Egypt: A revolution against neoliberalism? If rebellion results in a retrenchment of neoliberalism, millions will feel cheated.

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On February 16th I read a comment that was posted on the wall of the Kullina Khalid Saed's ("We are all Khaled Said") Facebook page administered by the now very famous Wael Ghonim. By that time it had been there for about 21 hours. The comment referred to a news item reporting that European governments were under pressure to freeze bank accounts of recently deposed members of the Mubarak regime. The comment said: "Excellent news … we do not want to take revenge on anyone … it is the right of all of us to hold to account any person who has wronged this nation. By law we want the nation’s money that has been stolen … because this is the money of Egyptians, 40 per cent of whom live below the poverty line."

By the time I unpacked this thread of conversation, 5,999 people had clicked the "like" button, and about 5,500 had left comments. I have not attempted the herculean task of reading all five
thousand odd comments (and no doubt more are being added as I write), but a fairly lengthy survey left no doubt that most of the comments were made by people who clicked the "like" icon on the Facebook page. There were also a few by regime supporters, and others by people who dislike the personality cult that has emerged around Mr. Ghoneim.

This Facebook thread is symptomatic of the moment. Now that the Mubarak regime has fallen, an urge to account for its crimes and to identify its accomplices has come to the fore. The chants, songs, and poetry performed in Midan al-Tahrir always contained an element of anger against haramiyya (thieves) who benefited from regime corruption. Now lists of regime supporters are circulating in the press and blogosphere. Mubarak and his closest relatives (sons Gamal and 'Ala’) are always at the head of these lists. Articles on their personal wealth give figures as low as $3 billion to as high as $70 billion (the higher number was repeated on many protesters’ signs). Ahmad Ezz, the General Secretary of the deposed National Democratic Party and the largest steel magnate in the Middle East, is supposed to be worth $18 billion; Zohayr Garana, former Minister of Tourism, $13 billion; Ahmad al-Maghrabi, former Minister of Housing, $11 billion; former Minister of Interior Habib Adli, much hated for his supervision of an incredibly abusive police state, also managed to amass $8 billion — not bad for a lifetime civil servant.

Such figures may prove to be inaccurate. They may be too low, or maybe too high, and we may never know precisely because much of the money is outside of Egypt, and foreign governments will only investigate the financial dealings of Mubarak regime members if the Egyptian government makes a formal request for them to do so. Whatever the true numbers, the corruption of the Mubarak regime is not in doubt. The lowest figure quoted for Mubarak’s personal wealth, of "only" $3 billion, is damning enough for a man who entered the air force in 1950 at the age of twenty two, embarking on a sixty-year career in "public service."

A systemic problem

The hunt for regime cronies’ billions may be a natural inclination of the post-Mubarak era, but it could also lead astray efforts to reconstitute the political system. The generals who now rule Egypt are obviously happy to let the politicians take the heat. Their names were not included in the lists of the most egregiously corrupt individuals of the Mubarak era, though in fact the upper echelons of the military have long been beneficiaries of a system similar to (and sometimes overlapping with) the one that that enriched civilian figures much more prominent in the public eye such as Ahmad Ezz and Habib al-Adly.
To describe blatant exploitation of the political system for personal gain as corruption misses the forest for the trees. Such exploitation is surely an outrage against Egyptian citizens, but calling it corruption suggests that the problem is aberrations from a system that would otherwise function smoothly. If this were the case then the crimes of the Mubarak regime could be attributed simply to bad character: change the people and the problems go away. But the real problem with the regime was not necessarily that high-ranking members of the government were thieves in an ordinary sense. They did not necessarily steal directly from the treasury. Rather they were enriched through a conflation of politics and business under the guise of privatization. This was less a violation of the system than business as usual. Mubarak’s Egypt, in a nutshell, was a quintessential neoliberal state.

What is neoliberalism? In his *Brief History of Neoliberalism*, the eminent social geographer David Harvey outlined "a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterised by strong private property rights, free markets, and free trade." Neoliberal states guarantee, by force if necessary, the "proper functioning" of markets; where markets do not exist (for example, in the use of land, water, education, health care, social security, or environmental pollution), then the state should create them.

Guaranteeing the sanctity of markets is supposed to be the limit of legitimate state functions, and state interventions should always be subordinate to markets. All human behavior, and not just the production of goods and services, can be reduced to market transactions.

And the application of utopian neoliberalism in the real world leads to deformed societies as surely as the application of utopian communism did.

**Rhetoric vs. reality**

Two observations about Egypt’s history as a neoliberal state are in order. First, Mubarak’s Egypt was considered to be at the forefront of instituting neoliberal policies in the Middle East (not uncoincidentally, so was Ben Ali’s Tunisia). Secondly, the reality of Egypt’s political economy during the Mubarak era was very different than the rhetoric, as was the case in every other neoliberal state from Chile to Indonesia. Political scientist Timothy Mitchell published a revealing essay about Egypt’s brand of neoliberalism in his book *Rule of Experts* (the chapter titled "Dreamland" — named after a housing development built by Ahmad Bahgat, one of the Mubarak cronies now discredited by the fall of the regime). The gist of Mitchell’s portrait of Egyptian neoliberalism was that while Egypt was lauded by institutions such as the International Monetary Fund as a beacon of free-market success, the standard tools for measuring economies gave a grossly inadequate picture of the Egyptian economy. In reality the unfettering of markets
and agenda of privatisation were applied unevenly at best.

The only people for whom Egyptian neoliberalism worked "by the book" were the most vulnerable members of society, and their experience with neoliberalism was not a pretty picture. Organised labor was fiercely suppressed. The public education and the health care systems were gutted by a combination of neglect and privatization. Much of the population suffered stagnant or falling wages relative to inflation. Official unemployment was estimated at approximately 9.4 percent last year (and much higher for the youth who spearheaded the January 25th Revolution), and about 20 per cent of the population is said to live below a poverty line defined as $2 per day per person.

