THE popular uprisings that began in Tunisia in December 2010 and spiralled rapidly across the Middle East have disrupted the political status quo of the region dramatically. The uprisings revealed the remarkable fragility of the regimes across the Arab world. Long dependent upon networks of secret police (mukhabarat) and thugs (baltajiya), these regimes seemed to breed a seemingly unassailable pessimism about the possibility of change. But in a few short weeks, their elaborate mechanisms of control collapsed as millions of people shed their fear and moved to the streets. A critical turning point was reached on 11 February 2011 with the ousting of Egypt’s President Hosni Mubarak after three weeks of continuous popular mobilizations (and more than 300 deaths, and thousands wounded). As Mubarak’s demise was celebrated across the globe, further momentum was imparted to uprisings in nearby countries, including Bahrain, Libya, Yemen, Morocco, and Algeria.

The nature of these uprisings is partially expressed by the Arabic word intifada, which conveys a sense of “shaking off.” But the movement to unseat Mubarak—inspired by the end of the Ben Ali regime in Tunisia—did much more than remove a despised dictator. Initially, the response of global and regional leaders to the uprisings exposed the real political dynamics that have characterized the Middle East for decades. The prevarication of US, European, and other world leaders throughout the weeks that preceded Mubarak’s resignation confirmed the long-standing support of Western states for the network of autocratic regimes in the area. Arab leaders—notably Palestinian President Mahmoud Abbas, Jordan’s King Abdullah,
Studies in Political Economy

and the rulers of Saudi Arabia and the United Arab Emirates—openly extended their support to Mubarak against the Egyptian people. Israel’s Prime Minister, Benjamin Netanyahu, also stood solidly behind Mubarak—starkly demonstrating the patterns of joint interests that shape the Middle East political system.

Following Mubarak’s departure, however, there was a marked shift in the language employed by many of these leaders to describe the new political situation. From a position that had oscillated between passive and open support for Mubarak, the dominant narrative moved towards a call for “orderly transition” and acclamations about the need for “democracy.” US President Barack Obama and other government spokespeople expressed their approval of the “spirit of peaceful protest and perseverance” and declared that the US would “continue to be a friend and partner to Egypt…ready to provide whatever assistance is necessary…to pursue a credible transition to a democracy.”¹ In numerous statements such as these, the uprisings were recast as a struggle for democracy and against the autocracy of the long years of Mubarak’s rule. The focus shifted to the question of “orderly transition”—a phrase repeated ad nauseum by all those who had previously supported the Mubarak regime.

It is not difficult to note, as many commentators did at the time, that the US government’s embrace of Egyptian freedom was in apparent contradiction to decades-long nurturing of Mubarak as a key regional ally, and its backing of the use of violence and torture against the Egyptian people.² What this article aims to do is to advance a more immanent critique of the way that these uprisings have been reframed as simply a question of “democracy.” To claim that the Egyptian demonstrators were primarily concerned with Mubarak and so-called political freedoms is to miss the real significance of these protests. Rather, these mobilizations indicate that “politics” and “economics,” which are typically conceived as separate spheres, are fused and part of the same struggle. These struggles reflect not just a crisis of regime legitimacy, but are an expression of the way that capitalism has developed in Egypt and the Middle East region as a whole over the recent period. They show decisively that class remains the key dynamic to understanding any social transformation and, simultaneously, that the ways in which class
struggle is expressed will take a variety of forms that constantly disrupt any reductionist economistic readings.

To avoid confusion, this is not an assertion that Egyptian protesters were not centrally united around demands to see Mubarak leave, or a claim that the mobilizations were anything other than multiclass in nature. The protests encompassed a very wide variety of social layers, including elements of the Egyptian upper classes, and the demand for regime change was paramount. But to concentrate on the surface appearances of these demonstrations obscures their real content. Their overall logic was tied inextricably to broader questions of capitalism in the Middle East—most specifically, the global economic crisis and the nature of neoliberalism in Egypt, and Egypt’s role in sustaining patterns of US domination in the Middle East. These questions are neither solely political nor economic, but revolve primarily around which class rules Egypt and in whose interest the Egyptian state functions. The nature of Mubarak’s rule cannot be separated from these questions, which is why the struggle against political despotism is inevitably intertwined with the dynamic of class struggle. It is through this multifaceted understanding of the political economy of class that these uprisings are best understood.

