General Assembly of the State Council to appoint women to judgeships. The rejection of a proposal in March 2010 was all the more surprising because the government proposal was supported by the Grand Imam of Al-Azhar.

That judges dare reject a demand from the political power in a country where it is all powerful, eloquently expresses that this issue is more important than the satisfaction of the presidential will." (Confluences Méditerranée. P. 72, 73)

Religion is central to Egyptian law. Eighty percent of legislation is based on *shari'a*. However, the feelings of superiority of men over women is rather diffuse in people's minds and do not necessarily always find their source in religion--but rather their legitimation. The woman is an object, at the hands of man. Section 2 of the Constitution stipulates that:

"The coordination between the duties of a wife to her family and her work in society, given their equality with men in political, social, cultural and economic [shall be] without prejudice to the rules of Islamic Jurisprudence (*Shari'a*) and the provisions of Article 2 of the Constitution which stipulates that "the main source of legislation is Islamic Jurisprudence (*Shari'a*)."

Article 9 says:

"The family that has its roots in religion, morality and patriotism, is the foundation of society. The State shall preserve the authentic character of the Egyptian family, values and traditions it represents, while affirming and developing this character in relations within Egyptian society."

As a result:

"Today, any reform of family law not based on the invocation of Islamic law would be very difficult or impossible to introduce. Under the effect of the re-Islamization of society, the various political actors that are the state, Islamic movements and political parties put the public debate on a religious and ideological terrain and each advances their interpretations of the classic texts. The consensus on religion is almost universal, although the differences in interpretation are immense. Each refers to the same texts by claiming to have discovered its true meaning and disqualifying the interpretations offered by other players.

This enclosing of personal status by Islamic references is imposing more and more on the organizations of civil society. Accused by Islamist movements, governments and even left nationalist movements of promoting Western values and playing the game of Western cultural imperialism, the Egyptian feminist movement increasingly chooses to place itself in the field of religion. Feminist NGOs also draw on new interpretations of classical sources in the Islamic heritage to legitimize their claims to the modernization of the status of women, saying the current interpretations of *shari'a* which enshrine the inferior status of women are the result of a patriarchal society which has led to male misinterpretations of the Islamic standard. For them, a new interpretation of the *shari'a*, taking into consideration the current economic and social conditions, would end these inequities." (Confluences Méditerranée. P. 75)

Women: slaves of men

The usual representation of a woman in Egyptian society is that of a helpless person that needs to be protected. In exchange for this protection, the woman must give allegiance to the man:

- Women cannot travel without the consent of their husbands even if they are entitled to have a passport.

- Inheritance is based on inequality between men and women, favoring the male. Women can claim only one eighth of an inheritance if there is a male descendant and a quarter if there is none.
- Marriages are usually contracted beforehand. Polygamy is tolerated and the provisions for divorce, despite a change in the law in January 2000, benefit husbands. If before, it was enough for a man to divorce his wife by saying three times "I divorce", the latter in turn had to prove she suffered abuse. Since the new law, a woman divorces at the expense of her inheritance, alimony and any dowry involved. Leaving home means for a wife to live penniless and be doomed to misery. No shelter and no financial assistance can be provided until the divorce is pronounced. Egyptian women of the Christian faith must look to the Coptic Church to validate the annulment of a marriage. Either path typically exposes the ex-wife to financial problems.

### Honor crimes

A man who murders a wife accused of adultery will receive a sentence of between three and seven years. It is called a "crime of honor" that would not have taken place if the wife had guarded her virtue. An adulterous man is seen differently. He is sentenced to between six months and two years. A simple love letter is enough to accuse a woman of adultery. Rape in marriage is not considered a crime. Instead, the wife must be available according to the wishes of her man.

Examples of murders are not lacking: a brother who has doubts about the conduct of his sister; a farmer who beheads his daughter after having discovered a boyfriend; a mother who finds herself with a pregnant daughter from a stranger who punishes her by electrocution. Victims of rape generally experience the same fate, not to mention cases of incest, a taboo subject, which sees an incestuous father forced to kill his daughter if she is pregnant by him to cleanse the family honor. Some of these killings are also used as a pretext to eliminate a troublesome heiress for an inheritance.

In Egypt, they prefer to consider disappearances as simple suicides. According to the Center for Egyptian Women's Legal Aid, 75% of perpetrators are men compared to 25% women. For only the city of Alexandria, 47% of women who died were murdered by a family member because they had been victims of rape.<sup>16</sup>

An increase of 49.8% was found during the second half of 2010. Domestic violence and honor killings have increased respectively by 13.2% and 7.9% during the same period. According to UNESCO, 50% of females aged 15-49 years believe that a husband is justified in hitting his wife.

“Violence against women in Egypt remains both culturally and legally permissible, and is typically accepted by the general public as a normal and legitimate form of “discipline”.<sup>17</sup>

The status of women in Egypt, which is similar to a minority status, thus designated as irresponsible, makes her totally dependent on her husband, her brothers, cousins, the extended

<sup>16</sup> Krug et al. 2002. World Report on Violence and Health. Geneva: WHO. 93.

<sup>17</sup> Human Rights Watch, Vol. 16, No. 8 (E), December 2004.

family of males but also older women (especially mothers) who are usually the primary vector for the transmission of traditional values and precautions against males outside the family unit and even against other women—making women vulnerable to male violence, enslaved and socially and economically dependent on men. A woman that pursues a professional career becomes tarred with a bad reputation and is the real cause of the violence she suffers on the street.

The woman is a “reproduction of life” machine, preferably male, and a nurturing housewife whose family home is the border. This state of affairs transcends all social classes. This situation is aggravated by geographical location. The manners in rural areas are more conservative and archaic than in towns while the south, Upper Egypt, is known as more reactionary in terms of manners than the North, because the code of honor, the “Tar,” is applied very intensely against women. Because a male remains a guarantee of survival for the family, the birth of a daughter is considered as a financial burden. Since his birth, a boy is spoiled and has a privileged status compared to his sisters for whom he must first ensure that he preserves their virginity before marriage, which will generally come soon because “the loss of virginity [before marriage] is a disgrace that only blood can wash.”<sup>18</sup>

To these different types of oppression is added infibulation. According to a report by the World Health Organization, 91% of Egyptian women have undergone this type of mutilation. This practice predates the advent of Christianity and Islam in Egypt and affects both Muslim and Christian women. In June 2008, the state passed a law condemning this practice.

In education, the gap between boys and girls has narrowed in recent years due to a deliberate intervention by the state. However, according to a 2008 report, the country recorded a 34% illiteracy rate.<sup>19</sup> According to a report by an Egyptian agency, 37% of women can neither read nor write as compared to 22% of men. This rate for women reached 47% in rural areas compared to 27% for men. Families are reluctant to invest in the education of girls because they doubt the benefits of this investment or simply refuse to enroll in a coeducational institution.

The proportion of young women with a university degree in 2006 was 12%. In 2009, unemployment among women was, according to figures from the World Bank, 22.9% as compared to 5.2% for men<sup>20</sup>. In 2010, according to a report by a state agency, unemployment among women, 15 to 29 years old, was 32% as compared to 12% of men the same age. As for the professions, some are reserved to men.

“Yes, more women are working, but not all work is liberating,” said Iman Bibars, chairwoman of the Association for the Development and Enhancement of Women, based in Cairo. [...] “At the same time that women are out to work, and this is a modern indicator, traditions continue to have the upper hand,” noted Madiha el-Safty, professor of sociology at the American university in Cairo.”<sup>21</sup>

## Sexual harassment in the street

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<sup>18</sup> Poverty and Development, Calling for Change, Development Strategies to End Violence Against Women, Dutch Ministry of Foreign Affairs.

<sup>19</sup> UNICEF, [http://www.unicef.org/infobycountry/egypt\\_statistics.html#77](http://www.unicef.org/infobycountry/egypt_statistics.html#77)

<sup>20</sup> <http://donnees.banquemondiale.org/indicateur/SL.UEM.TOTL.FE.ZS>

<sup>21</sup> In Egypt, women have burdens but no privileges, New York Times, 13 July 2010.

83% of Egyptian women have faced sexual harassment. According to a survey of ECWR, victims of such harassment are mostly veiled women. Generally, the few complaints with the police remain unanswered.

“The *Badeel* daily's editor-in-chief Muhammad El Sayyed Said wrote that the behaviour of the crowd was characteristic of oppressed societies, where the majority identified with the oppressor.

He blamed the increase in sexual harassment on what he said were "three decades of incitement against women" from the pulpits of some of Egypt's mosques. "This verbal incitement is based on the extremely sordid and impudent allegation that our women are not modestly dressed. This was, and still is, a flagrant lie, used to justify violence against women in the name of religion." (18 July 2008.)<sup>22</sup>

## A BIT OF GEO-POLITICS

### THE US GAMBLE

*“I really consider President and Mrs. Mubarak to be friends of my family.”*  
Secretary Of State Hillary Clinton, March 2010

What is remarkable about the US response to events in Egypt is that there wasn't one. The US government has essentially been a spectator, with its representatives making various vague remarks, initially supportive of Mubarak - "I would not refer to him as a dictator," (Vice President Joe Biden) – then calling for an “orderly transition” and finally accepting regime change as it became inevitable. It is impossible to speak of the US having a “strategy”, other than just “wait and see”. On February 6th, Clinton said she would not "prejudge" a bid by the Muslim Brotherhood to enter Egypt's political process. On 8 February, Defense Secretary Robert Gates said Egypt's military had behaved in "an exemplary fashion" by standing largely on the sidelines during the demonstrations. On February 7th, White House spokesman Robert Gibbs stated, rather implausibly, that: "The United States doesn't pick leaders of other countries!"

If the rulers of the US are concerned about the popular uprisings in the Middle East, it is not because they fear worldwide proletarian revolution or even a liberal democratic utopia in the oil-producing countries. It is because they are concerned that the whole basis of their Middle East policy may be upset by the coming of populist regimes which actually have to take account of Arab public opinion. Any action by the US judged to be too aggressive may render these regimes even more likely to adopt policies hostile to the *status quo*.

The basis of US policy in the region can be summed up as: Israel is the number one ally, supported by heavily bribed Egyptian and Saudi elites who know they can't survive without US support. In addition, Iranian influence must be contained at all costs. The first sign that the balance may be shifting came in mid-February when the new ruling military council granted permission for two Iranian navy ships to transit through the Suez Canal to the Mediterranean on their way to Syria. No Iranian vessel had done this since the “Revolution” of 1979. Once again the US response was muted – a State Department spokesman simply said “We have, you know, ongoing concerns.”

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<sup>22</sup> BBC News, 18 July 2008.

The 1978 Camp David Accords serve as the basis for the Egyptian-Israeli-American relationship. Under these accords, paid for by the United States, Egypt agreed to not invade Israel, to serve as a security buffer between Israel and the Arab world, and provide Israel with half of its natural gas. This costs the US \$1.5 billion annually in mostly military aid to Egypt. Israel receives \$3 billion in US aid each year. President Mubarak was, naturally enough, an enthusiastic supporter of the Camp David Accords for three decades.

The changing relationship with Israel became apparent in early May when leaders of the rival Palestinian factions Hamas and Fatah signed a reconciliation pact in the Egyptian capital. Egypt's secret role in brokering the agreement caught both Israel and the US by surprise. The Israeli Prime Minister, Benjamin Netanyahu, called the deal "a great victory for terrorism."

There are also signs that that Cairo hopes to renew ties with Iran and renegotiate the long-standing contract to supply Israel with natural gas. Then there are reported plans by the Egyptian authorities to open the Rafah crossing into Gaza, something that would effectively end the four-year blockade. Furthermore, Egypt's foreign minister, Nabil Elaraby, has called on the United States to recognize a Palestinian state – a reference to a move expected in September by Mahmoud Abbas, the Palestinian president, to seek recognition of Palestinian statehood at the United Nations. Israel and the US have previously insisted that the Palestinians can achieve statehood only through negotiations with Israel.

These changes in the policies of one Middle Eastern country don't amount to a dramatic shift in geopolitical certainties in themselves but, combined with the continuing quagmire of US involvement in Iraq and Afghanistan and the lack of any resolution of the situation in Libya, they can only accelerate its decline as kingmaker of the Middle East.

## **THE PILLARS OF SOCIAL COMPROMISE**

### ***THE POWER OF THE ARMY***

The army in Egypt is not only important because it is ranked as the 10<sup>th</sup> largest army in the world; it has provided all the country's leaders since the fall of the monarchy--Neguib (July 1952-November 1954), Nasser (November 1954-September 1970), Sadat (September 1970-October 1981) and finally Mubarak (October 1981 February 2011). Of course, it was defeated abroad (1948, 1956, 1967, 1973), but it remained strong at home as a force for internal repression (1977, 1986), as a strong economic power by holding private or state owned companies both for civilian and military sector, but especially because it is the only political power able to counter balance the strength of the Muslim Brothers.

#### Organization of the Egyptian army

The Egyptian army is organized around four main components—the land army, the air force, navy and the air defense command.



	Land Army	Air Force	Navy	Air Defense Command
Regular Troops	468,000	30,000	60,000 <sup>23</sup>	30,000
Conscripts	450,000	10,000	None	40,000
Main Equipment				
M-1 Abrams tank	NA			
M-60A1 tank	700			
Hell fire missile	500			
Aircraft		884 <sup>24</sup>		
Helicopters		306		

The fifth component is a [paramilitary](#) force totaling 397,000--[Central Security Forces](#) of 337,000 and Border Guards of 60,000, under the control of the [Ministry of Interior](#). The Ministry of Defense controls the [National Guard](#) for the defense of the Presidential institution and the Capital.

### Budget

The US provides annual military assistance to Egypt amounting to \$1.3 billion in 2009 (adjusted for inflation-\$1.33 billion in 2011). Here the pillar of the state is, without any contest, the army--with a million men. Provided with its own industries, occupying almost all the higher levels of the state administration, it is the guardian and the foremost beneficiary of the lucrative rent from the Suez Canal (\$US 3.5 billion in duty collected per year out of a GDP of less than \$220 billion) and international financial aid, American first and foremost (around \$2 billion per year). Joshua Stacher, an American specialist on the country, estimates that the military controls between 33% and 45% of the Egyptian economy. The army which made Hosni Mubarak and which was behind Omar Suleiman is the uncontested political protagonist, along with the Muslim Brotherhood (five to six million paying members), of the present events in Cairo.

### Structure

It is very difficult to consider the Egyptian Army as a unified body. Not only because, as in any army, there is competition among the Air Force<sup>25</sup>, Navy and Land Forces but because the Egyptian army is deeply divided from top to bottom between high ranking officers generally trained in the USA [5 ranks from Brigadier General to 5-star Generals], middle level officers [5 ranks from 2<sup>nd</sup> Lieutenant to Colonel], low level officers [2 ranks] and the troops.

Among the last two, we know that the influence of “political Islam” is important. It should be remembered that Sadat’s killers were officers close to Islamic Jihad. On the other hand, high ranking officers have been trained by the US army and not by the Soviet army as was the case for their predecessors after Sadat’s political shift in 1974.

### Some historical facts

<sup>23</sup> Of which, 2,000 are coast guards.

<sup>24</sup> Of which, 240 are F16s; 62 are MIG 21s; 60 are Mirage 5s; 53 are Chengdu F7s and 18 are Mirage 2000s.

<sup>25</sup> Mubarak was a famous pilot and former Air force commander.

In January 1977, during “hunger revolts” launched in protest against price increases of necessities, the army supported the regime by organizing a severe repression that killed at least 800 people. (The riots ceased when the increases were rescinded).

In 1986, the army repressed the mutinies of Central Security Forces (an equivalent to the French “CRS”) that led to the expulsion of 20,000 CSF members among 300,000 thus indicating the influence of the Muslim Brothers within this force. During the “war” against the Muslim Brothers, the army was obliged to be in charge of repression and brutally swept away Muslim Brother “soldiers” in the countryside by burning crops in villages of the Nile Valley. Afterwards, the army remained “quiet” in the 1990’s and 2000’s.

## Evolution

Despite peace agreements and treaties signed with Israel since 1979, Egypt remained engaged in maintaining its military power vis-à-vis Israel. Therefore, the Egyptian State decided that the army should self-finance its expenditures. To cope with this, the army began to invest in industry, energy and in real estate development.

Due to the Camp David Accords, the Egyptian army has received from the US \$40 billion, but many in the Pentagon and other American military agencies believe that this money has been diverted from pure military expenditures to benefit high ranking officers directly or indirectly.

For officers, new cities have been created (as Nasser City near Cairo) where they can enjoy good living conditions and have access to special stores and shops. This leads to a separation between “military” society and “civil” society.

## The Army: an economic power

The Egyptian army is not only a power in a military sense but also in an economic one. Since 1978, it has become the owner (or the majority owner in case of joint ventures) of 28 large Egyptian factories with an estimated workforce of roughly 80,000 workers--of whom 3,000 are engineers. A majority of these factories, in a very soviet style, produces for both military and civilian needs covering a wide range of products of which, on the military side, the Abrams M1A1 tank is the crown jewel.

Geographically speaking, those factories are overwhelmingly (27/28) located in the greater Cairo area (Helwan-10 factories; Heliopolis-7 factories; Kalioubia-1 factory and Cairo itself-9 factories).

The vehicles through which Army the runs those factories are:

- the Ministry of Military Production for 16 military factories, of which 14 are producing both civilian goods and military products;
- the Arab Organisation for Industrialization (AOI) a joint investment fund created in 1975 by Egypt, Saudi Arabia, Qatar and United Arab Emirates and since 1993 managed by Egypt and wholly owned by the Egyptian State (and managed by a committee chaired by Egyptian president) for 9 military factories, of which 2 produce both civilian goods and military products;

- the National Service Products Organization (NSPO), created in 1975, a state owned entity, for 3 companies.

## ***THE POWER OF THE MUSLIM BROTHERS***

A long history

The Muslim Brotherhood (*Jamiat al-Ikhwān al-Muslimin*) was founded in 1928 by a schoolteacher, Hassan al-Banna, while Egypt was under British occupation. The creation of the movement was a reaction to the winds of freedom blowing on some Egyptian cities in regard to customs and ideas. 32

The Brotherhood's project has been to establish an Islamic state based on *shari'a*. To arrive at that lofty goal, it was necessary to "re-Islamize" all segments of Egyptian society through preaching, *da'wa*, to encourage a return to the practice of Islam of the ancestors (*salaf*), the 'original Islam. The first members of the Brotherhood were from both the urban working class and the petty bourgeoisie. But the Brotherhood's project was meant to be a popular movement that transcended all social classes, especially among the people of the hinterland.

The values of Islam have to enter every home, every school, and every factory. The family is a cornerstone of the ideology of the Brotherhood. In addition to the *da'wa*, the Brothers set up charities to offset the shortcomings of the state. The social question is a base for their actions to provide an incentive to make people aware of their message. Since the Brothers profess that they want to come to power by peaceful means, they are careful not to put forward their ideas about the use of violence. From the birth of the Brotherhood, Al-Banna was thinking about this issue in the event of a confrontation with the Egyptian government and believed that, once the whole society was mature enough, or pious enough, it would be able to take power.

This is why in the early '30s, the Brotherhood created a clandestine military arm, "the Special Organization". The existence of this unit and its direction were known only to insiders. Broadcasting a peaceful message in public, Al-Banna and his minions, however, were preparing to use force if obstacles confronted them on the way to building an Islamic state.

"We pray by night, and we are knights by day! Islam is religion and state, Koran and sword, worship and command, country and belonging. God is our goal, the Prophet our model, the Koran our law, jihad our way, martyrdom our desire. "<sup>26</sup>

The "Special Organization" fomented attacks against the ruling regime and participated in the '48 war against Israel, the new arch-enemy.

The Brothers are the spiritual fathers of today's *jihadi* armies. Sayyid Qutb, executed by Nasser, theorized the armed struggle under the banner of Islam. Attracted by the writings of the eugenicist Alexis Carell, Sayyid Qutb did not hide his admiration for fascism. Even today, Qutb is a figure of reverence for contemporary jihadists.

The Brothers are in the expression of power that we would be tempted to call the

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<sup>26</sup> Martine Gozlan, Understanding Islamic fundamentalism p. 50.

"party of Islam", an assembly composed of elders headed by a guide, a leader:

"[...] Islam refuses party affiliation because it undermines the unity of the community and its consistency; a multi-party system is not a condition for the foundation of a system whose base is consistent with the principles of government in Islam; the existence of parties is not a condition for practical political work, and finally, a multiparty system is not a guarantee of opinion and expression." <sup>27</sup>

Hostile to foreign capital and against any social revolution, the ummah, the mass, in their eyes, constitutes a model of social peace:

"In terms of domestic policy, they called for the union of the classes, understanding and harmony between workers and management, between landowners and fellahs. These were the characteristics of "conservative reform" in the middle class in the Arab world." <sup>28</sup>

Al-Banna expressed an admiration for fascism and Nazism in Europe, sharing with them a certain conception of the state.

"Communism, socialism and capitalism are western inventions to replace religious convictions. The West has not even settled for the best choice to build or revive a civilization [...]. A Party was mentioned in the Qur'an fourteen times, associated with the idea of evil and wickedness." <sup>29</sup>

The supreme leader of the time, al-Tilmisânî, added:

"I reject the one-party rule from deep within myself and based on my religious beliefs. Also, I do not accept the principle of multi-parties and especially the principle on which it is currently based: opinion and its opposite. Islam knows no competition in arriving at power." <sup>30</sup>

Severely repressed by Nasser, the Brotherhood would be reintroduced on the Egyptian scene because of its anti-communism, by Sadat. This left the field open for the Brothers to fight against communist atheists in Egypt.

"How can we claim that the Marxist left is in agreement with Islam, when salvation in Islam is only realized by the disappearance of Marxism?" <sup>31</sup>

During the Sadat period, the Muslim Brotherhood fought a merciless battle against communists, atheists and leftists. In the Palestinian Territories, the Muslim Brotherhood pursued and assassinated all those who identified themselves as Marxist and atheist. Later, a section of the Brotherhood created Hamas.

The 1973 defeat of Israel was responsible for the end of the honeymoon between the Brothers and power. Sadat became the first Arab leader to visit the Jewish state to negotiate the withdrawal from Sinai. In return, he signed a treaty formalizing mutual recognition

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<sup>27</sup> Amr Elshobaki, p 20.

<sup>28</sup> Ibid., p, 22

<sup>29</sup> Ibid., p. 117

<sup>30</sup> Ibid., p. 117.

<sup>31</sup> Al-da'wa, n. 2, 1976, p. 18 in "Les frères musulmans des origines a nos jours."

between the two countries. Following the assassination of Sadat by dissident Brothers, the crackdown on the Brotherhood began again. For the Brotherhood, most of the Mubarak years represent a new decline. Meanwhile, the Egyptian government is trying to pull the rug out from under the Islamists by enacting laws conforming to *shari'a* and engaging in a hunt for anything that does not conform to Islam. Note, however, that since its inception, the Brotherhood has not managed to achieve any of its projects without the probably unintentional help of the Egyptian State—making Egyptians pious, religious and conservative.

### The Brotherhood and the Copts

During the 70s and 80s, the Christians of Egypt were considered as a fifth column of the Crusaders and the Communists. Copts who officially represent ten percent of the population are seen as conspirators, proselytes and conquerors advancing a politics that would favor the goal of becoming the majority in Egypt. Churches are burned, farmers forced to sell their land, traders are ordered to pay the tax imposed on non-Muslims. Like Jews, Christians bear a lower status compared to the Egyptians of the Muslim faith.

The Brothers accused the Copts of causing the violence that hit them. They call for consensus for the good of the nation during the British occupation and the recent protests in Tahrir Square. The Brothers, nostalgic for the golden age of Islam, want to offer Christians and Jews the status of *dhimmis* and "protected"-- subject to the Islamic order.

### The Brotherhood and the unions

The Brotherhood has benefited from the disinvestment and the vacuum left by the state in matters of social protection by providing union members health coverage or loans at preferential rates. The Brothers have always used this weapon through their charitable network. In addition, they benefit from the disorganization of the very weak traditional trade unions rather weak and their lack of attention to the needs of their members. However, their infiltration of organized labor was weak because the unions were mainly controlled and financed by the Ministry of Labour (since 1952) in order to neutralize their political influence and since 1957 absorbed by the General Union of Workers' Unions. After the death of Sadat, the AFM embarked on industrial action with some success. The brothers came to align their message with that of the upper classes:

"The majority of Brotherhood unionists belong to the younger generation who led the student movements of the seventies. The "New Brothers" accept a peaceful arrangement of the political game and set out to achieve their goals by following a smooth and progressive approach and seeking popular support." At the same time, the "new Brothers" learned from the experiences of the older generation. "They use now the power of the organization, specific actions and collective work, having realized the power of faith in a society where the religious component weighs heavily."<sup>32</sup>

Today, they principally control the unions of engineers, of doctors and lawyers (who fight for pensions, the end of the state of emergency, a multi-party system and human rights). These unions denounce the economic imperialism of the northern hemisphere, domineering and exploitative, which plundered the South and left it destitute.

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<sup>32</sup> Op.cit., p. 171.

If the Brothers had long neglected the working class, a sudden interest has emerged in the last two decades. Strikebreakers in the '40s, the brothers have always thought that this weapon in the hands of the proletariat was contrary to Islam was the work of Communists, even if they supported certain strikes. This feeling is always present and the brothers are capable of taking action to discourage the workers from demonstrating. The Brotherhoods modern approach to unions considers it as "an instance of reconciliation of the interests of capital and workers".<sup>33</sup> In 2006, they presented 2200 candidates for positions in labor unions. In twenty years, the Brothers were able to obtain, primarily through preaching, a certain visibility in the working world.

### The Brotherhood and women

The role of women in Islam for the Brothers is simple: they have the noble task of generating and educating future generations of men:

"We must not forget that women have an important and noble task entrusted by God Almighty-- reproduction and motherhood. A man can not undertake these most noble tasks, which is disparaged by some today; the human race would disappear in the absence of this process. In addition, the mother breastfeeds the baby with her milk, giving care, education, the effects of which remain with him throughout his life. The woman is the mistress of the house and her task is to take care of the family and prepare the house as a place of comfort; her role is a huge responsibility and a noble mission that must not be neglected in any way or underestimated.

These characteristics, duties and rights that were granted to women by Allah are in balance with the duties she owes to her husband and children. These duties must take precedence over other responsibilities and they are necessary for the stability of the family is the fundamental unit of society and the cause of its cohesion, strength and effectiveness. However, the husband has the right to allow his wife to work. This right should be governed by an agreement between husband and wife. These rights should not be regulated by law and the authorities should not interfere with them except in rare cases."<sup>34</sup>

Islam gives women rights and allows them to work in certain industries. If women are educated and work, their proper place, according to the Brotherhood, is still their home.

"On the other hand, there is nothing to prevent them from working in what is permissible since public service is a type of work that *shari'a* has permitted women to undertake. Women can work in professions such as doctors, teachers, nurses, or in areas in which the society has need."<sup>35</sup>

Their conclusion on the status of women is explicit:

"We, the Muslim Brotherhood, draw attention to the need to distinguish between a person having a right and the manner, conditions, and appropriate circumstances for use of this right. So if today's societies have different traditions and social circumstances, it is acceptable that the exercise of these rights should be progressively

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<sup>33</sup> H. Tammam, P. Haenni, The Egyptian Muslim Brotherhood against the social question: Autopsy of a socio-theological malaise.

<sup>34</sup> <http://www.ikhwanweb.com/article.php?id=4914>: The Role of Muslim Women in Islamic Society.

<sup>35</sup> Ibid.

introduced so that society can adapt to these circumstances. More importantly, such an exercise should not lead to the violation of ethical rules fixed by Shari'a and mandated by it.

We reject completely the way Western society has almost completely stripped women of their morality and chastity. These ideas are built on a philosophy that is at odds with *shari'a* and its morals and values. It is important in our Islamic society, that the Islamic principles of morality and values are maintained with the utmost conviction, honor and austerity, in obedience to Allah, exalted be He.

And all praise is due to Allah, in the beginning and end. May the blessings be upon His Messenger and his companions and his family.”<sup>36</sup>

### The Brotherhood, the economy, workers and peasants

In addition to charities, the Brothers have a network of companies and enterprises. Although hostile to foreign capital, the Brothers are liberal economically. In favor of a state of limited government, they have always supported the various policies of privatization and structural adjustment of Nasser's successors--considering private ownership as a right blessed by Islam.

The Brothers have supported the land reform enacted in 1992 which led to peasant revolts. This consisted of a gradual increase, over a period of five years, the rent for farmland from seven to twenty-two times the amount of property tax. Then, each owner would be allowed to freely set the price of rent. Indebted farmers, unable to pay their debt, would be expelled from the land. The Brothers consider that it is "tantamount to the law of God." <sup>37</sup>

If, in the public rhetoric of *al-Ikhwān*, social issues and charity are important, they are closer to the middle class than to workers and peasants, particularly in terms of active members. The Brothers include members who are businessmen. The Brotherhood invests in health, construction and real estate, education, transportation, and tourism. The Muslim Brotherhood has never been for the end of the exploitation of man by man. The Brothers are conservatives in favor of maintaining the MPC, the class division between exploiters and exploited, offering, in exchange, the illusion of a fictional community of common interests, the community of Islam. As we wrote in 2001:

"What is there in common between the young unemployed in Gaza and Algiers and billionaires of the Gulf or the ruling classes of states in the region, except for religious affiliation? Nothing, of course! Islam is only here to create a so-called community of interest between oppressor and oppressed "Muslims"—while the proletariat in these regions continues to pay the price. " <sup>38</sup>

The poor, the disinherited, the exploited, the proletarian represent the root of business for the Brothers, as for all the monotheistic religions:

"The new Islamists never talk about social justice or redistribution (...). Their claim is that they must be rich to be good Islamists; they never reverse the argument and say

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<sup>36</sup> Ibid.

<sup>37</sup> <http://www.cetri.be/spip.php?article757&lang=fr>: Paysans contre Propriétaires.

<sup>38</sup> [http://www.mouvementcommuniste.com/pdf/leaflet/tract\\_011008\\_contre\\_la\\_croisade\\_et\\_le\\_jihad](http://www.mouvementcommuniste.com/pdf/leaflet/tract_011008_contre_la_croisade_et_le_jihad)

the good Islamists are those working for social justice and redistribution." <sup>39</sup>

In other words, the Brothers, like any middle-class philanthropist, intend to respond to poverty and exploitation through charity and a good conscience. The moral obligation to give alms, *zaakat*, is an integral part of the five pillars of Islam constituting an obligation for every good Muslim if he wants his place in heaven. Through God, the Brothers legitimate the capitalist order in which man exploits man and present this state of affairs as natural.

The strike of April 6, 2008 against unemployment and the high cost of living was marked by the absence of brothers who refused to participate. Besides the fact that the Brothers are generally against workers' demonstrations, it is difficult for them to support especially because one of them, Saad Husseini, was the owner of a factory on strike. However, they decided to make a small appearance on May 4th. A year later, the Brotherhood was reluctant to participate in the commemoration of the 2008 strike but eventually advised demonstrators to march peacefully and agreed to let university students take part. It is true that in January 2008, the Brotherhood denounced, in a statement, the high cost of living and social injustice, but this approach was undertaken in order to prevent potential problems that could undermine the bourgeois social order.

The return to the scene

In 2005, the Brotherhood won eighty-eight seats or one fifth of seats filled in the parliament. Five years later, they would boycott the second round of elections accusing the government of fraud. The repression against the movement has never stopped. This is why, during the events of this year, the Brothers have kept a low profile at the beginning of the demonstrations before entering the scene, being cautious and watching to see which way the turn was going to take before intervening.

Faced with repression, different trends compete in the Brotherhood, including the old guard and new recruits on tactics. The first are for a new focus on the *da'wa*, the second are more open to presenting themselves as reformists and fighting against the power of the old guard of the Office of Orientation. The Turkish AKP serves as their model.

Now

Today, we can identify three major trends in the Brothers: two hard wings of the heirs of Sayyid Qutb, the Salafis, and the young guard seduced by the Turkish AKP. Others see an antagonism in the movement between apparatchiks and reformers.

Lurking in the shadows and representing a unique opposition force, the Brothers are an asset to those in power for its sustainability. Far from being revolutionary and not wanting to run for president, the Brothers claim a place on the Egyptian political scene in exchange for their influence to calm the ardor of those who chased Mubarak away. The Brothers are the only opposition group, comprising 600,000 members, able to take to the streets if the government asks them to bring opponents to their senses. The Brothers have also been quick to negotiate with the state after their demand to see Mubarak step down. On March 19, 2011, the AFM and other Islamist groups have been campaigning heavily to amend the constitution rather than effect a complete overhaul.

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<sup>39</sup> Op.cit. Les frères musulmans égyptiens.



On June 6, 2011, *al-Ikhwan* received the tacit approval for the legalization of the Party for Freedom and Justice, a political showcase among whose 8,000 founding members are one hundred Copts.

### **Side Bar: The Situation of the Copts**

The Coptic<sup>40</sup> Church is one of the most ancient Christian Churches in the Middle East; the first Egyptian church was established in 42 AD. In 451, at the Chalcedon Council, the Coptic Church split and has since lived a separate life from the other Christian churches, both Catholic and Orthodox. It withdrew to Egypt and self-identified itself with the Egyptian memory of ancient times; thus the Copts were promoters, during the 19<sup>th</sup> Century, of modern nationalism. Its principal religious specificities are the cult of the martyrs, as the consequence of persecution by the Roman Empire, but the use of the Coptic language<sup>41</sup> for religious ceremonies. From the Islamic conquest in 640, the influence of the Coptic Church continually declined through periods of relative tolerance and those of hard prosecutions like the one's of 1010 (under Caliph al-Hakim) or 1320 under Mamelouk's domination. The Copts are both followers of a religion and a people coming from this community.

The bourgeois revolution of 1921 opened a road for Copts' participation (mainly the Coptic bourgeoisie) in national life. Copts were militants of the *Wafd* party and two were prime ministers and one president of parliament. But success for the Coptic bourgeoisie was such that it owned 50% of national wealth--like the Boutros Galli family which owned 10,000 feddans (1 feddan = 40 Ares or 0.4 hectares) of land and private capitalists in various industrial sectors.

After the fall of the monarchy in 1952, during the so-called Arab socialism represented by Nasser, it was easy to expropriate the Coptic bourgeoisie, mainly in the countryside, in the name of nationalism and socialism. A lot of Copts (along with Jews) left Egypt thereby reducing the importance of Copts in the society. In compensation, freedom of practicing the Coptic religion was guaranteed as a counter balance to Nasser's repression of the Muslim Brothers; but this changed after the defeat of 1967 during the 6 days-war. To consolidate his weakened power, Nasser called for the unity of the nation behind Islam. During the '70s and '80s, Copts suffered from Islamist pressure leading to Islamic taxes for shop keepers, forced sale of properties and lands, boycott of doctors and drugstores, etc. The State ignored this but changed its mind when it again attacked the Muslim Brothers and Islamists like *Gamaat Islamiya*, starting in 1992. Nevertheless, Islamists began in 1997 to target Copts by placing bombs in Coptic neighborhoods and schools, like in Abu Qourqas (Middle Egypt) in February 1997 where 10 Copts were killed, while spontaneous pogroms burst up. And the fact is that if Islamists killed in public places, individuals attacked others that lived close to them and like them without any reason other than panic or fear of others. The worst was the one in January 2000, in *Al-Kocheh* in Upper Egypt, when a dispute between street vendors (one Coptic and one Muslim) degenerated after a call from mosques for "Christian hunting" that led to 21 dead and many houses burnt.

In June 2001, Copts demonstrated in the streets of Cairo for protesting against rumors planted in newspapers that a Coptic priest had sexual relationships in a monastery in the Asyut area.

<sup>40</sup> Copt comes from an ancient Greek word "*Aegyptos*" meaning Egypt, coming itself from old Egyptian word "*Het Ka Ptah*"

<sup>41</sup> This language comes from an ancient demotic Egyptian language and is written with an alphabet mixing Greek and Coptic letters.

This led to 70 demonstrators injured, but no deaths.

The Copts are second-class citizens. They are prohibited to be upper officers in the army, deans and high rank professors in university, judges of any ranks; they represent no more than 1.5% of public sector employees. They are out of “politics.” In 1995, the NDP (Mubarak’s party) had no Coptic candidates and it’s only because, according to Egyptian law, the president can designate 10 deputies that 6 Copts were in the Parliament’s lower chamber (among 454 deputies).

On the other hand, in the Cairo and Alexandria areas, Coptic capitalists are very active like the Sawiris family which owns a building company, telecommunications, tourism and services. As a sign of good will, in 1999 Mubarak appointed Youssef Boutros Ghali, a Copt, as Minister of Economy and Finance.

In fact, the Mubarak regime had an ambiguous attitude towards the Copts. In 2004, the Coptic Christmas (January 7th) became a national holiday and, in 2005, it was determined that destroyed Coptic churches could be rebuilt. This was before the elections of December 2005 that saw a relative victory of the Muslim Brothers. The official representatives of the Coptic Church, like Pope Shenouda III, appealed publicly for a vote for Mubarak’s party. During the campaign, in Alexandria, fights between Copts and Muslims occurred.

In January 2011, after a bombing of a Coptic church in Alexandria, that killed 21 people and injured 96 people, riots erupted along with confrontations with the police in Alexandria the same day and in Cairo the day after.

During the events of February and March, no sign of anti-Coptic agitation was noticed.

Today, it’s difficult to estimate the number of Copts because the term of “minority” is nonsense in Egyptian statistics, and the word is also rejected by some Coptic intellectuals because they argue that: “*Copts are not a minority of Egypt but an essential part of it.*”<sup>42</sup> But estimates are around 8 million—they are especially present in Cairo and Alexandria, the big cities of modern Egypt, but Copts are also living in the Upper Nile valley from Asyut to Luxor (the *Saïd* area) where they represent 1/3 of the population (roughly 4 million of Copts) and are the majority in several villages. In this area, Copts are not different from their Arab neighbors: poor and very poor, peasants fixed to the land and following the *Tar*, the local honor code.

It is therefore not possible to say that the Copts are, even in Cairo, a unified community of wealthy people. For instance, dustmen jobs are not performed by a public authority but by “private” entrepreneurs who negotiate their work with neighborhood authorities; they are called *Zabbalin* and 90% of them (roughly 150,000) are Copts and are living in the *Moqattam* neighborhood. They are despised also because they raise pigs, which is the worst sacrilege for Muslims. In April 2009, under Islamist pressure, the government decided to slaughter 250,000 pigs belonging to Copts on the pretext of swine influenza. This reduced the means of survival for a lot of poor Copts.

Copts are not a unified body even in religion: there are 350,000 Catholic Copts and 200,000 Protestant Copts, not counting the atheist Copts.

<sup>42</sup> Muhammad Haykal

What is sure regarding the recent massacres of May 2011 is that the Copt situation will not be improved.

### **WHY TURKEY AND NOT EGYPT?**

What could be the fate of Egypt according to the intentions of the Muslim Brotherhood? Their broad political offer could indicate a will to normalize their position by shifting from “classical” Islamist party towards a modern one like the Turkish AKP (*Adalet ve Kalkınma Partisi* –Justice and Development Party), the party lead by Erdogan who has been at the reins of Turkey since 2003 as prime minister and 2007 as president. But is this really possible? We must examine the reasons that explain Erdogan’s success but beyond him and his party, reasons must be found and compared both on historical and economical sides.

A bourgeois revolution and establishment of a real state started in 1922 after a war against foreign countries and internal minorities. The outcome of these wars enabled the Kemalist state to rule over a new era of a modern Turkey. The politics of this state led to the liberation of women, the adoption of western laws and education systems, along with strong industrial development in state controlled sectors. Even the countryside was modernized with a vast agrarian reform.

The Egyptian bourgeois revolution of 1921 was a failure and the country remained under British control until 1952. During those 30 years, industry developed slowly and the state was not modernized. The Nasserite way of “Arab socialism”, using Soviet investment and Soviet style industrial development (exemplified by the Aswan Dam) was not a success and the reforms in the countryside hit only Coptic or foreign landlords and did not change poor peasants’ lives.

In Turkey, the army was a strong pillar of the Kemalist regime and intervened three times in political life (1960, 1971 and 1980) by taking power from civilian parties, and again in 1997 when it helped push away the pro-Islamist government of Necmettin Erbakan. The last ten years have shown that the army, while remaining an upholder of secularism, nevertheless has accepted, over time, an agreement with the AKP (certainly waiting for better days) based on mutual isolation and non-intervention in their domains. So we can say that Turkey has now reached a point of stability. Success against the PKK rebellion and successful intervention during regional conflicts and intervention has proven the ability of the Turkish army.

In Egypt, the army is not ready to retire from business. On the contrary, while deeply rooted in the economy, it is also the last warrant of any regime since the beginning of modern Egypt. After 1980, in spite of a fierce war against Kurdish guerrillas (starting in 1984) and a civil war against extreme left organizations, the Turkish economy was able to progress in the private-owned industrial sector--first as sub-contractors of foreign owned companies and under the protective mantel of the state, and then ending up as actor in the market. So much so that Turkey today is more than a regional economic power (competing with Greece or Russia and other European countries) and has become the 17<sup>th</sup> largest economic power with growth rates like Brazilian ones (7.3% in 2010--even if the “black market economy” is important and remains (figures vary from 15 to 30% of PIB and roughly 1/3 of workforce is involved in it)

When the state began to involve itself less in various industries (mines, utilities, banking, transport and communication), the economy continued to flourish and a new class of

able bourgeois entrepreneurs arose. Turkey's traditional textiles and clothing sectors still account for one-third of industrial employment, despite stiff competition in international markets that resulted from the end of the global quota system. Other sectors, notably the automotive, construction, and electronics industries, are rising in importance and have surpassed textiles within Turkey's export mix.

This is this class of new entrepreneurs that Erdogan succeeded in convincing that the AKP was not hostile to them and to capitalist development. For the bosses the deal is simple: let us make profits, let's take benefit from the end of internal wars that have diverted investment; whatever is the ideology of the government as long as it let us we will not be hostile. And we will not be implicated in the underground struggle between the army as the upholder of Kemalist secularism and the AKP.

On the contrary, in Egypt, even after the shift towards de-nationalization initiated by Sadat, the state (not even talking about army owned factories) remains a major player on the economic level. Even if a new generation of managers begins to take reins of state owned companies and initiates changes, there are not burgeoning private sector entrepreneurs that do exist in Turkey.

On a political level, the AKP is more an inter-class party than the Muslim Brotherhood. While less active in the working class, it is dominant in other classes, even among peasants (who still represent 25% of the total population) and has a gentlemen's agreement with entrepreneurs. On the contrary, it is totally absent in the army and in educational institutions.

On the contrary, the Muslim Brothers are absent from the countryside (whose residents still represent 41% of the total population), weak among working class (or on individual level) and among traditional bourgeoisie. Their strongholds are thus poor people living in the slums of big cities, state employees, teachers, doctors (i.e. the liberal professions already wage earners or state employees) and the lower layers of the bourgeoisie. They also influence lower rank officers and some soldiers in the army.

Even if the most modern currents of the Muslim Brotherhood wished to self-transform themselves into a modern AKP style political party and even they won a majority of organized members (which is really not certain), they would inherit a society more backward than the Turkish one and, above all, they would inherit a chaotic economic structure not yet at the level of potential capitalist development and without the modern entrepreneurs that exist in Turkey.

