

# Egypt: Not the next stage of the revolution

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The July 3 army coup that overthrew president Mohamed Mursi will do nothing to end Egypt's "state of tension and division" - as claimed by general Abdul Fatah Khalil al Sisi in his TV address. The commander of Egypt's armed forces said that Mursi and the Muslim Brotherhood had "failed to meet the demands of the Egyptian people" and therefore the army had made good its pledge of two days earlier to step in. He announced the suspension of the Egyptian constitution pending new parliamentary and presidential elections, although he did not indicate any timescale.

Not insignificantly, however, following general Sisi's address, both pope Tawadros II, the head of the Coptic church, and leading liberal oppositionist Mohammed El Baradei made short speeches about the new road map they had agreed with the army. Later it was reported that Mursi and his close allies had been detained at an unknown location. There are warrants out for the arrest of 300 other Muslim Brotherhood members. Meanwhile Mursi supporters took to the streets protesting against the army takeover.

Showing the contradictory nature of the anti-Mursi movement, there were huge cheers in Tahrir Square greeting the announcement of the coup. The demonstrations that had taken place in Cairo and other major Egyptian cities had been amongst the largest since December 2011 and the fall of the Mubarak regime. Women, men, secular and religious, many from the working class, had joined forces with the urban poor, as well as sections of the middle classes, to call for Mursi's resignation. Even outside the presidential offices, used in recent weeks as a rallying point for Muslim Brotherhood supporters, anti-Mursi demonstrators had outnumbered those of the Brotherhood and the MB offices were stormed.

Anyone on the left tempted to hail the *tamarod* (rebellion) as the next stage of the revolution surely faces bitter disappointment - the army is not a progressive force and no ally of the working class and poor. But the call for the resignation of Mursi was just about the only unifying demand of the millions on the streets of Cairo, Alexandria and Luxor, so it was hardly surprising that news of the army coup was greeted so enthusiastically. Although the economy, high prices and mass unemployment were key factors driving forward the protests, not all demonstrators were for a genuinely secular democracy - they included some of the softer critics of the Mubarak era, who were among those calling for army intervention. A minority were young activists and workers around the April 6 movement, who put forward radical economic demands, as well as former Muslim Brotherhood supporters disenchanted by a year of failed promises.

Some Tahrir Square protestors carried placards with anti-US slogans, mainly prompted by a speech by US ambassador Anne Patterson, who had said: "Egypt needs stability to get its economic house in order, and more violence on the streets will do little more than add new names to the lists of martyrs." Her remarks were interpreted as in effect support for the Muslim Brotherhood and she was widely condemned by its opponents.

## Hopes

In December 2011, when I was in Egypt, large sections of the crowd in Tahrir Square - even those who were not supporters of the Muslim Brotherhood - had great hopes for the future: Mubarak's trial was just starting, and there were promises of jobs, economic prosperity and social justice. So

what has happened in the last 18 months?

The reality is that, for all the lofty phrases about defending the poor and seeking social justice, political Islam – be it in Egypt, Turkey or Iran – is failing dramatically, mainly because it cannot provide answers in the face of the global crisis of capital. Out of power it was easy for Islamist populists in the Middle East and north Africa to blame the westernised upper classes for poverty, the gap between rich and poor, and so on. But in power Mursi, Turkey's Recep Tayyip Erdoğan and Iran's Mahmoud Ahmadinejad followed exactly the same economic policies as their predecessors, both on a national and international level.

The demonstrations in Cairo and Istanbul and the abysmal failure of conservative Islamists in the recent presidential elections in Iran are all reactions to the same phenomenon: Islamist populists in power become corrupt capitalists, presiding over increasing inequality, unemployment and spiralling prices. In other words, economic devastation for the majority and huge fortunes for their cronies and allies.

Islamist economics was heralded as a “third way” that was “neither capitalist nor socialist”. The truth is that Islam, like all other religions, defends private property and has little to say about exploitation and surplus value. Islamic forms of taxation, *khums* and *zakat*, are supposed to result in egalitarian societies. In reality, these are voluntary taxes and their calculation is very much at the discretion of the rich themselves – very few, if any, Muslim capitalists pay the stipulated rate (one fifth of annual income). Abolition of interest is also supposed to help the poor, but it is simply replaced by ‘set charges’ in Islamic banks and financial institutions. In this, as in so many other aspects of Islamic economics, the difference with western capitalism is more in terminology than content.

As with followers of other religions, the only promises made by Islamists that are not immediately broken relate to the afterlife: the poor will be compensated for exploitation on earth, for they will end up in heaven. Mohammed said: “To those who reject our signs and arrogantly turn away from them, the doors of heaven will not be opened; nor will they enter paradise until the camel passes through the eye of a needle” (Sourah 7:40). These phrases will have a familiar ring to Christians: “It is easier for a camel to go through the eye of a needle than for a rich man to enter the kingdom of god” (Matthew 19:24).

## **Depression**

What we are witnessing in Cairo, as in Istanbul and Tehran, is indeed disillusionment with the false promises of political Islam and the collapse of its mass appeal. In reporting these events, bourgeois commentators keep talking of ‘middle class rebellion’, but in reality we are talking of the protests of the new working class, white-collar workers and the newly proletarianised middle classes. As the gap between the rich and the poor increases, clerks, teachers, engineers, doctors and many others are facing lower wages, unemployment or underemployment, inflation and increasing difficulty in making ends meet. No wonder so many took to the streets of Cairo, Istanbul and Tehran. Many are indeed the former supporters of Islamists duped by their promises of social justice. The global periphery is bearing the brunt of the economic depression, as companies move out of what are considered ‘risk areas’ in search of ever cheaper, less organised labour – and Islam in power is now widely regarded as part of the problem rather than the solution.