This article begins with a brief overview of the growth of contemporary capitalism in Egypt and its subsequent development since the beginning of the neoliberal era in the 1970s. The impact of these processes on the nature of class formation in Egypt is essential to appreciating the ways in which Egypt was affected by the recent global economic crisis. The argument then turns to Egypt’s position within the broader configuration of US power in the Middle East, specifically the linkages between a US-backed neoliberal regional order and “normalization” with Israel. These features of Egypt’s political economy are deeply connected to the institutional form of the Egyptian state, and cannot be separated from the autocratic character of the Mubarak regime. This article concludes with an assessment of some political implications that arise from this understanding of the political economy, including the nature of the social forces involved in the ongoing struggle and the possible trajectories that may develop into the future.
**Capitalism in Egypt** Like much of the colonial world, Egypt’s definitive break with direct foreign control took place in the immediate postwar period. In 1952, a military coup led by Colonel Gamal Abdul Nasser and the Free Officers Movement led to the ousting of the British-backed King Farouk. One leader of the Free Officers, Mohamed Naguib, became prime minister, and later president, until a series of protests by opposition groups removed him from power in 1954. Backed by enormous popular support, Nasser took control of the state and began a series of transformations that acted to nurture the growth of Egyptian capitalism. He set about breaking the power of the landed aristocracy through a policy of agrarian reform, while concurrently strengthening an emerging capitalist class that was closely connected to—and often overlapped with—the state apparatus itself. His popular support was founded on an anti-imperialist rhetoric (best symbolized by the 1956 nationalization of the Suez Canal) and the considerable improvements in overall social conditions gained by the majority of the population. Many Egyptians remember the period of Nasser’s rule with a deep nostalgia because of the social compact that accompanied the development of a state-linked Egyptian capitalism. Politically, however, the Nasserist regime consciously destroyed any mass political mobilization through a twin strategy of institutional cooptation into the state apparatus and an array of repressive laws that outlawed strikes and independent political organizations. In several cases, trade unionists and political opponents were killed. Nasser’s policies led to the fragmentation of the Egyptian Left, and one of the legacies of his rule can be seen in the existence of so-called official trade union bodies that, under Mubarak, became synonymous with strangling any independent labour activity.

After Nasser’s death in 1970, his successor, Anwar Sadat, moved to dismantle much of the social compact with the launch of the policies of *infitah* (opening) in the mid-1970s. Sadat’s policies mark the onset of neoliberalism in Egypt and form a line of direct continuity with Mubarak’s three-decade rule. As its name suggests, the policies of *infitah* aimed at opening the Egyptian economy to foreign investment by providing tax exemptions for joint ventures with international firms, liberalizing foreign trade, and transferring state-run economic activities to a much more
autonomous private sector. The primary beneficiaries of these policies were those segments of the Egyptian capitalist class that had been favoured by the state, the highest echelons of the state apparatus itself: top military officers, and a growing commercial bourgeoisie involved in foreign trade.

Sadat’s *infitah* policies also need to be situated in the regional context. The early 1970s witnessed a sea change in the regional political economy because of the spectacular development of the oil industries in the Gulf region. With the independence of all the Gulf Arab states by 1971, followed soon after by the oil price rises of 1973/1974, the importation of foreign labour became a key element in the growth of the Gulf region. Linked to these changes, part of Egypt’s opening was the transformation of its surplus labour force into an exportable commodity aimed primarily at the Gulf. The right to seek work overseas was enshrined in the Egyptian constitution in 1971, and the law was modified in 1974 so that no exit visas were required to leave the country. The 1978–1982 Five Year Plan established vocational centres aimed at training citizens to work overseas. In 1979, remittances reached US$2 billion—the same as receipts from cotton exports, Suez Canal, and tourism—and by 1986 the number of Egyptians working abroad reached 2.25 million, double that of 1980. This conscious orientation by the Egyptian government towards cultivating Egypt as a labour exporter has continued into the contemporary period and is part of understanding the significance of the way the 2008 economic crisis affected the country.

Similarly at the regional level, *infitah* coincided with Sadat’s foreign policy rapprochement with Israel and the United States, which was codified in the highly unpopular Camp David Accords signed between Egypt and Israel in 1978. This and subsequent agreements signalled Egypt’s shift into the orbit of the US regional military framework. Egypt became the second largest recipient of US aid (after Israel), amounting to around two billion dollars a year. About two thirds of this aid was allocated to the Egyptian military, thus strengthening the process of capital accumulation among the highest echelons of the military. While, from the perspective of the US government, this aid was “a function of US national security interests...in a region with abundant energy reserves,” it concurrently shaped the tight symbiosis between the military, capital, and the Egyptian state.
After Hosni Mubarak came to power following Sadat’s assassination in 1981, the policy trajectory set by *infitah* was accelerated. The results were calamitous for the majority of the population, with rural poverty doubling between 1981 and 1991 and urban poverty increasing more than 1.5 times. But under the aegis of a 1990–1991 IMF structural adjustment programme, neoliberalism took a further qualitative leap. The African Development Bank, which played a prominent role in advising and monitoring the implementation of the SAP, noted that its intent was “the introduction of market forces in the functioning of the economy…to put the economy on a competitive footing as a clear signal that the private sector would be the leading sector.” Over the last two decades, this goal has been largely achieved, accompanied by significant changes to the nature of capitalism in Egypt.