## ***THE OPPOSITION: THE VACUUM***

### Political parties

In Egypt, the party in power had two million card-carrying members. After the fall of Mubarak, attempts to establish various political parties in all corners of the political spectrum exploded. On the one side, arose right liberal parties like the Free Egyptians Party, launched recently by the telecommunication tycoon Naguib Sawiris. The party envisions a civil democratic state that would adopt a free market economy, encourage private investment and, in the meantime, ensure social justice.

## Revolutionary Socialists

Of the relatively important (or at least visible) parties of popular leftist activism in Egypt, one is the Revolutionary Socialists (RS), close to the International Socialist Tendency and the British Socialist Workers Party (SWP). The group began in the late 1980s among small circles of students influenced by Trotskyism. The organisation functioned, during the Mubarak era, underground. After 2000, the RS activists were engaged in the Palestinian solidarity movement and attracted hundreds of new militants. The activists of RS were very active during the latest uprising in Egypt; among them belong well-known media faces like blogger *Hossam el-Hamalawy* (aka *3arabawy*) or *Gigi Ibrahim*.

What is positive in the RS is its stress on the importance of workers' struggle in workplaces. "The regime can afford to wait out the sit-ins and demonstrations for days and weeks, but it cannot last beyond a few hours if workers use strikes as a weapon," wrote RS in February 2011. They argue that the working class was the key player in ousting Mubarak, rather than the Egyptian youths' use of Face Book and Twitter as has been widely reported.

On the other hand, the political profile of the RS has many weaknesses. In the same way as their British colleagues, from a working class view point of view, the RS follows a very problematic anti-imperialist position. Concretely, their positions are marked by a very strong anti-American and anti-Israel stance. From this point of view, they are already only few more steps towards the "united front with the all anti-imperialist forces", in our case with the Islamists. The RS's relationship with the Muslim Brotherhood is distinct from earlier leftist organizations in Egypt which held similar positions to that of the Stalinist Communist Party of Egypt (see below), which generally equated Islamism with fascism. The RS, however, advanced the slogan: "Sometimes with the Islamists, never with the state". The slogan was coined by Chris Harman of the SWP of Britain, in his book, *The Prophet and the Proletariat*, which was translated into Arabic, and widely distributed by the RS in 1997. The RS has thus been able to campaign alongside the Brotherhood at times, for example, during the pro-intifada and anti-war movements.

## Workers Democratic Party

The Revolutionary Socialists collaborated with other leftists on the creation of the Workers Democratic Party (WDP), established in February 2011, until now (May) not officially recognized. The WDP is backed by the new Federation of Egyptian Trade Unions. According to official data, it has around 2000 members. The party claimed itself to be anti-capitalist and on the side of the workers, but also says that socialist revolution "is not feasible in the current political environment." The Egyptian working class has a "lack of political experience and an underdevelopment of the workers' movement." They instead advocate the re-nationalization of industry and a "more authentic workers' democracy."<sup>43</sup>

Unlike under Gamal Abdel Nasser, where state-owned factories were appointed by the president, the WDP calls on workers of these factories to appoint their own managers. "We want to bring back the companies, which were usurped under the corrupt era of Mubarak and the old gang, to the Egyptian people," says Fayoumy, one of the founders of WDP, a labor activist and a long time electrician with Misr Spinning and Weaving Company in the central Delta city of Mahalla al-Kubra.

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<sup>43</sup> [http://en.wikipedia.org/wiki/Workers\\_Democratic\\_Party](http://en.wikipedia.org/wiki/Workers_Democratic_Party).

This is certainly a demand of part of the working class, which sees in privatization the further worsening of work conditions, the lowering of wages and layoffs. Without doubt, very similar desires have also been present in the army, whose economical power has been eroded by the privatization of the previous two decades initiated by Mubarak and his son Gamal.

### Egyptian Communist Party

In Egypt, there also exists, since 1975, a Stalinist Egyptian Communist Party (ECP) which, until 2011, functioned only underground and faced state repression. It refers to itself as the Communist Party of Egypt founded in 1922, which later supported Nasser (even today, the ECP speaks only positively about Nasser). The party took part in the uprising, but its demands were oriented mainly towards the forms of a post-Mubarak government without reference towards the situation in workplaces. Unfortunately, there is no accessible information about how many militants the ECP has and what its influence is in the working class.

### Unions

#### Egyptian Trade Union Federation (ETUF)

The only existing trade union structure in Egypt before 2011 was the Egyptian Trade Union Federation, which was essentially an arm of the ruling party--something like the unions in Eastern Europe before 1989. According to official data, it organised 2.5 million workers in 23 unions, around 10 % of the workforce.

ETUF did not play any role in the workers' struggles of the last decade; on the contrary, it opposed the strikes and supported the government's privatisation plans. So, this means that until 2011, all of the struggles were organized outside the unions, because these structures were totally alienated from the needs and demands of the workers. It is one of the main differences from the movement in Tunisia, where the official trade union federation (UGTT) joined the working class protests.

#### Federation of Egyptian Trade Unions (FETU)

The response of the ETUF to the new situation has been to form itself into a new Federation of Egyptian Trade Unions. The FETU was founded on January 30th during the protests, at a meeting convened in Tahrir Square. At the beginning were workers from the health sector, teachers, others state employees and people from various industries. In numbers, the new federation is very weak: in 12 unions, it has only 250.000 members--approximately 1 % of the total workforce.<sup>44</sup>

### Labour NGOs

What played an important part in the Egypt protests and strikes of the recent years were pro-labour NGOs. One of the best known of these groups is the Centre for Trade Union and Worker Services (CTUW), which has been around since 1990 – it was predated by the big strikes on railways (1986) and steelworks (1989). As a result, these organizations were targeted by the regime, their offices closed and leaders arrested. Important for the activists

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<sup>44</sup> <http://www.almasryalyoum.com/en/node/418296>.

from CTUW was a connection with Western trade unions--for instance, with unions from the Netherlands or the American AFL-CIO. Recently, CTUW and other labour groups and the unions called for the dissolving of ETUF, but so far without success.

Despite the fresh wave of new unionism, we need to ask if, after the experiences the working class has had with the state ETUF, it still wants to taste the insipid fruits of any other unions. "Workers are used to believing that unions are government entities that one joins to serve his personal interests," complains Kamal Abbas, general coordinator of CTUW. "We need to exert a lot of effort to convince workers that labor unions are organizations that seek to improve working conditions for workers," he adds.<sup>45</sup>

## **THE WORKING CLASS REALITY**

### ***A BRIEF HISTORY OF WORKERS' STRUGGLES IN EGYPT***

Back to the 19th century

The development of the proletariat in its modern form is always inextricably bound up with the rise of trade unions and social democracy, however much we might wish to see a "pure" expression of the proletariat separating itself from its representation within bourgeois society. In Egypt, as elsewhere in the region, particularly Tunisia, there is the added complication that it was also enmeshed with populist nationalism and therefore the rise of the "development state".

The emergence of an urban industrial working class in Egypt can be traced back to the early 19<sup>th</sup> century, when Mehmed Ali, the Ottoman governor of Egypt who participated in the Anglo-Ottoman campaign to drive out the French, established state-owned textile workshops. In the 1820s, steam engines imported from England were installed in workshops in Cairo and Mansura. However, this brief early experiment in state-led, import-substitution, development was dismantled when the British imposed free trade in textiles in 1840. But the textile industry has continued to be important in class formation up to the present day. Cotton, both as an agricultural product and as a raw material for the mills, has played a leading role in textiles ever since the American Civil War (with the blockade against the Southern States) created the conditions for a boom in the export of Egyptian cotton.

The Suez Canal opened in 1869. It was mostly built by forced labour – there was an annual *corvée* of 20,000 labourers and thousands died during the 1859-69 construction period. Slave labour was also involved – East African slaves were used on coastal ships as late as 1873. One of the first recorded strikes by workers in Egypt was that of the coal-heavers of Port Said (a town founded during the canal construction) in 1882.

The largest employer in the early 20<sup>th</sup> century was the state railway, which included the first railway line ever built in the Middle East--the Cairo-Alexandria line completed in 1854. It employed around 12,000 workers. The Cairo Tramway Company, established in 1894, had over 2,000 workers.

After the state bankruptcy of 1876 and the British occupation of 1882, industrial investment in Egypt shifted decisively to multinational investment groups, primarily French, British and Greek. Along with modern transport, the cigarette industry was another major

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<sup>45</sup> <http://www.almasryalyoum.com/en/node/418296>.

centre of class formation. By the early 1900s, five Greek firms controlled 80% of the export trade and employed 2,200. There were also 2,000 employed for the local market. The most highly skilled workers in this sector, the hand rollers, were mostly Greek and they organised the first known strikes in Cairo and created the first unions.

Following a provocative incident by British army officers in 1906 (the Dinshaway incident) there was a massive upsurge in nationalist agitation in Cairo. This was to have a profound impact on working class life and organisation, despite the isolation of the educated land-owning nationalists from the working class. The fact that the nationalist movement was led by landowners was actually a factor in the development of a strong relationship between the nationalists and the trade unions. The demands of urban workers didn't pose a direct threat to large landowners! Consequently, they wanted to mobilise urban workers for the nation rather than peasants. We should also note that up until the 1930s most wage labourers in large firms in Egypt were employed and supervised by people seen as foreigners by virtue of language, nationality and religion – British and French bosses, but also locally resident Greeks, Italians, Armenians, Syrian Christians, Jews. Therefore, it's not too surprising if strikes were often seen, by the workers and wider society, as part of the nationalist movement.

The railway and tramway workers struck several times in 1908-10 and, although the demands of the workers were strictly concerned with workers' needs – for a shorter working day, higher pay, against fines and sackings – the struggles were enthusiastically supported by the nationalists.

#### A bourgeois attempt at working class containment

At the end of World War I, a nationalist party known as the Wafd (“Delegation”, because they wanted to attend the Versailles peace conference) was created. The suppression of the Wafd leads to massive demonstrations and strikes. There was a general upsurge in workers' struggles and the formation of the same kind of organisations as in other industrial centres. The Communist Party of Egypt and its associated union confederation the CGT (Confédération Générale du Travail, of course!) were founded in 1921. The CGT had a massive influence in the workers' movement, particularly in Alexandria. Around this same time, Wafdist lawyers became important advisers to trade unions and even encouraged workers to strike, much like middle class radicals in 19<sup>th</sup> century Britain had done. The Wafd took office in 1924 and, naturally enough, immediately started suppressing strikes as well as banning the CPE and the CGT. At the same time, the Wafd created its own union federation. Thus was to set a pattern for relations between workers and nationalist regimes.

The urban working class grew significantly during World War II, as wage labourers were recruited to serve the needs of the Allied armies based in Egypt. At the end of the war, there were around 623,000 factory workers, out of a population of 18 million. But large numbers of workers were laid off after the war was over. There were three big waves of strikes between 1945 and 1952. In all of them, textile workers and their economic demands played a leading role, but so did nationalist organisations such as the DMNL (Democratic Movement for National Liberation).

The first two waves could only be contained by savage repression – there was a period of martial law from 1948 to 1949. The third broke out after the Wafd were once more elected to office in 1950, with very low voter turnout. A major issue for workers this time is that the government brought in minimum wage and “cost of living allowance” legislation which was



not enforced. On January 25<sup>th</sup>, 1952, British forces attacked an Egyptian police station and killed over 50 assorted cops, apparently because they believed that the cops had been aiding guerrilla attacks against the British installation in the Suez Canal zone. This led to immediate public outrage and a massive nationalist riot in Cairo. Fires destroyed large parts of the European business district. Martial law was declared and repression once again succeeded in suppressing both worker and nationalist agitation, but the old regime (centered around the monarchy) was widely seen as finished.

After independence: 1952-1984

However, there was only one force in Egyptian society sufficiently well organised and united to take on the job of ending this regime: the army. On July 23, 1952, Gamel Abdel Nasser and young army officers calling themselves the Free Officers overthrew the monarchy and established the Revolutionary Command Council (RCC). As with previous nationalist governments, it had real support from workers, with its talk of “social justice” as well as Egyptian independence and the abolition of “feudalism” (that is, domination by big landowners). Once again, the workers would pay for their misplaced enthusiasm. In August, 9,000 workers at the Misr Fine Spinning and Weaving Company in Kafr al-Dawwar, in the Nile Delta, went on strike over various economic demands, the removal of abusive managers and the right to a freely elected union. Despite the workers’ proclamations of support for the new regime, the army quickly crushed the strike after an exchange of gunfire between workers and cops. Two workers were dragged in front of a military tribunal and sentenced to death – they were executed within a few days. At the same time, the RCC passed legislation banning strikes but also making it harder to lay off workers imposing arbitration on all labour disputes. In 1956, Nasser, the only candidate on the ballot paper, was elected president with 99.9% of the vote. As is well known, Nasser became massively popular across the Arab world, after nationalising the Suez Canal and seeing off the French, the British and the Israelis in the “Suez Crisis” of October 1956, with a little help from the US and the Soviet Union, of course. In January 1957, the regime created the first state-run trade union federation, the Egyptian Workers’ Federation. In 1961 it was reorganised into the Egyptian Trade Union Federation (ETUF), which is still in existence. The foundations of the style of military authoritarianism which still exists in Egypt today had been laid.

From the late 1950s to the early 1960s, Nasser consolidated a new social settlement known as Arab Socialism. All foreign firms and large and medium-sized Egyptian companies were nationalised. Their workers became state employees and their standard of living was significantly improved and they received numerous social benefits. The regime guaranteed all university graduates a white-collar job and all high school graduates a blue-collar job.

But the glories of Arab Socialism did not last long. The first five-year plan of 1957-62 generated 1 million new jobs and an annual GDP growth of 6%. However, the second five-year plan (1962-67) was abandoned due to lack of investment and real wages fell sharply in 1965. Egypt’s defeat in the 1967 Arab-Israeli War also served to undermine the legitimacy of Nasserism.

Presidents Anwar Sadat (1970-81) and Hosni Mubarak (1981-2011) set about reversing Nasser’s economic and political orientation with pro-US “Washington Consensus” policies, notably flexible labour market reforms and cuts in subsidies on basic consumer items. The cuts in subsidies led to the “bread riots” of January 1977, causing the government to temporarily back off. The oil price boom of 1974-82 created the opportunity for workers to

migrate to the oil exporting countries and earn many times what they could earn at home. Remittances from such workers became the most important source of Egypt's hard currency and created a pattern of massive migrant labour which has existed to the present day. The fall in oil prices after 1982 and the resulting economic contraction led to a sharp rise in workers' struggles in 1984-89.

#### From bread riots to the fall of Mubarak

In 1984, a new law was applied which doubled wage deductions for health and pensions in the public sector. In October of that year tens of thousands of textile workers in Kafr al-Dawwar (see above) along with their families poured into the streets in a three-day insurrection. They cut telephone lines, started fires, blocked transportation and destroyed train cars, leading to a massive confrontation with security forces. At the Iron and Steel Company in Helwan, an industrial suburb of Cairo, where there were 25,000 workers, there were two workplace occupations in July and August 1989. The action was in favour of a pay raise and against the sacking of two worker activists. Again there was a big confrontation with the forces of order, resulting in a worker being killed.

In 1991, Egypt made an Economic Reform and Structural Adjustment Program (ERSAP) agreement with the IMF and the World Bank. This led to a large number of state companies being privatised, but even today there are large concentrations of workers still in state employment, such as the 25,000 textile workers of the Mahalla al-Kubra complex, that great symbol of economic nationalism and workers' power. There was another wave of collective actions in the mid-1990s, but it was not until the early 2000s that workers' struggles really began to take off again, mostly concerned with loss of real wages due to inflation and the uncertain future of workers faced with the privatisation of state companies. This was particularly so after the Nazif government came to power in July 2004.

During the 2000-2010 decade, over 2 million workers participated in more than 3,300 factory occupations, strikes, demonstrations, or other collective actions. As before, workers in the textile and clothing industries played a leading role - the Mahalla al-Kubra factory was on strike in December 2006 and September 2007 and the workers made substantial economic gains. And this role was not just a question of leading by example. For example, it was the workers in this historic factory who first raised the demand for a national minimum wage of 1,200 Egyptian pounds (about \$US 215) per month in 2008 – a demand which was taken up across Egypt by other groups of workers. The strikes also spread to building material manufacture, transport, food processing, sanitation, oil production.

In addition, there was an unprecedented wave of militancy by administrative workers in the state sector, notably the urban property tax collectors, who understood that their strike action could instantly deprive the state of revenue! In December 2007, 3,000 municipal property tax collectors occupied the street in front of the Ministry of Finance for 11 days. They won a 325% wage increase, and their action led to the creation of the first non-state-run trade union since Nasser abolished such things. Interestingly, it was this group of workers who established the prolonged street occupation as a method of struggle. For example, this was taken up in February 2010 by workers from over a dozen workplaces who sat in front of the parliament building for many weeks. The urban middle class formations campaigning for democracy over the last decade have certainly identified with workers' struggles, even if this has not always been reciprocated by the workers. For example, in March 2008 democracy activists made an on-line call for a general strike which appeared to have an effect, but only

because the Mahalla al-Kubra textile workers were already out! This led to the creation of the April 6 Youth group. However, when the same people made a repeat call in May of the same year, it was largely ignored. Nevertheless, it is not too fanciful to say that the indefinite street occupation tactic was copied from militant workers.

### ***CLASS COMPOSITION***

In 2010, Egypt had over 80 million inhabitants. Most of them are concentrated in the small area around the Nile. In Cairo alone, there are around 18 million dwellers. The rate of urbanization was in 2010 approximately 43%. About 63 % of the people in Egypt are 15-64 years old, 33 % are kids under 14. The total amount of the workforce in Egypt is roughly 26 million. Circa 32% of the workers are according last available estimations agriculture, 17 % in industry (especially textile, but also construction sector, production of cement, gas and oil etc.), and 51 % in services (tourist industry). Rural employment in Egypt remains strong despite the flow of the population into the cities (especially Cairo) in the last two decades.

A large percentage of Egyptians are self-employed and work inside an informal economy. Hundreds of thousands of micro and small-scale enterprises dominate the informal sector. The informal sector includes personal services workers, like maids and other household employees. Informal employment touches a large percentage of the workers especially in services. But the heaviest weight in Egypt's economy and employment is still the government sector; even during the 90's (when a set of austerity measures were introduced and privatization established) it was the fastest growing and largest contributor to employment creation.

The participation of women in the labour force long-term is growing. It was, in 1980, roughly 11 %, in 2001 already 22 %. The numbers of working women were growing especially because of their employment in government sector. Many Egyptian women work in the informal sector, especially those who are working as unpaid family workers.

Estimates from 2005 put the number of people below the poverty line at around 20%. Unemployment amounts to 10 %. From a geographical point of view, the problems with lack of work occur especially in rural areas, especially in Lower Delta. Open unemployment is highest among the 20-24 age group, and among graduates of intermediate education. Surprisingly low is unemployment among illiterate people. Women are hit by unemployment much harder than men.

In the last decades, many Egyptians solved their uneasy situation in their country through migration abroad. According to estimations in 2006, more than 2 million migrants live beyond Egyptians borders, of whom, 61 % were family members of migrant workers. The absolute majority of the migrants from Egypt are in the Arab countries around the Gulf, but also in Libya. During the recent battles in Libya, around 68,000 Egyptians workers fled the country and added to the numbers of unemployed back home. Among the migrants are often skilled technicians and industrial specialists - their migration caused a lack of skilled labour in Egypt from the 80s and a rise in wages.

Increasing mechanization was established in Egyptian factories, which helped to improve the productivity of work, but also for further elbowing of the skilled workers from the labour market. On the other hand, in Egypt are tens of thousands of refugees from Sudan, Ethiopia, Eritrea and Somalia, as well as from Iraq, now stranded in Egypt. In the country are also around 70,000 refugees from Palestine. Many African migrants used Egypt like the

transit on the way, for example, into Israel.

### Sectoral structure of employment in Egypt in the years 1977-92, ages 12-64

Sector	Millions				Structure (%)				Average annual growth rate (%)		
	1977	1981	1984	1992	1977	1981	1984	1992	1977-81	1981-84	1984-92
Agriculture	5,3	5,4	5,4	5,8	51,5	47,5	43,5	39,6	0,2	0,1	0,9
Manufacturing, mining, and utilities	1,4	1,7	1,8	2,2	13,8	14,7	14,2	15,0	3,9	1,9	2,8
of which public enterprises	0,7	0,7	0,7	0,8	6,4	6,2	5,8	5,7	1,6	0,6	1,8
of which private 10+	0,1	0,2	0,2	0,3	1,4	1,4	1,5	2,0	2,2	4,7	6,0
Residual (informal sector)	0,6	0,8	0,9	1,1	6,0	7,1	7,0	7,4	6,5	2,5	2,8
Construction	0,3	0,5	0,6	0,9	3,2	4,6	4,9	6,0	10,8	5,6	4,6
Services	3,2	3,6	4,3	5,8	31,4	31,6	34,5	39,3	2,4	6,0	3,7
Total domestic employment	10,3	11,3	12,4	14,7	100,0	100,0	100,0	100,0	2,3	3,1	2,1
Unemployment	0,3	0,6	0,8	1,4	2,8	4,8	5,7	8,8	16,5	9,3	7,8
Total domestic labour force	10,6	11,9	13,2	16,1	-	-	-	-	2,8	3,4	2,5

Source: Ikram, Khalid: The Egyptian economy, 1952-2000: performance, policies, and issues. London 2006.

### **WORKING CLASS STRUGGLES**

#### Presentation

For the chronology of workers struggles, both inside and outside factory, listed below we have crossed data from various media from Egypt (but not in Arabic) and elsewhere. We have kept only information accurately identified with factories (location, production) and above all the number of strikers. As you may sense, data remains “fuzzy” mainly because we don’t know what the fate of many of these strikes was.

## Chronology

### February 8

Around a kilometer away from Tahrir Square, some 500 employees protest outside the headquarters of the state-owned Rose al-Youssef newspaper and magazine. Protesters denounce the operational and editorial policies of their editor-in-chief Abdallah Kamal and administrative chief Karam Gaber. Another protest involving around 200 journalists is staged outside the Journalists' Syndicate in downtown Cairo, demanding the recall of the syndicate's president Makram Mohamed Ahmed, a member of NDP.

At the headquarters of state-owned Al-Ahram newspaper, Egypt's largest daily, around 500 print-shop employees protest demanding full-time contracts, benefits and bonuses.

5,000 employees of the state-owned telecommunications giant, Telecom Egypt, stage protests in three different locations across the city, for the establishment of an adequate minimum wage and maximum wage.

More than 6,000 protesters working for the Suez Canal Authority stage sit-ins in the cities of Port Said, Ismailia and Suez, demanding salary adjustments.

Over 100 workers at the state-owned Kafr al-Dawwar Silk Company and over 500 at the state-owned Kafr al-Dawwar Textile Company are protesting, before and after their work shifts, to demand overdue bonuses and food compensation payments.

Approximately 4,000 workers from the Coke Coal and Basic Chemicals Company in Helwan announce a strike for higher salaries, permanent contracts for temporary workers, the payment of the export bonus and an end to corruption. They also express solidarity with protesters in downtown Cairo.

Around 2,000 workers from Helwan Silk Factory stage a protest at the company headquarters to call for the removal of the board of directors.

In Mahalla, some 1,500 workers at the private-sector Abul Sebae Textile Company protest to demand their overdue wages and bonuses. These workers are also blocking-off a highway.

In Quesna, some 2,000 workers and employees of the Sigma Pharmaceuticals Company go on strike. They are demanding improved wages, promotions, and the recall of a number of their company's administrative chiefs.

In Mahalla, Gharbiya, hundreds of workers from the Mahalla spinning company organize an open-ended sit-in in front of the company's administrative office to call for the delivery of overdue promotions. More than 1,500 workers at Kafr al-Zayyat hospital, also in Gharbiya, stage a sit-in inside their hospital to call for the payment of their overdue bonuses. The nursing staffs start the sit-in and are joined by the physicians and the rest of the workers at the hospital.

Around 350 workers from the Egyptian Cement Company protest stands at their factory and outside their company's headquarters in Qattamiya. They are demanding the establishment of a trade union committee at the factory, a right which the company's administration has been

denying.

In Suez, more than 1,000 workers from the Misr National Steel company begin a strike to call for pay raises, saying they have not received any bonuses for years and that the average salary at the company does not exceed LE600. About 2,000 unemployed young people gathered outside a petroleum firm to demand the company give them jobs.

## **February 9**

Protesters in Port Said, a city of 600,000, set fire to a government building, saying local officials had ignored their requests for better housing.

A lawyers' union launches protests in Cairo--with 3,000 demonstrating.

5,000 unemployed youths storm a government building in Aswan, demanding the dismissal of the governor.

The Suez Canal workers keep on striking, though there are no disruptions of shipping in the canal.

Some 3,000 Egyptian National Railways (ENR) workers go on strike demanding that the ministry reconsider their incentives. The protesters sat on railway lines, disrupting train services, threatening not to move until their demands are met. An official source at the Transport Ministry told that the ENR had received instructions to respond to all of the demands and to resolve the strike peacefully.

1,000 of Petrotrade Co. (Egyptian Petroleum Trading Service Co.) workers organize a number of sporadic protests at the company's Cairo branches, joined by workers from Petroment and Syanco petroleum companies to demand salary increases and permanent job assignments. The protesters stage sit-ins at the Abdeen, Maadi, Nasr City, Haram and Faisal branches of Petrotrade co., with some 1,500 protesters at the Haram and Faisal branches. They complain that their monthly salaries of LE500-700 were not sufficient for a dignified life and they demanded their salaries be raised to LE3000-4000 pounds per month

More than 2,000 workers from the Sigma pharmaceutical company in Quesn stayed on strike.

## **February 10**

The strikes and protests continue despite promises by Egypt's newly formed government to raise public sector salaries and pensions by 15 percent, one of a series of steps taken to placate the protesters.

100 tunnel workers block the entrance to the Saleh Salem tunnel, a major traffic conduit in central Cairo, around midday, waving signs demanding better contracts.

Up to 3,000 workers of a state oil and gas firm in the northern port city of Alexandria go on strike over pay and conditions.

About 150 temporary employees at Cairo Airport demand fixed contracts and better working conditions.

Public transport authority employees and workers are starting a protest in front of their central office in Gabal al-Ahmar area in Cairo. Thousands are chanting demands for better wages, bonuses and health care. “We have nothing to do with Tahrir, and we do not have political demands. Our demands are merely concerned with pay and bonuses,” said a driver. A bus driver holds up his pay slip to indicate his low salary, which according to the pay slip is LE 342 Egyptian pounds (\$58) per month, as he and other bus drivers strike at a bus depot in Shubra Mazalat.

Hundreds of doctors in white coats march down a street from the Qasr El-Aini hospital to Tahrir, chanting "Join us, O Egyptians".

Workers of the Misr Spinning and Weaving textile factory — which employs 24,000 people in the Al-Mahalla Al-Kubra — padlock the buildings and mass in front of the administration offices for solidarity with the protesters in Tahrir Square and the implementation of a minimum wage.

### **February 13**

“Labour strikes were spreading like wildfire,” says Mohamed Mourad, a railway worker and board member of the Coordinating Committee for Rights and Freedoms, an umbrella group for labour organizations from Aswan in the south to Alexandria on the Mediterranean. Workers at the Misr Spinning and Weaving, Egypt's largest factory, suspend their strike in support of the revolt that toppled Hosni Mubarak but will continue to press for higher wages.

More than 400 workers at a spinning machinery factory in the governorate of Helwan are striking. They are calling for an increase in annual bonuses and demanding that delayed promotions be implemented.

Around 700 workers at Coca-Cola are resuming their strike at the company's Nasr City location. They are calling for the permanent appointment of temporarily workers, and salary improvements to cope with rising prices.

At Misr-Iran Textile Company, 2,400 workers organize a sit-in calling for the resignation of the managerial board.

The mostly female work force of a major carpet maker in El Mahalla continues their strike to lift the minimum wage.

From state-owned financial institutions in Cairo to Alexandria's seaport, workers start striking, disrupting operations and forcing the central bank to declare an unscheduled bank holiday on Monday.

### **February 14**

Egypt's army called on Monday for national solidarity, urged workers to play their role in reviving the economy and criticised strike action, after many employees were emboldened by protests to demand better pay. It was the fifth communiqué by the Higher Military Council that took control.

Around 150 workers from Egypt's key tourism industry hold a protest on Monday by the Great Pyramids to demand higher wages.

The central bank of Egypt asked commercial banks to close their offices on Monday in response to a strike call by workers of state-owned banks.

In Cairo, thousands of workers protested outside the state-controlled Egyptian Trade Union Federation to demand the resignation of its unpopular head Hussein Megawer and board members, whom they accuse of corruption.

At least 3,000 workers at the public Transport Authority continued their strike for a fifth day demanding that the board be sacked and better pay.

At the Cairo Opera House, staffs demanded the removal of the director accusing him of corruption and ignoring employee demands for higher wages.

Medics at the Qasr al-Aini hospital staged a walkout, blocking traffic on a major road in central Cairo.

In the Giza district, hundreds of ambulance drivers demonstrate to demand better pay and permanent jobs. They park at least 70 ambulances on a roadside along the river, but not blocking the main road.

In Alexandria, thousands of staff members at banks, hospitals, public department stores and factories continue striking for a third day.

In Kerdassa, south of the capital, more than 5,000 workers of a large textile plant stage a sit-in for better working conditions, demanding to have their temporary contracts changed into permanent ones.

In the Nile Delta province of Qaliubiya, traffic police refuse to show up for work, demanding higher wages.

In the province of Beni Sueif, thousands of residents protest outside the governorate building to demand housing.

In Aswan, medics at a cancer hospital refuse to work in support of colleagues on temporary contracts.

## **February 15**

Cell phone users in [Egypt](#) are receiving text messages from the military exhorting the workers to do the right thing. "Some of the sectors organizing protests, despite the return to normal life, are delaying our progression," one of the messages said.

Thousands of workers in banks, textile and food factories, oil facilities and government offices are still on strike. Prices of food and drinks, accounting for 44 percent of the basket used to measure inflation, accelerated year-on-year to 18 percent in January, up from 17.2 percent in December. That was before the crisis. Egyptians say prices have risen since then. The new cabinet has already promised to maintain



subsidies and raise some state wages and pensions by 15 percent.

25% of the 6,000 workers at the company's Tenth of Ramadan City factories went on strike today.

Lecico, the ceramics maker said operations have been disrupted for the past two and a half weeks. It agreed to increase staff pay and benefits after a two-day strike. Productivity was down 30 % during the past two weeks and local commercial and export activity halted for eight days, it said.

### **February 16**

Hussein Megawer the head of the state-controlled Egyptian Trade Union Federation (ETUF), called for an end to labour action and urged all the heads of trade unions to "initiate dialogue with workers in order to understand their problems and demands ... in order to put an end to the strikes".

More than 12,000 workers at state-owned Misr Spinning and Weaving go on strike again. In Damietta, about 6,000 spinning and weaving workers are also striking.

Companies such as ceramics maker Lecico have already bowed to some union demands. Sinai Cement says earnings will be affected by the bank shutdown and ASEC Cement, a unit of private equity firm Citadel Capital, says contractors are having trouble due to strikes and this is affecting its work schedule.

Central Auditing Organization employees stage a sit-in demanding that the organization be given total independence from the government. Workers call for amending regulations, promotions and a bonus increase, among other demands.

About 2,000 Manpower Ministry employees protest against corruption and call for bonus pay and a monthly travel allowance of LE 200.

In Ismailia, government employees at the irrigation, education and health ministries protest outside the province headquarters demanding "fairer salaries".

The Central Bank of Egypt (CBE) vowed to take all necessary measures to ensure that the legitimate demands of workers in the banking sector are met.

In Port Said, about 1,000 people demonstrated to demand that a chemical factory be closed because it is dumping waste in a lake near the city.

### **February 17**

Railway transport in Egypt is stalled as conductors stage a protest calling for equality with workers in other transport sectors concerning the 30 percent bonus approved by the Ministry of Transport.

More than 600 workers at metro maintenance workshops in Tora, south of Cairo, prevent metro trains from stopping at that station, demanding permanent instead of temporary job contracts.

Around 1,500 workers of the Suez Canal Authority are staging protests in three cities, demanding better salaries and medical insurance. Workers, including technicians and administrators, rally in front of governorate buildings in Ismailia, Suez and Port Said,

Some 20,000 workers go on strike at the state-owned Mahalla Textile Company for improved working conditions, rights and wages. The workers announce an open-ended strike and chanted against administrative corruption.

In a statement, striking workers in Mahalla el-Kobra, said that they would no longer take part in a government-controlled labour union but that they would rather join the new Egyptian Federation of Independent Trade Unions, which it said was set up on January 30<sup>th</sup>.

### **Mahalla Textile Company**

"We are in a revolution, and the revolution, as they say, cleaned out the corrupt leaders," says Faisal Naousha, a stocky, moustachioed 43-year-old who is an organiser of the strike which he said has shut down the Misr Spinning and Weaving factory in Al-Mahallah al-Kubra. "The strike is on-going ... The military leadership sat with us yesterday and we gave them a list of demands,"

An increase in wages is another key demand. "The salaries of the workers of Mahallah are ... nothing," said Ibrahim, a 35-year-old who has worked at the factory for 14 years. Naousha said workers make between 400 and 1,000 Egyptian pounds (\$68 and \$170) per month, but want salaries to be raised to between 1,200 and 2,500 Egyptian pounds (\$204 and \$425). Apart from striking in solidarity with the anti-Mubarak protesters, Misr Spinning and Weaving workers said they were also directly involved. Workers would "work, then protest, work, then protest," said Tantawi, who was burning through and freely distributing locally-produced Cleopatra cigarettes.

### **February 19**

About 300 laborers in the Sukari gold mine near the southern Red Sea coastal town of Marsa Alam are starting a hunger strike. They attribute the action to poor salaries, increased working hours, wrongdoings by company officials, and the fact that the company failed to sign permanent contracts with them.

Around 15,000 workers from the Misr Spinning and Weaving Company are holding a sit-in for a fourth day in front of the administration building and have refused to end their protest until their principal demand to remove the head of the company is met.

### **February 21**

Labour protests within Egypt's electricity sector are escalating as workers at seven power plants stage sit-ins. Technicians and administrative officers organized strikes at the Nubariya plant in Beheira, Tebbin and Karimat in Helwan, Abu Sultan in Ismailia, and Oyoun Moussa and Ataqa in Suez. They chose to stage the sit-ins at their workplaces so that work in the vital sector can continue.

Damietta's Kafr al-Battikh plant also sees a number of small-scale demonstrations calling for permanent job contracts. They demand danger and housing allowances, an increase to their

basic salaries, and the elevation of their job rankings to reflect the certification they have obtained while in their posts.

### **February 22**

The Vice President of the Misr Fine Spinning and Weaving Company in Kafr al-Dawar, Raafat Geneidi, dies after thousands of angry factory workers stormed his office on Tuesday. Workers at the company had organized a protest to demand the resignation of the company's board of directors and the union board. They also demanded the resignation of the company advisors and termination of employment contracts for persons who have passed the state pension age.

### **February 23**

A group of police officers, who are protesting after being fired Wednesday, set the Interior Ministry's personnel building in downtown Cairo aflame. Military police cordoned off the ministry while protesters chanted slogans calling for their jobs back. Police officers have over the past few days staged protests in front of the ministry to call for higher pay, and some complained they were arbitrarily dismissed from work.

Some 1,800 workers from the South Valley Agricultural Development Company and the Ramses Agricultural Services Company in Toshka declare an open strike on Wednesday, threatening to torch their respective companies' premises if their demands were not met.

Workers from the East Delta Electricity Company continue to protest to demand the dismissal of the head of the company's production department, who, protesters say, had arbitrarily fired many of them.

Teachers, contracted on a temporary basis by the Ministry of Education, stage protests to demand permanent contracts and pay raises.

At the National Railways Authority, some 300 laid-off workers stage protests to demand that they be reinstated. A military vehicle arrives at the building to protect it after the armed forces were informed of the protest.

Some 1,500 workers from the Loqma Pipes Factory hold 50 managers hostage in an effort to force company chairman Ahmed Abdel Azim Loqma to give them salary raises and bonuses.

Workers from Cairo International Airport and the Nile Cotton Company stage demonstrations to demand bonuses and better working conditions.

In 6<sup>th</sup> of October City, 450 workers from the Cleaning Authority stage protests to demand improved financial conditions.

In Qena, 400 workers from Hebi Pharmaceutical block the highway. They say they have not received salary increases for the last two years.

In Sharqiya, workers from Hakim Plastics manage to block the Cairo-Ismailia highway for a full three hours to demand higher salaries before the armed forces intervene to disperse them. Employees of the United Bank, the Bank for Development and Agricultural Credit, and the

Misr-Iran Development Bank participate in the sit-in.

Around 700 employees from the United Bank stage a sit-in to call for better compensation and accuse their president of procrastination and refusal to respond to their demands. Employees from several branches of the Bank for Development and Agricultural Credit protest at the bank's headquarters to press their demands.

Among the demands at the Misr-Iran Development Bank are calls for higher pay and for setting regulations for medical insurance.

Some of the demands are satisfied and the workers are back to work at the Misr Spinning & Weaving Co. factory. "Our most important demands were met, and we're very happy for that," said Fayomy, 47, a burly electrician and member of a 10-worker committee that negotiated an end to the brief strike with the government.

## **February 24**

Hundreds of mine workers in Bahariya Oasis hold sit-ins to protest poor living conditions. In Port Said, hundreds of residents in the village of Radwan demand investigations into violations regarding the sale of land allotted for college graduates (under the Mubarak project for young graduates) without official permission.

In Beni Suef, 1,000 new graduates, workers, and teachers protest for the second day in a row in front of the Education Ministry building in the governorate.

Dozens of residents of Nadha village in Amriya protest in front of the carbon factory. The protesters complain about the carbon emissions coming out of the factory.

In Suez, around 1,200 workers in the Egyptian and national steel companies block the Al-Adabiya-Ain Sokhna Road. Workers in the Egypt Amiron company for steel pipes continue their sit-in for the fourth consecutive day at company headquarters.

In Kafr al-Sheikh, bus drivers in the city of Desouk go on strike to protest the increasing cost of their insurance.

In Daqahlia, 1,500 farmers protest the actions of the Ministry of Religious Endowments. The ministry had illegally sold land to traders and businessmen in a public auction. The farmers had been renting the land for more than 70 years.

In Damietta, tens of employees in the health departments in Farsco and Zarkaa hold a protest, calling for increases in bonuses, the restructuring of wages, and the removal of the department's financial manager.

In Menoufiya, 50 women from the families of prisoners in Shibin al-Kom general prison, protest in front of the court complex to demand that their relatives be released or that they be allowed to visit them in the prison.

In Qalyoubia, around 300 drivers storm the governorate's building, destroying the main gate. They go up to the second floor, occupy the halls and encircle Governor Adli Hussein's offices.

In Aswan, 700 workers at the Al-Nasr mining company in Edfu presented a memorandum to the general miners' union, the Egyptian Trade Union Federation and the Holding Company for Mining Industries, demanding the withdrawal of confidence from the chairman of the board and the employees' union committee. Workers demand a new temporary administrative committee composed of workers.

### **February 26**

A group of labour leaders meet to establish the "Coalition of the 25 January Revolution Workers". In a statement, the coalition – including Khaled Ali, head of the Egyptian Centre for Social and Economic Rights, Saber Barakat, and other key labour leaders – affirms workers' absolute right to strike and peacefully protest, and to fight corruption in their management teams and labour unions. The statement also calls for the abolition of Emergency Law, the immediate release of all political prisoners, the abolition of the State Security body and the trial of all officials guilty of repression and torture. Journalists from the state-run Middle East News Agency (MENA) have decided to form a "wise men" committee to lay out a new editorial policy and elect a new chairperson and managing editor.

Journalists from Al-Osbou newspaper continue a sit-in at the Journalists' Syndicate for a second day.

Journalists from Al-Ahram continued to protest the paper's editorial policy and reject the nominees suggested by the paper's chairperson. They insist on electing the new editor themselves. In most media companies, workers accuse their directions of corruption.

### **February 27**

Rumeia villagers block the Asyut-Cairo highway for four hours and set fire to tires, blaming the government for failing to curb bakeries selling subsidized flour on the black market.

In Manfalout, one of Asyut's main cities, around 2,000 municipal employees and workers go on strike demanding better living conditions and accusing senior officials of corruption. Angry demonstrators set the formerly-ruling National Democratic Party's headquarters on fire.

Workers from Cairo Pharmaceuticals and Chemical Industries in Shubra start protesting, demanding the dismissal of the company's board of directors as well as certain sector heads they accuse of corruption. They also say they want permanent contracts and higher bonuses.

### **February 28**

Workers from a number of government-owned companies in the important industrial town of Helwan, south of Cairo, continue protesting to complain about pay, working conditions and corruption.

More than 1,500 workers from the Arab Organization for Industrialization continue a sit-in at the company's headquarters for a second consecutive day. Workers from Al-Nasr Company for Coke and Chemicals start a strike to call for the dismissal of their board of directors, the punishment of officials who caused the company's decline and the improvement of their

financial condition.

### **March 1**

Around 1,000 workers and employees from Cairo Pharmaceuticals and Chemical Industries in Shubra stage a sit-in. Meanwhile more than 300 workers from Samuel Tex, a linens manufacturer, announce a strike to call for the payment of their salaries, better pay, fixed working hours, and official days off from work as stated in the law.

### **April 3**

Approximately 7,000 sub-contractor workers at the Suez Canal Authority are holding a strike until their demands are met. They are demanding parity with their colleagues in the Suez Canal Authority.

### **April 7**

Workers at the Arab Company for Radio Transistor and Electronic Appliances (Telemasr) in Cairo protested after the owners shut down the factory and imposed a one-month paid vacation. There were 3,000 employees in the 1990s and this has dwindled to 200.

### **April 11**

Employees at 14 power stations began a series of strikes to push for the removal of ministry officials involved in corruption and for a stand to be made against the squandering of public funds, which they say is rampant.

### **April 14**

Tens of workers at the Al-Nasr Automotive Company in Cairo held a protest to demand the government make good on its promise to pay the remainder of their early retirement incentives. More than 3,100 workers at the company were forced to accept early retirement schemes between 2005 and 2010. The company stopped production altogether three years ago.

### **April 11-17**

In Cairo, 200 Tax Authority employees staged protests, demanding wages and bonuses commensurate with their qualifications.

In Gharbiya, 1,200 workers (among 2,645) from the Financial and Industrial Company (EFIC) from three factories demonstrated in front of company headquarters for better wages and benefits, while 350 workers of the Chipsy Company in Monufiya staged protests for the same reasons.

Workers at Shebin El-Kom Textile Company in Menoufiya, north of Cairo, resumed their strike after suspending it for two days last week following an agreement between the workers and company management. They accuse the company of trying to manipulate dismissed workers, forcing them to sign resignation letters by saying that this will grant their colleagues a return to work. Management called the armed forces into the plant on April 6th, as workers sought to resume their sit-in.

Shebin El-Kom Textiles Company workers held a 35-day sit-in to protest against the Indonesian management's attempts at eliminating the workforce and dismantling factories in order to reuse the 152 acres of land on which the factory stands. Now they say that they will not end their sit-in until all their demands are met.