For the wealthy, the rules were very different. Egypt did not so much shrink its public sector, as neoliberal doctrine would have it, as it reallocated public resources for the benefit of a small and already affluent elite. Privatization provided windfalls for politically well-connected individuals who could purchase state-owned assets for much less than their market value, or monopolise rents from such diverse sources as tourism and foreign aid. Huge proportions of the profits made by companies that supplied basic construction materials like steel and cement came from government contracts, a proportion of which in turn were related to aid from foreign governments.

Most importantly, the very limited function for the state recommended by neoliberal doctrine in the abstract was turned on its head in reality. In Mubarak’s Egypt business and government were so tightly intertwined that it was often difficult for an outside observer to tease them apart. Since political connections were the surest route to astronomical profits, businessmen had powerful incentives to buy political office in the phony elections run by the ruling National Democratic Party. Whatever competition there was for seats in the Peoples’ Assembly and Consultative Council took place mainly within the NDP. Non-NDP representation in parliament by opposition parties was strictly a matter of the political calculations made for a given elections: let in a few independent candidates known to be affiliated with the Muslim Brotherhood in 2005 (and set off tremors of fear in Washington); dictate total NDP domination in 2010 (and clear the path for an expected new round of distributing public assets to "private" investors).

Parallels with America

The political economy of the Mubarak regime was shaped by many currents in Egypt’s own history, but its broad outlines were by no means unique. Similar stories can be told throughout the rest of the Middle East, Latin America, Asia, Europe and Africa. Everywhere neoliberalism has been tried, the results are similar: living up to the utopian ideal is impossible; formal measures of economic activity mask huge disparities in the fortunes of the rich and poor; elites become "masters of the universe," using force to defend their prerogatives, and manipulating the economy to their advantage, but never living in anything resembling the heavily marketised worlds that are imposed on the poor.
The story should sound familiar to Americans as well. For example, the vast fortunes of Bush era cabinet members Donald Rumsfeld and Dick Cheney, through their involvement with companies like Halliburton and Gilead Sciences, are the product of a political system that allows them — more or less legally — to have one foot planted in "business" and another in "government" to the point that the distinction between them becomes blurred. Politicians move from the office to the boardroom to the lobbying organization and back again.

As neoliberal dogma disallows any legitimate role for government other than guarding the sanctity of free markets, recent American history has been marked by the steady privatization of services and resources formerly supplied or controlled by the government. But it is inevitably those with closest access to the government who are best positioned to profit from government campaigns to sell off the functions it formerly performed. It is not just Republicans who are implicated in this systemic corruption. Clinton-era Secretary of Treasury Robert Rubin’s involvement with Citigroup does not bear close scrutiny. Lawrence Summers gave crucial support for the deregulation of financial derivatives contracts while Secretary of Treasury under Clinton, and profited handsomely from companies involved in the same practices while working for Obama (and of course deregulated derivatives were a key element in the financial crisis that led to a massive Federal bailout of the entire banking industry).

So in Egyptian terms, when General Secretary of the NDP Ahmad Ezz cornered the market on steel and was given contracts to build public-private construction projects, or when former Minister of Parliament Talaat Mustafa purchased vast tracts of land for the upscale Madinaty housing development without having to engage in a competitive bidding process (but with the benefit of state-provided road and utility infrastructure), they may have been practicing corruption logically and morally. But what they were doing was also as American as apple pie, at least within the scope of the past two decades.

However, in the current climate the most important thing is not the depredations of deposed Mubarak regime cronies. It is rather the role of the military in the political system. It is the army that now rules the country, albeit as a transitional power, or so most Egyptians hope. No representatives of the upper echelons of the Egyptian military appear on the various lists of old-regime allies who need to be called to account. For example, the headline of the February 17th edition of Ahrar, the press organ of the Liberal party, was emblazoned with the headline "Financial Reserves of the Corrupt Total 700 Billion Pounds [about $118 billion] in 18 Countries."

A vast economic powerhouse

But the article did not say a single word about the place of the military in this epic theft. The
military were nonetheless part of the crony capitalism of the Mubarak era. After relatively short careers in the military high-ranking officers are rewarded with such perks as highly remunerative positions on the management boards of housing projects and shopping malls. Some of these are essentially public-sector companies transferred to the military sector when IMF-mandated structural adjustment programs required reductions in the civilian public sector.

But the generals also receive plums from the private sector. Military spending itself was also lucrative because it included both a state budget and contracts with American companies that provided hardware and technical expertise. The United States provided much of the financing for this spending under rules that required a great deal of the money to be recycled to American corporations, but all such deals required middlemen. Who better to act as an intermediary for American foreign aid contracts than men from the very same military designated as the recipient of the services paid for by this aid? In this respect the Egyptian military-industrial complex was again stealing a page from the American playbook; indeed, to the extent that the Egyptian military benefited from American foreign aid, Egypt was part of the American military-industrial complex, which is famous for its revolving-door system of recycling retired military men as lobbyists and employees of defense contractors.

Consequently it is almost unthinkable that the generals of the Supreme Military Council will willingly allow more than cosmetic changes in the political economy of Egypt. But they could be compelled to do so unwillingly. The army is a blunt force, not well suited for controlling crowds of demonstrators. The latest statement of the Supreme Military Council reiterated both the legitimacy of the pro-democracy movements demands, and the requirement that demonstrations cease so that the country can get back to work. If demonstrations continue to the point that the Supreme Military Council feels it can no longer tolerate them, then the soldiers who will be ordered to put them down (indeed, in some accounts were already ordered to put them down early in the revolution and refused to do so) with deadly force, are not the generals who were part of the Mubarak-era corruption, but conscripts.

Pro-democracy demonstrators and their sympathisers often repeated the slogans "the army and the people are one hand," and "the army is from us." They had the conscripts in mind, and many were unaware of how stark differences were between the interests of the soldiers and the generals. Between the conscripts and the generals is a middle-level professional officer corps whose loyalties have been the subject of much speculation. The generals, for their part, want to maintain their privileges, but not to rule directly. Protracted direct rule leaves the officers of the Supreme Military Council vulnerable to challenges from other officers who were left on the outside. Also, direct rule would make it impossible to hide that the elite officers are not in fact part of the "single hand" composed of the people and the (conscript) army. They are instead logically in the same camp as Ahmad Ezz, Safwat al-Sharif, Gamal Mubarak, and Habib al-Adly — precisely the names on those lists making the rounds of regime members and cronies who should face judgment.