The 1990s neoliberal reforms covered a very wide-ranging set of policies that focused initially on government budgeting, interest rates, money supply, and foreign exchange, but for the purpose of this article two elements are important to emphasize. First, a series of policies began to transform social relations in the rural areas. In 1992, Law 96 of the Egyptian Peoples’ Assembly liberalized agricultural rents and allowed landowners to evict tenants after a five-year transitional period. Rents were raised threefold and—with the encouragement of international financial institutions such as the IMF and World Bank, and US government bodies such as USAID—Egyptian agriculture shifted towards the type of export-oriented production that typifies much of African agriculture today. Hundreds of thousands of Egyptians lost their ability to survive on the land. Many of them attempted to migrate to elsewhere in the Middle East, or streamed into the informal sector of urban centres, such as Cairo.

The effects of this transformation of rural social relations were reinforced by a second element of Egyptian neoliberalism: the dismantling of the state sector. Under Nasser, the state had guaranteed employment for all university and secondary school graduates in government offices of state-owned enterprises (SOE). Sadat discontinued this practice in 1978, although the state sector continued to employ the majority of formal workers until the beginning of the 1990s (59% of all paid workers). But in the wake of structural adjustment, state employment in public companies shrank with
the privatization (wholly or in part) of 209 public sector companies (out of a total of 314) by 2005. The number of workers in these public-sector companies was halved from 1994 to 2001. Even companies that remained nominally owned by the public sector were turned into autonomous entities forced to compete with the private sector. The consequence of this wave of privatization—hailed by the IMF in 2006 as having “surpassed expectations”—was a massive downgrading of working conditions and the further impoverishment of wide layers of the Egyptian population.

Spatially, neoliberalism transformed the Greater Cairo area into a sprawling hypercity, consisting of a network of adjacent satellite cities, such as Tenth of Ramadan, Sadat City, and Sixth of October. Newly proletarianized Egyptians toiled in the factories of industrial zones established in these cities, with ownership of core industries, such as steel, cement, and textiles, transferred to private hands (often controlled by individuals closely associated with the state apparatus). Remarkably, by the mid-2000s, nearly half of the Egyptian population lived within a 90 km radius of Cairo. At the same time, there was a vast growth in Egypt’s informal sector as state-sector employment shrunk and rural dwellers moved to urban areas. The liberalization of rents in Cairo itself meant that millions of people were forced to reclaim state and public lands on the outskirts of urban areas, including hundreds of thousands who moved to live in cemeteries and tombs, known as “cities of the dead.” By the late 1990s, more than six million people were estimated to be living in 100 squatter communities in Cairo.

Neoliberalism’s impact on the vast majority is illustrated in the evolution of the Egyptian minimum wage. A June 2009 study by the Egyptian Centre for Economic Studies found that when the minimum wage was expressed as a percentage of per capita gross national product, it “decreased from nearly 60% in 1984 to 19.4% in 1991/92 and further to 13% in 2007.” This measurement of the minimum wage refers, of course, to the formal sector and thus significantly understates the real wage rates for the majority of the population. Nevertheless, it is one of the lowest rates in the world—compared with 78% in Turkey, 51% in France, and 26% in Spain.

These figures also confirm that while the poorest of Egyptian society
have witnessed a significant degradation in living standards, there has been a concurrent concentration of wealth in the hands of a tiny layer of the country's elite. It was this class that benefitted from the privatization process, access to cheap labour, speculation in real estate, the government contracts, and the other forms of largesse distributed through the channels of the state. Under IMF encouragement, tax laws were also overhauled. Wealth was extracted disproportionately from the poor through the introduction of a sales tax (in 1991) and the elimination of subsidies on 14 out of 18 basic items. In 2005, a flat corporate tax rate of 20% was introduced, slashed from its earlier level of between 32% to 40%. Likewise, personal income tax for the highest tax bracket was reduced from 32% to 20%. The result of the decades of neoliberalism was the strengthening of a handful of massive conglomerates—such as the Osman, Bahgat, and Orascom Groups—whose activities stretched across construction, import/export, tourism, real estate, and finance.\(^{20}\)