## **April 23**

About 4,000 workers have started a strike on Saturday together with the manager of a factory in the industrial city of Mahalla, protesting against the rise in prices of cotton

### Analysis

We can divide workers' struggles into three phases:

- From February 8th to February 12th (toppling of Mubarak), the eruption of workers, more during demonstrations than strikes, but giving the necessary signal for the ruling classes to remove Mubarak;
- From February 13th to February 23rd (the end of the second strike at Misr Spinning and Weaving Company, the biggest factory in Egypt with 24,000 workers, in Al-Mahalla Al-Kubra), the spread of strikes, blockades, sit-in and demonstrations.
- From February 24 up to now [the time of writing], the consolidation of organizations (old or new trade unions controlled by members and workers) and a resurgence of strikes.

### Localization

The workers' struggles (strikes, demonstrations, protests, etc.) obviously took place in major industry locations, i.e., the greater Cairo area, Canal Zone (Port Said, Ismailia and Suez cities), Alexandria and the Nile Delta textile hub of Al-Mahalla Al-Kubra). Outside these locations, events remained isolated (Asyut, etc.)

### Class composition

Workers involved in strikes belonged to the core Egyptian textile industry, but not only. Some big state sector companies like Egypt Telecom and SCA (Suez Canal authority) were hit for some days.

In transport, the Cairo Metro was not brought to a standstill even if the maintenance workers of the Tora Shops went on strike. The national railways (which also own the Cairo Metro) were hit by a strike but were not brought to a standstill. Some Cairo airport workers went on strike, but not for long.

Two hospitals were hit and while some doctors participated, we have no accurate details about the composition of strikers and the organization of the strikes (regarding, for example, the attitudes towards patients).

We even see some marginal sectors (ambulance drivers, opera workers, tourist guides)

participating.

## Demands

The demands covered basic needs for workers: wages, pay structure, bonuses, health, overtime, but also for transforming casual contracts into steady contracts (this proves that being a worker is not a “guaranteed” situation). There were also plenty of demands regarding sacking of bosses generally accused of being corrupted. And only two cases of “solidarity with the demonstrators”

## Methods

Demands were rather well known (at least as general categories) but data about methods of organization do not abound to the exception of the big textile factory in Al-Mahalla Al-Kubra for which we know that a strike committee organize discussion with bosses. We have also to be clear about what lay behind sit-ins and protests. Generally sit-in means a short time strike (some hours) during which workers stand in factory or just outside to express their non-satisfaction. For demonstrations, they can be part of a strike but also performed out of work times. That was the case, for instance, before Mubarak’s fall for workers of foreign companies in the new developing zones along Suez Canal. As they worked by two shifts, they were able to participate to demonstrations all day-long while after going back to work.

We have seen some violent confrontations within one factory and during some blockades in the streets or on a railway line in Cairo, but generally it was not central.

## Success and failures

Once again, due to the lack of accurate data, we are not able to know what has been the fate of many strikes except for the Al-Mahalla Al-Kubra textile mill. But we may imagine that the workers’ actions were more “eruptive bubbles” rather than a “deep wave”, where some easy-to-concede demands were satisfied (removal of an executive, for instance) and not others. From a general point of view, the established fact is that all these strikes and actions remained deeds of minorities, not only in numbers (regarding workplaces where nothing happened) but within the same place (even taking account of the inaccuracy of data). Once again, the strike in the Al-Mahalla Al-Kubra textile mill is an exception: starting on February 10th and lasting up to February 13th for the first attempt, and again from February 16th to February 19th. In the second case, we see that strikers started with 12,000 (50% of the workforce) and reached 20,000 (83% of the workforce): this means that not only was the strike powerful from its beginning but it was able to even gain new support. This means that an organization of the strikers (from workshops to factory level) was provided by a strike committee of 10 members in charge of negotiation.

On the contrary, we have many examples of strikes starting and remaining strikes of a minority of workers. The case of large companies, with many dispersed work locations like SCA or Egypt Telecom, exemplifies this. In the first case, strikers started and remained at 42% (of 16,000) and the strike was not able to go further and at Egypt Telecom, strikers started and remained at 10% (of 55,000) and nothing else happened. Obviously in a company where the workforce is split geographically (more than 50 work places) and by category (installation, operation, maintenance, research, etc.), it is very difficult to organize during a



first attempt. above all if the company is strongly lead by a director<sup>46</sup> who was able to greatly increase productivity by reducing the workforce (9,000) and reorganising the work process during the past ten years without meeting strong resistance from the workers.

Except in sectors where workers had already experienced strikes and organization in previous years (as textile workers in 2008), self-organization is only in its very infancy and everything has to be discovered step by step; workers need to train themselves through short skirmishes against capital before launching a movement of greater importance. There is another thing to take into account: in Egypt, work relationships between workers and the State are not like in Western countries and strong repression is never far away. In February and March, workers took advantage of a certain “vacuum” of State authority (mainly the police forces) which liberated their energies. But the State has obviously not disappeared and this lead workers to strengthen their new born organization. This explains both the open creation of new independent trade unions along with hidden links among the rank and file. Another thing is not to be forgotten: the power of the Muslim Brothers always overshadowed the future of the workers’ movement with black clouds--so long as their attitude towards it is unclear. We have seen that they publicly denounced the 2008 strikes. Are they willing and able to confront strikers in the times to come?

There is another thing that obscures the future of the workers’ movement in Egypt: two industrial sectors have been totally absent in the past months: Army owned factories and big resort hotels on the Red Sea shore. What can explain that, in the first case, 80,000 highly qualified workers and, in the second case, 100,000 employees working in big “industrial” hotels didn’t take advantage of Mubarak’s toppling to intervene with strikes?

Certainly in Army-owned factories, wages are higher and work conditions better than elsewhere in Egypt. But is this sufficient to explain the passivity? Whatever the reasons might be, if they remain, the next round of workers’ struggles will be harmed.

## **CONCLUSION**

### **Democratic demands, freedom and communism**

#### What was the igniter of events?

Following the Tunisian events, people began to react first against the prices of goods and against the Mubarak regime which was identified as responsible for every evil that harmed Egypt.

The rise in food prices and unemployment, particularly among the young, were at the origin of these explosions. In these countries, household expenditures on food make up around 40% of total expenditures. In 2010, the price of wheat in Egypt, which is the world's biggest importer, went up by 73% and maize jumped by 88%. Meat, fruit and vegetables became unaffordable for a large number of Egyptians.

But on this basis, once people gathered in Tahrir Square (for the Cairo area), and due to the repression, people advocated for freedom as general objective, Mubarak’s toppling became the immediate objective and everyday demonstrations became the means, revealing a courageous determination, evidenced by the deaths of hundreds of people. However, in spite of

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<sup>46</sup> Akil Beshar is CEO of Egypt Telecom since 2000.

their violent form, these riots were pre-eminently defensive in character. It's worth remembering that the exercise of violence by the proletariat is in no way a synonym for an offensive, and even less for workers' autonomy.

### What were the main demands?

Libertarian aspirations were strongly anchored in this wave of popular revolt--and for good reason. Proletarians know very well that any protest, even the most peaceful, will be violently crushed by the state. For the first time, the exploited have satisfied the essential need to practice the freedoms to which they aspire to and through their own struggles. In the independent fight, speech can be freed, autonomous organisation can blossom and individuals can develop all their capacities for socialisation. It is only on this terrain that the class struggle can absorb and resolve, in the fire of struggle, the most far-reaching libertarian aspirations of civil society. This type of approach is the only one appropriate to drawing a line of demarcation with democratic bourgeois demands.

No formalisation of individual and collective freedoms in the framework of the state is satisfactory. On the other hand, it would be stupid to brush aside the opportunity offered right now by the loosening of the dictatorship of capital and its state--including when it is crystallised in a bourgeois democratic foundation. The rejection of an indifferent attitude towards constitutional and institutional democratic changes must not, however, go so far as directly or indirectly supporting the process of a restructuration of the state. This is true even when the process begins with an action by the proletariat and takes place "in the heat of the moment", in a framework of an acute crisis of the state.

After Mubarak's fall, the police who were blamed for repression were authorized to "stay" home and not be seen in the streets for a time until things went back to normal. In the meanwhile, people learned to self-organize and control their neighborhoods against the police or supporters of Mubarak. But this was not widespread in all of Cairo nor did it last very long. The absence of critics of the Army, always presented as the protector of the "revolution", was successful enough to make people withdraw from the streets.

### What did the working class do in this movement?

The capacity of the working class in movement to draw towards itself sectors and individuals coming from other layers of civil society remains, in our view, a vital condition for its victory over the dominant classes. The problem is that, at this stage, the proletarian cause is masked by classic democratic demands and the power games within the dominant classes. Rapidly, the insurgents have shown themselves incapable of considering themselves as an expression of a social class which is independent and without a country.

A class which aspires not only to the overthrow of authoritarian and corrupt regimes but also the destruction of the state, of all states, and, above all, the revolutionary constitution of a centralised cooperative society, without classes, without money, without exploitation and without oppression.

As in Iran in the summer and autumn of 2009, the principal limit of the movement remains the under-utilisation by workers of the essential weapon at their disposal: the strike. In this way, they deprive themselves of the only really solid anchor of their fight and at the same time of a form of struggle which is the most effective against the state and the bosses,

whether “native” or “foreign”. The heart of the system of domination in any country in the world is production. It is there that we need to strike.

### Some established facts

If the working class, in the end--through difficult paths, advances and defeats, struggles for communism (that is by nature anti-democratic), it does not mean that the working class does not have to cope with democracy or democratic demands or to be unaware of them. On the contrary, the working class has an “interest” (or is not opposed to) in what is generally understood as freedom (freedom of circulation, freedom of speech, etc.) for every human being. But there are important points to make: 1) the working class, during a struggle against dictatorship or authoritarian democracy, put forwards specific freedoms (freedom of organisation within factories, for instance) and 2) explains to other classes that, to gain these freedoms, they must fight against a democratic state that always wants to transform and freeze these freedoms into rights because we don’t need rights, but 3) on the contrary, if people want something, the working class always advocates for struggling and organising to turn them into real living things against the state, and 4) to get this, the working class must be a real actor, in the factories and on the streets, by the means of its power (and violence against state) that leads the way to revolution.

### **What can happen?**

The wave of intensified nationalism which erupted in the streets in Tunisia and Egypt could reopen a phase of war with the Zionist state. In some circumstances of crisis, there is nothing more effective for reconsolidating a nation than identifying and declaring war on an external or internal enemy. The former internal enemy in Egypt, the Muslim Brotherhood, has organic links with the Islamist party in Jordan and with Hamas in Palestine. The latter is very close to Syria and Iran which, in Hezbollah in Lebanon, possesses a powerful regional connection to the corridors of power in Beirut. Hezbollah is, in its turn, closely linked to Damascus. This scenario is something we have to take account of, even if we can’t be sure it will happen, particularly when it is a question of addressing ourselves to the proletarians who will be the cannon fodder in the eventual wars to come.

More than ever, only a politics which is rigorously anti-state and defeatist can represent both the immediate and historic interests of the working class. There, as everywhere else.

# APPENDIX

## KEY ECONOMIC FACTS

	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	2010
Real GDP ( %)			4.1%	4.5%	6.8%	7.1%	7.2%	4.7%	5.1%	4.5%
GDP (billion \$)	87.5	81.4	78.8	89.5	107.4	130.3	162.4	188	215.8	
Inflation (average %)			8.1%	8.8%	4.2%	11%	11.7%	16.2%	12%	10%
Unemployment rate	9.4%	10.5%	11.1%	10.5%	10.9%	9.2%	8.1%	9%		
Tourism (%PIB)	3.9%	4.7%	7%	7.2%	6.7%	6.3%	6.7%	5.6%	5.5%	
Tourism (billion \$)	3.4	3.8	5.5	6.4	7.2	8.2	10.8	10.5	11.8	
Suez Canal (%PIB)	2.1%	2.7%	3.6%	3.7%	3.4%	3.2%	3.2%	2.5%	2.2%	
Suez Canal (billion \$)	1.8	2.2	2.8	3.3	3.6	4.2	5.2	4.7	4.7	
Hydrocarbon exp. (%PIB)	2.7%	3.9%	4.9%	5.9%	9.5%	7.8%	8.9%	5.9%	5.2%	
Hydrocarb. exp. (billion \$)	2.4	3.2	3.9	5.3	10.2	10.1	14.5	11	11.3	
Immigration (%PIB)					4.8%				4.5%	
Immigration (billion \$)					5.2				9.8	
US aid (%PIB)										
US aid (billion \$)					1.7		3.1			
% "rent"/PIB										
Area : 1 001 449km <sup>2</sup>										
Population : +/- 82-85 millions (43% urban)			68.6	70	71.3	73.6	75.2	76.8	77.8	

Sources : FMI and « Confluences Méditerranée n°75 »



## 5 On Tunisia – Mouvement communiste and KpK

## **On Tunisia**

Note to the Reader

We thank Mr. G. Bouvin who, as the editor responsible, makes it possible for us to legally publish and distribute this publication. We wish to point out that Mr. G. Bouvin is not responsible for the political content of the articles and, more generally, for the programmatic positions defended in our press.

### **Presentation**

This document appears simultaneously in three languages: English, French and Czech. Not because we are particularly gifted translators, but because it is the result of a collective effort from its conception. This project has been carried out by the comrades of the KpK, Mouvement Communiste, and others. We hope that this, as the first stage of a common politics, will be confirmed and amplified as a step toward the unification and centralization of communists.

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## **INTRODUCTION**

For over a month, the Tunisian state faced a spontaneous social conflagration following the suicide of a young peddler of Sidi Bouzid, in the center-west part of the country. First there were sit-ins, then demonstrations and riots spread from this little-developed region throughout the country and then to the capital, Tunis, and to the more economically dynamic coastal area.

When proletarians are willing to defy the forces of repression with bare hands and not retreat from the bullets of the police, they bring to oppositional ferment a determination that can shake state power, despite the more than 100 deaths reported. This is exactly what happened in Sidi Bouzid during the final days of December 2010 and in the first half of January 2011. Thus, in three stages, the movement which began in the south spread to all regions of Tunisia, to finally conclude in Tunis beginning on January 11.

The intervention of the proletariat in the Tunisian political scene forced a redistribution of the cards of executive power. The former dictator Ben Ali had to leave Tunisia on January 14, thus becoming the first leader of an Arab country to leave power under pressure from the street, and the opposition parties and other major players in the

Tunisian government are now trying to take their places in a new government. But where workers' strikes are concerned, none had affected the country prior the fall of Ben Ali. After that, first in the public sector and then in the private sector, strikes broke out, and the wind of insubordination continues to blow, even if the UGTT (Union Generale des Travailleurs Tunisiens, the official state-linked union) is still containing working-class potential.

The text thus comprises:

- A detailed chronology,
- An economic overview,
- An historical overview,
- An analysis of the complex relations between the UGTT and the RCD,
- A study on the strength of the Islamists,
- An assessment of the movement in the larger society,
- An analysis of workers' struggles,
- A tentative conclusion,
- Bibliography

## **CHRONOLOGY**

### **The fall of Ben Ali**

December 17: Bouazizi Mohamed, a young street vendor of Sidi Bouzid (West Central Tunisia), 265 km from Tunis, protests against the seizure of his goods by the police and sets himself afire. The troubles begin the following day, December 18. When he dies on Jan. 4, a crowd of 5000 people attends his burial.

19-20 December: Clashes between police and young protesters' "right to work" in Sidi Bouzid and in the town near Meknessi. Dozens are arrested, according to the International Federation of Human Rights (IFHR).

December 24: The disorders extend to Bouzayane Menzel (60 km from Sidi Bouzid) where police fire on protesters, killing two and injuring others. It is important to note that the repression and provocations of the police (especially the services under the thumb of Ben Ali) have been particularly deadly in this part of the country. This geographical area, like the south and part of the north, is one of the less developed regions of the country.

December 28: In the wake of new protests against unemployment and the high cost of living in several cities, including Tunis, Ben Ali denounces a "political instrumentalization" of the disorders. To try to defuse the uprising, he dismisses the governor of Sidi Bouzid on the 30th.

January 3: Demonstration in Thala (Central West). The violence is marked by looting and the burning of government buildings. Numerous arrests. Violence also in Saida, near Sidi

Bouzid.

January 6: Thousands of lawyers go on strike and demonstrate.

January 8-10: Bloody riots in Kasserine, capital of Thala, where the army is deployed around government buildings, and in Regueb near Sidi Bouzid. 21 are dead in riots, according to the authorities, more than 50 according to the UGTT (Union Generale des Travailleurs Tunisiens). Further clashes in Kairouan, the local capital of the central region; demonstrations beginning at the University of Rakkada escalate into clashes with police in the city center and others are reported in communities in this region, also in the grip of unemployment. The fifth suicide since December 17 occurs; an unemployed university graduate, Alla Hidouri, 23, commits suicide near Sidi Bouzid; he was shot in the leg in clashes that left two dead and several injured on Dec. 24 in Menzel Bouazaine. Further concessions by Ben Ali in a televised speech in which he denounces terrorist acts, while promising to create 300,000 more jobs by 2012.

January 11: The violence continues in Kasserine. Clashes erupt in the evening for the first time in a suburb of Tunis. Demonstrations by artists and regime opponents are repressed in the capital. Closing of schools and universities.

January 12: The Prime Minister announces the dismissal of the Interior Minister and the release of those arrested, except those involved in acts of vandalism, and the formation of a commission of inquiry into corruption. The army is deployed in Ettadhamen (western suburbs) and in Tunis, where police use tear gas. Two civilians are killed by police in Douz (south) at a demonstration. Five demonstrators are shot and wounded in clashes in Sfax (Southeast) Arrest of the leader of the Communist Party of Tunisian Workers (the PCOT, which is banned). This is the first political leader arrested since the riots began. A night curfew is declared in Tunis and its suburbs. There were already a number of suicide deaths in the months before that of Mohamed Bouazizi, especially by electric shock. The EU condemns the disproportionate use of force and the UN calls on the Tunisian government to hold "credible, independent" investigations of the violence.

January 13: Tunis is tightly patrolled by special forces after the first night of curfew as clashes take place in the suburbs of the capital, and particularly in the city of Ettadhamen, where repression results in at least one death. No official figures have been published on the violence that took place in this city and in Intilaka, home to some 30,000 inhabitants and located about 15 km from the center of Tunis. The army withdraws from the capital, where it had deployed 24 hours earlier, while the country is plunged into an unprecedented challenge to the regime. On the same day, armored units and police intervention replace the army on Avenue Habib Bourguiba, a central artery, and in Barcelona Square. Buses filled with riot police are parked in the side streets leading to the main avenue, and enhanced security forces can be seen on the road to the presidential palace in Carthage. Armored cars of the special intervention police and army trucks are also deployed in the plush northern suburbs of Tunis. The withdrawal of the army comes after violent clashes between security forces and youth on Wednesday night and into Thursday in two neighborhoods on the outskirts of Tunis, despite a night curfew imposed

for an indefinite period, the first such measure since the coming to power of Ben Ali (also known as ZABA, his full initials) in 1987. This day was apparently particularly deadly, the number of protesters shot dead possibly exceeding 30 people across the country, almost half of them in Tunis. According to several witness accounts, the shooters positioned themselves on terraces and deliberately cut down their victims. The government of President Ben Ali, however, tries to calm the situation with the dismissal of the Interior Minister and with the release of all persons arrested, to "except those involved in acts of vandalism." On the campus of the University of Tunis, teachers gather to protest the murder of a professor of computer science, Bettahar Hatem, a French-Tunisian, who was killed the day before by police fire in Douz, in the south of the country. Following the peaceful march in response to the death of a receptionist in the resort town of Hammamet (60 km south of Tunis) people erect barricades while others loot a seaside resort. Destruction of a police station and a local office of the RDC. According to the IFHR, at least 58 people had been killed to that point in the unrest in Tunisia, since mid-December, and the organization denounces "a continuing massacre".

January 14: A rally begins in the morning on Avenue Habib Bourguiba, attracting all social classes. Without slogans or banners or guiding organization, the march begins in front of the Municipal Theatre to the Ministry of Interior. The protesters chant: "Rally, rally, until the fall of the government! The gathering turns into a riot, with violent clashes between demonstrators and riot police. Army tanks are deployed to the Ministries of Interior and Foreign Affairs, as well as to the national television and radio stations. Around 2 PM, Prime Minister Ghannouchi announces: "The head of state has decided, in the context of the initiatives he announced on Thursday night, to dissolve the government and to call on the Prime Minister to propose the formation of a new government, and to organize early parliamentary elections within the next six months." A state of emergency is declared. The army controls the airport, and Tunisian airspace is closed. Mohammed Ghannouchi says on TV at 5 PM that he will be acting as interim president in the place of Ben Ali, who has left the country. That night, Ben Ali fled, becoming the first leader of an Arab country to leave power under pressure from the street. Later that night, Ben Ali arrives in Jeddah, Saudi Arabia.

## **Establishment of the new government**

January 15: Security forces are set up in the heart of the city. That Saturday, Tunisian Prime Minister-designate Mohammed Ghannouchi declares, "The authorities are making every effort to restore order in the country, in whose opinion the continuation of the looting is "unacceptable". Police and supporters of the former Tunisian President Ben Ali are implicated in attacks and abuses against the population in Tunis, according to the witness report of a French diplomat. The head of the Tunisian parliament, Fouad Mebazaa, is sworn in as interim president of Tunisia and states that "no one will be excluded" from the political process. Looting of houses, some owned by the Trabelsi, the in-laws of the fallen president, take place in La Marsa, a suburb twenty miles north of Tunis.

January 16: The curfew is reduced by one hour in Tunis. But clashes erupt in the

afternoon in the center of the city. The army storms the presidential palace in Carthage, where elements of the presidential guard of Ben Ali are holed up. Police on the grounds of the Ecole des Hautes Etudes Commerciales (the Business School), near the presidential palace, call on the army to rescue them. Two snipers are killed by the army, in the city center in the early phase of clashes between armed militia and regular forces. Somewhat earlier, Ben Ali's former security chief, General Ali Seriate, is arrested and accused of being responsible for atrocities against the population. A nephew of Ben Ali is detained by the army in central Tunisia on Saturday night. To deal with the threats and looting of the the night before, vigilance committees are set up and spread quickly in various neighborhoods, organizing rounds to protect the inhabitants. Several witnesses attribute the looting and atrocities in recent days to members of the security apparatus linked to Ben Ali, who seek to sow panic and to set the stage for his return. "We must not overlook the power to inflict harm of the presidential security force headed by Ali Seriate; it had thousands of followers of Ben Ali." The Prime Minister gathers together representatives of the political parties and from civil society to appoint people to guide the transition process until the elections.

January 17: "It has been decided by consensus to sideline the pro-government parties. The new government will include representatives from the Ettajdid movement, from the PDP, from the Democratic Front for Labor and Freedom, as well as independent personalities. "These formations were part of the legal opposition. The three parties had demanded a general amnesty for all political prisoners."

January 18: Mohammed Ghannouchi announces the formation of a government of national unity, the release of all prisoners of conscience, total freedom of information and the lifting of the ban on all non-governmental organizations including the LTDH.

January 19: On Wednesday, the interim president delivers his first speech since taking office on the evening of a new day of protests. "I commit the transitional government to overseeing a complete break with the past," he said. The day before, he had decided to leave the RCD (Rassemblement Constitutionnel Démocratique, the renamed ruling party since independence) with Prime Minister Ghannouchi. Fouad Mebazaa tried to calm things down, committing himself to grant all the legitimate aspirations of the uprising. He promised an imminent general amnesty, total freedom of information, the independence of the judiciary and the separation between the state and the party. The new authorities multiply their goodwill gestures to the street. The new Minister of Development, Najib Chebbi, from the ranks of the opposition, announces that all political detainees, including members of the banned Islamist movement Ennahda, have been released.

Thousands of Tunisians once again take to the streets of Tunis, Sidi Bouzid, Regueb and Kasserine to demand the removal of the figures of the old regime's national unity government. In all, four members of the new team resigned the day before, dissatisfied with its composition. "The population made sacrifices," said Mustapha Ben Jaafar, leader of the Democratic Forum for Labour and Liberties and one of the resigning ministers. "Tunisians are not ready to return home by giving a blank check to a team that is not completely cleansed of legacy of Ben Ali." The curfew in force since Friday is relaxed.

January 20: In Tunis, a thousand people protest outside the headquarters of the RCD to demand the resignation of the government. The army fires warning shots to deter demonstrators from climbing the wall. The protesters manage to reach the interior ministry and continue their march to the headquarters of the RCD, passing through the police cordon on Avenue Habib Bourguiba without violence. The “street” and part of the opposition question the presence of eight members of the former Ben Ali entourage in the transitional government formed Monday, January 16.

January 28: The demonstrators, who had been camping for days outside the offices of the Prime Minister on the place de la Kasbah, are removed by police. The anti-riot units use tear gas against demonstrators gathered under the windows of the office of Prime Minister. At least five people are injured during the clashes. An unusual morning silence has prevailed since the beginning of the week at the Kasbah, where hundreds of protesters are again camped under the windows of the seat of the government to discuss in small groups the next step for their movement. Mohammed Ghannouchi, wants to meet the protesters laying siege to the government. Consultations are held in the morning between union representatives and demonstrators. The general secretary of the UGTT Abdessalam Jrad speaks with Ghannouchi, who accepts the principle of a meeting with the protesters.

The UGTT tries to convince the demonstrators to return to their provinces, following the formation the night before of a transitional government cleansed of the principal caciques of the Ben Ali regime, which the trade union had tacitly endorsed. Five of the seven former ministers of the last government of Ben Ali are replaced by technocrats and independent persons not known to the public. But the retention of Prime Minister Ghannouchi is challenged by the most radical fringe among the demonstrators. "The majority wants to continue to a full cleaning," said one among the approximately 300 demonstrators, mostly provincials, who camped at the Kasbah.

After singing the national anthem and raising the Tunisian flag as they have done every morning, the protesters discuss what to think and what to do. The UGTT will participate in mid-day in a meeting with the opposition; the Bar Association and other components of civil society are trying to adopt a common position on the new government, according to Fethi Belhaj, spokesman for the nationalist and progressive current. Mouldi Jandoubli, executive member of the UGTT, says: "A government is in place. I believe that's the right attitude. The economy must start up again, and people have to go back to work."

## **Provisional Epilogue**

February 15: A group of 28 parties and organizations of different political views (Ennahdha, the Front of January 14, etc.<sup>1</sup> and the UGTT) call on February 15 for the

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<sup>1</sup> Composed of the League of the Labour Left, the Movement of Nasserite Unionists, the Movement of Nationalist Democrats (Al-Watad), the Baathist current, the Independent Left, the Communist Party of Tunisian Workers (PCOT), the Labour Party and the Democratic and Patriotic Labor Party (PGWPP).

establishment of the Council for the Protection of the Revolution. This body seeks to pay homage to those who lost their lives, and to maintain the aspirations of the Tunisian people.

February 27: Ghannouchi announces his resignation as Prime Minister; he calls on Tunisians to protect the revolution against all those attempting to cause its failure, and to confront the violence and looting committed by its enemies. That evening Mr. Beji Caid Essebsi is appointed as Prime Minister. An old warhorse, 84 years old, he had already been in the colonial administration, as well as a minister under Bourguiba and Ben Ali..

March 1: The NCPC calls on the interim president of the republic to dissolve the provisional government and to initiate consultations "to ensure a national consensus around the choice of a prime minister and to form a provisional government to manage ongoing affairs, having members known for their competence and not involved with the former regime." He says "it has been proposed, in response to the draft decree presented by the interim President of the Republic, to oversee the National Council for the Protection of the Revolution, setting its objectives, composition and the conduct of its work ... [] ... in order to elect a constituent assembly that will be responsible for drafting the new constitution of the Republic and for managing the transitional stage."

March 9: A court in Tunis on Wednesday announces the dissolution of the RCD, causing an explosion of joy in the room. Already suspended on Feb. 6 from any activity, the CD, founded on February 27, 1988 by Ben Ali, claimed more than two million members out of more than 10 million people.

March 12: The Tunisian Press Agency (TAP) announces a curfew imposed on the evening of Saturday, March 12 in the town of Metlaoui (south) after incidents on Friday and Saturday that left two dead and over 20 injured during clashes between locals over the issue of jobs. Clashes erupted following the posting of false job offers at the Gafsa Phosphate Company (Compagnie des Phosphates de Gafsa) (CPG), proposing quotas on a clan basis. The unrest continues Friday and Saturday, forcing authorities to declare a curfew. Units of the Guard and the National Army intervene, make arrests, and seize 16 hunting rifles. In 2008, the Gafsa mining region was shaken by a lengthy strike, severely repressed by the regime of Ben Ali. The workers had revolted against massive layoffs at the CPG. The company had gone in a few months from 15 000 jobs to 5000, due to restructuring and modernization. In the same period in Ksar Hellal (20 km south of Monastir), fights between locals and immigrants from the interior had resulted in the destruction of the makeshift homes of immigrants, who had come to work in the textile mills, as well as their return home.

March 14: The Tunisian government refuses to legalize five parties, including three Islamist ones: Hizb-ut-Tahrir (Liberation Party), As-Salam (Peace) and the Sunni party (the other two are Free and Democratic People's Party and the Liberal Democratic Party of Tunisia), determining that they were not founded on democratic principles. Three other parties are legalized: the Party of Justice and Freedom, the Party of the Future for

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Development and Democracy, and the Movement of Democratic Patriots.

March 17: Hillary Clinton meets with the president. She assured him of U.S. support for Tunisia and for a successful transition. Meanwhile tens of Ettahrir Islamist party activists express their aim of expelling American interests from Tunisian territory, speaking of "an occupation and of an American massacre of the Tunisian population."

March 21: Many Tunisian NGOs (ATFD, LTDH, etc.) call for an increased presence of civil society in the interior regions. In keeping with this, two new sections of the ATFD will be established in Kairouan and Gafsa. The same goes for the LTDH, which plans to open branches in all parts of the country, in order to collect citizens' complaints.

March 24: People sitting in for two weeks in the Kasbah Square are arrested for assault and for insulting aides of the Prime Minister.

March 28: The Tunis Appellate Court turns down the appeal of the RCD; the party is dissolved for good.

March 29: The curfew in the city of Metlaoui is set from 10 PM to 5 AM instead of 7 PM to 5 AM.

March 31: Less than a hundred people demonstrate on Thursday in the center of Tunis to protest the window dressing of the political transition and to demand real change.

April 1: The government must approve several bills supporting businesses, agriculture and fisheries, for jobs (the creation of 20,000 positions in the public sector, the creation of internships and increased aid for the unemployed) and for regional development (restructuring of the budget allocations to regional and local authorities). The government also calls on Tunisians to return to work and redouble their efforts. The Avenue Habib Bourguiba is the scene of lively demonstrations. The demonstrators, called out by the E'tahrir Party, had just left the mosques after prayers. Their demands are for religious freedom (mainly for the wearing of the scarf (hijab)). The Financial Markets Authority (AMF), established to monitor the stock exchange, decides to terminate the business listing of 123 Tunisian companies presumed to be involved in numerous cases of illegality by the Trabelsi-Ben Ali clan in recent years. The number of Tunisians from Kasserine fleeing Libya is estimated at over 2000 people; the authorities decide today to expedite social services to them such as free access to health care, low-cost loans and automatic enrollment of their children in the nearest schools.

April 4: Silvio Berlusconi announces that a technical committee of the Ministries of the Interior of Tunisia and Italy will begin an investigation of illegal immigration, after his meeting with the Prime Minister of the Provisional Government Beji Caid Essebsi.

April 5: Following protests from environmentalists and accusations of being in the hands of the Trabelsi family, the Afripaper factory in Chebika (Kairouan) decides to close its doors. The Franco-Tunisian Oil Company ceases operations (following British Gas) in the wake of repeated sit-ins by locals demanding jobs and more development in the Bir

Lytayim region near Sfax. This in spite of an agreement between locals and the company for the hiring of five graduates and grants of 5,000 dinars to twenty others for various projects, in addition to 250,000 dinars for the installation of drinking water for 200 families.

April 8: The Prime Minister announces the creation of 60,000 jobs: 20,000 in the civil service; 20,000 in other state institutions (military and security); 20,000 in the private sector.

April 11: The supreme body for the realization of the goals of the revolution, political reform and a democratic transition approves Article 15 of the law decreed for the election of the National Constituent Assembly, which prohibits members of the dissolved RCD from running for the National Constituent Assembly. Gender parity is also adopted<sup>2</sup>.

April 14: The UNHCR reports that more than 500 Libyans, mostly Berbers, have fled the conflict in western Libya and found refuge in the region of Dehiba the south in the south; beginning April 7, the Minister of Trade and Tourism Houas Mehdi says the prices of consumer staples (cereals and flour, vegetable oil, skimmed milk, tomato paste and sugar) will not increase in the coming period, noting the importance the government attaches to the provisional General Compensation Fund (GCF). Compensation would reach 1 256 million dinars.

May 14: The Tunisian Labour Party, the political expression of the UGTT, announces Saturday, May 14, 2011, its entry into the public arena. Its goal is to gather and built reinforcements for a progressive republican bloc. The "Labourites" cast a wide net, among voters from the center-right to the far left.

## **ECONOMIC OVERVIEW**

### **Presentation**

Beginning as a semi-colonial economy at independence in 1956, based on mining (phosphates of the Gafsa company) and the processing of agricultural raw materials (olive oil), with little tourism (52,700 visitors in 1962), and a single new industry (the North African Chemical Industries based in Gabes), Tunisia has developed since 1975, becoming one of the first countries to receive relocating European, and first of all French firms. Relevant sectors were mainly textiles and electronics (wiring).

These sectors, after 30 years, were stalled by competition from Asia and other countries with lower labor costs. Tunisia thus began to host companies in more skilled sectors,

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<sup>2</sup> This is a first in the Arab world. This provision provides that any list must include alternate male and female candidates at the risk of invalidation in case of non-compliance.

while trying, in its traditional sectors, to go up-market by benefiting from its geographical proximity to Europe (as in the case of the outsourcing of automobile production) or by the creation of an Airbus parts assembly plant. The economy is heavily dependent on trade with Europe. The slowdown of the recovery in the Euro area is the main risk to which the country is exposed, while Europe is entering a period of fiscal crisis, flowing from the critical level of indebtedness of some of its member countries and a slowdown in fiscal stimulus.

### **Some statistics on Tunisia (2009)**

Population: 10,440,000

Urban population: 65.9%

Rural population: 34.1%

Population 0-14 years: 24%; from 15 to 30 years: 26%; from 31 to 64 years: 42.5%

Life expectancy: 74.5 years

Birth rate per 1000: 17.7

Mortality rate per 1000: 5.7

School Enrollment: (6-14 years): 94.2% girls, boys 94.7%

Educational attainment of 10-year-olds and up: None: 19.5% Finished Primary School: 33.6% Finished Secondary School: 36.1% University: 10.8

Share of households with: Electricity: 99.5%; Running water: 85.3%; TV: 96.7% Fixed Telephone: 26.1%; Mobile Phone: 89.2%; Personal computer: 14.4%. Car: 22.7%

GDP: \$ 43.9 billion; GDP per capita: \$4,160

"The Tunisian economy was characterized by the dominance of the public sector, especially in industry, agriculture and services. However, since the mid-1980s, a major restructuring program has been established for the national economy," recalled Miloudi El Ghobentini at the Rabat congress in early 2010. He continued: "The country has privatized all state-owned enterprises operating in industrial production and services, which made possible the emergence of a market economy more integrated into the global economy."

The restructuring undertaken by the Ben Ali regime to reduce the domain of the state seriously contributed to reducing the new public sector jobs for young graduates. Many of them turned to the informal economy. Miloudi El Ghobentini, then the director of the Tunisian National Agency for Employment, speaking at the above-mentioned Rabat conference, summarized: "In Tunisia, the state no longer creates many jobs (only 8 to 10% of jobs created). The state has privatized almost all firms producing goods and services and has fully withdrawn from the market."

Indeed, more than half the state budget for job creation is dedicated to the formation of micro-enterprises through the Tunisian Bank of Solidarity. According to a study conducted in 2006 by the World Bank and the by Ministry of Employment and Professional Insertion of Youth, the number of jobs created is very low. The distribution of beneficiaries by age, shows that about 48% of them are 30-39 years old and 26% between 18 and 30. Tunisian capitalism is flourishing despite the consequences of the so-

called sub prime crisis cycle of 2008. By far the richest country in the region except for Israel, Tunisia manifests the general conditions of capitalist production, quite close to those in the bottom third of the countries in the OECD, an organization that Tunis has wanted to join for a long time.

But in dealing with any presentation of official data, one must necessarily examine their credibility. Asked about this in December 2005 by Florence Beaugé<sup>3</sup>, Ben Mahmoud Romdhane, a bourgeois economist and a professor of economics at the University of Tunis who is opposed to the regime and a supporter of democratization, said:

"Contrary to what some say, the figures I have are reliable. It is true that we can give them a tendentious interpretation, hide them or defer their publication. But, to my knowledge, there are no falsified numbers. If Tunisia did that, it would lose credibility with the international community, particularly the World Bank and the IMF. And then there is an interrelation between the numbers. Falsification would be noticed. Tunisians often complain that it's the World Bank and IMF which run the country. For my part, I say that in a regime without real statistics, fortunately those two institutions are there! At least in terms of macroeconomic management, there is a certain rigor. The IMF, through its agreements with the Tunisian government, encourages it to publish information by fixed dates. Reports from the World Bank and IMF on Tunisia are one of the sources of essential information. Without them, where the banking and financial system are concerned, for example, we would know nothing. "

## **A Developed and Diversified Industrial Country**

Tunisia is a predominantly urban country. Life expectancy exceeds 74 years. Close to two-thirds of Tunisia's population lives in cities, against an average of 43% for so-called developing countries (Source: Coface, 2007). Tunisian social production is firmly oriented to industry. In 2009, the distribution of GDP was as follows:

manufacturing, 17.6%  
non-manufacturing industries (mining, energy, electricity and construction), 17.4%  
agriculture, 11%  
tourism, 6%  
communications, 6.6%  
transport, 6.4%  
distribution, finance and state services, 35%.

In 2006, the distribution of GDP had been as follows:

manufacturing, 18.9%  
non-manufacturing industries (mining, energy, electricity and construction), 14.4%  
agriculture, 12.3%  
tourism, 6%

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<sup>3</sup> Florence Beaugé ; La Tunisie de Ben Ali. Miracle ou mirage ? Éditions du Cygne

communications, 5.5%  
transport, 6.4%  
distribution, 11%  
finance, 11.1%  
services provided by the state, 14.4%.

If we rely on these data and cross-reference them, we arrive at a productive sector of new purely capitalist value accounting for at least half of GDP. In terms of capital intensity, Tunisia has been advancing at a forced pace with a rate of productive investment (purchases of new capital goods minus write-offs of old capital goods; economics called this "gross fixed capital formation") constituting nearly 27% of GDP in 2010, according to the IMF.

The increase in the technical composition of manufacturing can be read between the lines in the distribution of manpower. In 2009, 31.9% of the employed population worked in industry, mining, energy and construction, as opposed to 48.9% in trade and services (including productive services) and 17.9% in agriculture and fishing. Moreover, despite ten years of strong growth, including during the two major global crises of valorization in 2000-2001 and 2008-2009, the official rate of unemployment remained stuck at 14/16%, manifesting growing labor productivity.

The Tunisian work force is, generally, rather disciplined and well trained, as foreign employers are happy to report. The Global Competitiveness Report for 2010-2011 places Tunisia in 7th place in its rankings measuring the availability of scientists and engineers<sup>4</sup>, with France ranked 12th, Belgium 13th, Germany 27th, Italy, 54th, or Egypt and Morocco, 25th and 46<sup>th</sup>, respectively. The same report moved Tunisia up to 20th place for the quality of its education, better than France (29th), Germany (18th), Morocco (105th) or Egypt (131st). The Agency for the Promotion of Foreign Investment (FIPA) claims: "At a comparable level of qualifications and skills, Tunisia offers competitive salary costs in proportions ranging from 1 to 5 when compared with European countries." Finally, on this point, the Davos Report indicates Tunisia is ranked 32nd in global competitiveness, ahead of Italy (48th), Turkey (61st), Egypt (81st) and Morocco (75th). In comparison, France, Germany, Belgium and Spain are 15th, 5th, 19th and 42<sup>nd</sup>, respectively.

The infrastructure is adequate. Nine airports with a capacity of 19 million passengers per year and more than 1,400 weekly flights connect the country to Europe (more than a third with France). More than 8,000 ships each year load and unload goods in Tunisian ports for a tonnage of 31 million in 2009. The port and airport infrastructures were considered the 41st best in the world for the former and 30th for the latter. The Tunisian railway network covers the country from north to south and extends over a length of 2256 km. The road network consists of 20,000 km. The third of the population uses the Internet, with 381,982 subscribers in 2009 as against 128,352 in 2007. Total telephone density per 100 inhabitants is 105.2%. Total energy capacity is 3314 MW.

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<sup>4</sup> For each age group, the report indicates the number of engineers and scientists available, i.e. having completed their education.

Foreign capitalists are well aware of opportunities for valorization in Tunisia, especially since Ben Ali's regime offered them a "total exemption from income tax for ten years for export earnings and for agricultural projects, and for five or ten years for projects located in areas of regional development, according to priority of the region." The regime also offered them "investment bonuses equal to 8%, 15%, or 25% of project costs, capped at between 320,000 and 1 million Tunisian dinars (one dinar = € 0.5122 on March 27, 2011), according to the priority area, in regional development areas and 7% for agricultural projects", not counting "support for all or part of employer contributions for employment created, according to the region." The Tunisian government also offered to cover the costs of projects for regional development at between 25.50% and 75% of the total cost of "infrastructure, depending on the priority of the region" (Source: FIPA-Tunisia). "A renovated and modern tax law, in constant evolution", as the Economic Mission of the French Embassy in Tunis enthused. . As a result, in 2008, 27% of the productive investments in Tunisia were made by foreign capitalists, as against 9% in Morocco. The progression was spectacular: in 2005, they totaled 1,088,000 dinars. Four years later, they had risen to 2,357,000 dinars. At the end of 2009, 3,069 foreign or mixed companies were operational in Tunisia, employing 314,299 people, as opposed to 455 companies with 59,932 employees in 1987. In 2009, 34% of these investments were in manufacturing, 54% in energy, 7.5% in services, 3.8% in tourism and real estate and 0.7% in agriculture. Within manufacturing, the share of foreign productive investment in the mechanical sector, in electrical construction and in electronics jumped from 5% in 2000 to 27% in 2009. In the textiles and clothing, their share has remained relatively stable over the same period, at about 13% of the total.

For all sectors, the presence of the major foreign capitalists for 2009 is summarized in the following table:

Main sectors: textiles, electronics, electricity, aerospace

France:	1249 companies,	110,000 employees
Italy:	704 companies,	55,600 employees
Germany:	267 companies,	48,000 employees
Belgium:	214 companies,	22,000 employees
United Kingdom:	88 companies,	11,000 employees
Switzerland:	82 companies,	12,000 employees
United States:	77 companies,	14,000 employees
Netherlands:	77 companies,	13,000 employees
Luxembourg	59 companies,	10,000 employees
All Others:	252 companies,	18,699 employees
Total:	3069 companies,	314,299 employees

The enthusiasm of foreign capital is also due, in the summary of the economic mission of the French Embassy in Tunis, to "... constitutional forms similar to those found in France", "an Incentives Code for investment, a strong framework of incentives for export", and "... a wide range of solutions available to exporters and their Tunisian partners" for

means of payment. But the main weapons of the government for capturing foreign investment are the cost and conditions for employing labor and low energy costs. The minimum wage for 40 hours of work per week is 235 dinars, and 272 dinars for 48 hours (July 2010).