Ultimately the intense speculation about how much money the Mubarak regime stole, and how much the people can expect to pump back into the nation, is a red herring. If the figure turns out to be $50 billion or $500 billion, it will not matter, if Egypt remains a neoliberal state dedicated (nominally) to free-market fundamentalism for the poor, while creating new privatised assets that
can be recycled to political insiders for the rich. If one seeks clues to how deeply the January 25th Revolution will restructure Egypt, it would be better to look at such issues as what sort of advice the interim government of generals solicits in fulfilling its mandate to re-make Egyptian government. The period of military government probably will be as short as advertised, followed, one hopes, by an interim civilian government for some specified period (at least two years) during which political parties are allowed to organise on the ground in preparation for free elections. But interim governments have a way of becoming permanent.

Technocrats or ideologues?

One sometimes hears calls to set up a government of "technocrats" that would assume the practical matters of governance. "Technocrat" sounds neutral — a technical expert who would make decisions on "scientific" principle. The term was often applied to Yusuf Butros Ghali, for example, the former Minister of the Treasury, who was one of the Gamal Mubarak boys brought into the cabinet in 2006 ostensibly to smooth the way for the President’s son to assume power. Ghali is now accused of having appropriated LE 450 million for the use of Ahmad Ezz.

I once sat next to Ghali at a dinner during one of his trips abroad, and had the opportunity to ask him when the Egyptian government would be ready to have free elections. His response was to trot out the now discredited regime line that elections were impossible because actual democracy would result in the Muslim Brotherhood taking power. Conceivably Ghali will beat the charge of specifically funneling the state’s money to Ahmad Ezz. But as a key architect of Egypt’s privatization programs he cannot possibly have been unaware that he was facilitating a system that enabled the Ezz steel empire while simultaneously destroying Egypt’s educational and health care systems.

The last time I encountered the word "technocrat" was in Naomi Klein’s book *The Shock Doctrine* — a searing indictment of neoliberalism which argues that the free-market fundamentalism promoted by economist Milton Friedman (and immensely influential in the United States) is predicated on restructuring economies in the wake of catastrophic disruptions because normally functioning societies and political systems would never vote for it. Disruptions can be natural or man-made, such as … revolutions.

The chapters in *The Shock Doctrine* on Poland, Russia, and South Africa make interesting reading in the context of Egypt’s revolution. In each case when governments (communist or apartheid) collapsed, "technocrats" were brought in to help run countries that were suddenly without functional governments, and create the institutional infrastructure for their successors. The technocrats always seemed to have dispensed a form of what Klein calls "shock therapy" — the imposition of sweeping privatization programs before dazed populations could consider their options and potentially vote for less ideologically pure options that are in their own interests.
The last great wave of revolutions occurred in 1989. The governments that were collapsing then were communist, and the replacement in that "shock moment" of one extreme economic system with its opposite seemed predictable and to many even natural.

One of the things that make the Egyptian and Tunisian revolutions potentially important on a global scale is that they took place in states that were already neoliberalised. The complete failure of neoliberalism to deliver "human well-being" to a large majority of Egyptians was one of the prime causes of the revolution, at least in the sense of helping to prime millions of people who were not connected to social media to enter the streets on the side of the pro-democracy activists.

But the January 25th Revolution is still a "shock moment." We hear calls to bring in the technocrats in order to revive a dazed economy; and we are told every day that the situation is fluid, and that there is a power vacuum in the wake of not just the disgraced NDP, but also the largely discredited legal opposition parties, which played no role whatsoever in the January 25th Revolution. In this context the generals are probably happy with all the talk about reclaiming the money stolen by the regime, because the flip side of that coin is a related current of worry about the state of the economy. The notion that the economy is in ruins — tourists staying away, investor confidence shattered, employment in the construction sector at a standstill, many industries and businesses operating at far less than full capacity — could well be the single most dangerous rationale for imposing cosmetic reforms that leave the incestuous relation between governance and business intact.

Or worse, if the pro-democracy movement lets itself be stampeded by the "economic ruin" narrative, structures could be put in place by "technocrats" under the aegis of the military transitional government that would tie the eventual civilian government into actually quickening the pace of privatization. Ideologues, including those of the neoliberal stripe, are prone to a witchcraft mode of thinking: if the spell does not work, it is not the fault of the magic, but rather the fault of the shaman who performed the spell. In other words, the logic could be that it was not neoliberalism that ruined Mubarak’s Egypt, but the faulty application of neoliberalism.

Trial balloons for this witchcraft narrative are already being floated outside of Egypt. The New York Times ran an article on February 17th casting the military as a regressive force opposed to privatization and seeking a return to Nasserist statism. The article pits the ostensibly "good side" of the Mubarak regime (privatization programs) against bad old Arab socialism, completely ignoring the fact that while the system of military privilege may preserve some public-sector resources transferred from the civilian economy under pressure of IMF structural adjustment programs, the empire of the generals is hardly limited to a ring-fenced quasi-underground public sector.

Officers were also rewarded with private-sector perks; civilian political/business empires mixed public and private roles to the point that what was government and what was private were indistinguishable; both the military and civilians raked in rents from foreign aid. The generals may well prefer a new round of neoliberal witchcraft. More privatization will simply free up assets and rents that only the politically connected (including the generals) can acquire. Fixing a failed neoliberal state by more stringent applications of neoliberalism could be the surest way for
them to preserve their privileges.