In addition to these conglomerates, the highest ranks of Egypt's military continued to benefit from its tight linkages with the state. Military personnel came to own key industries in the food, manufacturing, textile, and construction sectors. The *New York Times* noted during the uprisings that Safi, Egypt's most famous mineral water brand, is owned by the military, as are joint ventures to produce automobiles, televisions, and refrigerators.\(^{21}\) Most significantly, as land ownership was liberalized through the *infitah* process, the military took control of large tracts of land on which they constructed gated communities, hotels, and resorts. Industrial action is forbidden in this vast business empire, which pays no taxes and can benefit from free labour provided by soldiers during their military service.\(^{22}\)

The polarization of wealth that resulted from these neoliberal measures did not proceed without resistance. In 1977, at the beginning of the *infitah* process, an uprising across Egypt protested the proposal to cut subsidies on basic items such as flour, rice, and cooking oil. Nearly 80 people were killed and 800 wounded in what became known as the Bread Riots, which were successful, however, in reversing the proposal to cut the subsidies.\(^{23}\) More recently, an important wave of strikes emerged in 2006–2008 in the largest industrial actions that Egypt had seen in decades. In 2006 alone, there were
220 major strikes involving tens of thousands of workers. These strikes were particularly significant because they saw the emergence of independent trade union and worker organizations that broke with the complicity of the official state-linked trade union movement. The worker actions of 2006–2008 also linked up with peasant movements aimed at resisting further loss of land due to the liberalization of land laws. These earlier forms of struggle have been a key element of the organizational forms that underpin the most recent wave of protests.

**An Expression of the Global Crisis**  This neoliberal backdrop is central to fully interpreting the impact the 2008 global economic crisis had on Egypt. The IMF was to claim in February 2010 that Egypt had been “resilient to the crisis” because “sustained and wide-ranging reforms since 2004 had reduced fiscal, monetary, and external vulnerabilities, and improved the investment climate.” The Egyptian government’s successful implementation of neoliberalism had “bolstered the economy’s durability and provided breathing space for appropriate policy responses.” The evidence for this, the IMF argued, could be seen in the relatively high GDP growth rates that Egypt recorded through the late 2000s and managed to sustain after the crisis. From 2006 to 2008, growth was around 7% annually, and in 2009, when much of the world was experiencing negative GDP growth, Egypt recorded a healthy 4.6% increase in GDP.

What this GDP-centric account does, however, is to ascribe a general assessment of the country’s health on the basis of aggregate macrostatistics. Embedded in this approach is the unspoken assumption that a growth trend at the aggregate level is good for the population as a whole—a statistical expression of the trickle-down effect. In reality, although neoliberalism in Egypt has produced rapid growth rates, this overall growth encompasses two divergent trends: worsening living standards for the majority of the population, and the increased concentration of wealth in the hands of a tiny minority. Neoliberalism made the country much more exposed to the crisis itself—massively widening the levels of inequality and, simultaneously, undermining potential mechanisms of social support. Precisely because of the highly polarized outcome of neoliberalism, the effects of the global
crisis concentrated sharply on the most vulnerable layers of Egyptian society. Simultaneously, the country’s tiny elite was largely untouched by the global slowdown.

According to official government statistics, the number of people living on less than $1.25/day increased from 16.7% to 21.6% from 2000 to 2009. This, in itself, is a significant increase, but official statistics need to be approached with a large degree of caution. The official poverty line is set at a very low rate and undercounts the 40% of Egypt’s workforce located in the informal sector. Some estimates put around 40% of the Egyptian population earning less than $2/day. The official unemployment rate is recorded at around 9%, but again does not record the informal sector properly. Ali Kadri, the former head of the Economic Analysis Section of the United Nations Regional Office in Beirut, estimates real unemployment (including disguised, hidden, and underemployment) as surpassing 50%. These informal workers live in a society that lacks any decent social provisions for education, health, or broader welfare; it is estimated, for example, that one third of the Egyptian population is illiterate. The demographic question is also significant: in a country where the leadership consists of men aged in their 80s, youth make up more than 90% of the jobless.