## **Tunisian Capitalism's Resilience in Cyclical Crises**

The Tunisian economy passed through the global valorization crises of 2000/2001 and 2008/2009 without too much damage. Unfortunately, we do not have reliable information on the cumulative results of the various companies, which is the most important indicator, in our view, for identifying cycles of accumulation and crisis in capital. That is why we must refer to far less precise macroeconomic data on growth, including changes in GDP. If we look to the figures released by the IMF, real GDP growth merely slowed.

In the first case, the crisis hit home in 2002. GDP growth fell to 1.7%, preceded by an increase of 4.9% in 2001 and followed by a rebound of 5.6% in 2003. In the second case, things went even better. In 2008, Tunisia's real GDP rose 4.5%. In 2009, it slowed to 3.1%. In 2010, there was a slight uptick to 3.8%. For 2011 and 2012, three months before the outbreak of the country's social and political crisis, the IMF was forecasting a GDP growth of 4.8% and 5% respectively. In its report, published in September 2010, the Fund wrote that "Tunisia has weathered the global crisis; it has come through it with solid fundamentals that are largely the result of prudent policies in the past." The report also supported the action of the Tunisian government: "The prompt and appropriate response of the authorities helped cushion the impact of lower external demand in 2009." The Washington-based Fund, in the same document, specified that "internal demand in 2009 was supported by strong consumption fueled by an increase in per capita income." Despite soaring global food and energy prices, the state and the central bank managed to stem the rise in consumer prices. The index of consumer prices did in fact increase by 5% in 2008 and 4.8% in 2009, but they showed an increase of only 3.7% in 2008 and 3.1% in 2007. These are rates closer to those of the central countries of the CMP (capitalist mode of production) than to those on its periphery. By comparison, in Egypt, the price index for consumption jumped 16.2% in 2008-2009 after advancing 11% and 11.7% respectively in 2006-2007 and 2007-2008. In April 2010, the IMF anticipated increases of 12% in 2009-2010 and 9.5% in 2010-2011. But the sky in Tunis was clouding over, in the IMF's view. The international fund noted that, due to its heavy dependence on its troubled "European partners", Tunisia "will need to identify more dynamic sources of growth to significantly reduce unemployment, which remains important, particularly among young people." As a result of the slowdown in European growth, Tunisia's foreign trade fell significantly in 2009, erasing the gains of the previous year and increasing the trade deficit. Recent history says that the regime failed. It did not find new sources of growth, and unemployment, especially among the youth, did not decline. We will discuss the condition of the workers below.

As a good student of the IMF, Tunisia was preparing, before the outbreak of the proletarian revolt, to revive its long-term program of fiscal discipline, including a more

selective use of subsidies for retail foodstuffs (wheat and oil) and the restructuring of the pension system, including a rising contribution rate and an increase in the retirement age. Meanwhile, Ben Ali and his entourage planned to lower the tax on corporate profits and at the same time to raise the value added tax. As unconditional supporters of permanent fiscal austerity, Ben Ali's "socialist" RCD had embraced this principle since its founding in February 1988. By inscribing this principle on its flag and holding to it without fail for more than 20 years, the party-state was set up within four months after the palace conspiracy. It was a constitutional coup d'état that brought to power Ben Ali, the future head of RCD. Ben Ali had ousted the sick, old Conducator Habib Bourguiba (84 years old at the time) for reasons of senility; at the time, he was second in command within the executive, as Minister of the Interior, and in the Destourian Socialist Party.

### **The 1990s: An Exceptionally Serious Fiscal and Financial Crisis**

Ben Ali would justify his elimination of Bourguiba by the necessity of the establishing a regime based on "a multiparty system and a plurality of mass organizations," and to prevent a coup d'état by the Islamists. The main cause of his seizure of power was more prosaic. The state, by far the biggest individual capitalist in the country, on the model of people's democracies in Eastern Europe, was at the time plunged into an extremely serious fiscal and financial crisis. It was imperative to put things right as quickly as possible, which was not possible until the flight of the autocrat, whose promises of liberalization had remained a dead letter.

From the first year of the Ben Ali era, the state asked for help and advice from the World Bank to manage the crisis. The task was not easy. It took time to overcome the decay of the economic and social formation left by Bourguiba. Eleven years later, in late 1998, public debt and debt guaranteed by the government still represented 80% of Tunisia's GDP. In late 1997, as part of the financial crisis of the so-called emerging countries, foreign debt amounted to 62.5% of GDP, producing a public deficit of 4.2% of GDP. It was 4.9% a year earlier.

In 1985, state enterprises (30% of the value added of the country employing 33% of wage workers) were collapsing under the weight of debt and had multiple operating losses. Two years before the bloodless coup of Ben Ali, these losses and debts amounted to about 35% of GDP. To finance itself, the government increasingly had to resort to foreign capital. As a result, in 1991, interest payments accounted for 27% of GDP. Five years later, in 1996, the burden still corresponded to 21.4% of GDP and 43% of the state budget.

In a failed attempt to keep a high rate of profit, the nationalized banks were themselves overwhelmed by bad loans after extending all kinds of credits to unprofitable businesses. Even in 2003, bad debts accounted for 41% of total loans from nationalized banks. The so-called development banks, whose main task was the financing of infrastructure, sank run under the weight of dubious loans in 1998. These amounted to 67.5% of their total loan portfolios.



Private banks did not fare much better. In 1993, some 34% of their claims were of poor quality. These problem loans corresponded to 24% of GDP. The government and its donors, the IMF and the World Bank, decided to take the bull of the financial and fiscal crisis by the horns with the 9th Five Year Plan, for 1997-2001.

Industrial restructuring had begun 10 years earlier under the supervision of the World Bank. Now it was time for banks and the state to go on a diet. By 1998, the privatization of financial institutions was proceeding apace. About 80% of the bad debts of public companies and of the state were eliminated. To speed up the movement, the state executive established structures for private debt collection. The ninth plan alone was not sufficient to get the banks back on their feet.

The crises of 1997-1998 and 2000-2001 once again multiplied the number of dubious loans. By 2003, they represented 24% of total commercial bank loans. The government had to carry out a new fiscal tightening. But the results were slow to emerge. In 2005, while non-performing loans of banks were reduced to 21%, the Tunisian foreign debt amounted to the equivalent of 68% of GDP mainly because of soaring oil prices. The executive did not ease up, applauded as it was by its strong international partners.

By 2007, non-performing loans of the banks had decreased to 17% of total loans. The increase in hydrocarbon production offset the new surge in import prices of energy products. In 2009, GDP growth slowed but the state coffers and banks were in good shape. The IMF finally pronounced the financial sector solid, with only 13% of bad loans on bank balance sheets, at 58% of their face value for the corresponding provisions. Public debt represented less than 43% of GDP in Tunisia. Immediately, the international financial institutions set new objectives for the Ben Ali regime: bring down public debt to below 40% of GDP and reduce the public deficit to less than 2% of GDP. All this was to culminate in the full convertibility of the Tunisian dinar, scheduled for 2014. But these plans had not taken account of the class struggle.

As for the Ben Ali regime's corruption, there is not much to add to what is widely known. One might merely mention, in this regard, that the illegal export of capital (about € 1.3 billion per year according to the NGOs), the confiscation of land, the manipulation of public markets, the widespread patronage favoring clans and the families in power or close to the autocrat, did not prevent Tunisia from undergoing a strong capitalist development, touted as exemplary for the region.

In the intentions of former supporters of Ben Ali and the regime, corruption is the rotten tree that is supposed to hide the forest of the valorization of capital and development and of exploitation in the country. "In 2011 and probably in 2012, there our financial needs will peak, both in the budget and in the balance of payments. The amount will depend on the rate of growth and on tourism. But we know that our funding requirements are between \$3 and 4 billion" said Mustapha Kamel Nabli<sup>5</sup>, governor of Tunisia's central

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<sup>5</sup> Source : <http://blogs.wsj.com/economics/2011/04/15/qa-tunisia-central-banker-mustapha-nabli-on-rebuilding-the-economy>.

bank, in an interview with the Wall Street Journal, April 15, during his participation in an IMF panel. According to the Journal, the Tunisian government is seeking to attract foreign investment while launching a development program for infrastructure and to help young graduates to find jobs.

## **Situation of the proletariat**

If Tunisian capitalism is thriving, the working class long ago lost all hope of seeing its condition improve. This sentiment is reflected in a 2005 survey by the Tunisian National Institute of Statistics (INS) of unmarried young people between the ages of fifteen and twenty-nine: nearly 2 million of them, 76% of the total, said they wanted to emigrate if the opportunity arose. Comparable figures were only 1.1 million people (45 %) in 2000 and 457,000 (22 %) in 1996.

The decline in purchasing power is also visible in the indebtedness of the active population. A study conducted in 2007 by the INS showed that 18% of the active population was in debt. The total amount of credits had doubled in four years. Within this, the share of consumer credits had grown incessantly<sup>6</sup>.

Without claiming to cover all industries, we present here a non-exhaustive overview of monthly wages in a good number of professions. These salaries are given as net averages, excluding bonuses and benefits.

### Category/Average Monthly Salary in Dinars

Medical Doctor (GP) 1000  
Nursing 500  
Worker 250  
Teacher 600  
Judge 1 300-2 000  
Journalist 400-600-1 000  
Bank CEO 2 300-9 000  
Manager of Private Small/Medium Firm 1 500-5 000  
Manager of a public company 2 000-3 000  
NITC Engineer \*  
(\* New Information Technologies and Communication) 800-2000  
Secretary 250-400  
Bus driver (public) 450  
Bus driver (private) 250  
Police Officer 350-400  
Bank Employee 600-700  
Bank Manager 900-1300

Year: 2009. Sources: [http://www.businessnews.com.tn/details\\_article.php?](http://www.businessnews.com.tn/details_article.php?)

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<sup>6</sup>Source: La Regente de Carthage

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Since the minimum monthly wage is about 250 dinars, it is women that are over-represented in manufacturing employment. Such a wage level keeps most young graduates away; the employment prospects are not up to their expectations. Those under 30 represent nearly half the Tunisian population. Unemployment is essentially youth unemployment: 2 out of 3 unemployed people are under 30. In 2009, unemployment among 15-24 year olds remained high (31.3%) by comparison with to people 50-64 years of age (2.8%), as Elachhab Fathi, Professor at the University of Sfax, attested at the beginning of January 2010. Some 21% of graduates are unemployed. Only 5% of people without education are unemployed. "The graduates of higher education represent nearly a quarter of the unemployed (19 to 20%) and educated women are most affected (among unemployed university graduates 28% were female as opposed to 13% male; 60% of students are female", Mongi Ben Chaaban, Professor at the University of Tunis, declared in January 2010 (7).

Here is a long explanation by Professor Fathi Elachhab:

"Since the 1980s, productivity in Tunisia has been changing markedly, after which GDP growth in the 1990s greatly increased. However, the creation of employment has not followed a similar trend, and this is explained by the lowering of growth in jobs, as shown by the accelerated growth of the ratio of production to the number of jobs. During the 1980s and in the early 1990s, it was the service sectors that contributed most to the enrichment of job growth. Moreover, the share of services in employment in the non-agricultural sector increased during the 2000's to 47%, continuing the upward trend which started in the 1980s. Figures on the elasticity of employment relative to growth show that the period 2005-2008 is rather unique: it records its lowest level since 1987. One can thus understand, now that growth in Tunisia is less job-rich than it was during the 1980s, that it is necessary to 'create' more growth in order to reach the same rhythm of job creation.

This change is better explained by structural factors rather than cyclical factors. During the 1990s, the unemployment rate rose fairly significantly from 15.2% in 1990 to 17% in 1998. After that, the rate of unemployment declined steadily, reaching a value of 14.3% in 2008, a decrease of nearly three points. A demographic transition is the main explanation for this. Indeed, until 2004, unemployment fell on average by 0.4% each year, mainly due to the growth of the active population (2.3%) at lower rate than that of employment. This reflects a growth in the population of working age of 2.4% on average per year, offset in part by a decline in the participation rate of 0.1%. The observation of changes in the rate of exit from unemployment, measured as the ratio between the number of people exiting (through job placement) compared with the number of registered job seekers, shows that the possibility of finding work does not depend on the economic situation as recorded. Thus in many phases of conjunctural improvement, the rate of exit from unemployment does not react to an

improvement in the economic situation.”

In other words, the accelerated capitalist development in Tunisia, the rapid increase in the productivity of social labor, and the shift in its productive structure toward industries that require relatively less labor than traditional manufacturing, has played a central role in the stagnation of the unemployment rate at relatively high levels. The restructuring of the state has also helped reduce, relatively, access to jobs. Paradoxically, the long-term existence of a social safety net that is more solid than those of neighboring countries has made proletarians less flexible and less resigned to accept appalling working conditions. The health care system, here the words, certainly triumphant in April 2009, the Economic Mission of French Embassy in Tunis put it in triumphalist terms, but not without indisputable figures:

"The social security system has reached a coverage rate of 92% in 2008. Health indicators reflect the success of health policy in Tunisia: life expectancy rose from 70.3 years in 1990 to 73.6 years in 2008, and infant mortality fell from 51.6 ‰ in 1987 to 19.5 ‰ in 2008. Mandatory immunization rates in young children reached 95% in 2008. In addition, various health programs have made possible the containment of several infectious diseases such as tuberculosis, as well as treatment for AIDS patients. However, the challenge ahead remains the control of diseases related to individual behavior such as diet, including diabetes, obesity, cancer and cardiovascular disease. "

The local production of medicines, produced by thirty laboratories, provides between 42 and 45% of the market supply.

### **Changes in the unemployment rate**

	Men	Women	Total
1966	15.2	13.4	15
1975	16.2	14.2	15.6
1984	16.9	14.8	16.4
1994	15.2	17.6	15.8
1999	15.4	17.2	16
2000	15.2	16.9	15.8
2001	14.8	16.2	15.4
2002	15.2	16.4	15.6
2003	16.2	14.5	14
2004	13.4	17.4	14.3
2005	13.4	17.6	14.3
2006	13.4	17.6	14.4
2007	12.8	18	14.2
2008	12.6	19	14.4

Unemployed university graduates

2003: 59,000  
 2006: 74,000  
 2007: 86,000  
 2008: 115,000

Unemployment by age 1966-2008 in %'s

Ages	1966	2008
18-19	37	32
20-24	15	30
25-29	13	24
30-34	12	14
35-39	10	7
40-44	10	4
45-49	10	3
50-54	13	3
55-59	13	3
60-64	15	2

Structure of the active population by level of education (%)

None Primary/ Secondary/ Higher

	None	Primary	Secondary	Higher
1999	19	41	31	9
2000	15	40	35	10
2001	15	40	35	10
2002	15	39	35	11
2003	14	39	36	11
2004	14	37	37	12
2005	13	36	38	13
2006	13	34	40	13
2007	12	34	40	14
2008	10	35	40	15

**Manufacturing Industries in Tunisia**

According to official statistics in November 2009, there were in the country 5756 companies employing 10 or more workers. The textiles and clothing sector (TCI) is the foremost, with 36% of companies, followed by agribusiness and food, (18%) and then machinery and metallurgy, 10%. No less than 48% of these companies are exclusively oriented to exports. All told , 484 895 wage earners work in them, with 41% in textiles and clothing, 14% in food, 13% in the electrical industry, electronics, and appliances and 7 % in machines and manufacture.

France is the largest foreign investor in partnership companies (43%) followed by Italy (29%), Germany (9%) and Belgium (7%). These partnership companies are heavily represented in textiles and clothing (60%), electronics (11%), machines and manufacture (9%) and building materials, ceramics and glass (8%). Between 2004 and 2008, the value of manufacturing production jumped from 26.29 billion dinars to 43.765 billion, posting an average annual increase of 14%.

The value in textiles remained stable, reaching 5.364 billion in 2008 with an average annual increase of 1%. The first sector in value terms, the food industry, has increased 10% to 9.927 billion. The highest increases are those in the chemical industry (33%, to 8.858 billion), electronic and appliances (+21% to 4.356 billion), leather and footwear (17%, to 5.681 billion) and machinery and manufacture (+14% to 3.706 billion).

Investment in manufacturing, 1.837 billion dinars in 2004, remained slack during the next three years, before jumping to 3.258 billion in 2008, increasing in one year by more than 50%. Aircraft construction, up to now mostly in wiring, moved up to the construction of frames with the establishment of Aerolia in December 2010, which by 2014 will have an industrial park and 750 sub-contractors in Tunis. This sector currently employs about 5,000 workers, primarily in French companies, five times more than a decade ago. In 2008, manufacturing accounted for 79% of exports of goods from the country, a stable rate since 2005, when it was 82%. However, foreign trade in manufactured goods is clearly in deficit, with a coverage rate of 82% in 2008. It was only 71% for aerospace and only 26% for machines and manufacture. The main surplus sectors are the textiles leather and footwear, ceramics, and to a lesser extent, electronics and appliances.

## **The economic consequences of the events**

The following gives the figures for unemployment (between 500,000 and 600 000 more unemployed in 2010), for growth (around 1%, according to the latest IMF estimates) and the different foci of government policy in the coming months, namely regional development, social support and economic revitalization.

According to French daily Les Echos, foreign direct investment (FDI) in Tunisia decreased by 28.8% in the first quarter of 2011, as indicated by the Tunisian Agency to Promote Foreign Investment. Foreign investment in the first quarter was 338.6 billion dinars (170 billion euros) compared to 475.6 billion dinars (239 billion euros) during the same period in 2010. FDI in sectors of manufacturing and energy is down 23% and 30.8% y-o-y, respectively, in the first quarter. Foreign investment normally generates about 25% of new job creation annually, and constitutes a major contribution to the development effort of the country. Minister of Finance Jalloul Ayed presented a grim economic picture of the country, indicating growth between 0 and 1% and job creation more than three times lower than that originally intended.

The thousands of young people fleeing the country for Italy and France do not seem to believe in any imminent economic recovery or in any assistance from the Tunisian

government. They dream only of leaving for Europe.

Moreover, with the closure of the Tunisian-Libyan border, thousands of Tunisians living from exchange and informal trade (according to official statistics, the border village Ben Guerdane border alone has some 80,000 people whiplashed by the shutdown of trade with Libya), finding themselves overnight without sources of income. Moreover, the flow of thousands of refugees, both Libyan and foreigners fleeing the war in Libya, has made life even more precarious in the south.

## **Synthesis**

As a good student of the IMF, Tunisian capital has achieved a modernization allowing it to become an industrial platform for large foreign companies, mainly European, seeking skilled workers to exploit, but at reduced costs.

These investments initially focused on textiles, clothing and leather, but have diversified into areas with a higher organic composition. In aeronautics, production took off, for example, in wiring, for example, before moving on to the construction of more complex plane frames, requiring a more skilled workforce. But this development remained localized on the coast, especially in the Tunis region. Financial and fiscal crises were gradually dealt with, but at the cost of an increase in social inequality. Economic development had not solved two major problems, namely youth unemployment, both of university graduates and others, and the economic underdevelopment in the interior. Unfinished land reform left the country at the mercy of the tensions on the markets for agricultural raw materials.

The beginning of the revolt, in Kasserine, combined all three ingredients.

## **HISTORICAL BACKGROUND**

### **Brief overview (1956-2008)**

We can divide the history of Tunisia since independence into several periods:

1956-1963: consolidation of power both with respect to France (the Bizerte affair); the jailing of regime opponents, the execution of Salah Ben Youssef (born in 1907, an opponent of Bourguiba beginning in 1955, sentenced to death in August 1961); the outlawing of the Communist Party in 1963.

1963-1969: the attempted statification of the economy under the rule of Ahmed Ben Salah (Secretary General of the UGTT in 1956, later a minister, deposed in 1969 and sentenced in 1970 to forced labor, finally escaped into exile) resulting in the establishment of agricultural cooperatives under state ownership, which failed because of the refusal of land collectivization (Ouerdanine riots, in the Sahel, in January 1969, where the police fired on protesters, killing a farm worker and triggering riots, with a dozen people killed in the ensuing repression) and because of the discontent of the people

working in cooperatives.

1969-1975: a liberal economic turn under the guidance of Hedi Nouira (1911 -1993). Tunisia prepares to host the first foreign investment (investment code in April 1972). There is a slight loosening of the omnipotence of the PSD (Parti Socialiste Destourien, the party of Bourguiba), but Bourguiba takes matters in hand; the liberal wing of Ahmed Mestiri (1925) is purged from the PSD in January 1972, and Bourguiba is proclaimed president for life.

1976-1981: A repressive turn: repression against the strikes in Ksar Hilal in 1977, the riots of January 26, 1978, the reining in of the UGTT in 1978, etc.

On October 10, 1978, the workers of Sogitex (a state textile company) in Ksar Hilal trigger a strike against management "sabotage". They occupy the premises but are removed by the police. The next day the strike continues, the workers demonstrate and are joined by high school students. Hearing the rumor that a demonstrator was killed, the whole town comes out into the street. The police respond and make arrests. But the next day at 11:00 AM, the entire region turns out to support the workers. The police are overwhelmed. The state had disappeared. It is the army (armored cars and planes), with 500 men, which intervenes on the morning of October 14 to occupy the city. Confronted with this deployment of forces, the population pulls back. Order returns.

These events, in the city where the Neo-Destourian Party was founded in 1934, mark the beginning of the "political" offensive "political" of the UGTT.

On January 26, the UGTT calls for a general strike and demonstrations across the country. The UGTT uses the discontent to tip the balance in its favor in its power struggles with the DSP. The strike is a success in Tunis and Gabes. Starting at 9 AM, demonstrators converge on downtown Tunis, including striking workers, the unemployed, students, etc. At 10 AM, the police intervene and the protests turn into riots. At 1 PM, when the police are overwhelmed, there are already 51 dead. At 2 PM, the government decrees a curfew overnight and calls in the Army. Habib Achour and the executive of the UGTT are arrested.

1981-1987: After a timid attempt at a political opening (elections opened to the opposition, legalization of the Tunisian CP), repression becomes the standard response to the crisis and to all demands (repression of the riots in January 1984, repression against the UGTT, the arrest of Habib Achour). Rise of Islamism.

On December 29, 1983, Prime Minister Mohamed Mzali (1925-2010) announces increases in the prices of essential commodities. In fact, the intention is to end state-"subsidized" prices in order to maintain a semblance of redistribution, but one from which the rich also benefit. In the first increase since 1968, the price of bread and flour is increased by 100%. Beginning in the south on January 3, in Gabes, Kasserine, etc., riots break out in several cities, including Tunis. The UGTT is absent from the demonstrations. The unemployed, the precarious populations and poor farmers are in the



forefront of the fighting. The government decrees a state of emergency; the police are overwhelmed. The army intervenes with armored cars. On January 6, Bourguiba announces the withdrawal of the measures. There are, officially, 84 dead and 900 injured, and 10 rioters are sentenced to death.

1987-1999: Ben Ali, Minister of the Interior of the last Bourguiba government, ousts him and promises the moon. In addition to an economic recovery through a new round of foreign investment (a free-trade agreement with the EU in 1994); this period is characterized by the fierce repression of the Islamist party Ennahdha, leading to the arrest of more than 10 000 of its activists.

2000-2008: repression and corruption are the two mainstays of the regime. Tunisia has thus reproduced the trajectory of many countries after decolonization. After an attempted political alignment with the Soviet Union or with the Arab nationalist bloc, resulting in a period of "socialization" which is nothing but an attempt by the state to substitute for the weakness of capital accumulation, the failure of this strategy results in a realignment toward the former colonial power and the U.S., and an opening to foreign investment. Faced with the first revolts, the regime uses the repression that it subsequently brings to bear against the Islamists, and once the situation is stabilized, it sinks into corruption and nepotism. However, Tunisia presents two unique aspects:

- The effort made since independence, and never abandoned, to invest in education, making the country one of the producers of quality university graduates, where illiteracy is marginal;
- The reaffirmation of secularism and of the place of women in civil society and the labor market.

## **The Events in Gafsa – 2008**

In 2008, serious agitation and opposition shakes the Gafsa basin for more than 6 months, and especially the city of Redeyef. The unfolding of events is reported by observers on the scene. This region, whose only resource is the production of phosphate and its derivatives, had been affected by the mechanization and rationalization of work, which reduced the size of the Gafsa Phosphate Company (15,000 to 5,000 posts in a few years) by 75%. The unemployment rate is around 30% (+ 40% for the youth). The falsification, in January 2008, of the results of a competition for jobs at the company, as well as massive layoffs, set off the powder keg.

This time the injustice is no longer passively accepted; the unemployed, students, and laid-off workers decide to occupy the local headquarters of the Tunisian General Labour Union (UGTT) whose leaders are deeply involved in the deceptions that cover up special access to jobs for friends and family. Repression and arrests only cement the support of the rest of the destitute population for the protesters. In the struggles, many trade unionists in secondary education participate; some become iconic figures of the movement. Some demands are for more justice and for an end to nepotism, but they also

mixed with appeals to patriotism and for the development of the region, as the peaceful side of the ferment.

The population of Redeyef has a freer and more audacious attitude. Indeed, in early May 2008, police repression hardens, resulting in more victims and the encirclement of the city. The locals come together and decide to leave the city. It is the intervention of the unions, which negotiate a pullback of police repression with the state, making it possible to defuse the movement and to allow the return of the families which had already left. Needless to say, repression continued. While many activists fled into the mountains, most of the union leaders wind up in Ben Ali's jails, where they continue fighting through the courts. The state gradually grants trials, which provide a forum for the prisoners, lighten the sentences, and finally the detainees are released in late 2009.

This episode was probably the ferment which made it possible for a part of the Tunisian state to draw up, together with numerous associations or opposition parties, a post-Ben Ali alternative. Those in Redeyef with nothing to lose, meanwhile, showed a determination which continued to manifest itself in recent events. We should note that despite its length, the conflict remained confined to the mining area, with the exception of a few riots that took place in early June 2008 in the governorate of Kasserine (which paid a heavy price during the recent uprising). In this area, there is once again a struggle within the UGTT between supporters of the PCD and the "rank-and-filers" who support the movement.

## **The RCD and the UGTT, the Two Pillars of the Tunisian State**

### **The Single Party**

The RCD is nothing but the old official party from the Bourguiba era; the Destourian Socialist Party was renamed in 1997 (and was a member of the Socialist International). The RCD was expelled from the Socialist International on Jan. 18, 2011. This party, which claimed more than two million members out of a population of ten million, was not only a party "to which one had to belong in order to be able to work," but was a real political force which gathered under its root the influential people of Tunisia, CEOs, and politicians

Networks of the former party would continue to work for a while, either in the shadows or in new political formation, although it was dissolved on March 9 2011 by court order.

### **Socialism in Tunisia and the UGTT, the union-party (1961-1969)**

The other political force is represented by the UGTT, the union federation claiming more than 500,000 members, which is a real party and since its founding in 1946, has been competing with the official party. It is useless to consider the UGTT an advocacy organization of workers whose ties with state power power constitutes a betrayal by the

union bureaucracy. The UGTT represents a political current of that part of the ruling class which favors an economic policy under state control.

Its propensity for participating in the management of capitalism in Tunisia has been confirmed throughout of its existence. The most important experience undoubtedly began in 1961, when Ahmed Ben Salah was appointed minister, to implement the policy that he himself had drafted at the 1956 congress when he was Secretary General of the UGTT. This policy involved the nationalization of virtually all of the economy. Of course, political change at the top was not made democratically and Bourguiba in 1969 put an end to this orientation in 1969 in an authoritarian manner. This federation has always tolerated in its midst unions taking more or less radical positions, and has never found itself in danger for doing so.

Unionization, at least in state enterprises, is very significant in Tunisia; for example, in 2009, the unionization rate at the post office and in telecommunications was about 50%, and was on the order of 70% in secondary education. After independence, the growing importance of the UGTT in economic policy, through the actions of its secretary general, Ahmed Ben Salah, pushed the country toward the adoption of collectivist economic measures. In 1961, the political leaders opted for this strategy and began to expand state control in all areas of the economy.

This shift is marked by two important decisions; the first is the creation of a large Ministry of Planning, to which the Ministries of the Economy, Finance, and Agriculture, as well as Trade and Industry are added. Ben Salah takes charge and thus has control over all economic policy. The second is the adoption of a development plan in force for ten years (1962-1971), a plan based on the resolutions of the UGTT congress of 1956. The main objectives of this plan are economic decolonization, improving the living standards of the population, reducing dependence on foreign capital (and thus a more self-reliance) and the creation of a national market.

This phase sees an accelerated process of collectivization, especially in the agricultural sector. In May 1964, the National Assembly decrees the expropriation of land in foreign hands - owned primarily by Italian and French families- in order to create 300 state cooperative farms. France freezes all financial assistance to Tunisia, plunging the country into a serious economic crisis. In 1966, Bourguiba tours Europe, launching the negotiations which lead to the signing of an initial commercial agreement on July 28, 1969 in Tunis.

This was however a paradox, since the rate of collectivization by then reached 90% in agriculture. In August, the public sector includes wholesale and retail trade, a significant portion of industry and the banking sector; transport, electricity and mines were already under state control. Only the tourist sector was left to private management..

The UGTT has always faced a dilemma since the end of the 1960s: it must either assume the functions assigned to it by the state, and thus filter the requests of its members and defuse the demands of its base. Doing so, it is outflanked by the actions of regional and

local unions and by non-unionized workers. Or else it identifies itself with the social protests, if only to contain them. And then it risks running afoul of the authorities and undermining the interests of the union cronies of the regime.

In the 1970s, growth was accompanied by a change in social composition, characterized by the diversification and development of a skilled blue and white collar work force and by a layer of young and dynamic entrepreneurs associated with the foreign capital. Growth was not benefitting the whole population. Regional disparities between the west and the Sahel coast on one hand, and between the north and the south on the other, as well as between town and country, were deepening along with social disparities. In January 1977, a social contract was drawn up by the various social partners – the UGTT and the employers association (Utica) - but also by the PSD (future RCD) and the government.

But the evolution of the conjuncture conditions alters the terms of the contract: starting in 1977, the sharp rise in consumer prices sets off "wildcat" movements. At the end of the year, the deepening of social tension impacts the structure of the UGTT. Habib Achour, the union's general secretary, resigns from the Central Committee of the PSD. On January 22, 1978, the Administrative Commission of the UGTT decides on a 24-hour general strike for January 26. The results: 400 injured, 51 dead according to official sources; the national leadership, including Habib Achour, arrested and sentenced; hundreds of activists and union organizers arrested all over the country. A pseudo-congress is organized to take over the union structures and install a new leadership, directly related to the PSD. But a war of position is organized to defend the autonomy of the union and, for the first time since independence, a break with the ruling party takes place. After this first social warning, the Gafsa affair (cf. above) occurs in January 1980. An armed commando group of Tunisians, trained in Libya but entering the country by way of Algeria, seizes the city as a starting point for an insurgency that which was intended to spread.

The choice of Gafsa is not random. It is indeed one of the cities where the urban crisis is simmering most acutely, crystallizing all the spatial and social imbalances in Tunisia. For Bourguiba, the warning is serious, and in March 1980, he sets in motion a controlled process of greater social and political opening. The state allows the UGTT to proclaim its independence. A period of calm in 1981-1983, marked by agreements for wage increases, ran up against the worsening economic situation and the implementation of the Sixth Plan (1982-1986), in the context of a pullback by the state and a policy of true prices.

In October 1983, the state decides to remove the subsidy for cereals and related products, beginning in 1984. The result is a doubling of their consumer price. In the last week of December, the government formally announces its decision. Riots, known as the "couscous revolt", begin in the south, spread throughout the country, and reach their climax in the capital. The demonstrators target symbols of luxury and the state. The regime is forced to use the army. There are dozens of deaths and hundreds of injured. Finally, Bourguiba decides to cancel the increase and restores calm.

Nevertheless, while helped by a good cereal harvest in 1985, the government cannot to

curb the balance of payments deficit. It decides on the necessity of a severe wage freeze, which is met with the hostility of the UGTT. Strike actions resume in August 1985. The government, helped by the anti-Libyan consensus which arose in reaction to an expulsion of 30,000 Tunisian workers from Libya, decides to bring the union to heel. After forcibly ousting all the regional leaderships and again sentencing Habib Achour to years in prison, and after having stripping the legitimate leadership of all its resources, the PSD can then, in January 1987, organize in an extraordinary congress of a normalized UGTT. The autonomy won and recognized in 1981 is over. The regime has cut itself off from its main channel of communication with civil society and from its main safety valve.

## **OTHER FORCES IN PLAY**

### **The army**

The Tunisian army has neither the military, economic and political significance of the Egyptian and Algerian armies, nor the civil war experience of the Algerian army. Nonetheless, despite its modest size and weight, it appeared during the events as a force for stability, apparently independent of the power of Ben Ali, and even as a force for change.

Formed at independence, on 20 March 1956, from a staff of 9500 soldiers and officers taken over from the French army, the army in 1972 already had 20 000 men, with an additional 10,000 men in the paramilitary forces. During this period, its single exploit was its inability, in 1961, to recapture the naval base at Bizerte, which was still occupied by the French army.

Today, the branches include the following numbers:

Army	Navy	Air Force	Paramilitary
27,000	4,500	4,000	9.000

Equipment:

- 143 combat tanks
- 355 light armored cars
- 27 fighter planes
- 16 transport aircraft
- 57 training aircraft
- 30 helicopters
- 50 vessels (including 23 light and medium patrol boats).

There are, in all four services combined, ten ranks of senior officers, five ranks NCOs and four ranks of enlisted men. Military service has been compulsory for men since 1957 and since 2003 for women but only 30% of each age cohort actually undergoes it. The Tunisian army has not had a chance to perform brilliantly in any war against its powerful

neighbors, Algeria and Libya, but has participated in numerous international operations for the UN (Africa, Asia and Kosovo). However, in January 1980, it recaptured the town of Gafsa when it was occupied by opposition forces supported by Libya. Domestically, it intervened in October 1977 in Ksar Hellal and in January 1984 in Tunis. Since then, the army has absented itself, which gave it a prestige for its neutrality, one that improved further when it refused to participate in the repression against demonstrations. It appears as a guarantor of both stability of the process of change.

## **The Islamists**

Ennahdha (Renaissance Party) is by far the most important Islamist political party. Formerly known as the Islamic Tendency Movement (ITM) from 1981 to 1989, it had won 17% of the votes (some say even 30%) in the legislative elections of 1989. Tolerated in the early years of Ben Ali's regime, its supporters underwent fierce repression after those elections and after the electoral victory of the FIS in Algeria in June 1990, allowing Ben Ali to conjure up the specter of Islamism.

Its founder Rached Ghannouchi went into exile in London in 1989, after the legalization of the movement. Between 1990 and 1995, 30,000 of its members were imprisoned and tortured. Most activists were released in 2004. In the 1990s, the only oppositional figure who supported the Islamists was Moncef Marzouki, president of the Tunisian League of Human Rights (TLHR), spokesman for the National Council for Freedoms in Tunisia, and president of CPR (center left) beginning in 2001.

Themselves victims of the repression, the opposition parties (secular and democratic left) gradually opened a dialogue with Ennahdha. They went as far as to form, in 2005, the October 18<sup>th</sup> Coalition for Freedoms, an alliance of Progressive Democratic Party, the social democrats of the Democratic Forum for Labor and Freedom, the PDP of Najib Chebbi (liberals and former "Marxists"), the Islamist Ennahdha and the PCOT (Communist Workers Party of Tunisia), along with some associations and still more minority parties.

The thousands who came to welcome Rached Ghannouchi at the airport when he returned from exile easily overshadowed the hundreds of opponents of the values of the Islamic Party. Legalized in early March, Ennahdha has thus reemerged. On March 6, several hundred supporters gathered in the Ezzahra neighborhood in the southern suburbs of Tunis, to attend the first public demonstration of the party. Speeches and notable guests such as Ali Ben Romdhane, the UGTT general secretary and himself close to Ennahdha, were on the program. Veiled women on one side and men on the other kicked off the campaign for the elections to the Constituent Assembly.

Even though Ennahdha played no role during the uprising, it could benefit from the divisions and from the little visibility of the sixty parties running candidates in the elections on July 24. During the uprising, Ennahdha remained discreet and moderate (arguing in particular for the principle of gender equality in the future Constituent Assembly) and was legalized after a 30-year ban. Beginning in February 2011, an

opinion poll gave Rached Ghannouchi, the Islamist leader, 1.5% of the vote.

It is nonetheless hard to know what will become of the organization; this is how Nicolas Beau, a Tunisia specialist, describes the situation: "It is true that only the Islamists seem to have a clear strategy; they passively enter the UGTT, the only known and recognized real force in the country; they create multiple parties as their fronts. They move into the social arena, particularly in the south. Further, Saudi Arabia with one hand protects the former dictator, who fled to Jeddah, and with the other hand financially aids Racheid Ghannouchi, the leader of Ennahdha. Ghannouchi issues soothing statements at every occasion. Local demonstrations against the arrival of Hillary Clinton or for closing brothels keep the Islamist flame burning."

In the view of the researcher Pierre Vermeren, "there is a strong Islamist sensibility within the population: the religious discourse, moral or moralistic, feeds on the denunciation of corruption and the economic behavior of various mafias. The soil is very favorable" and "Tunisia is subject, like all countries in the region, to the ideology promoted by the major Gulf media "(including, among others, Al Jazeera).

What is certain, however, is that the Tunisians who identify with traditional and religious values are increasingly assertive. The most visible outward sign is the growing number of women who wear the veil. Beginning in 2004, more and more women began wearing the veil, defying the repression of the Ben Ali forces, and imposing their will on various administrations. Sales of Islamic clothing have expanded significantly. Today about 30% of women are veiled. By contrast, those who remain committed the values of the emancipation of women are rarely seen. On January 29, 2011, only one hundred of them marched in Tunis to demand gender equality and secularism.

Another variant of political Islamism is the Hizb ut-Tahrir, which presents itself as a non-violent organization, and is fairly active in Tunisia. It was born out of a split from the Muslim Brotherhood. This movement operates in over 70 countries and several million members and supporters. Its purpose is to establish a new caliphate and Sharia across the Muslim world. This movement has not been legalized by the transitional government.

## **Political parties**

Some opposition parties were allowed under Ben Ali but were only trial balloons; in fact they represented only very limited circles, and only in Tunis; in short, a fake opposition.

Today, there are: the Movement of Socialist Democrats (MDS) of Ahmed Khaskhoussi; the Popular Unity Party (PUP); the Pan-Arab Socialist Party of Hassine Hammami; the social democrats the Progressive Democratic Party (PDP) of Maya Jribi; the Social Liberal Party (SLP) of Hosni Lahmar; the Unionist Democratic Union (UDU), the party of Ahmed Inoubli; the Democratic Forum for Labour and Liberties (DFLL); the Social Democrats of Mustapha Ben Jaafar; and the Green Party for Progress (GPP), an ecological party, led by Mongi Khamassi; Additional parties include Ettajdid (Renewal, the former Tunisian Communist Party), a

center-left party and two left groupuscules; the Party of Patriotic and Democratic Labor (PPDL) and the Communist Democrats (CD), who were the only ones who demarcated themselves, in 2006, from Islam by declaring their "absolute refusal of any joint action with the Islamists", the protagonists of a project based on the manipulation and exploitation of religion." According to figures provided by the Tunisian Ministry of the Interior in late April 2011, 63 new parties had been created since January 14 and this figure will be revised upwards, given that there are currently 49 pending applications. The ministry said that 66 applications were been denied by his office because they did not meet legal requirements. That said, there is no need to worry; after the death of Franco, the number of parties fielding candidates in the Spanish elections was about 300.

### **The offensive of U.S. diplomacy**

For years, the U.S. supported authoritarian regimes in the Middle East to ensure stability in the region; however, things have changed. If the first signs were visible under the presidency of George W. Bush (speech November 6, 2003), the policy turn became clearer when Obama arrived in power. He has continued, in all his speeches in Africa, but also in the rest of the world, to advocate democracy, as he did in his speech in Cairo on June 4, 2009, during which he also called on youth to "remake this world." It is therefore not surprising that starting on January 14, 2011, the American president has taken the side of the demonstrators and renewed his call for democracy and for elections.

All this came down to support work, throughout the duration of uprising in Tunisia, and to taking up the cause of the demonstrators. And this was also true for Egypt, even though it was an ally. This attitude contrasts with that of French diplomacy. Two days before Ben Ali fled, the Minister of Defense offered him the expertise of his police, to manage the uprising, in a desperate attempt to save the regime. The former colonial power supported the authoritarian regime until the last moment, not wanting in any way take the risk of compromising business ties.

In pain, and with a cabinet reshuffle, the French government made an 180 degree turn to align itself with the U.S. position. This policy change opened a period when the U.S. put pressure on its former allies to install democratic regimes, calling into question its former alliances in the Middle East.

Washington's foreign policy recognizes gives the reality of regional instability and runs the risk of even initially amplifying it. This is why it causes gnashing of teeth among the other major countries of the capitalist world. Its objectives are, in the medium and long term, the consolidation of capitalist domination in a destabilized region, increasing U.S. influence and modernizing states swept up in the wave of rebellions by enlarging their social base and extending the governance of bourgeois law. The dominance of bourgeois law makes it possible to allows it to separate the permanence of the state from the vagaries of the political personnel who periodically take over or lose control of the the executive.

The "new" American diplomatic shift returns to the foundations undermined by the Cold War and by the need to conduct a foreign policy determined by the single and necessarily



reductionist logic of forming anti-Russian fronts and alliances. But this policy is certainly not universal. The United States is not willing to entertain regime change in Saudi Arabia, for example. Its position in Bahrain, where it asks the protesters to come to terms with the regime, is the Achilles heel of its new stance in the Middle East.

The sudden departure from Tunisia of thousands of young proletarians, taking advantage of a relaxation of border controls, is the most obvious sign of their position, which remains essentially defensive. It also signals a practical defiance of the promises made by the capitalists of the entire world and by the new masters in Tunis. Understanding the new geopolitical situation is essential for the emergence of an independent and autonomous labor movement in the region.

### **Working-Class Demands and Libertarian Aspirations**

The tension over employment we described earlier, and especially among young graduates, fed into a ferment that was not taken seriously by the state, whose sole response was repression. In Tunisia, a personal recommendation was the rule for access to any type of job. The system of corruption and blackmail over jobs made it possible to divide proletarians for decades. The omnipresent police, unsanitary prisons, the bullying of relatives and torture in the police stations rounded out the system designed to crush even the bravest.

On the other hand, the state was engaged in tracking down the flourishing informal economy, in order to increase tax revenues. This practice involved harassment of a large part of the population, from factory workers to business people, by way of the unemployed. Episodes of protest broke out and challenged the repression. In August 2010 in Ben Guerdane, the announced closing of the local border to stop trafficking resulted in a general revolt of the entire population. The police got their revenge by vandalizing, one by one, the shops in the city and making massive arrests. In spite of this, the state pulled back and the border was reopened.

Following the immolation of Mohamed Bouazizi, the first clashes and demonstrations from December to early January focused on demands related to the labor market and the high cost of living. Whatever the limitations of such demands (the right to work is not a communist slogan), they emerged directly from the Tunisian working class and particularly from its poorest strata, living in the less developed regions of the country and experiencing a high rate of unemployment.

In addition to the formal demands, during various displays of anger, there were acts of reappropriation, by looting, which are the immediate implementation of these demands. The latter have an economic and defensive origin: they appear in response to the global crisis (rising food prices in the region) and to the state of the labor market.