A neoliberal fix would, however, be a tragedy for the pro-democracy movement. The demands of the protesters were clear and largely political: remove the regime; end the emergency law; stop state torture; hold free and fair elections. But implicit in these demands from the beginning (and decisive by the end) was an expectation of greater social and economic justice. Social media may have helped organise the kernel of a movement that eventually overthrew Mubarak, but a large element of what got enough people into the streets to finally overwhelm the state security forces was economic grievances that are intrinsic to neoliberalism. These grievances cannot be reduced to grinding poverty, for revolutions are never carried out by the poorest of the poor. It was rather the erosion of a sense that some human spheres should be outside the logic of markets. Mubarak’s Egypt degraded schools and hospitals, and guaranteed grossly inadequate wages, particularly in the ever-expanding private sector. This was what turned hundreds of dedicated activists into millions of determined protestors.

If the January 25th revolution results in no more than a retrenchment of neoliberalism, or even its intensification, those millions will have been cheated. The rest of the world could be cheated as well. Egypt and Tunisia are the first nations to carry out successful revolutions against neoliberal regimes. Americans could learn from Egypt. Indeed, there are signs that they already are doing so. Wisconsin teachers protesting against their governor’s attempts to remove the right to collective bargaining have carried signs equating Mubarak with their governor. Egyptians might well say to America ‘uqbalak (may you be the next).

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How neoliberalism created an age of activism

Decades of neoliberal economic policies have concentrated wealth and are now spurring a global backlash.

ANN ARBOR, MICHIGAN - From Tunis to Tel Aviv, Madrid to Oakland, a new generation of youth activists is challenging the neoliberal state that has dominated the world ever since the Cold War ended. The massive popular protests that shook the globe this year have much in common, though most of the reporting on them in the mainstream media has obscured the similarities.

Whether in Egypt or the United States, young rebels are reacting to a single stunning worldwide development: the extreme concentration of wealth in a few hands thanks to neoliberal policies of deregulation and union busting. They have taken to the streets, parks, plazas and squares to protest against the resulting corruption, the way politicians can be bought and sold, and the impunity of the white-collar criminals who have run riot in societies everywhere. They are objecting to high rates of unemployment, reduced social services, blighted futures and above all the substitution of the market for all other values as the matrix of human ethics and life.
Pasha the Tiger

In the "glorious thirty years" after World War II, North America and Western Europe achieved remarkable rates of economic growth and relatively low levels of inequality for capitalist societies, while instituting a broad range of benefits for workers, students and retirees. From roughly 1980 on, however, the neoliberal movement, rooted in the laissez-faire economic theories of Milton Friedman, launched what became a full-scale assault on workers' power and an attempt, often remarkably successful, to eviscerate the social welfare state.

Neoliberals chanted the mantra that everyone would benefit if the public sector were privatised, businesses deregulated and market mechanisms allowed to distribute wealth. But as economist David Harvey argues, from the beginning it was a doctrine that primarily benefited the wealthy, its adoption allowing the top one per cent in any neoliberal society to capture a disproportionate share of whatever wealth was generated.

In the global South, countries that gained their independence from European colonialism after World War II tended to create large public sectors as part of the process of industrialisation. Often, living standards improved as a result, but by the 1970s, such developing economies were generally experiencing a levelling-off of growth. This happened just as neoliberalism became ascendant in Washington, Paris and London as well as in Bretton Woods institutions like the International Monetary Fund. This "Washington consensus" meant that the urge to impose privatisation on stagnating, nepotistic postcolonial states would become the order of the day.

Egypt and Tunisia, to take two countries in the spotlight for sparking the Arab Spring, were successfully pressured in the 1990s to privatise their relatively large public sectors. Moving public resources into the private sector created an almost endless range of opportunities for staggering levels of corruption on the part of the ruling families of autocrats Zine El Abidine Ben Ali in Tunis and Hosni Mubarak in Cairo. International banks, central banks and emerging local private banks aided and abetted their agenda.

It was not surprising then that one of the first targets of Tunisian crowds in the course of the revolution they made last January was the Zitouna bank, a branch of which they torched. Its owner? Sakher El Materi, a son-in-law of President Ben Ali and the notorious owner of Pasha, the well-fed pet tiger that prowled the grounds of one of his sumptuous mansions. Not even the way his outfit sought legitimacy by practicing "Islamic banking" could forestall popular rage. A 2006 State Department cable released by WikiLeaks observed, "One local financial expert blames the [Ben Ali] Family for chronic banking sector woes due to the great percentage of non-performing loans issued through crony connections, and has essentially paralysed banking authorities from genuine recovery efforts." That is, the banks were used by the regime to give away money to his cronies, with no expectation of repayment.

Tunisian activists similarly directed their ire at foreign banks and lenders to which their country owes $14.4bn. Tunisians are still railing and rallying against the repayment of all that money, some of which they believe was borrowed profligately by the corrupt former regime and then squandered quite privately.
Tunisians had their own one per cent, a thin commercial elite, half of whom were related to or closely connected to President Ben Ali. As a group, they were accused by young activists of mafia-like, predatory practices, such as demanding pay-offs from legitimate businesses, and discouraging foreign investment by tying it to a stupendous system of bribes. The closed, top-heavy character of the Tunisian economic system was blamed for the bottom-heavy waves of suffering that followed: cost of living increases that hit people on fixed incomes or those like students and peddlers in the marginal economy especially hard.

It was no happenstance that the young man who immolated himself and so sparked the Tunisian rebellion was a hard-pressed vegetable peddler. It's easy now to overlook what clearly ties the beginning of the Arab Spring to the European Summer and the present American Fall: the point of the Tunisian revolution was not just to gain political rights, but to sweep away that one per cent, popularly imagined as a sort of dam against economic opportunity.

**Tahrir Square, Zuccotti Park, Rothschild Avenue**

The success of the Tunisian revolution in removing the octopus-like Ben Ali plutocracy inspired the dramatic events in Egypt, Libya, Yemen, Syria and even Israel that are redrawing the political map of the Middle East. But the 2011 youth protest movement was hardly contained in the Middle East. Estonian-Canadian activist Kalle Lasn and his anti-consumerist colleagues at the Vancouver-based Adbusters Media Foundation were inspired by the success of the revolutionaries in Tahrir Square in deposing dictator Hosni Mubarak.