Situated in this context, the global crisis had a profound effect on the poor majority in the country. This occurred through a variety of mechanisms. First, the Middle East, particularly the North Africa region, is highly dependent upon exports to Europe, and these fell precipitously due to the drop in demand that followed economic contraction in the core capitalist countries. Egyptian government figures record a 27.7% drop in exports to the European Union in 2009, and a 12% decrease in overall world exports. These effects of the global crisis were not isolated to just Egypt; Tunisia and Morocco saw the total value of their world exports fall by 22% and 31% respectively in 2009—leading the World Bank to note that these countries were facing the worst recessions in six decades.

A second transmission mechanism has been the curtailment of worker remittances on which the Middle East is highly dependent. As noted above, one of the elements of infitah was the conscious attempt to export Egyptian labour power abroad. These workers tend to migrate to the Gulf countries
(particularly Saudi Arabia and the UAE), Libya, and Jordan, although increasing numbers have been going to Europe in recent years. In 2007, Egypt was the sixth largest receiver of remittances in the world.\textsuperscript{32} The country ranks first in the Middle East, with remittances constituting around 5\% of national GDP. With the mass layoffs that continue to characterize the global crisis—particularly in sectors such as construction and manufacturing—remittances have fallen rapidly. Egypt was hit severely by this process and experienced a substantial contraction of 18\% in remittances from 2008 to 2009.\textsuperscript{33} For a region where these flows form the basic survival mechanism for millions of people, the decline has had devastating consequences.

These effects also need to be placed alongside the other more recent feature of the crisis: the spiralling cost of basic food and energy items. As the US government has pursued its policy of quantitative easing—pumping trillions of dollars into the economy through the purchase of bonds and other assets—much of this money has been used to speculate on commodities and other assets in the so-called emerging markets.\textsuperscript{34} Essentially, the rapid rise in food prices is a form of severe wage cuts for those segments of the population compelled to spend most of their income on basic consumption. In Egypt, year-on-year food price inflation increased to 18.0\% in January 2011, from 17.5\% in December.\textsuperscript{35}

These linkages between the world market and Egypt contradict the dominant narrative (sometimes replicated in radical commentary) that the global economic crisis was isolated to the advanced capitalist regions, such as North America and Europe. In many ways, Egypt’s uprising was the reverberation of this crisis in the Arab world—demonstrating that decades of neoliberal restructuring have tied the Egyptian economy into the capitalist world market in a very uneven fashion. The fact that international financial institutions continued to laud the Egyptian government and its economic policies throughout the two years following the crisis confirms the essential class-based nature of the neoliberal project. In this sense, the repressive apparatus of the Egyptian state was aimed at ensuring control of any social discontent arising from these worsening conditions. Simultaneously, the struggle against the effects of the economic crisis would inevitably be compelled to confront the autocratic character of the regime.
The Regional Dimension  The intertwining of the political and economic aspects of this uprising is further illustrated by the regional context. Under the decades of Mubarak’s rule, Egypt became a key pillar of US dominance in the Middle East region. This role was not confined to its close association with Israel—most recently signalled by the Egyptian government’s willingness to police the blockade of the Gaza Strip—or its military support for US objectives in the region (such as the participation in the 1990–1991 Gulf War). Rather, the nature of Egypt’s foreign policy alliances in the region is deeply connected to the broader US-backed reconfiguration of the Middle East political economy over the last two decades. The attempt to build a neoliberal “New Middle East” under US hegemony cannot be separated from the politicomilitary alliances that underpin it.

US strategy for the Middle East both complements and rivals that of Europe. European countries have pursued their own trade, commercial, and other agreements with Middle East states—most notably the Euro-Mediterranean Partnership (EUROMED) and the European Neighbourhood Policy. This rivalry has placed Europe in fierce competition with the United States over business deals in the region, including arms sales to the Gulf states and elsewhere (the United Kingdom, for example, sold more than 16 billion pounds worth of military equipment to the Mubarak regime in 2009). The United States, however, remains the dominant military and economic foreign power in the region, and European states tend to follow the United States’ lead on key issues. The recent uprisings illustrate that alongside an ongoing commercial rivalry, former colonial regimes, such as Britain, France, and Italy, play a complementary adjunct to US foreign policy during times of crisis.