Nonetheless, the first moment of the movement, once it took hold, made it possible to move to political and offensive demands. Even before they were raised, the succession of illegal demonstrations and clashes with police raised practically the questions of

democratic freedoms and the confrontation with an authoritarian state. This ability to channel the movement of libertarian aspirations, till that point merely diffuse in the population, made their expansion beyond the poorest workers to other sectors: workers with less precarious situations, lawyers, the commercial petty bourgeoisie etc.

The defensive movement born in the working class was slowly transformed into a strictly political movement within civil society. If the workers' demands, far from disappearing, remain a driving force in their places of origin, they move into the background. In the foreground, there is a convergence of libertarian aspirations onto one single demand: the end of the Ben Ali regime. One fraction of the ruling group was able to understand the limits of this demand: they prepared to get rid of Ben Ali, not merely to save the state, but to strengthen it by a restructuring.

The announcement of the departure of Ben Ali had several effects. First of all, as a brake on the movement: the less advanced sectors were satisfied with what was seen as a victorious outcome, will leave the movement, and even turn against it in calls for order. Second, more radical elements moved on to the next level: getting rid of any leaders associated with the Ben Ali regime, beginning with Prime Minister Ghannouchi. Third, while the fight over state power in Tunisia continues, a wave of instability shook all levels of society to its depths.

These last two points are transposed and crystallize in particular ways. On the one hand, the young demonstrators for democracy refuse any political recuperation. On the other, in the workplaces, the issue at hand is "getting rid" of the bosses; in high schools, getting rid of principals and teachers. The libertarian aspirations, having converged against Ben Ali and his regime, now spread in an anti-authoritarian sentiment. All other things being equal, these actions show the same limitations as the call "Ben Ali out" in January, transposing them to another level. Simply ousting leaders or corrupt bosses, without an autonomous will to transform society, only makes for restructuring and the replacement of one leader by another, in the medium to long term.

If we limit ourselves to seeing off a CEO, without touching the organization of work - unless we consider Tunisian management to consist only of parasites useless to production- it is obvious that replacing that organization will become necessary. Of course, we should also not reject this phenomenon *en bloc*. The ability to "get rid of" bosses is evidence of a certain level of the balance of forces in various workplaces, and tend to shift fear onto management's side. Further, these anti-authoritarian expressions often seem linked to demand-based struggles in the workplaces.

The opening of a period of instability leaves the field open to all demands, particularly those of workers, including those who have not participated in the movement. According to Marc Mercier, head of Bonna Tunisie, a subsidiary of BTP, a French company, "During the revolution, the workers kept the factory. A week later, they demanded a 30% wage increase. A few days later, former members of the RCD, the UGTT and former employees were stationed outside the factory, saying "No one comes in!" The UGTT guys at the factory were overwhelmed by members of their own union coming from

elsewhere to make a better bid. The two sides even threw rocks at each other.”

## **Workers' struggles**

### **Before the fall of Ben Ali**

It is necessary to look at how the proletariat has handled its most natural weapon: the work stoppage, the strike. We can say that the strikes began to appear just after the fall of Ben Ali. Before, during the period from December to mid-January, we found no evidence of strikes. It was primarily the precarious proletariat or the unemployed that, in this phase, swelled the ranks of the agitation attacking the symbols of the domination of Ben Ali and opposing the forces of repression in the streets.

The more stable proletarians certainly participated in the demonstrations, but we found no instance where the cessation of production as such was used explicitly as a means to make the government cave in. This does not mean that production was not disrupted, but the fact was more the result of the curfew and the need for employers to keep the tools of production safe from possible damage, often helped by the workers themselves, as was the case with employees of Tunisia Telecom who defended the company offices, or employees of JAL, the leading European footwear business, which organized security shifts to defend the workshops against any damage.

### **After the Fall of Ben Ali**

Starting in mid-January, the press began to report on strikes in the public sector enterprises but also, to a lesser extent, in the private sector. We can identify two reasons for understanding the development of this strike wave that lasted until the end of February. One was to put pressure on the choice of politicians. When the hegemony of the RCD was tottering and people were calling for the departure of the governors and other key figures of the regime, regional or general strikes were called by sectors in some districts. There was also the case of the successful strike, but one with purely political goals, at Tunisie Telecom in February, which derailed the listing of the company on the stock market. We can recognize, in this demand for nationalization, a favorite theme of the UGTT.

The other, more promising reason is that once the dictator was gone, the social reasons underlying the ferment found themselves at center stage. The demands were: enforcement of the laws on working hours, increased wages, and permanent status for the precarious. Subcontracting and insecurity of employment seem to have been particular targets. These few examples from the press are probably only a part of what happened. The workers of the Faurecia textile factory staged a sit-in January 28, 2011, demanding better working conditions, wage increases and the revision of employment contracts, whose duration is limited to one month or even 15 days.

360 women workers at Fleritex Export (a garment company) struck on February 3, demanding wage increases, the right to permanent status, social security coverage and the payment of overtime and bonuses on time. In a German assembly plant for

electromechanical components where workers struck, 1,500 of them gathered outside the headquarters of the company, demanding the regularization of their deplorable social and professional status, the right to a stable contract, salary increases and the abolition of subcontracting. The Tunis Africa Press Agency quoted several workers stating that the management of this company had been entrusted to people who for years had exploited the staff and forced them to work more than 12 hours a day, without overtime pay or any other remuneration.

Throughout the month, many other cases of work stoppages or strikes lasting several days were reported (the strike of temp workers at Shell and Oilibya, the strike and dock workers at the Regional Transport Company in Bizerte, the strike by employees Italian company L'Art du Soulier, the strike of the Tunisian Stevedoring and Handling Company, the strike in port of Rades, the blockage at blocking the Gafsa phosphate company).

If these movements seemed to slow in late February, this was undoubtedly due to the bargaining power of unions, which sometimes quickly concluded an agreement permitting the resumption of work. The employees of the Tunis city government, in a statement on February 17, praised the decisions just taken by their leadership granting permanent status to contract workers and temps.

They even decided to donate a day's work "to contribute to efforts at the national level to meet urgent social grievances." But in early April they went on strike for their permanent status. This case was not isolated and further strikes occurred in March and April. Even as the rhetoric of the government and trade unions was more than ever aimed at the resumption of economic activity, which had slowed at the beginning of the year.

On March 24, the employees of JAL, totaling 4500 in Tunisia, violently attacked the CEO of the company over the issue of wages, sequestering him for six hours. "Some workers tried to enter through the windows, and wanted attack me with a screwdriver. Honestly, it was very hard," he told AFP.

Management responded by temporarily closing the three production plants and suspending the payment of wages. Even though the employees returned to work after two weeks, the wage issue may return. "I've worked here for 12 years and I make only 300 dinars (€ 150). I don't want an immediate raise I'd like to at least talk to the CEO about our situation," Fouad, a 47-year old worker said to a journalist. The bitterness was even greater because on January 15, the JAL employees were the first to return to work in the entire industrial area of Menzel (Bizerte). The CEO had promised them promised a bonus of 500 dinars.

## **Perspectives**

The quality of what is happening in Tunisia lies in the fact that the ferment has not been limited to merely getting rid of Ben Ali, but is deeply rooted in the class struggle. We see the unity displayed by the demonstrators in January now giving way to a divide between

those who want everything and at once (democracy, pay, living conditions) and those who are pushing for the resumption of business as soon as possible.

The lockout at JAL in late March, but also those at the CFTP (Franco-Tunisian Oil Company) on April 2, 2011, at SITEM Electronics and at Union Africaine Garments, shows that the struggle will be tough, but the workers have mobilized to make their demands stick for a long time. Many Tunisian proletarians have chosen to do what all workers of the world have been doing since the beginning of capitalism, namely leaving for places where they have a better chance of finding work. They have therefore left Tunisia and are found by the hundreds in French and Italian cities. The welcome they receive contrasts sharply with the enthusiastic rhetoric one hears in those countries about the "Tunisian revolution".

## **CONCLUSION**

For revolutionaries, recent events in Tunisia will long remain an important source of reflection. The richness and ambiguity of the popular movements that have shaken this small Mediterranean country and accelerated history in this major world region and beyond deserve close analysis by militants of the workers' movement. We therefore reject the falsely cut-and-dried, and in fact symmetrical, analyses of these movements as "purely proletarian" or "purely democratic". The Tunisian proletariat is, far more than elsewhere, the real origin of the revolts throughout Middle East.

Its revolt against high prices, poverty and unremunerated unemployment made this upheaval possible. A rebellion involving only a few tens of thousands of people at the end of their tether in a forgotten area of the hinterland set off the powder keg. A fire that this same proletariat could not spread before, despite their past struggles at times at least equal in intensity to those of recent months, soaring food and energy prices, and the inability of the states in the region to quickly grasp the destructive potential of these movements, made the difference. The perception that the ruling classes are emerging faster and in better shape than workers from the financial and budgetary crisis unleashed class hatred.

The repression of very determined but, all in all, peaceful demonstrations did the rest. Instead of stopping the proletarians, this convinced them all the more that the only collective solution is in the street and that the only worthwhile fight is one that does not retreat when faced with the use of force by the state and its armed bodies. The riot and the attempted insurgencies become commonplace and are still marking the rhythm of social life in these countries. Every stratum of civil society which had no stake in the particular political form of bourgeois rule in Tunisia quickly joined the movement bringing to it disparate aspirations and demands, often conflicting with the original inspiration of a decidedly proletarian cast.

Repression became slicker, thus hampering any real class polarization within the movement. The lowest common denominator slid, over time, from the days of the defensive struggle of violent eruptions by the proletariat against its degraded material

living conditions, to an interclassist battle dominated by the demand for political democracy and the rejection of "corruption" of the ruling group, a battle which also used illegal street mobilizations. The weak presence, in the revolt, of organized segments of the factory-based working class has certainly contributed to the dilution of the class struggle into the democratic struggle to streamline and modernize the domination of capital.

This does not imply that the workers in revolt have ceased to exist by themselves, or that they have stopped their advance to yield to their temporary allies. The social and political instability that prevails in Tunisia, the urge to get out of the country also expressed with rage and despair by tens of thousands of young poor people, the hopefully long-term weakening of the state, are all signals that indicate that the class struggle has not been extinguished and that its potential remains fundamentally intact. The presence of a factory-based working class, relatively larger than those of other countries in the region, aroused by the social agitation, is certainly a strong factor of hope. The tradition of combativity, never broken, in the country where the whole Middle East ferment began, is quite another. Conversely, the absence of any autonomous expression by the proletariat, coupled with the successful facelift of an omnipresent union as well as the resurgence of an organized political Islam, imposes on the subaltern classes a terrain of political confrontation which is not their own.

The confiscation of the terrain of working-class politics carried out so far with a certain success by these two currents is now the main obstacle to be overcome. Surmounting this obstacle is in the hands of all proletarians in revolt, but the prime responsibility for the outcome falls to the factory-based working class. If they fail, in their autonomous struggles, to re-establish the politics of the rebellion, which means centering them firmly in the practical radical critique of the relations of production, such politics will never be fully political and will not, moreover, being efficaciously defensive.

The limbo of the short-lived riot, which forgets its specific social reason along the way, threatens the proletarian advance in this country.

This is more true in Tunisia than elsewhere, because it is in this country that the chances are best of simultaneously going beyond the defensive nature of the movement (which has been only partially taken up), as well as its politically hybrid and incomplete political form. We say in Tunisia more than elsewhere because there have been many such riots since 1978. Failing this, capital will achieve a more solid equilibrium because it will be built on a purely political, and absolutely not a military victory. In this case, and only in this case, can one include the recent struggles in Tunisia fully and definitively in the process of the democratic restructuring of the state.

To avoid this outcome, with the worst political consequences for the proletariat in the region, it is imperative to encourage any attempt to organize, even by a small minority, proletarian goals and anger in groupings which escape union control and which assert the working-class content of the movement. These political organizations of the base do not currently exist, because the most serious fighters for the class have allowed themselves to

be absorbed by the dynamics of direct confrontation with the apparatus of repression and by the work of purging the “corrupt” elements of the former regime. Instead of acting on the rock-solid basis of independent political struggle, the use of force by the proletariat becomes a substitute for such a struggle. Social pressure mounts, but the political safety valve established within the state and in the political and trade-union organizations remains in place.

Although it has been transformed and renewed piecemeal, this safety valve is working very well. In this context, as in Egypt, the proletarians will most likely interpret the greater freedom they have won to put a ballot in the ballot box as a huge conquest. The key question is to know how long this expanded bourgeois democracy will succeed in sowing illusions. We have no answer to this question, but the simple fact that it can legitimately be asked is a huge improvement over the recent past.

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**6 The Arab Revolts and the Cage of Political  
Economy**  
– Benoit Challand



# **The Arab Revolts and the Cage of Political Economy**

## **Benoit Challand**

### **1. Introduction**

The wave of Arab revolts is the biggest political earthquake that shook this planet in quite a while. Sporadic massive protests did take place in the last decade (in Seattle or Genoa for G8 protests, in Greece revolts because of the economic crisis), but none took the regional and truly transnational scope of the Arab revolts of the last six months. Their aftermaths are still being felt far from its original epicenter, Madrid being the latest emulation of the type of spontaneous popular occupation initiated by Tunisians and refined by Egyptians in Tahrir Square (Madison was another one). As this is written, future spillovers of that wave might even be felt elsewhere in Europe (Georgia at the end of May), or more certainly in Sub-Saharan Africa (Uganda in particular), forcing us to reconsider the novelty and potential of these popular protests.

Yet, one should not be all too enthusiastic about these revolts. Even if they herald a new era where people have powerfully asserted their inalienable right to protest (and we hope they will continue doing so), the powerful cage of political economy has remained intact even after six intense months of protest. The intent of the imperial US power in the region, along with its allies Israel and the European Union (EU), remains unchanged.

We will review some of the reasons that sparked these revolts (§2), list some of the novelties of the revolts in comparative perspectives: what they are and what they are not (§3), and then proceed with an analysis of the possibility for radical political formations to emerge as full actors or not in the coming years (§4), before reaching a conclusion.

### **2. The starting points**

Surely, Mohamed Bouazizi, the Tunisian street vendor with a useless university degree, who set himself on fire in the small town of Sidi Bouzid in December 2010, was a very important element in triggering the wave of protests. His death, two weeks later, gave a second decisive impetus to the ousting of President Ben Ali and as we will see, his memory still looms over the current debates in the Tunisian transition. But there are other elements, generally un-discussed, that made this wave of revolts possible, one truly international, the other related to the Middle East only. So why did all these protests erupt at that moment in time? Which external conditions<sup>1</sup> enabled these waves of protests to emerge then and not at another time?

#### **2.1. Wheat and commodities prices**

As the joke goes, the only forms of participation that neo-liberalism has fostered are bread riots. Bread, or more precisely an essential ingredient to it—wheat—was the first international factor. Massive floods occurred in Australia at the end of November and early December 2010. This contributed to a renewed push on the price of wheat and grain on the international market, as illustrated in Graphs 1 and 2.<sup>2</sup>

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<sup>1</sup> Other internal factors have been underlined by many: demographics, spread of new media (internet and satellite TVs), etc., all of them discussed below.

<sup>2</sup> Both graphs taken for a twelve month period, from BBC World Services:

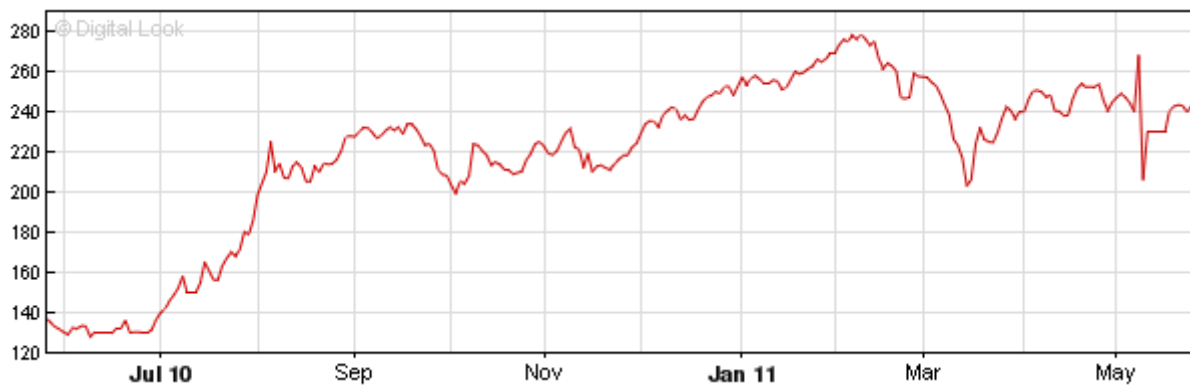
[http://www.bbc.co.uk/news/business/market\\_data/commodities/158426/twelve\\_month.stm](http://www.bbc.co.uk/news/business/market_data/commodities/158426/twelve_month.stm)

[http://www.bbc.co.uk/news/business/market\\_data/commodities/144824/twelve\\_month.stm](http://www.bbc.co.uk/news/business/market_data/commodities/144824/twelve_month.stm) (as of 26 May 2011 – the prices went down significantly since these were written

**Graph 1: Price of Wheat Futures US cents/bushel since June 2010**



**Graph 2: Price of Milling Wheat Futures euros/m tonne since June 2010**



Both graphs, illustrating the price of wheat futures and milling wheat over the last 12 months, point to similar trends: a near doubling of the price in the course of six months and the price peaking in February. The wheat futures rose from 500 cents per bushel in Summer 2010 to about 620 in November, and to nearly 900 in February (an almost 100% increase in eight months), while the price of milling wheat also increased from 130 Euros per ton to nearly 280 in early February.

In Algeria, the prices of wheat (and therefore bread) went up in conjunction with a governmental new law intended to force Algerians to declare the real price of goods traded at the end of 2010. The prices of other products also increased radically: sugar and cooking oil witnessed an abrupt 33 to 45 percent increase in the same period.<sup>3</sup> Eventually, the government had to back off and freeze the application of the tax reform after a series of street protests in the first two weeks of 2011. At that time, it seemed that the Tunisian revolt was ready to move west towards Algeria, not east towards Libya, Egypt and Yemen.

## **2.2. Relative calm**

On top of structural problems such as food prices, there is also another contextual regional factor, albeit a more slippery one. I personally believe that the relative political and military quiet of the period encountered in the Arab world over the six months prior to the events in Tunisia somehow made these protests possible. By that, I mean no major international military operations and no violent quashing of domestic protests. Many say that, every two years, originally).

<sup>3</sup> See Jack Brown, "Algeria's Midwinter Uproar," *Middle East Report*, Online Report No. 1, 20 January 2011, at <http://www.merip.org/mero/mero012011>.

Israel will launch a military operation on one of the fronts it entertains due to its annexationist and aggressive policies vis-à-vis the Occupied Territories (OPT) or Lebanon since the 1970s. Thus, many predicted a war with Lebanon in 2010 or a renewed military operation in Gaza. But nothing happened.

Had there been confrontations somewhere, it would have allowed these militaristic regimes, Israel included, to distract attention from more serious internal problems. So this 'pause' gave people the chance to think about their internal priorities. The flagrant electoral frauds in the December parliamentary elections in Egypt were a spit in the face of Egyptians, that contributed to increasing popular discontent against an arrogant regime that was grooming Mubarak's son, Gamal, as the next president.

This relative silence (which does not negate the violence that has been flaring in the OPT since the outbreak of the second intifada, in the Sudan-Darfur crisis, or the difficult post-civil war transition since the amnesty in 2005 in Algeria) was a sort of sounding board for piling up popular *doléances*. The status quo was not an option anymore: the bucket - domestic and regional - was full and the Tunisian drop arrived.

### 2.3. The aid ratio

It is well known that Israel, since the late 1950s, has been a key bridgehead for US imperialist policies in the Middle East. The relative calm mentioned above mirrors the current frenzy of Israeli efforts to portray the Arab revolts as a threat to its survival. Prime Minister Benjamin Netanyahu has, time and again, adopted the view of cornered political leaders that these revolts would pave the way to al-Qaeda-type Islamist regimes coming to power and that Israel was more than ever under threat. In other words, Israel wants to maintain the status quo of aid given by US taxpayers, in the form of 2 billion USD a year. It also wants to portray itself as a bulwark against a de-historicized and generalized Islamist threat, al-Qaeda style. The same is true for Egypt, Yemen or Bahrain (though the alleged threat there is that of the Islamic Republic of Iran)--all benefit from generous funding from the USA. Another commonality of this aid is that most of its content goes to military, defense and security purposes.

Table 1: Ratio Economic and Military aid to top MENA recipient of US aid

Country/Region	Economic Aid	Military Aid	Total
Israel	28,402.90	50,505.70	78,908.60
Egypt	25,095.80	27,607.00	52,702.80
Jordan	2,440.10	2,137.20	4,577.30
Lebanon	470.50	273.00	743.50
Palestinians	703.40	0.00	703.40
Syria	539.00	0.00	539.00
<b>Total Near East</b>	<b>62,449.90</b>	<b>82,519.20</b>	<b>144,969.10</b>

As we can see in this first table (Table 1<sup>4</sup>), military aid to Israel exceeds non-military aid by a ratio of more than 2:1. In Egypt, the ratio has been closer to 1:1 (military vs. non-military), but a closer look (Table 2<sup>5</sup>) at the last decade of US aid to Egypt shows that the level of economic assistance has dropped in favor of more military types of aid (reaching now more than 80% of US aid to the Egyptian regime).

**Table 2: Trends of US aid to Egypt (in million USD)**

	2004	2005	2006	2007	2008	2009
<b>Military aid</b>	1,292	1,289	1,287	1,300	1,289	1,300
<b>Economic assistance</b>	571	530	490	455	411	200
<b>Other</b>	...	...	...	...	...	...
<b>Total (in million USD)</b>	1,865	1,821	1,779	1,757	1,705	1,505

A last comparative table about US aid world-wide also reveals the specificity of the Middle East. The ratio signified in Table 3<sup>6</sup> serves to measure the amount of military aid (including 'security' understood in a broad sense) as opposed to aid for civilian purposes, aggregated here under the heading of 'democratization'.

**Table 3: Ratio between US military aid and democracy aid**

<b>Countries (dictatorships)</b>	<b>Ratio</b>	<b>Countries (democracies)</b>	<b>Ratio</b>
Bahrain	258.52	Mexico	108.1
Oman	245.17	Ukraine	6.98
Morocco	102.95	Senegal	5.15
Jordan	73.04	Yugoslavia (Serbia-Mont.)	3.99
Egypt	65.16	Dominican Republic	2.54
Cameroon	40.31	Thailand	1.97
Vietnam	18.86	Georgia	1.5
Tunisia	16.44	Indonesia	0.76
Yemen	6.66	Albania	0.64
Mauritania	5.31	Ghana	0.59

<sup>4</sup> See Congressional Research Service, *U.S. Foreign Assistance to the Middle East: Historical Background, Recent Trends, and the FY2011 Request* (Washington: CRS, Febr. 2009 and June 2010), Document RL32260.

<sup>5</sup> Author's compilation from Congressional Research Service (CRS), RL32260, Febr. 2009 & June 2010.

<sup>6</sup> Source: Nancy Bermeo, "Democracy assistance and the search for security", in Peter J. Burnell, and Richard Youngs (eds), *New challenges to democratization* (London: Routledge, 2010), pp. 73-90. This is a simplified version of her Table 5.1 on page 81.

Swaziland	4.1	Kenya	0.43
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Unsurprisingly, Bahrain, due to the presence of the US 5<sup>th</sup> Fleet and its vulnerable position in the Persian Gulf, tops the list. But the high concentration of eight Arab countries (Bahrain, Oman, Morocco, Jordan, Egypt, Tunisia, Yemen and Mauritania) in the top ten is striking. When we know that there have been significant popular protests in all of them (for readers less aware of detailed political developments in these Arab countries, it is worth underlining that there were protests in Nouakchott, the Mauritanian capital in April, in similar ‘Day of Rage’ protests,<sup>7</sup> not to mention Omani protests in February, with oil workers going on important strikes in March<sup>8</sup>), these figures acquire a quasi oracle-like function of where popular protests will burst out.

Beyond the Arab countries as such, since the military plays an important role also in Turkey and Iran, there is food for thought for other African countries and even Russia about how the inter-link between intelligence and the military provides a melting-pot for the formation of future political elites (the so-called *siloviki*<sup>9</sup>). Until recently, the Middle East was the perfect place for autocrats. And as in the past with dictators like Marcos in the Philippines, Mubarak could rely on strong coercive forces, mostly intelligence and national security police forces, to quell any opposition. The interesting development in Tunisia and Egypt is that this pattern has been effectively altered, paving the way for greater democratization prospects than in the past.

### **3. A comparative reading of the Arab revolts**

Let us look into greater details of what a comparison of the revolts can tell us about the prospects for more political participation from below -- some might call this ‘democratization’, but this is far from being clear as one still needs evidence that ‘representative democracy’ is effectively good for the ‘people’ and the masses. But as many have used the prism of ‘democratization’ to read these revolts, we will make occasional reference to that trope.

My contention is that one of the significant results of the waves of revolts is the emergence of strong citizen movements from below and that we are witnessing the emergence of an autonomous counter-power in civil society.<sup>10</sup> Yet, one

<sup>7</sup> “Mauritania: Tear gas used on ‘day of rage’ protester”, BBC, 25 April 2011, at <http://www.bbc.co.uk/news/world-africa-13188718>.

<sup>8</sup> “Oil workers strike in Oman”, *World Socialist Web Site*, 17 March 2011, at <http://www.wsws.org/articles/2011/mar2011/oman-m17.shtml>.

<sup>9</sup> *Siloviki*, sometimes called “securocrats” by political scientists, comes from the fact that these influential people “work for, or who used to work for, *the silovye ministerstva*—literally “the ministries of force”—charged with wielding coercion and violence in the name of the state”. For an illustration, see <http://www.journalofdemocracy.org/articles/gratis/Illarionov-20-2.pdf>.

<sup>10</sup> I developed a complex definition of civil society in my book on Palestinian civil society to avoid the Eurocentric traps (civil society as automatically opposed to the state, in the Hegel-Tocqueville readings; civil society as an automatic source of democratization, as in the neo-liberal reading). See Benoît Challand, *Palestinian Civil Society. Foreign Donors and the Power to Promote and Exclude* (London: Routledge, 2009), Chapter 2. Here I will refer to civil society as understood in Gramsci, namely a place for collective action to gain hegemony in opposition to the political society and bourgeois state. See Norberto Bobbio, “Gramsci and the Concept of Civil Society”, in

needs to be cautious about the chance of success for these popular movements because there are many counter-powers *to* civil society. One needs to zoom out of these events to take the *international* dynamics into consideration (rather than assessing only the domestic or regional levels) -- as we have tried to do in the previous section (§2).

To make my argument that we are potentially seeing the emergence of an autonomous counter-power in civil society, I suggest a twofold reading of the events: what this form of revolt *is* and what it is *not*. Let me start from the latter (not about Western support for democracy, not about religion, nor a simple emanation of class struggles).

### **3.1. What it is not**

First, the wave of protests is *not* the result of two decades of neo-liberal democracy or civil society promotion. The numbers about US aid given for the region were already quite explicit (Tables 1, 2 or 3). Not a single dime of aid earmarked for democratization has contributed to the flow of people pouring onto Middle Eastern streets. The usual suspects in the democratization scene have been conspicuously absent from the formulation of the political and social agenda in the first months of the protests: no advocacy groups and very few human rights activists have been at the forefront of the street embattlements in Tunisia and Egypt, and the absence of the self-appointed civil society leaders (think of the many champions of the non-governmental organization sector) has been as conspicuous as that of religious leaders.

I would argue that western aid has even had a negative effect on the potential influence of these segments of civil society. This is because the nature of the aid apparatus is endowed with the double power to promote and to exclude. It promotes only a professionalized form of activism, which is totally lost when it comes to manage the *extraordinary*. Such aid also contributes to excluding those resisting the institutional and discursive pressures which contribute to the spreading of a managerial version of civil society.<sup>11</sup> NGOs are precisely geared at producing new subjectivities--rational citizens who are critical of but still subject to the global neoliberal dominant order.

These observations point to the failure of all attempts at “buying democratization” and the previous tables also demonstrate that the United States and other advanced nations are not buying democracy but rather its repression. A further problem, thus, with this source of aid is that it focuses on hard security features of the state at the expense of aid for social movements, labor movements and other civil society groups, out of fear that it is the state itself that could become the object of predation for non-state actors, in particular Islamist ones. The result is a form of Bonapartism that international aid contributed in spreading in and around Egypt, Palestine and the keystone of Israel, as the high point of US interests in the region.<sup>12</sup>

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John Keane, ed., *Civil Society and the State* (London: Verso, 1988), 73-99.

<sup>11</sup> Challand, *Palestinian Civil Society*, 110-16.

<sup>12</sup> See Juan Cole’s apt formulation about Egyptian Bonapartism which could easily be adapted to Tunisia, especially if one has in mind the disturbing remarks professed by the then French Foreign Minister Alliot-Marie in the Parliament early January. In Juan Cole’s words, “The Egypt of the Separate Peace, the Egypt of tourism and joint military exercises with the United States,



Second. The protests have not been about religion. We have come a long way from describing the Muslim Brotherhood as the ultimate bogeyman. To many it might be a surprise to hear that the Egyptian Muslim Brotherhood is actually not so well organized but rather in decline. Again, by assessing the political economy in Egypt, one can find many reasons why the Islamic movement is in this state of relative weakness.

When Egypt embarked on structural adjustment programs and privatized state-owned enterprises from the 1970s onwards, but mostly in the 1990s, it was primarily a *façade*, as only a handful of high-ranking officials could do business. In parallel, with state and welfare services dismantled, the regime allowed a boom in the charity sector, with the Muslim Brotherhood (MB, in Arabic often referred to as the '*Ikhwan*', Brethren) building many private mosques and new charitable organizations. But in the 1990s, when the MB started running for elections (culminating with the winning of 20% of the seats in 2005), the *Ikhwan* paid the price of this political engagement by having no choice but to let people close to the government gradually take control over these charities. The movement also lost credibility when it refused to boycott the 2005 elections and more recently because of its adoption of viewpoints inimical to the lower classes; thus the MB denounced the strikes of Muhalla al-Kubra in the textile sector in April 2008. Similar anti-union positions from Islamists are documented in Gaza or Yemen, creating a rift between the working class and the Islamists.<sup>13</sup> On both fronts, political and social, the MB comes out a much more fragile actor than it was in the past. Only the lack of alternative opposition and the regime's stigmatization of the *Ikhwan* as a Taliban-like movement kept an otherwise fragmented organization united.<sup>14</sup>

This is not to say that the days of the *Ikhwan* are numbered. It still has an enormous organizational capacity and could well become, if the former ruling party (NDP) does not manage to re-emerge in a new form for the September elections, the main faction in parliament. We should not forget that, historically, the Islamists (and not just the *Ikhwan*) have become so big because the regime played them against the communist party in Egypt, thus supporting the spread of Islamism instrumentally to cut the grass under the feet of the communists during the last five decades. The hypertrophy of the Islamist sector is to a large extent the result of the anti-communist crusade during the cold war,<sup>15</sup> and the strange, but rather frequent, conversion of former Marxists into Islamists.

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is also an Egypt ruled by the few for the benefit of the few." See Juan Cole's blog, posted on 3 February 2011, at <http://www.juancole.com/2011/02/mubarak-defies-a-humiliated-america-emulating-netanyahu.html>.

<sup>13</sup> See Patrick Haenni's notion of the "Islam of the market" to describe the growing bourgeois neoliberal tendencies amongst Islamists in Egypt and around Muslim-majority societies Patrick Haenni, *L'Islam de marché, l'autre révolution conservatrice* (Paris, Seuil, 2005). See also Patrick Haenni and Husam Tammam, *Les Frères Musulmans égyptiens face à la question sociale: autopsie d'une malaise socio-théologique* (Fribourg: Institut Religioscope, Etudes et analyses n. 20, 2009), available at [http://religion.info/pdf/2009\\_05\\_fm\\_social.pdf](http://religion.info/pdf/2009_05_fm_social.pdf).

<sup>14</sup> Daniela Pioppi, *Is There an Islamist Alternative in Egypt?* (Roma: IAI Working Paper 3, 2011), 7-10. Available at <http://www.iai.it/pdf/DocIAI/iaiw1103.pdf>.

As in Tunisia with elections due for late July (and the rising Islamic party an-Nahda), we will have to see what is the actual outcome for the MB in future Egyptian elections. The MB has exerted restraint, especially in the first two months of the revolt. First it announced around March that it would not field a presidential candidate (but then, in May, a MB member, Abdel Moneim Abdul Fotouh said he would run as an independent, a personal decision that led to his expulsion from the party<sup>16</sup>). It also stated that it would present lists for only 30% of the Parliament seats. Was it because the MB was still under intimidation that it made such pleas? Monah al-Ghobashy gave that as a reason for the shy attitude of the MB in the first month of the Egyptian protests, as State security officers seemed to have warned Muslim Brothers in the provinces to stay home.<sup>17</sup> This could explain why, recently, the MB changed its view in early May and that it would run for 50% of the seats instead.<sup>18</sup> It could be that, now that the former regime and its secret police have vanished, they are waiting for glorious day and that they will exert less restraint on expressing their political appetite, as was the case in the last days of May (25 May), when a senior MB member, Sobhi Saleh, expressed his hope that the post-election government would be an Islamic one, only to be asked by the MB political bureau to retract his statement.<sup>19</sup> The fact remains that, both in Egypt and Tunisia, the Islamic block will be more fragmented than it was before the revolts, because of internal splits and the existence of other minor Islamist formations.<sup>20</sup>

Third and last, the current protests are not a simple emanation of class inequalities. Though the main trade union in Tunisia (*Union Générale Tunisienne des Travailleurs* - UGTT) was an important triggering agent of the revolt, the loose combination of educated people with liberal professionals (lawyers, doctors) gave a decisive boost to the popular protests in Tunisia. The same can be said in Yemen, Palestine, Bahrain, Iraq, Libya and, of course, also Egypt.

However, the class dimension should not be written off from the current protests. In particular, the prominent role that trade unions have played from Bahrain, Tunisia and Egypt is quite striking. It is not clear if their significance is

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15 Sandra Halperin, "The Post-Cold War Political Topography of the Middle East: Prospects for Democracy," *Third World Quarterly* 26, no. 7 (2005), 1135-1156, at 1136.

16 "Brotherhood youth blast decision to expel Abouel Fotouh", *Al-Masry Al-Youm*, 19 June 2011, <http://www.almasryalyoum.com/en/node/469394>.

17 See Mona el-Ghobashy, "The Praxis of the Egyptian Revolution," *Middle East Report*, No. 258, at <http://www.merip.org/mer/mer258/praxis-egyptian-revolution>.

18 "Muslim Brotherhood to contest half of parliament seats", *Daily News Egypt*, 1 May 2011, at <http://www.thedailynewsegypt.com/egypt/muslim-brotherhood-to-contest-half-of-parliament-seats.html>.

19 "Next government to be Islamist", *Al-Masry Al-Youm*, 25 May 2011, at <http://www.almasryalyoum.com/en/node/450742>.

20 See, e.g., the reluctance of the old guard in Egypt to support the 26 May protests: "Brotherhood divided over Friday's protests", *Al-Masry Al-Youm*, 26 May 2011, at <http://www.almasryalyoum.com/en/node/452783>.



due to their political perspective or whether they have been important because of their sheer existence and organizational capability--such as putting people on buses, getting people to gather around slogans, organizing internal security forces to confront anti-riot police units, etc. It should be noted that these are things that soccer fan clubs have also been seen doing in Egypt. This might sound a strange parallel to draw but, under the state of emergency imposed since 1981 (the same applied in Algeria), soccer fans were the only group of more than twenty people authorized to gather in public space. These groups also became experts in out-maneuvering anti-riot police -- soccer fans were apparently in the front line when Mubarak sent thugs on camels and horses at the end of January to try to oust the protesters from Tahrir Square. Again, as with the future of the Islamists, there are doubts that we will discuss below about the prospect for labor movements to coalesce into important political factions

All this happened in a very volatile situation where it is difficult to read class dimensions from others. Nadia Marzouki, in her early analysis of the Tunisian protests (published five days after the departure of Ben Ali from Tunis) underlined the role of the UGTT, the main labor confederation in channeling the protests:

“The UGTT, which supported Ben Ali from the late 1980s forward, changed its attitude entirely. Beginning with postal workers and primary-school teachers, numerous local and regional chapters of the union organized grass-roots level debates about the course of events. The sense of collective delight that emerged from this recovered right to speak was a challenge to the widespread notion that the ‘Arab street’ is a space of little but anomie and diffuse anger.”<sup>21</sup>

In Egypt as well, there have been new strikes and new trade unions formed literally every week. I list below all the sectors where strikes or labor protests were reported in the Egyptian press during the month of March:

- Real estate,
- Health technologists,
- Teachers syndicate,
- Textile,
- Transport authority,
- Iron and steel,
- Postal workers,
- Bank and pharmaceutical concerns,
- Aviation,
- Journalists,
- Lawyers,
- Cinematographers (a big sector in Egypt),
- Musicians, and
- Petroleum and gas industries.<sup>22</sup>

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21 Nadia Marzouki, “Tunisia's Wall Has Fallen,” *Middle East Report*, Online Report, Jan. 19, 2011, available at <http://www.merip.org/mero/mero011911>.

22 Author’s compilation from various Egyptian dailies. In May, a new important sector joined the pack, with Doctors striking. Quote from an article “... The strike, which went into effect Tuesday, reported an 85% response rate with 227 participating hospitals across the country. Demands included the dismissal of health minister

This list illustrates that the unease comes from all segments of the population, not just from the primary and secondary sectors, where the working class is concentrated, but also from the tertiary service-oriented sectors (journalists, aviation, real estate, etc).

Nonetheless, we cannot afford to neglect the significance of sheer material need in shaping the nature of the oppositional forces. In the Middle East, neo-liberalism has done 'wonders', and despite the oil bonanza in many countries of the region, "economic deprivation continues to affect at least 80 per cent of the overall Arab population. Out of 320 million Arabs, some 15 per cent at most (30 million) have benefited from the oil boom directly or indirectly."<sup>23</sup>

To this important, but not unique class factor, there are other ingredients leading to the cocktail of revolts witnessed so far. Generation is one of them. Mainstream Western media reported actually little on class struggles and highlighted the involvement of youth and especially of the youth able to make the best use of internet technologies. The media picked up the technological dimension, but the young age of the protesters is much more significant, because more than half of the population in the Middle East is below the age of 25 (even less for other places like Palestine, where the majority is under the age of 21). Many of these youths have been very much disillusioned by the Islamist ideology<sup>24</sup> and also by the opportunistic behavior of the left-cum NGOs. Some of these youths might have found a job, but the cruel reality is, as in the Spanish protests at the end of May, there is a high percentage of young college graduates without a job. In Tunisia, 46% of youth have university degrees, but unemployment is extremely high.<sup>25</sup> Thus, there was something ineluctable in these disenfranchised youths call for work and participation.

Let us now turn to what these protests are.

### **3.2. What it is about**

Earlier, I chose the phrase counter-power of civil society, because I believe that there is more to civil society than its organized form. To avoid thinking of it as a residual category, I usually define civil society on the principle that it is the

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Ashraf Hatem, raising the health budget, and increased wages and security for hospitals... The strike has not been canceled, but suspended until Sunday while doctors meet to discuss the results." Sources: Doctors suspend strike following meeting with ministers", *al-Masry al-Youm*, 18 May 2011, see <http://www.almasryalyoum.com/en/node/441906>.

23 Bassma Kodmani, "Democratization by whom? Resistance to democracy promotion in the Middle East", in Peter J. Burnell, and Richard Youngs (eds), *New challenges to democratization* (London: Routledge, 2010), pp. 153-170, at 155.

24 And interestingly, many blogs or interviews of youth in the region explicitly state that they are not longing for an Iranian-style solution (read Islamic revolution).

25 Nadia Marzouki, "Tunisia's Wall Has Fallen," *Middle East Report*, Online Report, Jan. 19, 2011, available at <http://www.merip.org/mero/mero011911>.

source for collective autonomy.<sup>26</sup> The rendering of autonomy in Arabic is perfect to illustrate my point as the translation is *tasayyir daati* – that is the “self-impulse” or “self-drive”.

And indeed, once the initial spark was lit, it is as if the Tunisian people moved, as a whole, into spontaneous protests. Egyptian, Libyan, and Yemeni people called for the fall of their respective regime. The slogan “*ash-sha’b yourid isqat al-nithaam*” – in English “the people wants the fall of the regime” – captures this social cohesion (the people) and the unity in the project across the region, since it was also used subsequently in Syria, Jordan and Iraq.

These protests entail a radical break with fragmented social structures. To paraphrase Castoriadis’ text on the *Hungarian Source*,<sup>27</sup> this moment of self-organization in Egypt was coupled with a moment of radical re-imagination, by placing the nation at the heart of all these protests. It is worth underlining that we are talking about the secular notion of *watan* (territory or homeland), as opposed to the religiously tainted notion of *ummah*.

Thus sectarian, religious or class divisions have frequently been transcended by calls for national unity. Readers can probably recall pictures showing a sense of national unity with the overwhelming presence of national flags (Bahrain in particular, but also in Libya, Palestine, or Yemen and across the region). Other examples include:

- Copts and Muslims protecting one another on Tahrir Square while praying;
- Bahrainis chanting that it is not about being Sunni or Shiite, but about the defense of the *watan* country.
- Libyan youth invoking the past resistance of Omar Mukhtar (a religious leader) to Italian fascism in the 1930s as an example for the nation;
- Palestinians calling for the end of their own divisions, and finally,
- Protests in Syria where demonstrators chanted, “Not Sunnis, not Alawis, we all want freedom”.<sup>28</sup>

Spontaneity (etymologically, *spons* means the source), understood here as the idea and practice of self-organization of the people on the street, can be seen both as the strength of these regional protests and as their weakness. By definition, spontaneity and self-organization risk being short-term revolutionary fires. In Egypt, where the government was removed by the military (the Supreme Council of Armed Forces-SCAF), executive power is in the hands of people part of the previous power arrangements. By cheering and entrusting the army with managing the transition, people in Egypt might have lost to another group its capacity to decide *what* to do and *how* to do it.

Revolution is, we are told by Castoriadis, the explicit self-institution of society, the capacity to choose the content and the form of the protests. In Tunisia, it

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<sup>26</sup> Challand, *Palestinian Civil Society*, 55-8.-

<sup>27</sup> Cornelius Castoriadis, “The Hungarian Source,” in *Political and Social Writings. Vol. 3, 1961-1979*. Ed. and transl. David A. Curtis (Minneapolis: University of Minnesota Press, 1992), 250-271.

<sup>28</sup> “Despite Promise of Reforms, Syrian Forces Try to Disperse Protesters With Gunfire”, *New York Times*, 29 March 2011, at [http://www.nytimes.com/2011/03/29/world/middleeast/29syria.html?\\_r=1&scp=1&sq=not%20sunnis,%20not%20alawis&st=cse](http://www.nytimes.com/2011/03/29/world/middleeast/29syria.html?_r=1&scp=1&sq=not%20sunnis,%20not%20alawis&st=cse).

looks like that there has been a real split inside the army and the police forces to keep the revolutionary momentum towards a profound rupture with the past (state media have also been rapidly dis-embedded from control by the Ben Ali and Trabelsi clan – the family of Ben Ali’s wife). But, in Egypt, believing that the Army, which owns so much of the economic sector, will allow this double revolutionary break of self-organization and self-imagination is falling into naïve politics.