Their organisation specialises in combatting advertising culture through spoofs and pranks. It was *Adbusters* magazine that sent out the call on Twitter in the summer of 2011 for a rally at Wall Street on September 17, with the now-famous hash tag #OccupyWallStreet. A thousand protesters gathered on the designated date, commemorating the 2008 economic meltdown that had thrown millions of Americans out of their jobs and their homes. Some camped out in nearby Zuccotti Park, another unexpected global spark for protest.

The Occupy Wall Street movement has now spread throughout the United States, sometimes in the face of serious acts of repression, as in Oakland, California. It has followed in the spirit of the Arab and European movements in demanding an end to special privileges for the richest one per cent, including their ability to more or less buy the US government for purposes of their choosing. What is often forgotten is that the Ben Alis, Mubaraks and Gaddafis were not simply authoritarian tyrants. They were the one per cent and the guardians of the one per cent, in their own societies - and loathed for exactly that.

Last April, around the time that Lasn began imagining Wall Street protests, progressive activists in Israel started planning their own movement. In July, sales clerk and aspiring filmmaker Daphne Leef found herself unable to cover a sudden rent increase on her Tel Aviv apartment. So she started a protest Facebook page similar to the ones that fuelled the Arab Spring and moved into a tent on the posh Rothschild Avenue where she was soon joined by hundreds of other protesting Israelis. Week by week, the demonstrations grew, spreading to cities throughout the country and culminating on September 3 in a massive rally, the largest in Israel's history. Some 300,000 protesters came out in Tel Aviv, 50,000 in Jerusalem and 40,000 in Haifa. Their
demands included not just lower housing costs, but a rollback of neoliberal policies, less regressive taxes and more progressive, direct taxation, a halt to the privatisation of the economy, and the funding of a system of inexpensive education and child care.

Many on the left in Israel are also deeply troubled by the political and economic power of right-wing settlers on the West Bank, but most decline to bring the Palestinian issue into the movement's demands for fear of losing support among the middle class. For the same reason, the way the Israeli movement was inspired by Tahrir Square and the Egyptian revolution has been downplayed, although "Walk like an Egyptian" signs - a reference both to the Cairo demonstrations and the 1986 Bangles hit song - have been spotted on Rothschild Avenue.

Most of the Israeli activists in the coastal cities know that they are victims of the same neoliberal order that displaces the Palestinians, punishes them and keeps them stateless. Indeed, the Palestinians, altogether lacking a state but at the complete mercy of various forms of international capital controlled by elites elsewhere, are the ultimate victims of the neoliberal order. But in order to avoid a split in the Israeli protest movement, a quiet agreement was reached to focus on economic discontents and so avoid the divisive issue of the much-despised West Bank settlements.

There has been little reporting in the Western press about a key source of Israeli unease, which was palpable to me when I visited the country in May. Even then, before the local protests had fully hit their stride, Israelis I met were complaining about the rise to power of an Israeli one per cent. There are now 16 billionaires in the country, who control $45bn in assets, and the current crop of 10,153 millionaires is 20 per cent larger than it was in the previous fiscal year. In terms of its distribution of wealth, Israel is now among the most unequal of the countries in the Organisation for Economic Cooperation and Development. Since the late 1980s, the average household income of families in the bottom fifth of the population has been declining at an annual rate of 1.1 per cent. Over the same period, the average household income of families among the richest 20 per cent went up at an annual rate of 2.4 per cent.

While neoliberalism has produced more unequal societies throughout the world, nowhere else has the income of the poor declined quite so strikingly. The concentration of wealth in a few hands profoundly contradicts the founding principles of Israel's Labour Zionism, and results from decades of right-wing Likud policies punishing the poor and middle classes and shifting wealth to the top of society.

The indignant ones

European youth were also inspired by the Tunisians and Egyptians - and by a similar flight of wealth. I was in Barcelona on May 27, when the police attacked demonstrators camped out at the Placa de Catalunya, provoking widespread consternation. The government of the region is currently led by the centrist Convergence and Union Party, a moderate proponent of Catalan nationalism. It is relatively popular locally, and so Catalans had not expected such heavy-handed police action to be ordered. The crackdown, however, underlined the very point of the protesters, that the neoliberal state, whatever its political makeup, is protecting the same set of wealthy
Spain's "indignados" (indignant ones) got their start in mid-May with huge protests at Madrid's Puerta del Sol Plaza against the country's persistent 21 per cent unemployment rate (and double that among the young). Egyptian activists in Tahrir Square immediately sent a statement of warm support to those in the Spanish capital (as they would months later to New York's demonstrators). Again following the same pattern, the Spanish movement does not restrict its objections to unemployment (and the lack of benefits attending the few new temporary or contract jobs that do arise). Its targets are the banks, bank bailouts, financial corruption and cuts in education and other services.

Youth activists I met in Toledo and Madrid this summer denounced both of the country's major parties and, indeed, the very consumer society that emphasised wealth accumulation over community and material acquisition over personal enrichment. In the past two months Spain's young protesters have concentrated on demonstrating against cuts to education, with crowds of 70,000 to 90,000 coming out more than once in Madrid and tens of thousands in other cities. For marches in support of the Occupy Wall Street movement, hundreds of thousands reportedly took to the streets of Madrid and Barcelona, among other cities.

The global reach and connectedness of these movements has yet to be fully appreciated. The Madrid education protesters, for example, cited for inspiration Chilean students who, through persistent, innovative, and large-scale demonstrations this summer and fall, have forced that country's neoliberal government, headed by the increasingly unpopular billionaire president Sebastian Pinera, to inject $1.6bn in new money into education. Neither the crowds of youth in Madrid nor those in Santiago are likely to be mollified, however, by new dorms and laboratories. Chilean students have already moved on from insisting on an end to an ever more expensive class-based education system to demands that the country's lucrative copper mines be nationalised so as to generate revenues for investment in education. In every instance, the underlying goal of specific protests by the youthful reformists is the neoliberal order itself.