US policy in the Middle East is concerned, first and foremost, with keeping the energy and petro-dollar-rich Gulf States under its influence. For this reason, the US-Gulf relationship is the first pillar of US policy in the Middle East. This does not mean that the US foreign policy is aimed at direct ownership of Gulf supplies (although this may be part of the process), but that it seeks to ensure that the oil supplies remain outside of the democratic control of the people of the region. The nature of global capitalism and the dominant position of the US state within the world
market rest significantly upon its control over the Gulf region. Any move towards a broader democratic transformation of the region could potentially threaten US power at a global level. This is why the United States supports the dictatorships that rule the Gulf States so strongly, and also why the majority of the labour in the Gulf is performed by temporary migrant workers who lack all citizenship rights and can be deported at any sign of discontent. 37

All other relations between the United States and other countries in the region are subordinated and linked to this goal of US hegemony over the Gulf region. Principal among these, of course, is the United States-Israel relationship. Since 1967, when Israel defeated the armies of Egypt, Jordan, and Syria in the June War, the United States has seen Israel as the second major pillar of its overall Middle East policy. Precisely because Israel has its origins as a settler-colonial state founded upon the dispossession of the Palestinian people, it is seen as a more stable and steadfast ally of US power than any of the Arab regimes that are potentially exposed to threat of popular revolt. Although, like all states, there will always be divergent opinions between the Israeli and the US governments, Israel remains fully dependent upon US military and political support, and can always be relied upon to act against the interests of the Arab masses. 38 This is why the interests of Israel and the Arab regimes are generally coincident at times of popular challenges—as was so clearly illustrated in Israel’s explicit support for Hosni Mubarak during the early days of the most recent uprising.

Beyond the Gulf States and Israel, the third leg of US power in the region is the reliance upon autocratic regimes such as Mubarak’s Egypt. These regimes—and Egypt is the paramount example of this—are not dictatorships run by strongmen, but rather military-backed governments represented by the public face of an individual autocrat. Mubarak’s power (as with that of his predecessor Sadat) always rested upon the Egyptian military. US linkages to Egypt have been constructed largely through the military, and this is one of the main reasons why the military plays such a dominant role in the structures of the Egyptian state. Precisely because of the military’s central role in sustaining US power regionally, and its own stake in the reproduction of Egyptian capitalism, any belief that the Egyptian military is part of the people, or neutral and above politics, is illusory. 39
Normalization and Neoliberalism  The linkages between the political and economic configuration of US power in the Middle East can be seen explicitly in the nature of US trade policy in the region. US policy has followed a two-pronged track that ties neoliberalism with the normalization of economic and political relations between the Arab world and Israel. The broader goal has been the creation of a single economic zone from Israel to the Gulf States, linked under the dominance of the United States. One mechanism for reaching this goal has been a series of bilateral Free Trade Agreements (FTAs) signed between the United States and Arab states in the region (Morocco, Bahrain, Oman, Jordan, and Egypt) that, over time, would be knitted together in a single free trade area enabling the unfettered flow of capital and goods across the region.\textsuperscript{40}

The bond between normalization and neoliberalism is exemplified in the character of these US bilateral FTAs, which include a requirement to lift any boycott or refusal to trade with Israel. In the case of Egypt (and Jordan), the link is more advanced than any other state in the region, and is best shown in the so-called Qualified Industrial Zones (QIZ). These QIZ provide duty free access to the US market for Egyptian exports. But they contain the remarkable provision that a certain proportion of inputs (around 11%) must be Israeli in order to qualify for duty-free status. The Egyptian QIZ are concentrated in the textile sector, with 770 companies operating in the zones at the end of 2009. Egyptian exports from the QIZ grew at an incredible 57% annually between 2005 and 2008, more than 10 times the rate of Egypt’s exports to the US as a whole.\textsuperscript{41} Leaked Wikileaks documents from the US embassy in Cairo recorded that US, Egyptian, and Israeli officials met throughout 2009 to discuss further increasing the scope of the QIZ agreement to other industrial zones in Egypt, and noted that Israeli exports to Egypt had increased 10% in the first quarter of 2009 over 2008 levels. In 2010, QIZ exports made up more than 40% of the value of all of Egypt’s exports to the United States.\textsuperscript{42}

The QIZ are not solely a means of linking the Egyptian and Israeli economies, but have also begun to attract other investors from the Middle East. A January 2010 cable from the US embassy in Cairo revealed that “11-12 Turkish-owned garment factories in Egypt are currently exporting
to the US through the QIZ program.” There is a spokesperson from the Turkish Ministry of Industry and Trade who noted the incentive provided by Egyptian cheap labour in these zones, claiming “low wages (about $100/month on average for factory workers in Egypt) save Turkish companies at least 30% in total production costs.” The QIZ act, in other words, as a mechanism for generalizing normalization with Israel in the broader Middle East through the platform of cheap Egyptian labour.