There seems nonetheless a strong capacity *and* will by the Tunisian and Egyptian populations to keep this flow of spontaneous protests (like the protest in response to the Egyptian army’s plan to outlaw protests--forcing the SCAF to take down this plan,) as a weapon against the transition governments. Trade unions are again playing a role in keeping the mobilization high on the street, and this without clear indications from the formal syndicate leaders. One UGTT member thus recently reflected on the Tunisian mobilization and when asked, “Was there any hesitation on the part of the UGTT in backing the revolution?, he replied:

“Well, the union activists on the ground were not awaiting orders from above. No one met in union halls to decide whether to support the revolution or not. The solidarity of unionists with the revolution was spontaneous.”<sup>29</sup>

Another quote conveys the sense of unity and spontaneity in the streets around Tahrir Square:

“On January 28, shortly after noon, a majestic scene unfolded all over Egypt. Grand processions of thousands upon thousands of people in every province made their way to the abodes of the oppressive forces that controlled their lives. Beckoning those watching from their windows, they chanted, ‘Our people, our people, come and join us!’ When the crowds reached town and city centers, they encircled police stations, provincial government buildings and NDP [the ruling party] headquarters, the triad of institutions emblematic of the regime. The syncopated chorus that had traveled from Sidi Bouzid to Tunis now shook the Egyptian earth: ‘The people...want...to overthrow the regime!’”<sup>30</sup>

Even in Libya, self-organization in Benghazi and other Eastern towns that were too far from Col. Qaddafi’s reach, organized a network of solidarity by chipping some money into a common fund to secure constant access to water and basic food resources, on top of organizing security for the various city’ neighborhoods.<sup>31</sup>

#### **4. Perspectives for radical politics**

In light of this general comparison, what are the prospects for future positive developments in the region? Leaving aside Libya which risks turning into a

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<sup>29</sup> Chris Toensing, “Tunisian Labor Leaders Reflect Upon Revolt,” *Middle East Report*, Num. 258. available at <http://www.merip.org/mer/mer258/tunisian-labor-leaders-reflect-upon-revolt-0>.

<sup>30</sup> El-Ghobashy, “The Praxis....”. <http://www.merip.org/mer/mer258/praxis-egyptian-revolution>.

<sup>31</sup> *Le Temps* (Geneva-based daily), 3 March, 2011.

protracted civil war, with NATO and a few Arab allies' intervention (Qatar in particular with its pivotal role in providing weapons to the anti-Qaddafi troops), these Arab revolts have laid bare the non-sustainability of the past regimes, based on a mix of (often indirect) military control in alliance with a small layer of the population obtaining benefits from complacency to autocratic regimes. It is thus no surprise to see these revolts spreading to other parts of the world since this pattern of rule is to be found in many other places. In the Arab world, the revolts have also opened the door to a totally new era, in which the most likely successful alternative political ideology to autocracies is not Islamism anymore but a return to secular politics.

In this section, I would like to dwell on the possibility for labor groups and Marxist formations to regain influence in this new era of secular politics, but also identify what are the adverse conditions for a resurgence of radical Marxism in the region, in particular the deep scars left by nearly three decades of neo-liberalism and the cost of preserving the peace process at all costs.

#### **4.1. Weak and fragmented labor movements**

Regaining influence in domestic politics will not be an easy task for leftist groups in all of the countries shaken by the revolts. By underlining the capacity to project a new political imaginary for more direct popular participation in politics (around, e.g., labor protests) and the ability to mobilize large groups, various Marxist groups are now in a watershed period: once again, they can offer credible alternatives and articulate real political programs to satisfy the needs of disenfranchised groups. To use Gramsci, this proven capacity of auto-institution must be accompanied with a more pro-active and class-conscious civil society against the oppressive domination of economics and that of the state. Concentrating *only* on material and economic issues will probably equate with losing the battle of these revolts and future Marxist politics must be done in synchrony with a radical re-imagination of the popular imaginary.

If the Islamists seem to be losing momentum after more than three decades of dominant position in the opposition, there is a golden opportunity for the left to re-emerge. But it will face two serious problems. First, a re-emergence of the radical left will need a radical re-foundation and serious distancing from past accommodations. Second, it will face an uphill battle in re-organizing institutions that had been banned or under strict control by the regime.

In the case of Egypt, one party associated historically with the communist tradition has been the Tagammu', though it later moved towards a socialist reformist stance. Like the historical opposition secular force of the Wafd party in Egypt, it has been in the last decades regime-loyal by participating in rigged elections or by supporting the harsh crackdown on Islamists. A new leadership, less acquiescent to ruling authorities and detached from religious connotations needs to emerge both in the reformist and in the communist movements.

Because, historically, in many Arab countries, like in Egypt, Palestine or Jordan, the disaffection of the left from the trade unions and a move towards the professional segment of civil society – the 'NGO' scene, paved the way for successful takeovers by Islamic groups from the 1980s onwards. The fact that Islamists have shown their true face, of petty bourgeois favoring neoliberal

policies,<sup>32</sup> is a golden opportunity to resurrect the central role that traditional social movements can play.

On May Day this year, an old Marxist-Leninist formation went public after years of silence: Egypt's Communist Party (ECP) announced that it would act again in the open after decades of political oppression by the regime. The ECP was formed in 1922 and was outlawed under the monarchy two years later, acting only secretly. With the Free Officers' Revolution in 1952, there were hopes that the movement could operate freely, but Nasser's honeymoon with the Soviet Union lasted only briefly, and the party was dissolved in the mid-1960s. It was re-established in 1975, but under the radar screen as it was illegal and its activists were rotting in jail. Similarly in March, the creation of an "independent labor union" was announced in Egyptian dailies as something that had not take place since 1957.<sup>33</sup>

In the recent past, where strikes have been increasingly on the rise (Juan Cole has spoken of more than 2000 strikes in the last four years<sup>34</sup>), there were always new communist militants, torn apart between the risk of joining an illegal party or an accommodationist and socialist movement such as Tagammu. Hazem Kandil reports that for many young leftists,

"the priority was to organize resistance in the factories. So for at least five years, they had been trying to develop a force of their own, creating, among other things, a journal called *Al-Bousla—The Compass* in Arabic—to bring together the most active layers of the Egyptian Left. These are mostly urban intellectuals, many of them assistant professors—young historians, political scientists or sociologists. (...) It is estimated that some two million workers had been involved in some kind of strike activity over the previous decade. But strikes had been by and large apolitical, restricted to wage demands, resistance to lay-offs, pressure for earlier retirement; and they had been strictly local—there had never been an attempt at any industrial action on a national scale."<sup>35</sup>

The strike of 2008 in the textile sector in Mahalla al-Kubra was the product of such activism and some of the leaders of the April 6 Youth movement fit the trajectory described above: urban intellectuals, many of whom are without direct connections with working class.

In Tunisia, there are similarities: the former communist party, *Ettajdeed*, became a reformist party in the early 1990s and always remained a marginal

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<sup>32</sup> Patrick Haenni, *L'Islam de marché, l'autre révolution conservatrice* (Paris, Seuil, 2005). See also Patrick Haenni and Husam Tammam, *Les Frères Musulmans égyptiens face à la question sociale: autopsie d'une malaise socio-théologique* (Fribourg: Institut Religioscope, Etudes et analyses n. 20, 2009), available at [http://religion.info/pdf/2009\\_05\\_fm\\_social.pdf](http://religion.info/pdf/2009_05_fm_social.pdf).

<sup>33</sup> "After 50-year hiatus, Egypt's first independent labor union is born", *Al-Masry Al-Youm*, 3 March 2011, <http://www.almasryalyoum.com/node/337515>.

<sup>34</sup> Juan Cole's intervention (on 10 February 2011) on *Egypt Arising*, an event organized by the Committee on Global Thought, Columbia University, at [http://cgt.columbia.edu/videos/filter/all/0/0/cole\\_juan/0/](http://cgt.columbia.edu/videos/filter/all/0/0/cole_juan/0/).

<sup>35</sup> Hazem Kandil, "Revolt in Egypt. Interview", *New Left Review* 68 (March-April 2011), 17-55.



group. The main vector for labor activism remained the UGTT. This formation, originally called *Confédération Générale Tunisienne du Travail* at its inception in 1924, was a vector of nationalist politics as it was openly anti-colonial. After WW2, the CGTT became the UGTT in 1946 and benefitted, like so many trade unions in the nascent Cold War, of US CIA money, funneled through a partnership with the AFL<sup>36</sup>. In 1976, 1977 and in the 1978 general strikes, after a period of tense stand offs between the workers, who had organized many wildcat strikes and denounced the leaders of the UGTT as collaborators, and the ruling party Neo-Destour, the UGTT was co-opted by the regime, a tendency reinforced under Ben Ali (in power since 1987). However, the UGTT remained not quite under the full control of pro-regime cadres and small radical groups kept existing on its fringes, explaining probably also the divisions of the UGTT in the first weeks of the protests in Tunisia in January.<sup>37</sup> Three of its cadres have been appointed in the first interim government under Mohammed Ghannouchi, but resigned only a few weeks later. The UGTT's dominant position was also breached with new workers' movements and parties created ahead of the July 2011 elections.

#### **4.2. Neo-liberalism has been here already...**

Thus, these socialist movements are fragmented, historically weak and will have to find convincing arguments that they have the right answers to bring more social justice, a theme mostly hijacked by the Islamists over the last decades.

Another strong enemy to fight is the impact and ravages created by more than two decades of systematic neoliberal policies in the region--ravages that some of these reformist movements, in particular the UGTT, in Tunisia, have supported. In Egypt, Sadat adopted the *infitah* policy (open door policy) in 1974, later reinforced in 1991 by structural adjustment programs under Mubarak, which brought more confusion about state and society responsibilities. As Mitchell put it, the Egyptian government in the 1990s "subsidized financiers instead of factories, cement kilns instead of bakeries, speculators instead of schools."<sup>38</sup> In this process, the military moved out of their barracks and gradually expanded as a capitalist force on its own, by controlling large industrial concerns and real estate close to tourist centers. In Tunisia, the main driving force in the spread of neo-liberal policies was the European Union, with its so-called Barcelona process, launched in 1995 and its failed attempt to create a free trade zone by 2010. Cassarino explains quite accurately what happened in Tunisia and a phenomenon of new forms of state deployments, rather than a 'shrinkage' of the state's capacities, as a

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<sup>36</sup> Nigel Disney, "The Working-Class Revolt in Tunisia", *Middle East Report*, MERIP 67 (May 1978).

<sup>37</sup> And assigning one clear position of the UGTT throughout the initial month of protests in Tunisia is impossible. See some debates on this, see "The American middle class "left" and the Tunisian revolt", *World Socialist Web Site*, 21 January 2011, at <http://wsws.org/articles/2011/jan2011/ugtt-j21.shtml>.

<sup>38</sup> Timothy Mitchell, "No Factories, No Problems. The Logic of Neo-Liberalism in Egypt," *Review of African Political Economy* 26, no.82 (1999), 455-68, at 456.

consequence of the economic opening of the Tunisian market with trade to the EU: <sup>39</sup>

“Admittedly, a process of economic liberalization has been promoted since the 1980s by the former regime, particularly following the 1995 Association Agreement between the Government of Tunisia and the EU, leading to the emergence of a business-friendly institutional environment. However, state divestiture and the resilience of oligarchic economic interests also characterized Tunisia’s model of top-down ‘participatory development’, as the former regime’s official rhetoric had dubbed it.”

“(…) The adoption of the EU-sponsored *Programme de Mise à Niveau* (PMN), in Arabic *attâhyl ach-châmil*, aimed at upgrading and restructuring the private sector in order to face greater exposure to international competition through gradual tariff dismantling, was expected to buttress the competitiveness of Tunisian private enterprises. *Far from doing so, the PMN actually contributed to reinforcing the interference of the state and its public administration into the private sector.* It did so by selectively allocating financial and informational resources to a number of entrepreneurs with a view to modernizing their (and only their) production lines, and to sustaining their (and only their) export capacities.”<sup>40</sup>

Once again, these global capitalist transformations have contributed to creating easy access to cheap labor costs for international capital, opening new markets for international consumption products (often products that only a tiny population of the Arab world can afford).<sup>41</sup> These processes in Tunisia, Jordan<sup>42</sup> or Egypt have an equivalent in other countries where the effect of liberalization of the market has been to literally import cheap manpower. Israel did this from the early 1990s onwards to replace Palestinian workforce by Filipinos, Nigerians and other nationals, while Saudi Arabia, Bahrain and Dubai selectively imported and exploited their working manpower from the Indian sub-continent and south Asia. Anyone voicing political protests could thus easily be excluded from their host country.<sup>43</sup> These profound transformations of the work force have, of course, long term repercussion for the working class, since class formation is fundamentally skewed and systems of workers’ representation simply impossible. Finally, in the Gulf countries, awash with oil and gas remittances,

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<sup>39</sup> Conclusion also developed in Caroline Abu Sada & Benoit Challand’s introduction to *Le développement, une affaire d’ONG ? Associations, Etats et bailleurs dans le monde arabe*, (Paris:, Karthala-IREMAM, 2011).

<sup>40</sup> Jean-Pierre Cassarino, “Confidence-building in Tunisia after the Popular Uprising: Strategies and Dilemmas of the Interim Government”, IAI WORKING PAPERS 11/04 (February 2011), pp. 5- 6 (my emphasis).

<sup>41</sup> E.g., Timothy Mitchell, “No Factories, No Problems...”.

<sup>42</sup> Christopher Parker, “Tunnel-bypasses and minarets of capitalism: Amman as neoliberal assemblage”, *Political Geography* 28(2), 2009, 110-120.

<sup>43</sup> Think of the hundreds of thousands Palestinians or Yemenis expelled from the Gulf countries in 1990, 1991.



the emergence of trade unions has been only a recent invention, but all under rather tight control by the royal families.

#### **4.3 ...and the 'peace industry' goes on**

Another factor which impedes class struggles in the region is that access to enormous resources is created not simply by the market but by the 'peace industry'<sup>44</sup> around Israel. This phrase refers to the real business generated by generally hollow peace projects, of fig leaf projects meant to promote peace in and around Palestine and Israel. We have seen already the 'peace dividends' reaped by Israeli and Egyptian governments since the 1978 Camp David agreements (about 1 to 2 billion US dollars per year). The creation of the NGO scene (the 'democratization' and 'peace programs, such as people-to-people) is also a by-product of this industry, dragging important layers of progressive activists and intellectuals into hot air production around advocacy, and the promotion of 'principled beliefs', instead of defending basic collective rights. But there is more to the peace industry than 'grassroots' peace activities and the NGO-ization of civil society. The true nature of this political engagement around peace (be it between Israel and Egypt, or between Israel, the Palestinian Authority and the previous Egyptian government) can be seen around the personal benefits that their political leaders have obtained around the construction industry. The intertwinement with international capital is also illustrated with two famous corruption episodes in Palestine.

About five years ago, one of the top figures of the Palestinian Authority was accused of reselling, at near-market price, cement imported at preferential rates (part of the peace dividends) from Egypt via Israel. Not only was there a clear case of embezzlement, but the concrete was sold by the brother of a key Palestinian minister not to Palestinians, but to Israeli concerns in charge of building illegal settlements. There were widespread rumors that part of the cement was also used by Israeli firms to build the security wall that Israel is currently erecting for 'security reasons' to lock in the West Bank into a series of enclaves. Cement and construction materials come from Egyptian-based construction conglomerates, acting in close relationship with Egyptian quasi-state business in which cronies of Mubarak and some military elites have privileged access.

Thus a lot of the 'peace-building' money has been siphoned away from public use. There is little surprise that the Fatah-run PNA and the Israeli government are anxious about the prospect of this 'generous' peace process being derailed. Amira Hass, the only Israeli journalist living in the Palestinian Territories, had many stories from the beginning of the revolts about nervous West Bank political leaders. Thus, before the fall of Mubarak, on February 3, 2011, she stated that: "The Palestinian leadership has been careful not to support the uprisings in Egypt and Tunisia, and has banned demonstrations in solidarity with the rebelling peoples. Palestinian television has virtually ignored the events in Egypt."<sup>45</sup> In another paper where she hinted at the EU's involvement in training civilian Palestinian police increasingly involved in political repression

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44 Markus Bouillon speaks of *The peace business: money and power in the Palestine-Israel conflict* (London, IB Tauris, 2006).

45 "Why isn't the PA supporting the Egypt uprising?", Amira Hass in *Haaretz*, 3 February 2011, see <http://www.haaretz.com/print-edition/features/why-isn-t-the-pa-supporting-the-egypt-uprising-1.340966a>.

and torture of political opponents (not just Hamas, but militants of the PFLP and DFLP), she spoke, on February 7, 2011 of supporters of Fatah who, in Ramallah, “had held an undisturbed demonstration in support of the Egyptian government and President Hosni Mubarak”.<sup>46</sup>

We are in the same pattern of full collaboration that took place in the Oslo years ago and where joint Israeli, international and Palestinian capital (some of the money originating actually from international aid for the nascent PNA) merged to create a casino (gambling is forbidden in Israel) in the West Bank town of Jericho<sup>47</sup>. When the second intifada broke out in September 2000, people having a direct stake in the casino (a Vienna-based entrepreneur, some Israeli businessmen and Palestinian officials, the advisor of the late President Arafat and key figures in the Palestinian security forces) called for an immediate end of the confrontation because of the economic damage the Intifada was causing to the casino. This episode illustrates how, back in the ‘Oslo years’<sup>48</sup> as it is again the case over the last four years, the convergence of capitalist and security forces’ interests is the best guarantor of Israeli security and the best model of ‘peace-building’ in the region.<sup>49</sup>

Interestingly, the SCAF in Egypt has taken a drastic measure to attack past practices of corruption by granting the judiciary substantial power to judge corrupt ministers. The Ministers of Interior (Habib al-Adly) and Tourism have received a lot of attention through accelerated trials; the same is on its way with the Mubarak family, and one key ally, Ahmed Ezz (businessman and key NDP official). The surprise is that the former powerful GIS director Omar Suleiman (seen as an essential pawn in the game of selective security collaboration with Israel) has been recently referred to military court: “Suleiman, the former head of the Egyptian General Intelligence Service (GIS), is accused alongside Wadi el-Nil Contracting, a company owned by the GIS, of wasting public money. The military prosecution has requested the reports be transferred from the public prosecutor's office to prepare for further investigations.”<sup>50</sup>

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46 “Palestinian security suppressing West Bank fervor over Egypt protests”, Amira Hass in *Haaretz*, 7 February 2011, see <http://www.haaretz.com/print-edition/features/palestinian-security-suppressing-west-bank-fervor-over-egypt-protests-1.341722>.

47 See, e.g. Benoit Challand, “Les mutations du leadership palestinien: des accords d’Oslo à la victoire du Hamas (1993-2007)”, *A Contrario*, Vol. 5, Num. 2 (2009), 12-37.

48 Peter Lagerquist, “Privatizing the Occupation: The Political Economy of an Oslo Development Project”, *Journal of Palestine Studies* 32(2), 2003, 5-20.

49 A statement made in October 2009 by Israeli Intelligence Minister Dan Meridor, confirmed that “cooperation between the PA and Israel, particularly in the security realm, is the best it has been”. Originally published in *Jerusalem Post*, 19 October 2009, quoted in ICG, *Salvaging Fatah*, Middle East Report n°91, International Crisis Group, 12 November 2009, footnote 22, p. 4.

50 See article in Arabic (entitled “Reports against Omar Suleiman transmitted to the military prosecutor”), *Al-Masry Al-Youm*, 5 March, 2011, see <http://www.almasryalyoum.com/node/421516> (English translation quoted in POMED e-newsletter).

The fact that the PNA in the West Bank felt pressure to announce early municipal elections (on February 4, 2011)<sup>51</sup>, and later Hamas, also under pressure from various student protests throughout March and April in the Gaza strip, agreed to sign a unity reconciliation deal with Fatah in May is another quite positive development carried forth by these Arab revolts. What Egypt has been doing in the last weeks in relation to the Palestinian issue (opening of the Rafah border and announcement that it would recognize a Palestinian state at the UN General Assembly in September) is sound politics. Moreover, the fact that Turkey has also supported these changes gives more regional credibility to this initiative and puts increasing pressure on Israel.

But the cage of the political economy is not limited to the 'peace industry'. It also relates to the apparatus of international aid. If we look at aid to the Middle East from actors that really matter, US and the EU, one quickly realizes the *Realpolitik* dimension of aid considered as a stick. Time and again, the US administration or Congress has used the aid argument (in Syria, Egypt, Palestine or Yemen) in terms of negative conditionality ("If you don't do this, we will cut our aid."). In this dominant line of reasoning, aid is just being used as a stick.<sup>52</sup> The EU, as always, never first but always second to the US, also promised the same neo-liberal free market recipe for Libya, Egypt and Tunisia.

<sup>53</sup> *Nihil novi sub sole.*

## 5. Conclusions

The Arab revolts will certainly not become revolutions for a series of reasons. First, political systems in the region are likely to open up significantly over the coming months and years, but political systems in the region will remain controlled by a sort of oligarchy or a few strong conservative political parties, as no significantly strong alternatives are on the horizons (elections this summer and fall will tell us more about the *rappports de force* between the different political factions). Second, the political economy, on the regional (peace industry) and international (continuation of neo-liberal policies, aid system, etc) levels is not likely to change. Thus, it is correct to speak of a real cage blocking revolutionary movements in the region and elsewhere in the globe. Third, much of the content of the popular protests is likely to fall back into some form of conservative nationalistic politics. It might be a great achievement that the slogans chanted by protesters throughout the region are not religious, but reverting to nationalist slogans will mean losing the regional momentum of these revolts which precisely highlighted the similarities in terms of skewed economic redistribution and the need for an articulated political

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<sup>51</sup> "Egypt unrest spurs Palestinian Authority to pledge elections", Amira Hass in *Haaretz*, 4 February 2011, at <http://www.haaretz.com/print-edition/news/egypt-unrest-spurs-palestinian-authority-to-pledge-elections-1.341129>

<sup>52</sup> In the words of Nathalie Tocci and Jean-Pierre Cassarino, aid, instead, should be about "broadening the spectrum of partners inside and outside". See their "Rethinking Euro-Med policies in the light of the Arab Spring", March 2011, at <http://www.opendemocracy.net/nathalie-tocci-jean-pierre-cassarino/rethinking-euro-med-policies-in-light-of-arab-spring>.

<sup>53</sup> EU Commissioner Barroso announcing Civil Society Fund. See "EU announces extra aid to shore up Arab democracy", BBC World Services, 25 May 2011, at <http://www.bbc.co.uk/news/world-europe-13549971>.

alternative in and beyond the whole region (thus it is hardly surprising that the Arab revolts' modality of eruption and spontaneity is copied beyond the Arab world as, there as well, models of redistribution and representation through political parties are failing). In the long run, transnational revolutionary forces will probably be outnumbered by chauvinistic political claims. Fourth, the counter-power in civil society evoked in this paper is in danger. Spontaneity is important to re-imagine a different form of political participation, but eventually these counter-forms of collective actions will need to turn into formal institutions if civil society is to play a counter-hegemonic, emancipatory political role. Concentrating on material and economic issues must be done in synchrony with a radical re-imagination of the popular imaginary. Fifth and last, and in relation to the notion of the imaginary, labor movements and revolutionary groups are facing an uphill battle due to their fragmentation and historically weak position. Class struggle does play a role in these revolts, but it often remains entrapped in national boundaries, when in reality it is the international political economy that represents the real barrier to the emergence of radical groups from below.

And Also...

## **7 The Murder of the Mon Valley – R. S.**

## The murder of the Mon Valley

R.S.

“From the Monongahela valley  
To the Mesabi iron range  
To the coal mines of Appalachia  
The story's always the same  
Seven hundred tons of metal a day  
Now sir you tell me the world's changed  
Once I made you rich enough  
Rich enough to forget my name”

– Bruce Springsteen, *Youngstown*

The Mon Valley follows the windy Monongahela River, which forms at a confluence in Fairmont, West Virginia and flows north to its terminus into the Ohio River in Downtown Pittsburgh. The valley and its namesake river get their names from the Lenape word *Mënaonkihëla*, which means 'where banks cave and erode.' Although originally intended to refer to the tendency of the river to undercut its banks, causing them to cave in, it's just as fitting today, as countless developments constructed along the river and in the immediate area over the years are literally crumbling to the ground.

Several Native American groups—including Shawnee, Seneca and Iroquois—inhabited the Mon Valley before the arrival of Europeans, which began with the appearance of French trader Robert de La Salle in 1669.

These newcomers established their first trading post and settlements in the area in 1717. A dispute over control of the area sparked the French and Indian War between the French and British in 1754. The latter was victorious, coming out of the war as the dominant power in eastern North America.

In 1768, descendants of William Penn, the “founder and absolute proprietor” of the Province of Pennsylvania, took control of what would become Pittsburgh and the surrounding area from the Six Nations through the Treaty of Fort Stanwix.

Pittsburgh's strategic position at the intersection of the Monongahela, Allegheny and Ohio Rivers led to growth. After the American Revolution, a boat building industry sprung up to meet the needs of European settlers headed west into Ohio Country.

In 1791, small farmers in the Mon Valley angered by taxes decreed by the new government launched the Whiskey Rebellion after their efforts at peaceful repeal failed. The rebellion grew and drew in large numbers of poor people with their own economic grievances. The French Revolution was praised in mass meetings and calls were raised to bring the guillotine to Southwestern Pennsylvania.[1] Finally, the federal government raised a militia larger in number than Washington's army during the revolution to put down the insurrection. The rebellion collapsed as the armed forces moved in in 1794.

Glass production began in the city in 1797, and increased (along with the production of metals and metal alloys) as the War of 1812 shut off access to British goods.

Growth continued, increasing the need for coal mined from the surrounding area. The extensive

Pittsburgh Coal Seam, which stretches many miles southwest of the city, became the most important coal seam in the United States. In 1760 coal was being retrieved in small quantities from natural entries. By 1857, more than 22,000,000 bushels of coal were being taken out of the mines annually to supply some 1,000 factories.

The American Civil War added to the region's growth. The Union's need for iron and weapons opened new avenues for capital. The first steel mill was founded in Braddock by Andrew Carnegie in 1875. The mill's easy access to bituminous coal for coking combined with the new Bessemer process technology for mass production contributed to its success. Growth was subsidized through the intensive exploitation of workers at every step of the process.

A huge boom in the railroads occurred after the Civil War. Capital flooded the industry—which was then the largest employer in the country—between 1866 and 1873. Then the bubble burst as the Great Depression of 1873 set in.

Attempts to “correct” the economy by attacking workers were met with resistance. Increasingly poor working conditions and dramatic cuts in wages and hours prompted a number of scattered strikes.

In 1877, a strike broke out in Martinsburg, West Virginia, after railroad bosses cut wages for the second time in a year. Train movements in and out of the city were brought to a standstill. The governor called in the state militia, but its members refused to act against the strikers. Word spread out of West Virginia, and so did the strike. Outside of the St. Louis Commune[2], which arose when rail workers joined others in taking over and running the city, the most dramatic events occurred in Pittsburgh. After local police refused big capitalist Thomas Alexander Scott's recommendation to give starving strikers there “a rifle diet,” the militia was sent in. The murder of twenty strikers and the injury of dozens more only led to more anger and further actions. The militiamen were forced to take cover in a railroad structure. Strikers then burned down dozens of buildings and locomotives and hundreds of train cars. The militiamen shot their way out of town, killing 20 more people. The rebellion continued until federal troops were sent in by President Hayes.

In 1892, another serious dispute erupted in the town of Homestead, a borough directly across the Mon River from Pittsburgh. When Carnegie's manager Henry Clay Frick demanded wage cuts for skilled workers—as a result of new technologies that allowed for more production by unskilled workers—and attempted to break their union through the removal of numerous workers from their bargaining unit, the members of the Amalgamated Association of Iron and Steel Workers refused to sign new contracts. Frick responded by locking the workers out of the Homestead Steel Works and declaring that Carnegie would no longer recognize the growing union, which had carried out various successful strikes in the recent past, integrating the struggles of groups of immigrant workers, running off strike breakers and even taking control of the town. The plant was surrounded with barbed wire and high pressure houses and towers housing snipers were installed. Sympathy strikes soon broke out across the region. Workers set up 24 hour pickets around the area and patrolled the railroads and rivers. Communications were maintained with workers elsewhere through the telegraph lines. Deputies sent to order the strikers not to interfere with the plant's operations had their orders ripped out of their hands and were put on a ferry and sent downstream. Carnegie then hired 300 Pinkerton security guards to reopen the plant and allow scabs to enter. As the Pinkertons approached Homestead by boat on the Monongahela they were greeted by pot shots from the advance guard of workers stationed on the river. Word got back to Homestead and the strikers blew the whistle at the plant, sounding the signal for the town's populace to meet there. Soon after, the Pinkerton guards attempted to land. Shots broke out. Two were killed on each side, and several were injured. The tug that brought the guards into town departed with the

injured, leaving the rest stranded on a barge. Five thousand descended on the river bank. A cannon was set up and attempts were made to sink the barge. When news spread to Pittsburgh, thousands of workers gathered in the streets. Many were armed and planned to march on Homestead to join the fight against the Pinkerton agents. Mill hands from surrounding areas joined the strikers. The agents finally surrendered. They were eventually put on a train and sent out of town. The state militia entered the town and took control of the plant, allowing production to restart with replacement workers brought in from other areas by train. The working class was divided amongst itself with the typical tactics. At a time when pay could be determined by ethnicity, desperate black workers and Eastern European immigrants willing to work for lower wages were the first to cross the picket lines. Strike leaders were jailed or forced into hiding. The American Federation of Labor refused to support the struggle. A last ditch effort by the strikers to enter the plant and prevent the ovens from being lit ended when militiamen fought them off, bayoneting six in the process. It wasn't long before the strike fell apart. Steel output recovered, and then expanded.

Financier J.P. Morgan and attorney Elbert H. Gary combined the Carnegie Steel Company with several other outfits to form the U.S. Steel Corporation in 1901. Pittsburgh became the producer of half of the steel being used in the continually expanding country.

The need for labor sparked mass migrations. European immigrants arrived in droves. They were joined by workers from the South. The already large population grew 66 percent between 1900 and 1910, continuing a massive population swell that began in the beginning of the 19th century.

Large numbers of houses were constructed by and for workers around the mills and mine towns were established throughout the area.

Industry continued to develop for years, boosted by U.S. needs in the first and second world wars. Throughout the duration of World War II, the Mon Valley produced nearly 100 million tons of steel.

The population peaked in 1950. Although the industrial base continued to expand for another two decades, changes were already beginning to unfold. Increased productivity and efficiency, automation, drop in demand, increase in the price of raw materials, and competition from newer, less expensive production facilities in places like Germany and Japan—which were often funded at least in part by profits extracted from workers in the Mon Valley and surrounding regions—lead to the shut down of one facility after another. Plant closures were followed by mine closures. Huge numbers of workers lost their jobs.

In the aftermath of the recession in the early 1980's, some 153,000 steel workers were laid off.[3]

In the onslaught against the working class in the Reagan years, attempts to fight against closures and mass unemployment—where they existed—fell flat. Union bureaucrats, comfortable in their downtown offices and homes built with dues money, offered nothing more than concessions and nationalist poison that blamed workers in other countries for everything.

An organization called the Mon Valley Unemployed Committee sprung up from the initiative of laid off steel workers that urged their union, the United Steel Workers, to set up unemployed committees to keep them involved in struggles with the bosses that had eliminated their jobs. Running into barriers set in place by the union leadership, they eventually set out to work on their own. They established a food bank and helped workers facing eviction, utility shutoffs and other economic problems, and lobbied government officials for extensions in unemployment compensation. They held protest actions and



raised demands. As a reformist pressure group, the organization enjoyed some level of success. But it never became any more than that. After its earliest struggles, it grew almost in direct proportion to the abandonment of many of its original stated goals. Today it is funded by charities like the United Way and grants from foundations. Paul Lodico, a leading member of the group, died in late 2010. Any possibility of the organization being anything more than a lobbying group had already died years earlier.

And so, with nothing to stop it, the decline continued. In fifty years, Pittsburgh went from being the twelfth largest city in the United States to the fifty first. The entire Mon Valley shared its fate.

The loss of income for steel workers, miners, glass workers and the like lead to a disappearance of businesses that relied on their spending.

Massive plants up and down the Mon River and throughout the area were stripped and abandoned. Having already served their purpose in the eyes of the capitalist class, the huge, complex facilities were deserted.

In 1986 an abandoned steel plant along the Mon in the city of Monessen was used to film RoboCop, a dystopian movie set in a future Detroit in the midst of an economic collapse, illustrating the case perfectly. Monessen, which was created by the East Side Land Company in the late 19th century, has lost more than 50 percent of its population.

A few miles down the river, the borough of Brownsville also lays in ruins. Once a major transportation hub and center of coal and steel production that was larger even than Pittsburgh, Brownsville now resembles a ghost town, with a downtown lined with abandoned and disintegrating buildings. The town, which in the past gave birth to its own suburbs and is home to the prototype flatiron building, has lost 74 percent of its population since 1940. More than 50 percent of the population under age 18 falls under the official poverty line.

The Homestead Works was torn down in 1984. In 1999, a strip mall was constructed in its place, offering low-paying, part-time employment to the remnants of the borough's population.

The coal town of Marianna, Pennsylvania, built by the Pittsburgh Buffalo Company in 1907, which was considered such a shining jewel of industry that it was visited by President Theodore Roosevelt upon its construction, was totally forgotten after the mine closed in 1988. Though several hundred residents remain, the town's economic base is long gone. A trip through Marianna reveals the collapse and decay of dozens of the borough's distinctive yellow brick row houses and buildings.

Canonsburg too has lost its economic base. The area which once housed a refining mill that processed uranium ore for use in the Manhattan Project was simply covered over with clay and fenced off, in a process resembling the sort of approach taken to much of the region in recent years.

These are just specific examples of a disaster that has affected the entire Mon Valley, and the larger "Rust Belt," for the last several decades.

But for a select few who don't have to worry about trivial matters like finding a regular source of income, things have apparently improved. Since 1989, Pittsburgh has regularly been named one of the "most liveable cities" in the country, and even the world, by outlets like *Yahoo!*, *Forbes*, *The Economist* and *Places Rated Almanac*.

In 2009, President Barack Obama lauded Pittsburgh in a statement released a few weeks before the heads of the most powerful countries in the world gathered downtown for the G-20 Summit, claiming the city stood “as a bold example of how to create new jobs and industries while transitioning to a 21st century economy.”[4] Pennsylvania Governor Ed Rendell gushed that the choice of Pittsburgh as host of the gathering was “a vote of confidence that Pittsburgh had transformed itself from the old economy to the new economy.”[5]

What sort of transformation *has* occurred? According to the U.S. Bureau of Labor Statistics, there are now fewer jobs in the Pittsburgh Metropolitan Area than there were ten years ago. Jobs for workers in manufacturing decreased 17 percent between 1999 and 2004, from already low numbers[6]. This loss of jobs, which is two percentage points lower than the national average, is what's being promoted as a “success.” The much touted “high tech sector” accounts for only 6 percent of the jobs in the region[7], and few of those are accessible to unemployed workers forced from their jobs in industries like steel and coal. While there has been moderate job growth in healthcare, the biggest growth has come in the lower-wage accommodation and food services sector.

It seems then that more than anything else, Obama and Rendell's statements serve as a stern warning to workers that in the “new economy” meager job growth limited largely to a few new positions—for those with special skills and education—and a continued shift in existing employment from heavy industry to low paying jobs in services is the best they should expect.

Indeed, large numbers of working people have already realized this, prompting them to search out alternative sources of income. Many rely on disability benefits from the state (with disability in Braddock, once home of Carnegie's premier steel works, reaching nearly 30 percent, according to most recently available US Census data[8]). Some have resorted to theft. (Pittsburgh's robbery rate is more than twice the national average, according to FBI statistics[9].) The numerous home invasions that have been carried out across the region in recent years are but an acute expression of this. Many more still have fled the area in search of employment.

In 1950, the population of Pittsburgh was nearly 680,000. Today, the population is under 310,000. There has been a huge decline in population throughout each of the last 6 decades. While some of this is due to a shift away from the city and into the surrounding vicinity, much more is a result of massive departures, largely of young people, from the entire area. The well-known diaspora of fans of Pittsburgh's football team—the Steelers—is a palpable indicator of this mass exodus (“Steelers bars” can be found from New York to Los Angeles, and everywhere in between). One is reminded of the Joad family in *The Grapes of Wrath*.

Other have sought out a different kind of escape. Drug abuse has been growing for years, especially among middle and high school students and young adults. In 2003, the number of deaths in Allegheny County from drug overdose was more than twice the number in 1999.[10] Considering the futures many have to look forward to, this comes as no real surprise.

A large portion of the population that remains in the region is aged or aging. Close to one fifth of the population in the six-county Pittsburgh Metropolitan Area is aged 65 or older—well above the national average. Allegheny County, which contains Pittsburgh, has the second-oldest population of the 34 major counties in the United States (behind retirement haven Palm Beach County, Florida).[11]

The latest trend across the region is the exploitation of the immense natural gas reserves that exist deep

underground. The hydraulic fracturing process that is used to retrieve the gas has an enormous social and environmental impact (the extent of which is far beyond the scope of this article). But unlike the coal mining boom of the past, “fracking” does not employ large numbers of people. Still, many in the area desperate for employment of any kind welcome the corporations searching for natural gas with open arms, even as the very water they rely on for life is poisoned around them. Ruined farming families look forward to signing lucrative contracts, and young workers hope they can be one of the lucky few to grab a job on the gas rigs, for however long they last.

Once again we see the reality that capital serves only capital; that the “invisible hand” of the market serves only to pat the capitalists on the back and jerk around the working class.

Capital embedded itself along the virgin banks of the Monongahela. It carved up the land in search of coal to fuel its expansion, releasing acid drainage into the water and air. It crammed in factory after factory, filling the sky with so much smoke and soot that author James Parton described Pittsburgh as “hell with the lid off.” It brought in millions to make it all go. And when it was done, it moved on to greener pastures, leaving only industrial waste and fractured remnants behind. It reappears here and there, whenever it sees an opportunity; but never offers any solutions.

This is not a special case or isolated phenomenon. The only thing separating many of the Mon Valley's young nomads setting out in search of work elsewhere from Japan's growing number of “pension parasites” resorting to *hikikomori*—locking themselves in their rooms and refusing to talk to anyone, including their mothers, who deliver their every meal—is the ability of their parents to take care of them. One can imagine what will come of the so-called pension parasites themselves when their source of support no longer exists.

Ours is a shared future.

Only the combined struggle of the international working class can overcome the tyranny of capital and transform the world into a place fit for human beings. This must be our goal. Otherwise the murderer of the Mon Valley may become the murderer of humankind.

[1] Slaughter, Thomas P. *The Whiskey Rebellion: Frontier Epilogue to the American Revolution*. Oxford University Press, 1986.

[2] See: Brecher, Jeremy. *Strike!* Straight Arrow Books, 1972.

[3] Hoerr, John P.. *And the Wolf Finally Came: The Decline of the American Steel Industry*. University of Pittsburgh Press, 1988.

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## 8 Of Forest and Trees Part Two – S. Artesian

## OF FOREST AND TREES

### Let's review:

1. Marx's contribution to the critique of capital, of capitalism, of industrial capitalism is its historicism, its material *historicity*. The critique begins, ends, and is at all points in between configured by the realization that the substance of human history is the social organization of labor. Capitalism begins, ends, and is at all points configured around the opposition of the material conditions of labor—those instruments of production—to labor itself; the opposition of the labor process to the specific capitalist expression of that process. Labor opposes its organization of wage-labor as it reproduces it. Wage-labor exists as the loss, the devaluation of labor through its exchange as, and for, the commodity.

Each, capital and wage-labor, exists only in the organization of the other. Each can reproduce itself only in the reproduction of both. Yet, capital in order to accumulate must also and always expel labor-power from the production process.

2. In contra-distinction to Marx's critique of the expanding reproduction of this identity in opposition of the labor process and its doppelganger—accumulation—Marx's theory of ground-rent, in its first presentations, is formed in and around the notion of "demand" and demand's body double, *scarcity*.

Ground-rent is what it is not only because capital is what it is; not only because private property is what it is; not only because labor-power is what it is. Ground-rent is what it is because, in the first, last and all points between analysis, *nature* is what it is, finite and determined.

While Marx argues that ground-rent is the result of capital's encounter with feudal property in land, the feudal organization of property becomes, and sustains itself, as an obstacle in the path of accumulation because land is limited; the output from the "instrument of production"—agricultural commodities from cultivated land—cannot be multiplied "at will" as it can be, according to Marx, in industry.

3. Still, the news from Marx's economic manuscripts that become *Theories of Surplus Value, part 2* isn't all bad: in grappling with absolute and differential rent, Marx is wrestling with that "wave/particle," that certain quantum of absolute uncertainty that every capitalist grasps at--excess profit, profit above the average. This becomes a thread within volume 3 of *Capital*. The determination of value by labor time, the materialization of surplus-value as profit is manifested in this iteration as the distribution, allocation of the total available profit among the capitalists who personify in all its miserable glory and glorious misery of the reproduction of capital.

4. For Marx, the question that starts him down this road is: how can lands of unequal fertility yield agricultural commodities of equal prices when the law of value determines prices and governs the exchange of commodities?

We could answer: "The market does that through *competition*, through the prices of production." Actually, the market does that through adjustment to the prices of production. The market does that through the divergence of price from value, where the equal prices represent a transfer of value among producers. The market in all its divergences, its manipulations, its "spreads," its arbitrage; in all its scams, swindles, manipulations, panics, manias, booms, busts, fear, greed, swings, shortages and overproductions, does just that—transfers value from the least efficient to the most efficient, most *necessary* capitals.

5. But Marx isn't buying any of that; not for agricultural commodities. There he is convinced that because of increasing demand, because of the scarcity of land of sufficient fertility, prices of production and market adjustment to the prices of production do not govern.

And Marx is not buying it for the commodities of the “extractive” capitals [mining], and not even for processing capitals [grain mills] which can utilize “natural” advantages such as access to the power of falling water to drive the mill. Ground-rent here begins where there is ownership of a *valueless* force of nature, where that natural condition has been *captured* and *presented* as private property, *packaged* in the *as if* condition; as if it were a capital. .

Rent becomes a mechanism of “regressive redistribution.” It is tribute, penalty, fine, and/or fee, embodied in price but deducted from the profit of the most productive, efficient producers both within a specific sector and among all sectors. Rent accrues without purchase, without valorisation, without amplifying production, without the accumulation of the means of production as *capital* requiring living labor to sustain its fragile, expropriated heartbeat. Rent lives, if it can be said to live at all, as the incubus and succubus of history, that weight of all dead generations, of all dying modes of production, on the brains of the living. I know it sure has been weighing on my brain like a nightmare for the last two years.

6. *But* the news isn’t *all* bad. Within ground-rent, money-mediated ground rent, there is the essential ambiguity of capitalism, that ambiguity between private property in the means of production without which capital can never come into being, can never exist as a condition of labor to which labor must present itself as labor-power, as wage-labor; without which capital can never aggrandize increasing portions of *social time*; without which capital can never overwhelm the limits of the artisan and handicraft production *and* the opposition the socialization of labor, of *accumulated social labor* that threatens capital immanently and imminently with the now reduction, now collapse, of profits.