The word "union" was little uttered in American television news coverage of the revolutions in Tunisia and Egypt, even though factory workers and sympathy strikes of all sorts played a key role in them. The right-wing press in the US actually went out of its way to contrast Egyptian demonstrations against Mubarak with the Wisconsin rallies of government workers against Governor Scott Walker's measure to cripple the bargaining power of their unions.

The Egyptians, Commentary typically wrote, were risking their lives, while Wisconsin's union activists were taking the day off from cushy jobs to parade around with placards, immune from being fired for joining the rallies. The implication: the Egyptian revolution was against tyranny, whereas already spoiled American workers were demanding further coddling.

The American right has never been interested in recognising this reality: that forbidding unions and strikes is a form of tyranny. In fact, it wasn't just progressive bloggers who saw a connection between Tahrir Square and Madison. The head of the newly formed independent union federation in Egypt dispatched an explicit expression of solidarity to the Wisconsin workers,
centering on worker's rights.

At least, *Commentary* did us one favour: it clarified why the story has been told as it has in most of the American media. If the revolutions in Tunisia, Egypt and Libya were merely about individualistic political rights - about the holding of elections and the guarantee of due process - then they could be depicted as largely irrelevant to politics in the US and Europe, where such norms already prevailed.

If, however, they centred on economic rights (as they certainly did), then clearly the discontents of North African youth when it came to plutocracy, corruption, the curbing of workers' rights, and persistent unemployment deeply resembled those of their American counterparts.

The global protests of 2011 have been cast in the American media largely as an "Arab Spring" challenging local dictatorships - as though Spain, Chile and Israel do not exist. The constant speculation by pundits and television news anchors in the US about whether "Islam" would benefit from the Arab Spring functioned as an Orientalist way of marking events in North Africa as alien and vaguely menacing, but also as not germane to the day to day concerns of working Americans. The inhabitants of Zuccotti Park in lower Manhattan clearly feel differently.

**Facebook flash mobs**

If we focus on economic trends, then the neoliberal state looks eerily similar, whether it is a democracy or a dictatorship, whether the government is nominally right of centre or left of centre. As a package, deregulation, the privatisation of public resources and firms, corruption and forms of insider trading and interference in the ability of workers to organise or engage in collective bargaining have allowed the top one per cent in Israel, just as in Tunisia or the US, to capture the lion's share of profits from the growth of the last decades.

Observers were puzzled by the huge crowds that turned out in both Tunis and Tel Aviv in 2011, especially given that economic growth in those countries had been running at a seemingly healthy five per cent per annum. "Growth", defined generally and without regard to its distribution, is the answer to a neoliberal question. The question of the 99 per cent, however, is: Who is getting the increased wealth? In both of those countries, as in the US and other neoliberal lands, the answer is: disproportionately the one per cent.

If you were wondering why outraged young people around the globe are chanting such similar slogans and using such similar tactics (including Facebook "flash mobs"), it is because they have seen more clearly than their elders through the neoliberal shell game.

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*The views expressed in this article are the author's own and do not necessarily reflect Al Jazeera's editorial policy.*
Neoliberal Egypt: The hijacked revolution

The country’s new leaders seem to be planning the same old economic policies which led to increased poverty.

Nearly a third of Egyptians live below the poverty line [GALLO/GETTY]

London, United Kingdom - The ouster of Hosni Mubarak in February 2011 set off a spate of political reforms in Egypt culminating in the recent parliamentary elections and the ascent of the Muslim Brotherhood's Freedom and Justice Party. Yet the meaning of the 2011 "revolution" remains far from decided.

When Egyptians rose up last year, it was not only against tyranny and political repression, but also against the neoliberal economic order - designed by the United States - that has generated hunger, poverty and inequality in Egypt since the 1980s. For most people, these latter concerns were at least as pressing as the former, though they have been completely obscured in the prevailing media discourse. Now the tragedy is that, when it comes to economic policy, Egypt’s new rulers seem set to reproduce more of the same.

Khairat el-Shater - multimillionaire businessman, deputy chairman of the Muslim Brotherhood, and likely candidate for prime minister of the coalition government - has been forthright about his economic ideology. He promotes a version of Islam that explicitly valourises free-market capitalism. He has clamped down on dissent among those within the Brotherhood who hold different ideas about how the economy should be run. El-Shater's partner, Hassan Malek, the Brotherhood's next most influential businessmen, has advocated for policies along similar lines.
While hoping to train a higher-skilled workforce and build the country's manufacturing base for import substitution (two concessions to the economic left within the Brotherhood), el-Shater has *openly espoused* free markets, deregulation and other policies geared toward attracting foreign direct investment - the pillars of neoliberal economics.

The Brotherhood's new position on economic policy has delighted the United States. US lawmakers have pushed hard since the beginning of the uprising to foster a form of political Islam compatible with US economic interests and the ideology of the Washington Consensus. When Senators John Kerry and John McCain opened the Egyptian Stock Exchange in a made-for-TV moment last June, it was clear to all that the US would seek - in a characteristically cynical move - to hijack the cries for freedom echoing from Tahrir Square in order to promote the "freedom" of deregulated market capitalism.

As far as the US is concerned, it doesn’t much matter if the people in power are tyrannical dictators or political Islamists, so long as they align with US economic policy. This was certainly true under Mubarak, who, with the help of the US, implemented a battery of macroeconomic reforms that shifted wealth and power to the upper socioeconomic strata of the population.

The consequences of this were devastating: the privatisation of public services enriched well-connected cronies while putting education and healthcare out of reach for many, the elimination of subsidies and tariffs undermined local businesses and drove up unemployment rates, labour standards were systematically eviscerated, unions were violently repressed and the tax burden was shifted from the rich to the poor.

**USAid and economic policy in Egypt**

Neoliberalism first came to Egypt as part of a longstanding alliance between Mubarak and the US. After Mubarak assumed power in 1981, the US granted more than $60bn in aid to Egypt.

Analysts commonly point out that most of this money was transferred in the form of military aid - $1.3bn per year since the Camp David Accords in 1979 - designed to help Egypt purchase American equipment like tanks and teargas canisters to suppress internal dissent (incidentally, the US has continued to ship arms to Egypt, enabling further violence against peaceful protestors by the same military that ruled under Mubarak).