It is noteworthy that, during the recent uprising, Egyptian activists have raised the demand to shut down these QIZ, which are highly unpopular in the country. Indeed, it appears that the Egyptian government pursues a deliberate policy of not publicizing the QIZ agreement despite its centrality to US-Egyptian-Israeli ties. In another leaked cable, the US Embassy in Cairo reported that “one of Egypt’s largest garment exporters and participants in the Qualifying Industrial Zones (QIZ) program” told them that Rachid M. Rachid, (now former) Minister of Trade and Industry, avoided speaking publically about the program and had cancelled a press conference at the launch of the QIZ when faced with questions from “60–70 ‘angry’ journalists.” The official website of the program (http://www.qiz.eg) has not been updated since 2008. It should also be noted that similar QIZ exist in the Jordanian context—accounting for more than half of all Jordanian exports to the United States—with the key difference that many of the workers in the Jordanian QIZ are heavily exploited migrants from Asia.

In short, these regional processes indicate the impossibility of separating economic and political aspects of the current uprisings. The demand to cut ties with Israel and abrogate the regional agreements signed by Sadat and Mubarak are tightly connected to any struggle against the logic of neoliberalism and US power in the region. The authoritarian nature of the Egyptian state is a direct outcome of these regional processes and, consequently, the struggle for greater political freedom is inevitably entwined with questions of confronting US dominance of the region and the particular role Israel plays in sustaining that dominance.

**Conclusion** The narrative that has been repeated in much of the corporate media, reinforced in declarations by US and European officials, is that,
primarily, these demonstrations have been a struggle to overthrow individual tyrants. Of course there is a one-sided truth to this—protesters have principally taken aim at the individual personages of Ben Ali and Mubarak—but the claim that this is a struggle for democracy acts to obfuscate more than clarify what these uprisings are about. Two thirds of the Egyptian population is under the age of 30. This means that most members of the Egyptian population have not only spent their adult lives under the rule of Hosni Mubarak, they have also endured the sharp degradation of social conditions wrought by neoliberalism. These two aspects of the Egyptian political economy cannot be set apart from one another.

In other words, the outward form of the Egyptian popular movements—the clear demands around the end to Mubarak’s regime and for greater democratic freedoms—should not obscure the content that they express. The antidemocratic character of the Mubarak regime was not accidental or a question of individuals, but rather the institutionalization of power relations within Egyptian capitalism.48 It is the institutional form taken by Egyptian capitalism in a society marked by astounding (and ever-widening) levels of inequality, and which is located in a region that is so central to the constitution of US power at a global level. Mubarak was the public face of a military government, and removing that face does not change the character of military rule or the way in which that rule sustains the dominance of a particular class (that is, in turn, an element of a wider constellation of international class power).

It is, of course, impossible to predict the outcome of these uprisings, but the general point remains: the future trajectory of Egypt’s revolution will depend on how far struggles can directly confront the class character of Egypt’s political economy. This will be determined largely by the success of independent forms of workers’ and other mass organizations, and the ways in which their mobilizations can draw together wider layers of the Egyptian population to challenge the ongoing power of the military and capitalist class. There is little doubt that such a process will provoke a differentiation of the mass movement that brought Mubarak’s resignation, and such divisions began to open up in the initial days following that victory. The fact, however, that earlier forms of mass organization had continued to persist after
the 2006–2008 strike period has meant that these class confrontations can occur at a more developed level.

This can be seen in the independent worker declarations, strike actions, and new forms of organization that have arisen concurrent with these uprisings and continued to deepen in the post-Mubarak period. A statement on 19 February 2011, signed by representatives of independent worker organizations in more than 40 factories and workplaces, noted the “strikes, occupations, and demonstrations by hundreds of thousands of workers across Egypt during the current period” and the importance of reaffirming the “social aspect of this revolution and to prevent the revolution being taken away from those at its base who should be its beneficiaries.” The statement listed a range of demands around minimum (and maximum) wage, job security, renationalization of privatized enterprises, and the right to take industrial action. Most significantly, the statement called for the dissolution of the Egyptian Trade Union Federation (ETUF) as “one of the most important symbols of corruption under the defunct regime.”

The struggle against the ETUF is one illustration that the institutions of the Egyptian state have not been fundamentally transformed by the departure of Mubarak. Despite the fact that the ETUF was an integral part of the Mubarak regime, the new military-run government decided on 22 February to appoint Ismail Fahmy, the ETUF head, as the Minister of Manpower and Immigration. Independent trade unions protested this choice, describing the ETUF as “one of the tools of oppression used by the [Mubarak] regime to deprive them of their rights, to monopolize their representation and forge their votes.” In general, the new cabinet appointed on 22 February was little changed from the Mubarak regime—retaining 17 of Mubarak’s earlier appointments with the addition of 11 new faces drawn from the Egyptian corporate elite and some of the opposition parties that were tolerated under Mubarak.