In Egypt, unemployment – one of the major sources of dissatisfaction in 2011-12 – is worse today. There is little new investment. Government jobs, considered to be safer and better paid than those in the private sector, are few and far between. Many, including women who have lost their public-sector jobs in the last 18 months, blame the Muslim Brotherhood for sacking them to provide work

for its own members and supporters. The official rate of unemployment was 13.2% in the last quarter of 2012, but the real figure is much higher and youth unemployment is far worse. Eight out of 10 unemployed Egyptians are under the age of 30.

In other words, Egypt is facing an economic depression. In 2011 alone, direct foreign investment dropped by \$325million, according to the Egyptian Central Bank, and the trade balance deficit reached \$16.8 billion in 2012, compared to \$15.6 billion the year before.<sup>1</sup> The Egyptian currency is losing its value, making an already troubled economic situation worse, and Central Bank intervention – spending dollar reserves to maintain the currency above a certain value to enable the country to pay for the import of essential goods – has had little effect. Egyptians face an inflationary spiral. Food staples, such as rice and potatoes, are now too expensive for the majority of the population.

The Tamarod (Rebel) petition, apparently signed by 22 million Egyptians, sums up the situation:

- Security has not been restored since the 2011 revolution that toppled Hosni Mubarak.
- The poor have “no place” in society.
- The government has had to “beg” the International Monetary Fund for a \$4.8 billion loan to help shore up public finances.
- There has been “no justice” for people killed by security forces during the uprising and at anti-government protests since then.
- “No dignity is left” for Egyptians or their country.
- The economy has “collapsed”, with growth poor and inflation high.
- Egypt is “following in the footsteps” of the US.<sup>2</sup>

Tourism, which has played a significant role in the Egyptian economy, providing employment for three million people and 20% of the state’s foreign currency, is in a terrible state. This sector was already in trouble before the fall of Mubarak, partly because of the international economic crisis, but national income from it fell again in both 2011 and 2012. Tourism, once the source of income for many Egyptian families, has shed many workers, who now have to rely on relatives and friends for handouts to survive.

In January 2012, after my short visit to Egypt, I wrote: “The Muslim Brotherhood stood on a clear enough slogan: ‘Islam is the solution’.” The MB distributed meat (a rare commodity in Egypt) in the poorer districts of Cairo. Qatar, Saudi Arabia and the Persian Gulf countries provided funding for the Brotherhood’s election campaigns; however, bribing sections of the population could only be a short-term solution to the catastrophic economic problems facing the country.

The response to poverty by the MB’s Freedom and Justice Party was a typical Islamic one: charity from the rich, in the form of donations distributed by the mosque to alleviate poverty; meanwhile, multimillionaire allies of the FJP like Khairat Al-Shater became economic strategists – one way of making sure that the liberal market economy of the *ancien régime* survived! The FJP’s long-term plan for a ‘mixed economy’ were summarised in its ‘renaissance project’, involving investment in health and education. However, most of the new investment funds have ended up in the pockets of major capitalists close to Mursi.

The FJP, like all other Islamist groups, claimed that income from *zakat* taxation would make a big difference. In reality there was no noticeable change compared to the Mubarak era. The same was

true of Ahmadinejad's election promises in 2005 and 2009. He was going to put Iran's oil money "on the table of every citizen". As it was, he ended up making the rich richer and the poor *much* poorer. The bribes given in the form of cash incentives to sections of hard-line Islamic supporters ran out once sanctions took effect and the government faced serious economic difficulties. Ahmadinejad's cash might have helped when he needed demonstrators in 2009. However, his failure to maintain this level of bribing, as well as leaks by former allies about multi-million-dollar corruption amongst the inner circle of the presidential offices, left him and the conservatives isolated by 2011.

## **Cronyism**

In Turkey, the AKP also came to power promising social justice, yet it presided over a period of privatisation, following the diktat of the International Monetary Fund. However, new business associations supported by the AKP, as well as an array of Islamic charitable organisations, allowed the party to consolidate its hold on the country's economy through patronage and cronyism. AKP leaders embarked on major construction programmes that included a new airport for Istanbul and a canal to provide oil tankers with an alternative route to the Bosphorus. The plans for a new shopping mall in Taksim Square in Istanbul were the latest in a long list of projects filling the pockets of AKP cronies.

However, by 2012 the miracle was over. The Turkish economy was in trouble, as the growth rate fell to 2% (from 9%) and the country's foreign debt doubled, while at the same time its foreign currency deficit rose. In two years the ratio of debt to disposable income in Turkish households rose from 35% to 45%".<sup>3</sup> Last month's protests and demonstrations also reflected the frustration at high rates of unemployment.

At a time of world economic recession, it is no surprise that capitalism's destructive characteristics are fuelling protests throughout the world. The fact that millions have shown their anger towards Islamic rule in Egypt, as in Turkey and Iran, is positive. However, in the absence of an organised working class, at a time when the left is weak, there was always the danger that, for all the courage and determination of the demonstrators, it would be the right that would benefit. There was always the risk of a military coup.

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