7. The ambiguity of rent is manifested in the ambiguity of capitalist agriculture. Capital pretends there are no limits; capital requires limits. The landlord personifies a social limit but only because the landlord *capitalizes*—presents as value engendering value—on the “natural” limits of agricultural production. The landlord capitalizes the limits to fertility; the limits to enhanced fertility; the limits to the very existence of land.

These limits can be pushed, extended, even battered by capital but never completely overcome. The ambiguity exists in that the very actions required for modifying the limits are the differential applications, degrees, and expenditures of capital, thus re-establishing the limits to agriculture [and extraction] and re-posing the original question: how is it that lands of different, unequal fertilities yield agricultural commodities of the same price? How is it that lodes, veins, ores, reservoirs of different “richness,” intensity, ease of access yield commodities of the same price? Or to put it in more familiar terms, what sets the market, other than fear and greed that is? More correctly, what makes fear and greed the manifestation and mediation of *value*?

### **Let’s Continue**

1.1 This question, “how do lands, areas, territories of different fertility, productivity yield commodities of a single [or average] price,” parallels the general question that Marx engages throughout volume 3 of *Capital*: “how do the particular, singular, private, individual expropriations of surplus-value, become, more or less, a general [or average] profit, the average rate of profit?”

How do the individual values, generated, extracted through capitals of different compositions, where greater labor time means greater value, become transformed into an *average*, a *social* average where the accrual of value conforms to the socially necessary time of reproduction of... not just any particular commodity, *but to the totality of capitalist production relations*?

And the answer is.... in the *deviations* of prices from values.

In this regard, Marx's analysis of ground-rent undergoes a transformation, or more correctly, undergoes development and enhancement, that in the very midst of its own historical inaccuracy [as I described it in Part 1], provides us with a mechanism, which by means of *its immanent critique* gives us more than a clue to that process, that totality of reproduction.

We move with Marx from ground-rent, to *rent*; from ground-rent being the mechanism by which agricultural commodities are sold at their *values* above their prices-of-production, to *rent* as the description for any and all accumulations of "excess profit."

1.2 In his opening remarks on rent in volume 3, Marx warns against "three major errors that obscure the analysis of ground-rent."

[1] *The confusion between the various forms of rent that correspond to different levels of development of the social production process...*

[2] *All ground-rent is surplus-value, the product of surplus labour. In its more undeveloped form, rent in kind, it is still a direct surplus product. Hence the error that the rent corresponding to the capitalist mode of production, which is always an excess over and above profit, i.e. over and above a portion of commodity value that itself consists of surplus-value (surplus labour)—that this particular and specific component of surplus-value can be explained simply by explaining the general conditions of existence for surplus-value and profit. [Penguin, p.772-773]*

OK, so far? So far, OK, but then Marx follows up with this:

[3] *A particular peculiarity that arises with the economic valorization of landed property, that is the development of ground-rent, is that its amount is in no way determined by the action of its recipient, but rather by a development of social labor that is independent of him... This is why something that is common to all branches of production and their products on the basis of commodity production, and to capitalist production in its entirety, is easily conceived as a peculiar property of rent (and of the production of agriculture in general).*

*The level of ground-rent (and with it the value of land) rises in the course of social development, as a result of overall social labour. Not only do the market and the demand for agricultural products grow, but the demand for land itself also grows directly, **since it is a condition of production** [emphasis added] competed for by all possible branches of business, including non-agricultural ones...*

*In actual fact, what we have here is not a phenomenon peculiar to agriculture and its products. The same applies rather to all other branches of production and products, on the basis of commodity production and its absolute form, capitalist production. [p. 775-776]*

Major error #3 seems to run head-on into major error #2.

Marx has in mind here the relationship of agricultural products to other commodities as *values*. The mere fact that agricultural commodities are produced as, and for, accumulated, and the accumulation of, values; that agricultural production requires production not for subsistence of direct producers but for exchange with other "mediated" products is the **condition of production for all possible branches of production**.

Well then, if *that*—private ownership of a source, means, etc—is the condition of production common to all, then the idiosyncratic nature of ground-rent can't be quite that idiosyncratic at all. If that is the common condition of production for capitalism which is, as Marx describes it in his economic manuscripts, a self-mediating relation of production, reproducing itself at and in every moment of its circuit of realization, then ground-rent is part of the reproduction and the



distribution of the total social surplus and not some vestigial appendage, clinging to the *sacrum corpus* of capital [see above remark about *immanent critique*].

1.3 Before proceeding, or better yet, in order to proceed in the analysis of rent, we need to consider Marx's explanation of the formation of the *general, average*, rate of profit. And here again we meet up with a more than just a bit of ambiguity. Marx initially builds a case for *particular* rates of profit, specific to the individual sectors, if not units, of production. He states:

*(2) We have shown that, even assuming the same degree of the exploitation of labour, and ignoring all modifications introduced by the credit system, all mutual swindling and cheating among the capitalists themselves and all favourable selections of the market, rates of profit can be very different according to whether raw materials are purchased cheaply or less cheaply, with more or less specialist knowledge; according to whether the overall arrangement of the production process in its various stages is more or less satisfactory, with wastage of material avoided, management and supervision simple and effective, etc. In short, given the surplus-value that accrues to a certain variable capital, it still depends very much on the business acumen of the individual... [Penguin, p. 235].*

That's part of the case, but not a particularly strong part. Or it's a strong part expressed weakly. The strong part is that rates of profit differ based on the internal ratio of the components of production, living and accumulated, in each sector... provided all surplus labor time is absorbed efficiently into the production process and converted into the maximum surplus value, *and that surplus value is realized fully by the exchange of commodities at their values.*

Just a few pages later, Marx moves from the particular to the general rate of profit:

*We have shown, therefore, that in different branches of industry unequal profit rates prevail, corresponding to the different organic compositions of capitals, and, within the indicated limits, corresponding also to their different turnover times; so that at a given rate of surplus-value it is only capitals of the same organic composition—assuming equal turnover times—that the law holds good, as a general tendency that profits stand in direct proportion to the amount of capital, and that capitals of equal size yield equal profits in the same period of time. The above argument is true on the same basis as our whole investigation so far: that commodities are sold at their values. There is no doubt, however, that in actual fact...no such variation in the average rate of profit exists between different branches of industry, and it could not exist without abolishing the entire system of capitalist production. The theory of value thus appears incompatible with the actual phenomena of production, and it might seem that we must abandon all hope of understanding these phenomena. [Penguin, p.252]*

Marx does not demonstrate this using the actual data from actual industries and sectors of capitalist production. Again, as is the case with rent, this is not a conclusion drawn from history; it is a conclusion based on the necessity of the logical exclusion of the conflicting possibilities. And again again, what is the core to that logic?

*It has emerged from Part One of this volume that cost prices are the same for the products of different spheres of production if equal portions of capital are advanced in their production, **no matter how different the organic composition of these capitals might be** [emphasis added]. In the cost price, the distinction between variable and constant capital is abolished, as far as the capitalist is concerned. [Penguin, p. 253]*

This is an iteration of the principle of commodity exchange that suffuses all of volume 3 of *Capital*, and *Theories of Surplus Value*, including the analysis of rent, the critique of Rodbertus

and Ricardo, where Marx introduces the concepts of cost-price [although his definition of “cost-price” in *TSV* is very different from that in volume 3], average prices, and average profit.

A few pages on in volume 3, Marx gives us another iteration of this principle:

*...to transform profits into mere portions of surplus-value that are distributed not in proportion to the surplus value that is created in each particular sphere of production, but rather in proportion to the amount of capital applied in each of the spheres, so that equal amounts of capital, no matter how they are composed, receive equal shares [aliquot parts] of the totality of surplus-value produced by the total social capital.*

[Penguin, p. 274]

Capitals of equal size must yield equal profits regardless of the relation between the living and dead components of the capital.

*The whole difficulty arises from the fact that commodities are not exchanged simply as commodities, but as the products of capitals, which claim shares in the total mass of surplus-value according to their size, equal shares for equal size.* [Penguin, p. 275].

We have moved with Marx from the production and exchange of commodities, to the reproduction of capitals, to the distribution of the total social capital through the arenas of commodity production.

The law of value governs the exchange of commodities at their prices of production—cost of capital plus the average rate of profit. The law of value regulates the exchange of commodities at the prices of production. The law of value is expressed, manifested *socially* as the law governing reproduction of capitals through the variance of the prices of production from individual values.

The “objective” basis for Marx’s affirmation of the general rate of profit is that *all value* is the transmogrification of labor. Therefore, the *components*, living or accumulated, fixed or circulating of the value of a commodity are, in the moments of exchange of all commodities, transparent, obscured, *invisible*.

The “subjective” basis for the general rate of profit is that just as the make-up of value is “invisible” to itself, the components of value are *immaterial* to the bourgeoisie--when it comes to selling the product of labor, as opposed to buying the ability to labor--because of what the bourgeoisie cannot see. The capitalist produces, or rather employs others to produce, because he or she needs to accumulate surplus-value, but the capitalist cannot comprehend, much less admit that wage-labor is the source of surplus-value, the source of the profit realized in the process of exchange. To do that would be to acknowledge that surplus labor-time is hidden in the even dispersal of the working day, that unpaid labor is hidden in the uniform distribution of the wage—that commodities are exchanged in proportion to the labor-time embedded in them save for the exchange of capital with wage-labor.

The capitalist cannot see the surplus-value extracted in production. The capitalist cannot measure the surplus-value embedded in the commodities. He, or she, can’t see what he or she doesn’t pay for. But the capitalist does know *cost*. Beauty is in the eye of the beholder, but under the gaze of the accountant, all the components of production, living and dead, are equally ugly. They all cost. In the eyes of the capitalist, what’s purchased below cost is good-looking, but what’s sold *above* cost is simply stunning.

Given the congenital deficiency in depth-perception of the capitalist, he, or she, makes do, compensates, adjusts, and calculates a “cost-plus” number for his or her commodities. The capitalist adds an “average rate of profit,” a percentage of the cost-price, to the cost-price of the commodities he or she brings to market.

It is, in the “normal” course of capitalist events, through the exchange of commodities at their production prices, that value is distributed among the capitals, and that capital as a whole is reproduced.

For Marx, the establishment of the general rate of profit is not the calculation of an arithmetic mean, a simple, a worthless calculation that exists always in the abstract and never in the concrete. Despite all Marx writes about particular rates of profit, about the lower rate of profit common to railroads, the general rate of profit is, if not the governing principle, at least the proxy of the governing principle, at least a compelling principle of accumulation. Competition not only creates the general rate of profit, but it is the *competition to achieve* the general rate of profit that drives capitalism up against the inside of the cage of its own making.

Each/all capitalists must reduce the “ordinary” cost-prices, the costs of production, of his/her/their commodities in order to market those commodities at prices of production that appear to be an extraordinary gain. All capitalists will expel labor-power disproportionately from the production process in order to substitute machinery which reduces, and only to the extent it reduces, the costs of production. Each/all capitalists think they can outrun, outpace, outmaneuver, every/all capitalists when in fact every/all capitalists exist as shadows to each other, and have about the same chance of outracing the general rate of profit as they do of outracing their own, and each other’s, shadows.

So we get to that space between the rock and the hard place of capital—between the need to reduce cost-price in an attempt to garner an extra shred of value from the total available social value and the result of that very reduction, which is of course, the decline in the general rate of profit. Capital, to reduce the cost-price, will introduce greater quantities of fixed assets to the degree that this displacement of labor reduces the cost-price. This is manifested in the labor process by the expulsion of labor power. *All* of the fixed capital must be engaged to expel the labor power to the level that actually reduces the cost-price. *But* only a fraction, a portion, of the fixed capital transfers, recuperates its own cost in the valorization process. So capital is involved in a continuous process where accumulation creates devaluation; where achieving a general rate of profit requires acting to aggrandize an excess profit; and where price is, if not the only mechanism, certainly the most important and developed one.

Any and all capitals, to achieve the general rate of profit must furiously struggle for increments of profit above the general rate. Any and all capitals in so endeavoring to reduce its cost price will reduce its price of production. The *arbitrage*, the lag, the differential between the individual producer’s price of production and the general price of production constitutes an aggrandizement of excess or surplus profit.

The individual aggrandizement, the arbitrage, draws all of capital into the struggle to reduce cost prices as capital always and everywhere migrates in the very existence and action of the arbitrage itself. Thus the struggle for *excess* profit, necessary to achieve the *general* rate of profit reduces the general, *average, social rate of profit*.

Capital, having no existence without valorization, exists only in lock-step with devaluation.

### **“We Must Go On”—Kane, *Alien***

**3.1** In chapter 38, Part 6, Volume 3 of *Capital*, Marx applies his theory of rent to capitalist production, contrasting the costs and profits of factories powered by waterfalls with those of factories powered by steam-engines:

*To demonstrate the general character of this form of ground-rent, we assume that the factories in a country are powered predominantly by steam-engines, but a certain minority by natural waterfalls instead. We assume the production price in*

*the branches of industry first mentioned to be 115 for a quantity of commodities for which a capital of 100 is consumed. The 15 per cent profit is calculated not just on the consumed capital of 100 but on the total capital that is applied in the production of this commodity value. This production price, as we explained, earlier, is determined not by the individual cost price of any one industrialist producing by himself, but rather by the price that the commodity costs on average under the average conditions for capital in that whole sphere of production. It is in fact the market price of production; the average market price as distinct from its oscillation. It is always in the form of the market price and moreover in the form of the governing market price or the market price of production that the nature of commodity value presents itself, its character being determined not by the labour-time needed by a certain individual producer to produce a certain quantity of a commodity, or a certain number of individual commodities, but by the socially necessary labour-time...*

*...we shall further assume that the cost price in those factories that are driven by water-power comes to only 90, instead of 100. Since the production price of the great mass of goods that governs the market is 115, with a profit of 15 percent, the factories that drive their machines with water-power will also sell at 115, i.e. at the market price as governed by the average price. Their profit will amount to 25 instead of 15; the governing price of production enables them to make a surplus profit of 10 percent, not because they sell their commodities above the price of production but because they sell them at this price, because their commodities are produced, or their capital functions, under exceptionally favourable conditions, conditions that stand above the average level prevailing in this sphere.*

*Two things are immediately evident here.*

*Firstly, ...This surplus profit is thus similarly equal to the difference between the individual price of production of these favoured producers and the general social price of production in the sphere of production as a whole, which is what governs the market. This difference is equal to the excess of the general production price of the commodity over its individual production price. The two governing limits of this excess are on the one hand the individual cost price and hence the individual production price, and on the other the general production price. The value of the commodities produced by water-power is lower because a smaller amount of labour is required for their production, i.e. less labour enters in the objectified form, as a portion of constant capital. The labour here is more productive, its individual productivity being greater than that of the labor employed. Its greater productivity is expressed in the way that it needs a smaller quantity of constant capital to produce the same amount of commodities, a smaller quantity of objectified labour than others; and a smaller quantity of living labor as well, since the water wheel does not need to be heated. The greater individual productivity of labor applied reduces the value of the commodity and its cost price and therefore its price of production as well. For the industrialist, this presents itself in the following way, that the cost price of the commodity for him is less. He has less objectified labour to pay for, and similarly less wages for less living labour applied. His cost price is 90 instead of 100. And so his*

*individual production price is only 103 1/2 instead of 115 (100:115=90:103 1/2). The difference between his individual production price and the general one is determined by the difference between his individual cost price and the general one. This is one of the magnitudes that set limits to his surplus profit. The other is the general price of production, in which the general rate of profit is one of the governing factors. If coal becomes cheaper, the difference between his individual cost price and the general one declines, and so therefore does his surplus profit. If he had to sell the commodity at its individual value, or at the production price determined by this individual value, the difference would disappear....*

*Since one limit to this surplus profit is the level of the general price of production, and the general rate of profit is a factor of this, the surplus profit can arise only from the difference between the general and individual production prices, and hence from the difference between the individual and the general rate of profit....*

*Secondly, the surplus profit of the manufacturer who uses natural water-power as his motive force instead of steam has not so far been distinguished in any way from all other surplus profit...is determined by the difference between the individual production price of the commodities produced by this particular capital and the general production price which governs the market prices of commodities for capital right across this sphere of production...*

*But now comes the difference.*

*To what circumstances does the manufacturer in the present case owe his surplus profit...*

*In the first instance to a natural force, the motive force of water-power which is provided by nature itself and is not itself the product of labour...It is a natural agent of production, and no labour goes into creating it.*

Marx then considers the case where an improvement in the methods of work, the scale of production, productivity, etc. aggrandizes a surplus profit:

*Conversely. The simple application of natural forces in industry may affect the level of the general rate of profit, through the amount of labour required to produce the necessary means of subsistence. But it does not in and of itself create any divergence from the general rate of profit, and it is precisely this that we are dealing with now...The reduction in the cost price and the surplus profit which flows from it, arise here from the manner and form in which the capital is invested. They arise either from its concentration in exceptionally large amounts in a single hand—something that is cancelled out as soon as equally large amounts of capital are employed in the average case—or from the circumstance that capital of a particular size function in a particularly productive way—and this ceases to operate as soon as the exceptional manner of production becomes universal, or is overtaken by one still more advanced.*

*The reason for the surplus profit in this case is thus inherent in the capital itself (including the labor that it sets in motion)...and nothing inherently prevents all capital in the same sphere of production from being invested in the same way. Competition between capitals...tends to cancel out these distinctions more and more...Things take a different form with the surplus profit of the manufacturer who makes use of the waterfall. The increased productivity of the labour he applies arises neither from the capital and labour themselves nor from the simple*

*application of a natural force distinct from capital and labour but incorporated into capital. It arises from the greater natural productivity of a labour linked with the use of a natural force, but a natural force that is not available of all capital in the same sphere of production...What is used is rather a monopolizable natural force which...is available only to those who have at their disposal particular pieces of the earth's surface... The condition is to be found in nature only at certain places, and where it is not found it cannot be produced by a particular capital outlay...Those manufacturers who possess waterfalls exclude those who do not possess them from employing his natural force because land is limited, and still more so land endowed with water-power...Possession of this natural force forms a monopoly in the hands of its owner; a condition of higher productivity for the capital invested, which cannot be produced by capital's own production process; the natural force that can be monopolized in this way is always chained to the earth. A natural force of this kind does not belong to the general conditions of production in question nor to those of its conditions that are generally reproducible. [Marx, volume 3, Penguin 1981 p.779-785]*

So Marx tells us the surplus profit is the product of the divergence between the individual price of production and the general social price of production. This leads to a similar divergence between the individual rate of profit and the general, social, average rate of profit. In this facet, there is no distinction between the surplus profits accruing, or more properly-- distributed by the market-- to the water-wheel owner, and surplus profit that is distributed to the capitalist who deploys any technology of greater efficiency in production.

The difference comes in that the advantage accruing to the water wheel owner is not the product of human social labor. No matter how powerfully the water flows, it is not the objectification of labor. It is not labor flowing as a *value-magnitude*.

The commodities produced under these conditions do not enter the market, exist in the market, at their, as their prices of production, but claim, *suck in*, portions of the value embedded in other commodities by exchanging at those other commodities prices of production. Unlike the [mythological] competition of all commodities with all other commodities, the natural, restricted, non-reproducible condition of the production of these commodities does not permit the equalization of profit rates.

The water has no value. Rent, in fact, is an effort, an assignment, a "proxy" of value assigned to such resources held as private property, which have yet to engage social labor. Once assigned, such rent appears as a cost, as a deduction from, a transfer of surplus value, through the mediation of the prices of production, from production to ownership.

If private property in the social means of subsistence and production is essential to the "sucking in" [Marx, "Results of the Immediate Process of Production," in *Value, Studies by Marx*, translated by Albert Dragstedt, New Park Publications, London 1976] of labor as wage-labor, and the capitalist's aggrandizement of surplus value, then private property in land, water, minerals, electromagnetic spectrum etc is the Nosferatu of capital, the shadow on the bourgeoisie's wall, the non-image in the capitalist's mirror.

Marx then takes us back to his earlier discussions of rent in *Theories of Surplus Value*.

Waterfalls are limited. They cannot be reproduced at will. Natural resources are limited. They are monopolized. They are owned. The owner, the class of owners has no *need*, no social compulsion to *valorize*, to make an asset, *capital*, of his or her ownership.

First, once again Marx has abstracted rent as an economic process, from the concrete history of the conditions surrounding, determining the growth of capitalism. That concrete history shows us that the use of water-mills, water-wheels, natural water power, is indeed restricted. It is restricted by natural occurrence, but as is the case in every natural occurrence, the restriction is embodied and embodies, is preserved and preserves, in the low level of the means of production as a *social* force. More exactly, the restriction is embodied in, and embodies, the poor development of social *labor*. This “natural advantage” is nothing other than the reflection of the scattered, fragmented, individualized, atomized level of social production, that is to say the diminished, impoverished, productivity of labor.

Marx’s description of the labor consumed at the watermill as “more productive” is curious, puzzling, confusing, right/wrong. We know what productive labor is—it is labor that increases the wealth of the bourgeoisie. It is labor that expands capital. It is labor that valorizes value. It is labor that yields a surplus value. That is the productivity of labor in the valorization process. We also know that labor has that old “two-fold” character under capitalism. What goes on in the valorization process does not stay in the valorization process. It happens also in the labor process. We know that productive labor is labor that increases the output of product with no increase, or relatively less, consumption of labor power. We know that the increase in output with less consumption of labor power usually requires the expulsion of labor power from production through the substitution of machinery, through applications of technology. We know that productive labor is labor that reduces the individual cost price, and prices of production, of the commodities. We know that productive labor is labor that animates, absorbs greater capital values in sum, *in the labor process*, while reducing new values in particular and in ratio to that sum.

We know that the labor process under capitalism is an isomeric process, where the same process exists simultaneously in different states, different conditions, with those conditions *bleeding* into each other, with the products of the process embodying in their unitary physical existence the collective, social, condition of production.

We know that the fixed assets amplify the productivity of labor, reducing the cost price, increasing the relation of surplus-value to the necessary value of wage replacement. We know that the fixed assets participate *fully* in the labor process of production, but only marginally in the valorization process.

We know that the reduction in cost-price, in prices of production, entails—not always, not immediately, but always inevitably—more intense exploitation of labor, increased aggrandizement of relative surplus value as the value necessary to replace the wages of wage-labor is reduced *in time*, in proportion to the time of production.

We know that it is just this increased exploitation that sets the state for the formation of a general rate of profit.

Historically, we should know that water-powered production, of mills, looms, proved incapable of matching steam-power in any of these areas so critical to expanded accumulation. Between 1784 and 1836 in Britain, the application of steam to cotton manufacturing reduced unit processing costs of cotton cloth by eighty percent in comparison to the costs of water-powered production, while vastly expanding output, and increasing profitability. That is the productivity of labor under capitalism.

We should also know that the history of capitalism, in sum, embodies the *inadequacy* of “*natural sources*” in meeting both the needs of production and the needs of capital accumulation.

Capitalism is a testament to the diminution of “natural advantage.”

It is the inability of the “rental mode” to achieve these three interlocked measures of accumulation-- reduced costs, expanded output, increased profitability-- that makes the “natural advantage,” “the different fertilities,” *rent*, so immaterial, so trivial to capitalist accumulation. It is precisely the fact that the rental mode cannot satisfy the increasing demand that undermines, rather than reinforces, its hold on social production.

We should also know that if, as Marx says, the more capitalism develops the more important rent becomes, the more surplus-value is transferred as rent, and as such exists outside the mediation of the prices of production, then a general, average, social rate of profit cannot exist. However, the individual, particular struggles to aggrandize excess profit so essential to the formation of the average social rate of profit continues to drive, and wreck, the accumulation of capital.

### **A Case of Oil—Of Drills and Bits**

**3.2** The US Department of Energy through its Energy Information Agency [EIA] collects, analyzes, and publishes the operating and financial performance of the major US energy producing companies. The companies reporting the data participate in the DOE’s Financial Reporting System [FRS].

Over the course of 35 years, the individual companies participating in the FRS have come and gone, merged, been acquired, integrated, divested, but the specific weight, the gravity of the FRS companies in relation to all US industrial corporations, and the US economy in general has been constant.

Operating revenues of the FRS companies generally amount to 10% of operating revenues for the *Fortune* 500 largest corporations. In 2005 and 2006, FRS companies’ revenues measured 22% of the revenues for all US manufacturing companies. In 2005, net income of the FRS companies equaled approximately 30% of total manufacturing income in the US. That ratio measured 28% the following year.

Perhaps most importantly, the assets of the FRS companies represent a more than slightly overweight portion of the total assets of US manufacturing companies.

In 2005, gross property, plant, and equipment [PPE] of the FRS companies was equal to 40% of the gross PPE of all manufacturing companies. The ratio measured 44% the next year. Net PPE [Gross PPE minus accumulated depreciation, depletion, and amortization] measured 48% and 58% of the total for years 2005 and 2006.

The EIA produces an annual review of the FRS companies entitled the *Performance Profile of Major Energy Producers*, usually within the year following the year under review. The data used here is from the *Performance Profiles* from the years 1992 to 2007. The annual performance profiles, beginning with the 1993 review, are available in .pdf format from the EIA at:

<http://www.eia.gov/emeu/finance/histlib.html>

**3.4** Fueled by the consistent high prices for oil in the years from 1974 to 1985, the FRS companies engaged, actually engorged, themselves in a sizeable expansion of assets. Between 1974 and 1981 alone, the asset base of the FRS companies tripled.

The point of capitalist accumulation is the conversion of those production assets into greater masses of the commodity being produced. Accumulation must always become overproduction. The overproduction of oil as a commodity during the period of overall slower growth after 1979 had to bring down the price of oil, eventually, and with a thud. That thud was 1985, 1986 and beyond.

The dramatic price declines of the mid-1980s which brought the FRS companies up short and down low had dramatic repercussions on the US, and the world’s, economy. Petro-dollars which, after 1974 and then again after 1979, had recycled through the US commercial and financial



networks, had supported U.S. agriculture, housing construction, Houston, Texas, and Mexico among others. For the Soviet Union, the higher prices had meant harder currency, and greater integration with and vulnerability to the world markets.

After the thud came the divestment, massive divestment, a Grand *Destockage* [you should pardon my French]. Between 1990 and 1992, the FRS companies reduced exploration and development expenditures by some 30% compared to the previous three year period.

The petroleum companies spun off maintenance operations, exploration and development divisions, and reduced, of course, that living component of capital accumulation, human labor. By 1992, direct employment by the FRS companies had declined more than fifty percent to 670,000 persons.

The price collapse was the invisible hand of the market slapping the FRS companies upside the head. Tattooed across the knuckles of both invisible hands and one invisible foot was

“O-V-E-R-P R-O-D-U-C T-I-O-N.”

Direct production costs [the actual cost of “lifting” a barrel of oil to the surface] had declined steadily during the ten years ending in 1992. Nevertheless, the return on investment sank lower and lower. The FRS companies’ ratio of net income to total assets for the years 1990, 1991, 1992 was measured at 4.7%, 3.3%, and 0.6% respectively. At least, the FRS companies didn’t suffer alone. The ratios for the S&P industrial companies measured 4.6%, 2.6%, and 0.6% over the same period. Misery loves companies.

In 1993, the profitability of the FRS companies began to recover as part of the general industrial expansion during the Clinton years. By 1995, net income for the FRS companies had increased for its third straight year. Additions to investments in place [a general measure of capital spending] excluding merger and acquisitions, increased 13.4% over the 1994 level. Direct lifting costs in US onshore and offshore operations declined from \$3.68/barrel to \$3.47/barrel. Costs in foreign operations declined 6% to \$3.40/barrel.

Finding costs, defined as exploration and development costs divided by reserve additions *minus* net purchase fell 12% in 1994 from the year earlier, and fell another 11% in 1995. Finding cost however are not a reliable index to the efficiency, and success, of exploration and development activity as *reserves* is an economic, and not a geological, category. Any supply of crude oil only becomes a reserve when it can be produced at an established price, using current technology, *at a profit*. If ever there was a two sentence summary of the first chapters of *Capital*, there it is.

Happy days were there again in 1996, with net income from oil and gas production doubling on the year-to-year basis. Return on investment for oil and gas production reached 14.1% in US operations and 12.8% in foreign operations. Lifting costs continued to decline. For the period 1991-1996, lifting costs had declined by more than one-third. Well productivity, the output per active well improved in US offshore and onshore operations by 17%, and in the overseas operations some 41% as the OECD Europe areas, mainly North Sea operations, recorded the highest productivity per active well.

Overall the FRS companies’ ratio of net income to total invested capital had improved steadily from 9.7% in 1994 to 11.7% in 1995 to 15.7% in 1996. The ratio for US industrial corporations as a group measured 13.5%, 13.8%, and 14.8% in those same years.

Another record profit was recorded 1997, although a 10% decline in the price of oil did not bode well for the future. Reported the EIA in its *Performance Profile of Major Energy Producers, 1997*:

*On the supply side, crude oil production in 1997 was up 3.5 per cent over 1996 production. The 2.3 million barrel-per-day rise in production was the largest since 1986 and was considerably in excess of the 1.6 million barrel-per-day increment in demand. Step ups in oil production of 6 percent over 1996 levels by members of OPEC account for most of the added oil supplies. Nearly all OPEC members reported increases with Iraq registering a doubling of production [PP 1997, p.2]*

Remember those words, “*with Iraq registering a doubling of production.*”

Still, FRS companies recorded further reduction in lifting and finding costs, and greater success rates in their exploratory drilling. That rate improved from 36% in 1985 to 51% in 1997 despite/because of increased drilling activity. The FRS companies’ investments in 3D seismic imaging and horizontal drilling were still paying dividends even as the realization of those investments set the stage for devaluation of the commodity itself.

In 1998, oil prices fell to a 25 year low, with prices breaking below \$10 per barrel. Iraq essentially doubled its daily 1997 production [remember those words, too], provoking various expressions of displeasure from the FRS companies. Net income as a percentage of total invested capital for FRS declined to about 6.5%, with the ratio being 12.7% for the US industrial companies.

The year 1998 was the same year that our celebrated “oil-cons” got together to produce their seminal work on the forthcoming American century in the Mideast in general, and the need to get rid of Iraq’s Hussein in particular. An uncharitable sort might make a connection between that declining ratio of return on invested capital, Iraq’s continued excess production, and the peer-reviewed and sanctioned proposals for regime change.

Anyway, the Saudis responded to the anguished cries of the FRS companies and announced alterations to production quotas and in 1999 oil prices rose from \$10 to \$24 per barrel. The Saudis, controlling 30-40% of OPEC’s production capacity reduced their production, but Iraq actually increased its production.

Another price increase in 2000, driven by prices that averaged \$10 per barrel above 1999 levels, brought record high profits for the FRS companies. The companies, in turn, doubled their capital expenditures, except...*90% of that expenditure was absorbed in mergers and acquisitions with/of other companies.*

Replacement of reserves “through the drill bit”—expanding known reserves from developed fields, again a reflection of the economic, price, determination behind the meaning of reserve, was the second highest in 25 years. The FRS companies replaced 166% of their US onshore production, 136% of US offshore production, and 119% of foreign production.

Most importantly, for only the second time in two decades, 2000 was a year that the profitability of FRS companies exceeded that of US industrial companies. The FRS ratio of net income to total invested capital reached 16.3%, with the S&P industrial recorded a 12.9% rate.

For every year between 2000 and 2007 the FRS companies’ measure of profitability exceeded that of the S&P Industrial index. Just as importantly, for our consideration of Marx’s arguments that capitals of equal size will command equal profits, the ratio of the FRS companies’ net earnings to the net earnings of the US industrial corporations began a dramatic climb. This increase in proportion, actually *disproportion* of total net income approached, but just approached, the disproportion, the overweighting of the FRS companies’ accumulated asset base in relation to the total assets of US industry:

**FRS net income ratio to S&P Industrial net income, by year**

1995, 9%  
1996, 14%  
1998, 5%  
2000, 27%  
2002, 18%  
2003, 19%  
2005, 30%  
2007, 28%

**3.5** The point of this examination is simply that the recent history of the oil industry, the recent history of oil prices is not a product of the mechanisms of *rent*, or the actions of renters. There are no increased costs of production by “marginal” “less efficient” operations. On the contrary, costs of production declined steadily.

There is no declining productivity of successive investments in the extractive process. On the contrary, successive applications of capital increased productivity.

There is no inability to satisfy *demand*. On the contrary, production outpaces consumption.

There is no increase in prices based on the inability to multiply production, or the instruments of production. On the contrary, there is a rapid and dramatic decline in price, the result of improved ability to multiply the assets of production [i.e. improved success rates].

There is no impingement of accumulation by landlords, by national governments, by monopolists. On the contrary there is over-accumulation by the oil producers.

There is, however, a conflict between production and accumulation, between use and value.

There is, however, the conflict between the *general rate of profit* and the rate of profit specific to the FRS companies at the start of the 1990s.

There is however, the conflict between a general rate of profit and the compulsion of capital to distribute profit according to the size of the capitals engaged in the process of accumulation.

There is, however, the functioning of price as a *distributive* mechanism to “relieve” that conflict.

There is, however, the divergence between price and value to mitigate overproduction.

There is, in short and in total, the mechanisms, conflicts, dynamics of *capital*.

#### **4. And It Ends Up... Here**

*A plague of rent-seekers is seeking quick gains by privatizing the public sector and erecting tollbooths to charge access fees to roads, power plants and other basic infrastructure....*

*Most wealth in history has been acquired either by armed conquest of the land, or by political insider dealing, such as the great US railroad land giveaways of the mid 19th century. The great American fortunes have been founded by prying land, public enterprises and monopoly rights from the public domain, because that's where the assets are to take.*

Michael Hudson “Wisconsin Death Trip” <http://www.globalresearch.ca/index.php?context=va&aid=23664>

Here then, courtesy of Dr. Hudson, is the problem with rent-theorizing. It precludes the recognition, and apprehension, of capitalism as *value*-producing, as requiring a specific organization of labor for the reproduction of a value. There is no accumulation, no valorization, no reproduction. There is only rent and renters, loot and looters, theft and thieves, rip off artists, swindlers, accruing monopoly rights to “public domain.”

There is no Marx, only Proudhon. Property is theft.

Behind Hudson's seemingly deep insight into "rent" is nothing other than the prosaic and pedestrian reality that capitalist production, like all production, has to access and utilize natural resources; that it takes place in a material world where *value has no innate existence*; that value is not inherent in nature; that in the organization of value-production the “natural” platforms for such value-production must be assigned an “as-if” value; as if the land, the lake, the forest were realized in their inception *economically*, as social products *controlled, owned*, by private producers. Without the “as-if” characteristic, the land, the lake, the mine, the forest cannot be circulated in the value of the commodities extracted from the land, the lake, the mine, the forest. The private property cannot be exchanged, and without exchange we know property is *useless*. Clearly, notions of renter, and *rentier*, capitalism figure prominently in the work of those theorists of “monopoly capitalism”—where the divergence of prices from values is considered proof that, in its “monopoly” phase, capitalism has overcome, transcended, “abolished” the law of value. Again, missing here is the recognition that capitalism is first and foremost a system of accumulation. Value is, if not nothing today, pretty much nothing tomorrow. The *reproduction* of value is pretty much everything.

Swindles, looting, theft certainly exist but only phenomenally, as expressions of moments in the organization, and disorganization, of value production. They cannot, as rent cannot, replace valorization. Opposition to renter or rentier capitalism cannot replace opposition to the reproduction of capital.

Accumulation beats the hell out of rent every day of the week, and twice on Sundays.

Now let's move on to something really important, like the struggles in Greece, China, the Philippines, and Egypt.

S.Artesian

June 16, 2011



**9 Report from Spain: On the May 15th Movement – C. V.**

## **Report from Spain: On the May 15<sup>th</sup> Movement**

(Editor/translator's note: The following is a brief account of the culmination of the "May 15<sup>th</sup> movement" in Barcelona. The movement had begun in Madrid with the occupation of the central Plaza del Sol by tens of thousands of young people, on the model of Tahrir Square in Cairo and other similar mass gatherings of the past six months. After an early (and failed) attempt to clear the Plaza del Sol by police, the movement spread, with occupations of public space in 50 other Spanish cities. The account (and critique) that follow applies generally to the Spanish movement as a whole.

Two problems of translation presented themselves. The first was of the Spanish word "ciudadano", or "citizen", with the overtones of the ideology of the affirmation of "civil society" that spread over the previous three decades with the collapse of the older paradigm based on variants of Marxian, or pseudo-Marxian, class struggle. The use of this term of self-identification by the movement went hand in hand with its initial overwhelming rejection of political parties, unions, violence and explicit politics of any kind, as well as its affirmation of a "real" democracy with, presumably, everyone as "citizens". The word "citizen" in English does not carry quite the same set of associations (outside of similarly ideological and largely academic circles), but nothing better presented itself.

The second translation difficulty was the account's play on the words "indignos", (i.e. contemptible), identifying the political class as a whole, and "indignados" (angry, enraged), as the rank-and-file of the movement called themselves. Since no comparable play on words presents itself in English, the Spanish words are indicated in parentheses where they occur).

To the Editors:

The meeting called at the Barcelona encampment, intending to block access of the professional politicians to the Catalan Parliament, showed two distinct aspects in the course of the morning and early afternoon of Wednesday June 15<sup>th</sup>, and seemed to mark the beginning of the end of the movement, which had begun a month earlier.

June 15<sup>th</sup> was chosen for protest because, on that day, the Catalan parliament was scheduled to approve budgets with radical cuts in health care and education, and was also scheduled to implement mechanisms of privatization and to make shifts from public to private firms (insurance companies, private clinics, etc.), the effects of which had already been felt in previous months in (among other things) the elimination of services and ever-longer waiting lists in hospitals.

Various neighborhood assemblies converged on the park of the Ciutadella. The camp was set up during the night, around the fence of the park where the Parliament is located, and starting at 7 AM on the 15<sup>th</sup>, it was swelling with people arriving at every park entrance. On neither the 14<sup>th</sup> nor the 15<sup>th</sup>, however, did the crowd reach the numbers seen on Friday May 27<sup>th</sup>... Were the much-touted "alternative" media not working? Were the very people

who had called the demo themselves frightened, since disrupting parliamentary activity is a felony, with prison sentences of several years?

Whatever the case, the demonstrators (3,000?) were numerous enough to force the MPs to enter the park, huddled behind lines of police and jeered by the crowd, while the President of the Generalitat, the Minister of Interior, and more than thirty MPs had to arrive by a makeshift helicopter airlift.

Naturally, this made this contemptible grouping (“ los indignos”) indignant in turn. After all, people accustomed to making their own personal use of public assets and to making instrumental use of democracy in the defense of their caste interests, could not swallow this humiliation. On this point, there was unanimity among fascists, xenophobes, apologists for the central government in Madrid, Catalan nationalists of different shades, leftists, environmentalists and parvenus of every stripe, ensconced one and all in Parliament. The unanimous statement they issued showed democracy to be explicitly the alibi of people who are conscious accomplices of the ongoing kleptocratic degeneration of the administration of public life. The MPs showed the same consensus in their shameful passivity when faced with the offensive presence of Felix Millet, well-known swindler of public funds and generous benefactor of the Catalan cultural and political elite, who appeared before this same parliament with a haughty silence and a smile of contempt.

The media of mass intoxication set aside their condescending paternalism in portraying, to that point, the May 15 movement, and thereafter set about their task of misrepresenting and criminalizing. Starting at noon that very same Wednesday, they tried to sow division among the demonstrators, resorting to their usual stratagems, distinguishing between "violent" and "peaceful" people, and spreading messages against violent people on twitter, etc; they did all this with the aim of diverting-- and distorting- attention to the well-worn topic of violence. One spokesman for the Ministry of the Interior, in a further demonstration of his ineptitude and crass bad faith, characterized the gathering at the park as “urban guerrilla warfare”.

Nonetheless, that Wednesday morning indeed threatened to draw a red line, (as the indignant (indignado) president of the Generalitat put it). That was the red line separating the representatives of the kleptocratic system, protected by thugs with privileged labor contracts, from the people literally thrown into the street, homeless, diminished in their rights (health, education, employment, pensions) and having no other recourse than to throw their bodies against the armed violence of the state; it was a red line, finally, showing the isolation of a political caste more and more deeply entrenched in its own inanity.

Did the “Citizens” Desert?

Although the morning passed without incident, apart from those organized by the Ministry of the Interior and by the media of intimidation, the threats by President Mas at noon on Wednesday, announcing that he would unleash his guards against the protesters,



seem to have had their effect on the self-described "pacifists." The meeting of the afternoon, where unions, neighborhood organizations (also present in the morning, but without much enthusiasm) and other associations of so-called civil society had promised to attend, was notably short of people. Where were the health care workers, who had been in the streets a few weeks earlier, and who had been so active against the cuts? Where were the "combative" trade unionists, now that the central government, the previous week, had approved new rules severely undermining the framework of industrial relations? It is difficult to escape the feeling that the "enraged" (indignados) had played politics and had, again, left in the lurch those people really expressing their outrage (indignacion) in front of Parliament.

One does not have to fall into conspiratorial paranoia to suspect that there was a sotto voce "disassembly" underfoot to isolate the supposedly "violent" people from the pacifists. Although the mass meeting in front of Parliament was supposed to be an all-day affair, *the self-proclaimed "pacifists" called a meeting at noon on Wednesday, with very few people in attendance, canceling the afternoon part of the demo, and in a clear maneuver aimed at sowing disarray*, urged the people in the Ciutadella to head for the la Placa Sant Jaume. Was this some incoherence of the spontaneous movement, or was it a maneuver of those "citizen" ideologues embedded in the movement itself, trying to abort it at a time when the May 15 movement was showing more and more outrage (indignacion)? Whatever the case, it amounted to capitulating to the blackmail of the criminalization being touted by the government-media apparatus.

It would not, therefore, be off the mark to conclude that the dominant component of the mobilization beginning on May 15 was, as intimated previously, a symptom of the proletarianization of the middle class, as well as an accurate expression of its political dimension and its limited capacity to counter that trend. It showed the political inconsistency of a social movement based on a wrong-headed pacifism which fell into the trap of the media's spectacular dichotomy between violence and pacifism, and whose no less ambiguous talk of democratic regeneration was recuperated by those same representative bodies the movement initially seemed to denounce. When things reached this point, the riff-raff of the political class (los indignos) had defeated the enraged people in the movement (los indignados).

The May 15 movement will, therefore, go down as one more episode in the process of social decomposition, an episode whose massive presence on the streets rattled the cages of those who administer the increasingly fragile capitalist socioeconomic order. We must therefore focus our attention on what happens in the street and not on the TV or computer screen (the solidarity movements of residents against evictions and resistance occurring at the grassroots level of society are some examples).

The lived experience of the past month suggests that the experience of political conflict of the people who unleashed the May 15 mobilization is predominantly intellectual, academic, ethical, and ideological, i.e. an experience specific to those generations who lived with the illusion of economic expansion under the hegemony of finance capital over the last two decades, and who are puzzled by its collapse. These generations had

benefited from a certain accumulation of family resources and from public spending (a social peace subsidized with scholarships, employment and training schemes, NGOs, etc.), which ran parallel to the consolidation of the democracy elaborated at the time of Franco's death, and whose social and political experience is not based on confrontation. This would explain why the May 15 movement, at least initially, did not call for a break with the "system", but rather for its cleansing.