But, perhaps even more importantly, the US has also dispensed an average of $815m per year in economic assistance, distributed by the US Agency for International Development (USAid) with the key purpose of promoting "market freedom". As of now, this flow of aid is set to continue into the post-Mubarak era.

Aid from the US always comes with strings attached. Technically, economic aid to Mubarak's regime was supposed to support initiatives that "reduce poverty", "create jobs" and "promote regional stability". But a closer look shows that the overriding policy objective was to pry open the Egyptian economy for the benefit of American and other foreign corporations with little regard for the well-being of the Egyptian people.
Neoliberal policies were solidified in 1991 - a watershed moment in Egypt's economic history - when Mubarak signed structural adjustment agreements with the International Monetary Fund and the World Bank, which were reinforced the following year by USAid's Sector Policy Reform Programme in a move that brought the total amount of disbursements for economic liberalisation to $2.3bn.

The US has even assumed power over key political appointments in Egypt. In 1994, USAid underwrote the US-Egypt Partnership for Economic Growth and Development - led by the then vice-president, Al Gore - which sought to reshuffle the Egyptian Cabinet and appoint a new prime minister, Kamal el-Ganzouri, who would endorse a neoliberal vision of private, export-oriented growth (notably, el-Ganzouri was re-appointed by the Supreme Council of the Armed Forces, the military junta that took over after Mubarak). When the proposed new leaders assumed power in 1996, USAid praised them in a statement to Congress, which read: "The new Cabinet is committed to liberalising the economy by deregulating the trade sector, increasing competition in the financial sector and accelerating the pace of privatisation".

While structural adjustment and market liberalisation has been great for foreign corporations and wealthy Egyptians, it has devastated Egypt's economy: average per capita GDP growth has plummeted from 4.1 per cent prior to 1990 to 2.7 per cent during the neoliberal era. Nearly a third of all Egyptians now live below the poverty line.

As Cambridge economist Ha-Joon Chang has shown, this trend parallels that of developing countries in general, which have seen growth rates halved since the 1980s as a result of neoliberal policy. Despite this glaring evidence, Hassan Malek, speaking for the Muslim Brotherhood, recently said that Mubarak's free-market policies were on the right track.

**Give and take**

To push along the process of neoliberal reform, USAid has given $200 million each year to the Egyptian government in handouts to encourage "continuing reduction in tariffs" and the privatisation of 314 government-owned companies. Furthermore, USAid devotes some 25 per cent of its budget to a special Commodity Import Programme designed to help Egypt buy American-made goods and reinforce bilateral trade.

Programmes like these have proven to be devastating for many Egyptians: they tend to undercut local manufactures, encourage foreign monopolies, concentrate wealth in the hands of political cronies and ultimately contribute to unemployment, which (depending on the measure used) has risen to 25 per cent in recent years and reaches as high as 30 per cent among the young.

Some of the most extreme neoliberal measures have been directed at Egypt's agriculture sector. As a condition for development aid, USAid has required Egypt to shift its formidable agricultural capacity away from staple foods and toward export crops such as cotton, grapes and strawberries in order to generate foreign currency to pay off its burgeoning debt to the US.

According to Columbia University professor, Timothy Mitchell, USAid first began to facilitate this process in the 1980s through its Agricultural Mechanisation Project, which was designed to
develop the productive capacity of Egyptian export agriculture by financing the purchase of American machinery.

In the end - despite USAid's projections to the contrary - the programme did very little to help common farmers. Instead, it disproportionately benefitted the few large landholders who could afford to take out the loans, while slashing the demand for agricultural labour and causing rural wages to plummet.

To propel the transformation to export-led agriculture, USAid forced the Egyptian government to heavily tax the production of staples by local farmers and to eliminate subsidies on essential consumer goods like sugar, cooking oil and dairy products in order to make room for competition from American and other foreign companies.

To ameliorate the resulting food gap, USAid's so-called "Food for Peace" programme provided billions of dollars of loans for Egypt to import subsidised grain from the US, which only further undercut local farmers. The result of all of this "agricultural reform" was an unprecedented spike in food prices which made livelihoods increasingly precarious and forced much of the workforce to accept degrading and dehumanising labour conditions. The widespread social frustrations that resulted from these reforms helped spark the 2011 uprising.

Similar forms of neoliberal shock therapy been applied to the public services sector. USAid has aggressively pushed for so-called "cost-recovery" mechanisms, a euphemism for transforming public healthcare and education into private, fee-based institutions. Indeed, USAid typically spends nearly half of its health and education budgets - more than $100-million per year - on privatisation measures.

This has been fantastic for multinational medical companies, as it translates into greater dependence on imported drugs and equipment. For Egyptians, however, privatisation means having to pay large sums on healthcare and education. Mitchell shows that such expenditures - as a percentage of household income - now rank at the second and third highest in the world, respectively.

To make matters worse, Mitchell also demonstrates that USAid’s cuts to public service budgets have forced the wage rates of workers in hospitals and schools below the rate of inflation, causing deep income deficits among working-class households.

These destructive, pro-corporate policies get obscured by the rhetoric that USAid deploys. According to its website, USAid claims to have helped Egypt become a "success story in economic development", citing "improvements" in the quality of education and - amazingly - "the administration of justice" (a shocking contradiction, given that the US actively funded Mubarak's repressive military apparatus and its widespread human rights abuses).

Egypt's vigorous market liberalisation programme has attracted foreign investment and boosted GDP growth, but these gains have only benefited the very rich, while the country's bottom quintiles have seen their portion of the economic pie shrink significantly over the same period.
Lessons from the past

As the Freedom and Justice Party continue to debate economic policy, they would do well to keep this history in mind. By any measure that takes the well-being of everyday Egyptian's seriously, neoliberal development policy in Egypt has been an abject failure: according to the UN Human Development Index, Egypt's ranking has plunged to 123rd, which puts it just below Guatemala, and tenth place in the Arab Middle East, just one notch above Yemen. For the vast majority of people, it is clear that there is nothing "freeing" about "market freedom". The protesters who continued to occupy Tahrir Square well after Mubarak's departure know this all too well, as do the workers who began protesting Mubarak's economic policies as early as 2006 during the first wave of labour strikes - the precedent to the 2011 uprising. Theirs has never been merely a struggle for democracy, but for an economic order designed to protect the well-being of every Egyptian - a call for the radical rethinking of neoliberal capitalism.