The essential continuity with the old regime is confirmed by two critical positions in the new cabinet. The post of Foreign Minister was retained by Ahmed Abul-Gheit, who has held the position since 2002 and, as a close associate of Mubarak, was intimately involved in strengthening ties between Israel, the United States, and Egypt. Infamously, Abul-Gheit blamed Hamas...
for Israel’s 22-day attack on the Gaza Strip in 2008, which led to the deaths of at least 1,400 Palestinians.\textsuperscript{52} The second individual who appears to continue the policy trajectory set by the Mubarak regime is the Minister of Finance, Samir Radwan, who was one of the last appointments of Mubarak in the final days of his rule. Immediately after Mubarak’s resignation, Radwan rushed to reassure international financial institutions that the policies of neoliberalism would continue unchanged, telling Bloomberg TV on 14 February that “There is no running back of reform. There is no relapse into state intervention...populism is the road to disaster...This is a fantastic opportunity to have a new face of reform, to deepen the reforms that have taken place.”\textsuperscript{53}

This promised continuation of neoliberalism portends an ongoing military-backed autocratic state that will be little changed from Mubarak’s rule. Moreover, as this article has emphasized, autocracy is not just a necessary result of the domestic form of Egyptian capitalism, but is chiefly connected to the ways in which US power has been extended across the region. The challenge that these uprisings pose to the political nature of the Egyptian state cannot be fully solved within national borders, and the regional question will continue to loom large in any future developments. Successful struggles elsewhere in the Middle East may help to weaken US hegemony and, as a consequence, the momentum that Egypt’s uprising imparted to other neighbouring countries has the potential to strengthen Egypt’s own national processes. Such an analysis implies, however, that for the Egyptian revolution to deepen, it needs to more directly confront the nature of the external domination of the Middle East. It is in this respect that Egypt’s uprising may well present its most lasting influence.

Notes

This article is based upon an earlier analysis published in the Social Project: “Egypt’s Uprising: Not Just a Question of ‘Transition,’” The Bullet 462 (14 February 2011).

1. White House, “Remarks by the President on Egypt” (11 February 2011).
2. It was widely remarked, for example, that Omar Suleiman, the person the United States appeared to initially support as Mubarak’s successor, had worked closely with the CIA and had apparently personally participated in the torture of individuals arrested under the US’s secret rendition program. See Lisa Hajjar, “Suleiman: The CIA’s Man in Cairo” (7 February 2011), <http://english.aljazeera.net/indepth/opinion/2011/02/201127114827382865.html>.


15. International Monetary Fund (IMF), *Arab Republic of Egypt: 2006 Article IV Consultation*.


23. It is significant to note that the Egyptian military was deployed against the people during this time.


34. See David McNally, Night in Tunisia: Riots, Strikes and a Spreading Insurgency (2011), <http://www.socialistproject.ca/bullet/455.php> for further discussion of this point. There is much debate over the reasons for the rising food prices; some of the reasons advanced include financial speculation, climate change, crop failures, and diversion of agriculture to biofuels.


36. See Adam Hanieh, Capitalism and Class in the Gulf Arab States (Houndmills Basington, Hampshire, UK: Palgrave-MacMillan, 2011) for a full discussion of these themes.


38. This argument runs counter to those made by some political scientists—most notably John Mearsheimer and Stephen Walt—that US foreign policy is steered by an “Israel Lobby,” which they define as a “loose coalition of [pro-Israel] individuals and organizations” (5/2007). Although they are prominent adherents of the Realist school of international relations, Mearsheimer and Walt advance an essentially liberal view of US society in which government results from the activities of “pressure groups.” Questions of class, political economy, and imperialism are completely absent from their account.

39. Gilbert Achcar, Whither Egypt? The Bullets (7 February 2011) for further discussion of this point.


43. US Embassy Cairo, “Turkish Investments in Egypt Growing Fast” (10 January 2010) 10CAIRO65 (accessed through <cablegatesearch.net>.)
47. It is no accident that many of the antecedents of this uprising were found in the protests that emerged in September 2000 in solidarity with the Palestinian intifada. At that time, as the Egyptian activist Hossam el-Hamalawy has noted, students attempted to come out on to the streets but were crushed by the regime. See <http://www.socialistproject.ca/bullet/456.php>.
48. This concept is drawn from N. Poulantzas, Political Power and Social Classes (New Left Books, 1973).