Nonetheless, the "system" continues. During the week prior to the mobilization at the Catalan Parliament, the central government in Madrid, given the absence of any agreement between employers and the unions, enacted new laws amounting to a further hollowing out of the guidelines for labor relations, just as it was launching a new debt issue (at twice the interest on German debt). Thus the combined forces of capitalist order, without much difficulty, managed to criminalize the movement of May, but will they be able to criminalize an unstoppable reality?

C. V. Barcelona, June 21, 2011

PS-On Sunday June 19<sup>th</sup>, a great sea of humanity filled the streets of Barcelona (more than 100,000 people, this time with "all" those missing in action on Wednesday) with a predominantly playful, festive atmosphere, one touting the actions of the previous month, and in which the political machines of the institutional opposition were trying to claim their share of the credit. What will come of this remains to be seen. The movement will have at least served the purpose of showing the practical limitations of mass mobilizations of a "citizen" (cudadano) character, which seek to regenerate institutions in a context defined by the rampant degradation of the material conditions of life and by democratic totalitarianism.

## 10 Theses for Discussion – Loren Goldner

## THESES FOR DISCUSSION

Insurgent Notes Internal Conference, July 31

Loren Goldner

(Editor's Note: The following theses are being circulated within the Insurgent Notes collective for discussion in our pending internal conference on July 31. They attempt to expand on the programmatic points sketched in brief in the editorial of IN No. 1 a year ago. We make them also available to readers for comment, before and after the conference. They are, for now, the opinions of the author and not of the IN collective as a whole.)

1) **CONTRACTING SOCIAL REPRODUCTION** The current crisis, on a world scale, began ca. 1970, as the postwar boom—reconstruction from the destruction of the 1914-1945 period—exhausted itself, first in the US, and then shortly thereafter in Europe and Japan. Since that time, capitalism has struggled to “recompose” itself, through a grinding down of social reproduction, most importantly of the total working class wage bill (“V”) and aspects of constant capital (“C”), both fixed capital and infrastructure. It has done this by debt pyramiding, outsourcing of production around the world, technological innovation (in telecommunications, transportation and technology-intensive production), all having the same goal of transferring “V” and “C” to “S” (surplus value), while enforcing an overall **NON-REPRODUCTION** of labor power. Capital has attempted to achieve the same result as it did in the 1914-1945 period—re-establishment of an adequate rate of profit for a new expansion—without, as yet, resorting to large-scale war. Capital has tapped cheap labor power in the collapsed former Eastern bloc, in Asia (Korea, China, Vietnam, Bangladesh, India) while at the same time dismantling or whittling down the old “worker fortresses” of the West: the American Midwest, the British Midlands, the Paris suburbs and Alsace, and the Ruhr. It long ago abolished the one-paycheck blue-collar family. Capital has expelled or is expelling the working class from “financial centers” such as New York, London and more recently Paris, greatly increasing commuting time, making housing an expense approaching 50% of a typical working-class income, and turning the major cities into theme parks for the unproductive **FIRE** (finance/insurance/real estate) population.

2) **CONJUNCTURE** The 2008 crash, the biggest since 1929, seemed on one hand to discredit the “neo-liberal” “financialization” model (apparently) propelling capitalism since ca. 1980 (Reagan, Thatcher) but in fact was followed by a second wind in which governments attempted to revive the status quo ante with ever-greater infusions of debt. This has had the effect of intensifying the previous, 1970-2008 trend of “capital expanding, social reproduction contracting”. Stock markets recovered, banks cut their losses and consolidated, the top 1% of the population continued to take an ever-greater percentage of “income growth”, while in the U.S., the “real economy” stagnated or declined, with probably 15-20% of the work force unemployed or underemployed, and hundreds of thousands losing homes to foreclosure and apartments to eviction. Japan has been mired in stagnation for 20 years; in Europe, Iceland, Ireland, Britain, and the

southern periphery (Portugal, Spain, Italy, Greece) have been the hardest hit.

3) **OBSOLESCENCE OF VALUE** Underneath all appearances, the reality of the situation is the obsolescence of capitalist value—the necessary social time of the REproduction of commodities, above all the commodity labor power-- as a framework for the continued expanded material reproduction of humanity. Capital in crisis spirals backwards, pulling society with it. It must either devalue existing commodities, whether labor power or capital plant or consumer goods, until a new general rate of profit can coincide with some real expansion, or else the working class must destroy value.

4) **COLLAPSE OF STATIST ALTERNATIVES** The crisis since 1970 has had the positive effect of more widely discrediting the former, apparent alternatives, namely Social Democracy and above all Stalinism. In their diminution or disappearance, the crisis revealed them for what they always were: the completion of one aspect of the minimum program of the bourgeois revolution, (in the countries where they achieved state power or real influence) the elimination of pre-capitalist forms in agriculture and land to the peasants. Where some semblance of their former selves remains (such as in western Europe) they can only compete with the “right” in administering the crisis.

5) **PARTIES, UNIONS AGAINST THE WORKING CLASS** Well before the 1970 turning point, however, these old organizations of the left and the unions linked to them were fighting against the working class and the latter’s “shop floor rebellion” beginning in the 1950’s and culminating in the early to mid-1970’s. Since that time, far from challenging any prerogatives of capital, they have only embraced them.

6) **LEFT COMMUNISM** We identify ourselves broadly as left communists. Left communism first appeared as a self-conscious tendency in the revolutionary surge after World War I, above all (but not only) in German-Dutch council communism and in the Italian Communist Left (“Bordigists”). Despite their differences, which were real enough, these two currents were briefly able, in the years immediately after the Russian Revolution, to demarcate themselves in different ways from Bolshevism, and its “dual revolution” alliance with the peasantry, with their rejection of the Russian Revolution as a universal model, insisting that in the developed capitalist West, the proletariat stood alone. The solution of the agrarian question, the main lasting achievement of the Russian Revolution, and the related development of the productive forces, are tasks of the bourgeois revolution, and the “grand illusion” of the 20<sup>th</sup> century was the confusion of numerous substitute bourgeois revolutions (beginning with Russia, once the failure of the world revolution had isolated it and when internal degeneration had eliminated its proletarian content, the soviets and workers’ councils) with socialism/communism. The recovery of genuine communist theory and practice can point to many sources, with the Hegel renaissance after World War II, the wide availability of many previously unknown works of Marx (1844 Manuscripts, the Grundrisse, the Unpublished Sixth Chapter of vol. I of Capital, his writings on non-Western societies, the ongoing publication of the MEGA). In addition to elements of the German-Dutch left and the Italian Communist Left, we can cite Rosa Luxemburg’s mass strike conception, Socialism or Barbarism, CLR James, the Situationists, Italian operaismo, the early Camatte, the post-1968 French

neo-Bordigists (Barrot/Dauvé et al.) as sources (the list not being exhaustive or exclusive). This recovery, it goes without saying, would never have occurred without the historical developments of the 1960's and 1970's, in the culmination and end of the post-World War II expansion.

7) CLASSWIDE ORGANIZING VS. 'REVOLUTIONARY TRADE UNIONISM' We argue that the period ushered in by World War I marks a qualitative change in the history of capitalism, characterized alternately, by different currents, as the epoch of the "obsolescence of capital", "decadence", or the "real domination of capital". We see this post-1914 period as one in which reform (trade unionism and parliamentarism), as practiced by the First and above all Second Internationals and muddled in the Third and Fourth Internationals, is no longer viable as a step forward for the working class as a whole. By this we do not mean that partial struggles, defensive or offensive, outside periods of revolutionary upsurge are meaningless. We disagree with those left communist currents which reject work within and around trade unions as solely the terrain of the "left wing of capital". Where possible, we favor work within trade unions while always maintaining an extra-union perspective, looking to transform isolated "class-in-itself" struggles into class-wide movements involving other workers and the unemployed, on the model of the e.g. 1934 Toledo Auto-Lite strike or the 2004 Buenos Aires subway strike. We at the same time reject the perspective of "capturing the unions" for revolution, as advocated by (some) Trotskyists. We aim to supercede unions by class-wide organizations.

8) GEOPOLITICS The developing geopolitical situation is closely related to the world economic crisis, first of all because it is there that a future major war, as part of capital's "solution" to the crisis, will emerge. The current world situation is characterized by the (relative) decline of the United States as the undisputed capitalist hegemon it was until the 1970's. While there is currently no national power or bloc capable of challenging U.S. hegemony, the global situation is characterized by a "multi-polarity" which did not exist in 1970. The U.S. accounted for 50% of world production in 1945, and accounts for 20% today. Part of this is due to the "normal" reconstruction of Europe and Japan after World War II, part of it due to U.S. overseas investment (similar to Britain's increased overseas investments in the era of its decline), and part of it is due to the emergence of new zones of development. East Asia accounted for 5% of world production in 1960, and accounts for 35% today. While the much-touted "rise of China" is overblown (one need merely think of its inability to resolve the situation of 750 million people still on the land and another 100 million in the floating, casualized migrant population), the total post-1945 industrialization of Japan, South Korea, Taiwan and China, taken together, as a power center and moreover a greater potential power center, is not. Germany, East Asia, Brazil, and India are, in different ways, other established or potential poles of independence from U.S. domination in a way unthinkable 40 or 50 years ago.

One aspect of the economic and geopolitical crisis is the problematic global status of the U.S. dollar as the dominant reserve currency, a status giving the U.S. the unique ability to print money to pay its own external debts—a privilege no other indebted nation enjoys—and to periodically devalue foreign holdings of dollars (Germany and Japan in the early

1970's, Japan in 1985) which are external debts of the United States. That status further allows the U.S. to fund its perennial state deficits with the recycling of dollars held abroad, which now amount to ca. \$15 trillion. In contrast to 1945, the international weight of the reserve currency status of the dollar is out of all proportion to the weight of the U.S. in total world production. As with the British pound over the 1914-1945 period, this disproportionality will not be resolved at some international conference table but by crisis, shakeout and (possibly) a major war.

9) NEW INDUSTRIAL WORKING CLASSES The increasing multi-polarity of the world economy reflects the geographical shifts in the concentration of wage-labor proletarians around the world. According to some estimates, 60% of all workers today are in Asia. This translates into sharpening of class struggle there; China alone experienced over 100,000 "incidents" (local uprisings and confrontations, not all of them involving blue-collar workers) in 2010; Vietnam has experienced 336 strikes in the past year, many of them wildcats; worker ferment has also erupted in Bangladesh (mainly textile workers, as reported in IN No. 2) and India (in the industrial zone around Delhi). In North Africa and the Middle East, workers have played central roles in the insurgencies in Tunisia and Egypt, and important strikes have occurred in Turkey.

These working-class struggles in countries previously associated with the mirage of "Third Worldism" (peasant-bureaucratic movements and revolutions) is a shift of inestimable importance in the "geography" of class struggle.

10) PERMANENT REVOLUTION While we recognize and welcome the growing importance of the new industrial working classes created by the spread of capitalist investment in recent decades, we continue to see the wage-labor work force in the "old" centers of accumulation—Europe, the US and Canada, Japan—as central to any successful world revolution. The long arc of the history of communism has seen two international revolutionary waves, those of 1848 and 1917-1921, as well as the international wave associated with "1968". In 1848 and 1917, particularly, the truth of Marx's theory of permanent revolution (as later developed further by Trotsky) was demonstrated, whereby working-class upsurge in the "center" was complemented by the emergence of an independent working-class upsurge in the emerging "weak link" of accumulation. In the first instance, the "center" was the apex of the English Chartist movement in January 1848 and, above all, the communist uprising in Paris six months later in June, and the "weak link" was Germany; in the second, more protracted case, the "center" was western Europe (Germany above all) and the "weak link" was Russia. In both cases, the "crossover" necessary to the triumph of the revolutions failed, but we consider such a "crossover" as essential, so that a successful revolution in the "center" spares the working class and peasantry in the "weak link" the rigors of "socialist accumulation" in bureaucratic autarchy. The overcoming of the capitalist "law of value", as transmitted to the developing world, first of all through the world market, must be the task of workers in both the old "center" and in the emerging "weak links". The history of successive Stalinist and Third Worldist revolutions in the semi-developed and underdeveloped world has demonstrated time and again the impossibility of "socialism", or even of real capitalist development, in one country, under the pressure of the world

market.

11) NATIONALISM Seen in this light, we consider nationalism in the current epoch to be reactionary. Nationalism in the period from the French Revolution until approximately World War I could play an historically progressive or even revolutionary role (i.e. in the era of bourgeois revolutions) when the formation of viable nation states out of the old dynastic order (e.g. Germany, Italy) was still possible. This said, the “right of nations to self-determination” was never, as an abstract principle, part of the revolutionary tradition separate from a geopolitical-strategic orientation to the *unification of the working class*, which is always an international class. Marx supported Irish nationalism against British rule, and Polish nationalism against Russian rule, but opposed Balkan nationalism that might weaken the Ottoman bulwark against Russian expansionism. The nations or Ersatz nations which emerged out of the collapse of the empires (Hohenzollern, Habsburg, Romanov, Ottoman) after World War I, or out of the dismantling of the British, French, Dutch, Belgian or Portuguese empires between 1945 and 1975, or finally out of the collapse of the Soviet bloc in 1989-1991, have almost without exception, due to the dynamic of (an absent) permanent revolution, failed to solve the “tasks” of the bourgeois revolution, most immediately the completion of the agrarian revolution. The few exceptions (e.g. South Korea, Taiwan) managed to do so as “showcases” in competition with the Stalinist revolutions (China, North Korea, Vietnam) in Asia, with serious land reform, but they still remain viable only—to date—with significant U.S. military assistance.

12) “ANTI-IMPERIALISM” Despite these developments, a certain “anti-imperialism” has revived, after experiencing an eclipse in the late 1970’s. It is no longer a question of barefoot doctors and people’s communes in China, or guerrilla foci in the Andes, or various and sundry “tricontinental” “national liberation fronts”. Led by the Petro-Peronist Hugo Chavez in Venezuela, it consists of a loose collection of countries such as Cuba, Ecuador, Bolivia, (occasionally) Brazil, and then extends to even more questionable forces in the Middle East such as Hezbollah (Lebanon), Hamas (Palestine) and the Islamic Republic of Iran. Even further from the front lines are Russia and China, hardly troubled to watch the U.S. squander blood and money in its losing wars (Iraq, Afghanistan) and its declining influence throughout the region (Turkey, Pakistan). These “anti-imperialist” forces are cheered on by the World Social Forum and its array of NGOs; North American trade unionists fly to Beijing to have tea with the official state trade union leaders while workers attempting to organize independent unions there are incarcerated. Perhaps if the Taliban reconquer Afghanistan, they too will be joining these “progressive anti-imperialist forces” at the World Social Forum.

13) RACE, CLASS, GENDER, SEXUAL ORIENTATION AND ‘IDENTITY POLITICS’ Concentrated as we are, at least for the moment, in the United States, we necessarily recognize that the “color-blind” Marxism of many left communist currents—a proletarian is a proletarian is a proletarian—is simply...blind Marxism. The largely black and Latino population of U.S. prisons (1% of the U.S. population) or the black and Latino youth gunned down with impunity every year by the police, are excellent “first approximations” showing that the legacy of 350 years of white supremacy in American



history is still with us, if somewhat deflated since the 1960's. Similarly, gender and "normative sexual" questions are hardly resolved, either within the class or in the larger society. We hardly consider it an accident that most of the incremental progress on these questions since the 1960's, however piecemeal and fragmentary, has mainly benefited what can be broadly characterized as "middle class" and "professional" elements among blacks, Latinos, women and gays. (Our use of the term here is not to be confused with the repellent and ideologically- charged American use of "middle class" when referring to the *working class*.)

The dynamic between class and race, gender and sexual orientation varies widely from one concrete situation to another. But since the ebb of the vaguely Marxian or pseudo-Marxian climate of the 1960's and 1970's, when many of these oppressed groups (we are thinking first of all of the black and Latino nationalists of that period) still felt obligated to articulate their agendas within a broader (mainly Stalinist and/or Third Worldist) "proletarian internationalism", the emergence of an "identity politics" starting in the late 1970's dispensed with that framework altogether. A whole industry of NGO's backed by foundation money came into existence to cement this fragmentation of different groups and to bury the question of class, thus becoming an important anti-working class force, the first line of defense against communist politics in different communities. It was hardly an accident that this ideology and these NGOs and foundations emerged and thrived during decades of defeat, rollback, concessions and factory closings that decimated the living standards of the working class, white, black or brown.

The reunification of a movement on a true class basis, which means a movement that puts the poorest and most downtrodden groups at the center of its problematic, is not something to be solved by a deft theoretical formulation, but something that must emerge from practical experience in struggle. It is therefore a commitment of Insurgent Notes to chronicle those struggles when and where they emerge, to participate in them where possible, and to expose the ideologues of fragmentary, anti-working class "identity" and their foundation (and government) backers.

14) IMMIGRATION Closely related to the problems posed by race, class and gender, in both the U.S. and in Europe, is the question of immigration. In the worst capitalist crisis since the 1930's, political and ideological mobilizations against immigrants are emerging as the perfect lightning rod for channeling growing populist rage into struggles among the "native born" and "immigrant" members of the class that "has no fatherland". The abject failure of "development", aided by Western policies in Latin America, the Middle East, Africa and much of Asia for decades, as well from the administration of local bourgeoisies and statist elites in those regions, has turned tens of millions of proletarians and sub-proletarians into refugees from the resulting social and economic vacuum. Far-right groups organized around anti-immigrant feeling have made important breakthroughs in virtually every European country, and with similar developments in the U.S. (first of all along the border with Mexico) becoming a dominant issue here as well. Mainstream capitalists tend to favor immigration as a source of cheap labor and leave

immigrant bashing to the populist right, but will hardly fail to see its uses as serious class antagonism intensifies. Well-meaning but empty calls for international solidarity, in the abstract, will hardly do. From our point of view, and recalling the central role played by an earlier wave of immigration in class struggles in the U.S. before and after World War I, we see immigrant labor as playing a potentially vanguard role again. At the same time we present a programmatic approach to the question, with our perspective of global reconstruction in the transition out of capitalism aimed at undoing the huge imbalances between regions resulting from colonialism, imperialism and capitalist “development” schemes as the ultimate practical common ground between workers in different parts of the world.

15) PROGRAM We see as essential to our tasks the elaboration of a program for the transition out of capitalism. Too much of the debate in the left communist, ultra-left or libertarian communist milieu revolves around questions of forms of organization, and too much of the conception of a post-capitalist society devolves into highly abstract arguments over “Value”. We see the need to emphasize the “material content” of the transition to be implemented, once political and economic power has been taken away from the capitalists, indispensable to the actual abolition of value, i.e. of the regulation of life by the socially necessary time of reproduction. Given the advanced degree of decay in the West, headed by the U.S. and the U.K., it can no longer be (and never really was) a question of “taking over production” and establishing “workers’ control”. In countries with such a high level of employment in socially useless (the FIRE sector of finance-insurance- real estate) sectors, or socially noxious ones (e.g. armed forces and arms production) or (not too long ago) the automobile (and related) industries, such a vision, inherited from the ferment of the 60’s and 70’s, is almost meaningless. More workplaces will be abolished by the revolution than placed under “workers’ control”. We see it as fundamental to conceive of the future society in use-value terms on a global scale. A linear spread of post-1945 models of consumption in the West--such as individual home ownership and the two-car family-- to the entire world is on the face of it a social and environmental absurdity. Such an alternative program will not spring full-blown from the head of some world reformer, but will be, on the contrary, a “work in progress” elaborated by tens of millions, and ultimately billions of people. Nonetheless we can throw out the broad outlines of basic necessities. Already the dismantling of the automobile-steel-oil-rubber complex and its replacement by greatly improved mass transit and rail transport has implications far beyond transportation, namely in the relationship between cities and countryside and in the social organization of space generally; environmental concerns; the huge social waste involved in commuting time; the reorientation to new sources of energy; and the overcoming of the social atomization and social costs induced after World War II by suburbanization and sprawl. The freeing of the tens of millions of people currently employed in state and corporate bureaucracy, in the military and in military production, the FIRE sectors, or police/intelligence and prisons, for socially useful work will also make possible the realization of a key part of the communist program: the radical shortening of the working day. We do not doubt that the collective practical knowledge of working people, once free to reconfigure necessary work from a use-value viewpoint on a truly social (worldwide) scale, will greatly facilitate the implementation of such a broad outline, but

we consider it essential to start this discussion now to counter the long-assumed notion that “all this will be worked out in the soviets” after the revolution. Without an active current with some widely-shared vision of a radically different social order, (in the sense that the old Social Democratic/Stalinist vision of nationalization plus state planning was widely shared) there will be a no successful revolution.

16) HOW WE RELATE TO PARTIAL STRUGGLES Between now and the revolution, local, partial struggles short of the open struggle for the overthrow of capital are emerging and will continue to emerge. Some parts of the left communist scene (we can take the ICC as a *reductio ad absurdum* but they are hardly alone) tend to relate to such struggles with an attitude that ultimately reads “when you’re ready to form soviets, get in touch”. We reject that kind of posturing abstentionism that hides remoteness from the struggles of ordinary working people behind “big theory”. This posturing results from 40 years in the wilderness in which there were, at least in the West, few mass movements in the streets (as there was in the late 60’s/early 70’s) pressuring such groups to do something more than publish their journals, sell their newspapers and maintain their P.O. boxes or, more recently, their web sites.

That said, serious problems arise in relating to such struggles as they are usually posed, problems represented first of all by the thicket of far-left groups that still work off of Trotskyism and Maoism and which circle around those struggles that do emerge like “vultures circling a dying beast”, as someone once put it. The Trotskyists, in particular, characterize such struggles and rival groups as “reformist”, whereas our starting point is an analysis of the impossibility of consequential reformism (the latter being something different than saying, as we do, that there can be small temporary victories in the midst of generally bigger defeats). Such groups are still wedded, at best, to the dialectic of reform and revolution that was the outlook of revolutionaries before 1914, such as Rosa Luxemburg in her polemic against Bernstein: revolution THROUGH the struggle for reform.

Unfortunately for that outlook, no reformism for the class as a whole is possible today. The crisis started 40 years ago and has only intensified. Already in the 1970's "left" parties in the West were backing off from any promises of "reform". “Reform” today is mainly the war cry of the right, meaning burning and slashing what is left of the old welfare state and labor legislation. It is no secret that the official left since the 1970’s has reinvented itself as the kinder, gentler face of “neo-liberal” capitalism. We hardly need bother with the Democratic Party (Clinton, Obama) and its hangers-on in the U.S. In the U.S. as in Europe, the ever-growing gap between the wealthiest 1% and everyone else has grown relentlessly since 1968, whether "reformists" or "conservatives" are in power. Mitterand in France, Felipe Gonzalez in Spain, Schroeder in Germany, Blair in Britain, now Papandreou in Greece barely deserve any more of a mention: "reformists" all, “neo-liberal” slashers of workers' living standards all.

We might consider some recent, disparate but somehow similar struggles of recent years: the piqueteros in Argentina in 2001-2002 or Oaxaca in 2007. All the post-2008 movements and uprisings-- the French mass protests of fall 2010, or, in 2011: Tunisia,

Egypt, Madison, Madrid, Greece—are linked in some way to the world financial and economic meltdown. Most of these struggles took on a qualitative nature in a huge initial burst of “spontaneity” unleashed by some “spark” in an increasingly explosive situation, ( or in the case of Greece, two direct, savage attacks on working-class living standards over the past year). The Argentine uprising began with the total meltdown of the economy and of the Argentine political class, but was brought to a head by the piqueteros, mainly no-future working-class youth, who had been refining their tactics for several years, in actions large and small. Oaxaca began with a provocation by the state government against the initial phase of the normal collective bargaining of the local teachers’ union. Tunisia began with the desperate suicide of an unemployed university graduate, following everyday police harassment. Egypt began with a combination of “normal” everyday state atrocities mixed with the “contagion of struggle” coming from Tunisia, in a worsening economic situation. Madison began, like Oaxaca, with a provocation by the state against public employees.

All of these movements were characterized by a creative “leap” from local forms of protest (even the suicide of the unemployed Tunisian ex-student was the latest in a series by similar people) to a mass spontaneous outburst that no one foresaw, underscoring the always unforeseeable consequences of local acts of defiance.

And most of these movements (with Tunisia and Egypt and now Syria and Yemen, for all their specific differences, still unfolding) have been defeated, and those, like Tunisia and Egypt, find themselves in danger of containment by the usual cast of characters in a facelift of the status quo ante. The Argentine piqueteros were either co-opted into a recomposed Peronist state or dispersed by repression; in Oaxaca, it was straight-up massive repression and the isolation of the movement from the rest of Mexico. (The situation in Greece remains in abeyance at this writing-July 2011). The French government stonewalled the fall 2010 movements in the streets, and won out. The Madison movement never escaped the embrace of the Democrats and the unions and mainly threw itself into an “anti-Republican” recall campaign. The Spanish Socialist government let the “indignados” (cf. our report on that movement) occupy the central plazas in 50 cities for the better part of a month (police attacks and provocations notwithstanding) until the movement collapsed, with some factional acrimony, of its own weight, like so many others, having taken the first creative step of occupying public space and then being incapable of taking another one.

Communism is a concrete possibility because of what capital “compels the working class to do” (Marx). In the situations described above, what is the relationship between “reform” and revolution?

Before people go massively into the streets, in those struggles that occur, revolutionaries can participate with a “class-wide”, “Toledo Auto-Lite” perspective. The key, in such situations, is always to underscore the “break” with established institutions, such as the unions and the state, and the political pseudo-left that accommodates to those institutions. The perspective should always be “dual power”, however small the forces capable of

making that demarcation. The consequences of such a stance are always fluid. Revolutionaries always speak to the “class-for-itself” impulse in the broader movement. The goal is not the specific “demand” or what in some cases might be temporarily won, but the increased unity of the class through the experience of breaking the barriers between different sectors of workers, or workers and the unemployed, and racial caste and gender separations.

When, masses of people are in the streets, as they have been and are in places such as Argentina or Greece or Egypt, the sole real question is that of state power. This is not to endorse just any putschist adventure: there is a dynamic in play that cannot be forced.

But the successful struggle against the state, and its replacement by class-wide institutions (soviets, workers’ councils, whatever new forms may emerge) requires program (as discussed earlier) and a current formed in advance to take the initial steps to implement that program. This current emerges over time from the networks of the most combative and conscious elements, in the ebbs and flows of struggle, and does not need to belong to any more formalized organization. The latter will come as the intensified rhythm of struggle requires it.

## Letters

### 11 More on Madison

*(Editors Note: the following letter synthesizes two e-mails from a comrade, AS, about some disagreements with Loren Goldners article on Madison in IN No. 3).*

I dont think I was criticizing what you wrote that sharply. I do remember mentioning that one of the first groups out there was the Latino Immigrant Workers Union which is a coalition to draw attention to things that affect Latinos in the Madison. In Milwaukee the mood was much different than in Madison. From what I heard from the Milwaukee people, I know the feeling there was much more hopeless generally than in Madison; hopeless was the word I heard them use repeatedly. The crisis hit Milwaukee workers really hard. Workers in Madison exist largely in the state and the insurance business and have sources of state-capitalist investment that are more steady than Milwaukee, which needs heavy industry. For me, growing up as a worker in Madison, I could bounce around working at small workshops around the city and never once get my foot in the door at a bigger, better-paid blue collar workplace. For all Milwaukee workers, the deindustrialization has been brutal. Workers at Harley-Davidson in Milwaukee were forced to accept a 50% cut in starting pay just to keep the company from leaving the state. Milwaukee has been a laboratory of this austerity and public education demolition for decades now. The feeling I got from the Milwaukee people was one of despair.

Strange thing is that there is almost no contact with leftists in Milwaukee and Madison at all, even among white leftists, It is as if Milwaukee is on the other side of the continent and not an hour and half away by bus. There were a few contingents that did come from Milwaukee to the protests in Madison, and a few protests in Milwaukee itself, but even there African-Americans were less present than Latinos who were much more active. Your criticisms arent much different from mine on the whole. There were contingents of people from the various First Nations bands who came to Madison as well. The City of Milwaukee maybe has 500,000 people, maybe a third of them are African-American, I dont know. It is reaching a point where the Latinos will be equaling them in numbers. The ethnic makeup of people here is heavily German, Scandinavians live further north mostly.

The most positive thing in the protests was the open microphone in the capitol rotunda in Madison where there was an open forum that the DP folks couldnt control. For a lot of workers this was the first time they ever got to speak in front of other workers and listen to other workers speaking publicly. The most active left group by far was the IWW and they have benefited from this. Their General Strike poster was the most popular poster. Still their activity raises questions in my mind of the nature of the left, even the IWW, in tailing initiatives that are run by the DP/Union nexus of bourgeois power. Even when they have the numbers to undertake their own initiatives, they still tail the progs. There was no attempt to raise awareness of state tax increases on the poorest workers, or to link the austerity measures to the constant austerity and repression faced by racial minorities. The Latino presence at the protests also raises questions because they seem obligated, or constrained, as immigrants, to

show their patriotism by carrying US flags around to all the protests.

Due to a stretch of unemployment, I took a half-time job late last summer working at the office of AFSCME Local 2412. So, I became the office manager for a union local. In an office of one, I manage myself. I saw the whole thing unfold from the defeat of the last contract, to the Walker austerity bill. I was present at the union local meeting where we heard from the higher ups in AFSCME Council 24 that there would be no strike, which was decided and declared from the start. I even sent out the rally notices to the state workers on campus. Now AFSCME Local 2412, and my office neighbors, Local 171, represent respectively the clerical and blue collar sectors of the UW Madison campus. 2412 is the big union on campus and was right at the center of much of these protests. I was fielding calls from the press trying to get information out of me.

This all was strange for me. I had once been a member of Local 171. I had helped animate the Group Internationaliste Ouvrier in Montreal, I helped create Internationalist Notes. I took up left communism after being repeatedly called an ultra-leftist by mainline lefties back in the eighties. Needless to say I'm not that keen on the DP, or the unions. At the same time I feel obligated to participate and be present, which is doubly difficult without funds or propaganda to distribute. A struggle takes on a different tone altogether when it is your friends and family that are there protesting the wage cuts and austerity measures.

I saw the left groups descend on Madison, sell a few papers and then leave. I believe that in what I said to RS, I might have been directing some of this at your article. It is a shame I couldn't have shown you around a bit, as I do know this area very well. I did make an attempt to contact the ICC but I was too late and the militant they sent came, sold a few papers and then left. I was busy working and sending out the bulletins for the protests and wasn't doing a lot of propaganda distribution, so it was to them as if I was never even there, at least from what they said. They subsequently denounced the whole thing as a DP/Union maneuver. In ideological content we had the same dominant reformist thinking as in the protests of the indignados in Spain today, we even had something of a workers assembly going on in the capitol for a time. Yet they denounced the protests here and praised the protests there. The real question wasn't the ideological content of these protests but their own participation which brings their praise, or condemnation when they do not participate. The left reformism and DP dominance doesn't change the fact that there were 150,000 workers in the streets and every scrap of poster board in the county had been turned into picket signs such that all the stores in the county ran out of poster board. It was an extraordinary thing to see.

It seemed to me as though east coast militants only noticed when the protests were almost done, and my own efforts at creating small groups of revolutionaries around the mid-west and the south has been a failure by and large but I think what took place here confirms what I've tried to tell militants that workers in the mid-west and the south are important and that there won't be a class struggle in the US without them. It is disheartening when a massive protest of workers comes along the revolutionaries weren't present even in small numbers and the usual cast of left-ish characters took over playing their role as adjunct to the left arm of the ruling class and its Democratic Party. The left in Madison consists of the IWW, the ISO and Socialist Action (pro-Castro-ex-trots, Minnesota and

Wisconsin based largely). Many of the shop stewards and leaders in AFSCME are supporters of Labor Notes as well as being loyal Democrats.

Yes, the electoral stuff is what has taken over. The protests were called off. Some activity has remained sporadically across the state in smaller towns and cities. There were demonstrations in Mount Horeb, a town of 7,000 people had a workers demonstration which drew over a thousand at the peak of the demonstrations; this was happening all over. Now all energies are put into these recalls. People believe it will achieve some sort of victory or stability in the face of the fact that more recalls are being attempted at one time than have ever occurred before. As strikes were ruled out by the unions from the start, and the teacher/student sickout/walkout was called off two days into it, it is seen that a strike is impossible by most people. One justification I heard was that since people are no more than 16 lost work hours away from losing everything they have, to talk about a strike is irresponsible. I have argued against this the most successful wave of strikes in US history occurred at the end of WWII and usually lasted for less than five days on average during a time when workers were considerably poorer. I have also argued that the strike tactics that are illegal, sympathy strikes etc., are illegal because they work. The recall effort is feverish. I believe that the workers will be disappointed by the results given the past history of recall elections. The electoral stuff really bled the energy out of the movement.

The whole Wisconsin progressive tradition propaganda is quite strong and lends unwarranted credibility to DPs bourgeois power structure. They seem to have forgotten that the last governor, Jim Doyle the Democrat, was the one who gave state workers a rolling layoff amounting to almost three work weeks a year amounting to a sizable cut. Basically the Democrats gave them a pay cut without formally cutting anyones hourly pay or benefits. For the bourgeoisie this was a clever maneuver but not brutal enough for the other faction of bourgeois politicians. There was absolutely no attention given by the unions to the layoffs that public sector workers will be facing, almost 22,000 people will lose their jobs and they are told to wait until the recall elections. There was no protest over the gutting of tax credits to the poorest workers in the state in both the public and private sectors either.

The university system is now messing with payroll data so that the unions dont even know who is paying dues or who is even in the workforce now. It was two members of the Democratic Party who shot down the last contract in the state senate and assembly. They just refused to show up for the vote on the new contract that the state workers unions had negotiated knowing full well that the GOP was going to take over in the next session and be out for blood, so the Democratic Party basically allowed this situation to happen. When the state workers union boss, Marty Beil, called the two DP state congressmen whores, it was evident that the bosses has just stopped playing ball and no longer considered the unions as necessary for assistance in implementing the austerity measures. Ive never heard a union leader speak that bluntly about a failed contract, ever, so even last November it was clear that something was going to go down this spring. The union leaderships were not ready for politicians who werent interested in playing by the established rules of the game.

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## 12 Letter From Paris

*(Editors Note: We received the following letter from our comrade in France, Brunel, who for many months has been in the thick of a very interesting struggle of public employees in F., a Paris suburb. As background for the foreign reader, he begins with a short narrative of that struggle.)*

### Brief Contextual Summary

The city government of F. oversees a Paris suburb of 50,000 inhabitants and employs about 1500 people. It is controlled by the left (the French Communist Party, Socialist Party, the Greens and the Left Party) In the first three weeks of 2010, a local social movement of municipal employees formed a struggle committee, made up of more than 60 people, which took direct charge of defending the interests of city employees, outside the unions. Driven by the activism of a small group of city workers, themselves advocates of proletarian autonomy, the committee demanded a meaningful and egalitarian wage increase, working conditions based on solidarity among colleagues, the unconditional defense of public services, and an increased control of tasks by the workers themselves. For good measure, the committee unequivocally condemned management ideology, advocating instead the refusal of the criterion of profitability and more generally of the imperatives of valorizing the capital brought in from the private sector. Supported by management, the unions used all their power to put an end to this agitation with a one-day general strike, which took place on June 22, 2010. Since then, with threats of repression, calumny and disinformation, the unions succeeded in provisionally dispersing the workers anger into hastily-called negotiations with city management. These negotiations resulted in nothing but a complicit silence between the union reps and management during the following eight months. The struggle committee, which continued its underground activity, decided to act again in the run-up to the cantonal elections of March 2011, thus provoking the hasty reopening of the negotiations, which management and its union sycophants would have preferred to quietly lay to rest with no result. These negotiations ended in the decision to give three-fourths of municipal employees a raise of 100 euros a month over three years, falling quite short of the 300 euros demanded at the peak of the movement. The committee continues to exist in clandestine form and will again be able to make itself heard when the time comes. The old mole continues to burrow... v Dear Insurgent Notes,

In France, the crisis of public finances and especially of the decentralized local budgets reemerged in the wake of the meltdown of October 2008. It was then that the media pretended to discover that a large number of local governments were drowning in a morass of toxic debts. For the moment, the difficulties arising from this have been papered over, but nothing has really been resolved. Financial constraints are reducing the room for maneuver of cities, departments and regions. The direct consequence has been a reduction in the activities of the public sector, as well as cuts in staff. This has necessitated a series of laws making the work force even more precarious and calling into question the very status of public employees established in the great social compromises after World War II. Not surprisingly, since the beginning of the year, we have been seeing different local struggles by public employees opening up. These struggles have moved into a space opened up by the supine role of the trade unions at the national level, as evident in the low level of mobilization by such workers when strikes are called nationally.

In F., the struggle continues, even if we have to quickly find new ways to intervene, because an important threshold has just been crossed. Last March, the municipal authorities opened emergency negotiations, after eight months of silence, when confronted with the threat posed by our petition denouncing the omerta (vow of silence) practiced by the entrenched unions, and which we submitted right in the midst of local (cantonal) elections. The upshot was an average pay increase of 100 euros for three-quarters of city workers over a three-year period. That fell short of our demands, but by handing out some crumbs, the authorities won themselves a few months of social peace. Nevertheless, it should be noted that the local bosses attempted to toss off these financial concessions in discriminatory and arbitrary forms of remuneration. They proposed that certain employees in services judged to be strategic would get an immediate increase of 150 euros. Moreover, an attendance bonus (granted only if the employee does not miss more than 15 days of work per year) would condition part of the salary. In response, the massive and instantaneous protest movement by workers of the entire local government quickly checkmated these reactionary provocations, not without some grotesque attempts at intimidation. Dozens of employees raised the clear threat of rolling strikes by the rank-and-file, and moreover without the unions. A very interesting new scenario was in the works. The precipitous withdrawal of the proposed measures succeeded in calming down most people. But all these recent events allowed us to identify more clearly that group of our colleagues who, while a minority, are ready to intensify the conflict along openly anti-union lines. With a certain number of these enrags, we have been able to have discussions on subjects which could not be broached before: the condemnation of business-as-usual party politics (no small thing in a left-wing town) , an out-of-hand rejection of the unions, on struggle as the sole way to improve our condition, and the rejection of the servile mentality afflicting a section of the personnel, tied as they are to the paternalism of the local powers that be. The onset of the summer holidays has put us on standby. But we are quite sure that the local context, not to mention the global conjuncture, will present new occasions to hit back again in a few months.

### Our Group

I will continue to write about this struggle as it evolves. But my time is quite taken up by laying the political and organizational basis for a new political group, so Ill take the occasion to tell you, in summary fashion, about our motives, our goals and the current stage of our project.

Our starting point is three-fold: in France, there is almost nothing to the left of the far left (Translators Note: The term far left in France refers to the (mainly Trotskyist) groups active in the space opened up by the decline of the Communist Party and the Socialist Party, including Lutte Ouvriere (LO), the Ligue Communiste Revolutionnaire (LCR, 4th International Mandelists, or more recently the NPA, the Nouveau Parti Anticapitaliste, organized mainly by the LCR). Those formations identifying themselves with the ultra-left and with councilism (Im not mentioning the autonomists, whom I consider to be politically inconsistent) are aging, and distinguish themselves by their absence from the increasingly intense class struggle, a stance which has pushed them, for years, to retreat into the heavenly realms of theory. Im not dismissing their considerable efforts to theoretically re-ground the communist perspective, a task we

consider fundamental. But this attempt should, in our view, prove itself efficacious enough for the idea of proletarian revolution, and the notion of abolishing classes and the state, to re-enter the proletarian imagination (*imaginaire*). The perspective of the Situationists, hardly in evidence in the contemporary French ultra-left, needs to be reformulated. We can at the very least say that, today, despite the ongoing social ferment, the movement of the masses is running up against its own ideological limitations, limitations resulting from the considerable discredit which the 2nd, 3rd and 4th Internationals have repeatedly heaped on communism over decades. Access to for itself consciousness, attained at different times by the revolutionary movements of the past century, today seems blocked by the indestructible wall of the bourgeois world outlook. Overcoming such a formidable obstacle implies a renewed and audacious communicative practice, one which does not hesitate to adopt a polemical tone when called for, nor to occupy social spaces abandoned for ages by revolutionary discourse and practice (the lower strata of the proletariat, culture, language, the immediate process of production). Because, thinking about it a bit, we can more than glimpse a theoretical and practical path opening up before us. The historical moment in which we live is particularly pitiless with the remnants of the ideological barracks of the far left and far right, revealing their objective complicity ever more clearly. Some of the stances of these apparatuses are very revealing. Not only do the leftovers of the Bolsheviks show the greatest discomfort in supporting proletarian movements in the Arab countries, but they overlook any solidarity (one which is in fact quite promising), with the social movements in Asia. At the same time, they insist on occupying minefields such as the anti-Zionist struggle, identity politics, or the old nationalist porridge, through their support for the alter-imperialist regimes (regimes also supported by the far right). All this smells of an ideological decomposition which today can only lead to an impasse. These serious handicaps cry out for a new language linked to an authentically revolutionary praxis. Confronted with this fundamental problematic, various themes touched on by *Insurgent Notes*, as well as the implacable method informing them, have been of capital importance for us.

Our group is named Action Group for the Recomposition of Proletarian Autonomy (*Groupe d'Action pour la Recomposition de l'Autonomie Proletarienne*).

We say Action because the political lineage to which we lay claim currently has few active heirs in France. We are inspired by the communist left in the broad sense of the term (Socialism or Barbarism, the KAPD, International Council Correspondance, the IWW) but also by Amadeo Bordiga, I.I. Rubin, Georg Lukacs, Karel Kosik, the Situationists and operaismo, to quickly mention some key names and movements. And, of course, what we find in *Insurgent Notes* has provided important clarification. Today our group consists of about fifteen people, coming from different backgrounds: former Trotskyists, (the Lambertists, *Lutte Ouvriere*, and even ARS COMBAT, a small sect created some time ago), former anarcho-syndicalists (CNT), a former activist from the autonomist movement of the 1970s, a former activist from the anti-precarious struggles of the early 2000s (the stop precariousness networks, support committees), and some individuals who have never belonged to any organization. White-collar workers, public employees, students, and casual workers are all represented. We range from 22 to 48 years of age. We currently have a presence in the Parisian region and in Brittany. We plan to constitute ourselves as a founding nucleus through the networks of our current members over a time period

during which various sessions of theoretical education, extending over several months, will consolidate the human and ideological cohesion of the group. Once this work is completed, we will develop a manifesto and an internet site. We already have propaganda material we use in different campaigns on both specific and general subjects (ranging from support for the Arab revolutions to denunciation of the new far right, by way of a critique of commodity alienation and of the management of various big companies). We will then move to a more intensive and wider phase of propaganda, attempting to embrace as closely as possible the front lines of contemporary society, and when it is possible becoming actors on them.

We say recomposition because we try to analyze capitalist society with a view of the totality and from the sphere of reproduction (and not merely production, as *Insurgent Notes* points out). At the same time, recomposition points to the term composition, a notion taken up in a new way by Italian workerism, with which we identify. We plan to revive the worker inquiry (as we already did a bit at the city hall of F.), notably with workers on the Paris subway system (where we have sympathizers).

And we say Proletarian autonomy because, although dated, this expression still has meaning for us, since the problematic of freeing ourselves from bourgeois language and forms of control remains posed today. We preferred the term proletarian to worker, because in a country like France, dominated by unproductive labor, the working class has tendentially given way to the proletariat for the past 40 years.

Brunel