They realise that, if left unchallenged, the new coalition government will adhere to the neoliberal economic principles laid out by Mubarak and the United States, even if they do choose to reject US aid and instate a few token concessions (such as welfare arrangements and the first ever minimum wage for private companies). They can see, in short, that the revolution has been hijacked.

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What is Neoliberalism? A Brief Definition for Activists

by Elizabeth Martinez and Arnoldo Garcia
National Network for Immigrant and Refugee Rights

http://www.corpwatch.org/article.php?id=376

"Neo-liberalism" is a set of economic policies that have become widespread during the last 25 years or so. Although the word is rarely heard in the United States, you can clearly see the effects of neo-liberalism here as the rich grow richer and the poor grow poorer.

"Liberalism" can refer to political, economic, or even religious ideas. In the U.S. political liberalism has been a strategy to prevent social conflict. It is presented to poor and working people as progressive compared to conservative or Rightwing. Economic liberalism is different. Conservative politicians who say they hate "liberals" -- meaning the political type -- have no real problem with economic liberalism, including neoliberalism.

"Neo" means we are talking about a new kind of liberalism. So what was the old kind? The liberal school of economics became famous in Europe when Adam Smith, an Scottish economist, published a book in 1776 called THE WEALTH OF NATIONS. He and others advocated the abolition of government intervention in economic matters. No restrictions on manufacturing, no barriers to commerce, no tariffs, he said; free trade was the best way for a nation's economy to develop. Such ideas were "liberal" in the sense of no controls. This application of individualism encouraged "free" enterprise," "free" competition -- which came to mean, free for the capitalists to make huge profits as they wished.

Economic liberalism prevailed in the United States through the 1800s and early 1900s. Then the Great Depression of the 1930s led an economist named John Maynard Keynes to a theory that challenged liberalism as the best policy for capitalists. He said, in essence, that full employment is necessary for capitalism to grow and it can be achieved only if governments and central banks intervene to increase employment. These ideas had much influence on President Roosevelt's New Deal -- which did improve life for many people. The belief that government should advance the common good became widely accepted.

But the capitalist crisis over the last 25 years, with its shrinking profit rates, inspired the corporate elite to revive economic liberalism. That's what makes it "neo" or new. Now, with the rapid globalization of the capitalist economy, we are seeing neo-liberalism on a global scale.

A memorable definition of this process came from Subcomandante Marcos at the Zapatista-sponsored Encuentro Intercontinental por la Humanidad y contra el Neo-liberalismo (Inter-continental Encounter for Humanity and Against Neo-liberalism) of August 1996 in Chiapas when he said: "what the Right offers is to turn the world into one big mall where they can buy
Indians here, women there ...." and he might have added, children, immigrants, workers or even a whole country like Mexico."

The main points of neo-liberalism include:

1. **THE RULE OF THE MARKET.** Liberating "free" enterprise or private enterprise from any bonds imposed by the government (the state) no matter how much social damage this causes. Greater openness to international trade and investment, as in NAFTA. Reduce wages by de-unionizing workers and eliminating workers' rights that had been won over many years of struggle. No more price controls. All in all, total freedom of movement for capital, goods and services. To convince us this is good for us, they say "an unregulated market is the best way to increase economic growth, which will ultimately benefit everyone." It's like Reagan's "supply-side" and "trickle-down" economics -- but somehow the wealth didn't trickle down very much.

2. **CUTTING PUBLIC EXPENDITURE FOR SOCIAL SERVICES** like education and health care. REDUCING THE SAFETY-NET FOR THE POOR, and even maintenance of roads, bridges, water supply -- again in the name of reducing government's role. Of course, they don't oppose government subsidies and tax benefits for business.

3. **DEREGULATION.** Reduce government regulation of everything that could diminish profits, including protecting the environment and safety on the job.

4. **PRIVATIZATION.** Sell state-owned enterprises, goods and services to private investors. This includes banks, key industries, railroads, toll highways, electricity, schools, hospitals and even fresh water. Although usually done in the name of greater efficiency, which is often needed, privatization has mainly had the effect of concentrating wealth even more in a few hands and making the public pay even more for its needs.

5. **ELIMINATING THE CONCEPT OF "THE PUBLIC GOOD" or "COMMUNITY" and replacing it with "individual responsibility."** Pressuring the poorest people in a society to find solutions to their lack of health care, education and social security all by themselves -- then blaming them, if they fail, as "lazy."

Around the world, neo-liberalism has been imposed by powerful financial institutions like the International Monetary Fund (IMF), the World Bank and the Inter-American Development Bank. It is raging all over Latin America. The first clear example of neo-liberalism at work came in Chile (with thanks to University of Chicago economist Milton Friedman), after the CIA-supported coup against the popularly elected Allende regime in 1973. Other countries followed, with some of the worst effects in Mexico where wages declined 40 to 50% in the first year of NAFTA while the cost of living rose by 80%. Over 20,000 small and medium businesses have failed and more than 1,000 state-owned enterprises have been privatized in Mexico. As one scholar said, "Neoliberalism means the neo-colonization of Latin America."

In the United States neo-liberalism is destroying welfare programs; attacking the rights of labor (including all immigrant workers); and cutbackng social programs. The Republican "Contract" on America is pure neo-liberalism. Its supporters are working hard to deny protection to children, youth, women, the planet itself -- and trying to trick us into acceptance by saying this
will "get government off my back." The beneficiaries of neo-liberalism are a minority of the world's people. For the vast majority it brings even more suffering than before: suffering without the small, hard-won gains of the last 60 years, suffering without end.

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