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Egypt: Failed Emergence, Conniving Capitalism, Fall of the Muslim Brothers – A Possible Popular Alternative

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1. Failed emergence of Egypt

Egypt was the first country of those in the periphery of globalised capitalism that tried to emerge. Even at the start of the nineteenth century, well before Japan and China, the Viceroy Mohammed Ali had conceived and undertaken a programme of renovation for Egypt and its near neighbours in the Arab Mashreq (Mashreq means East, in other words, eastern North Africa and the Levant). That vigorous experiment took up two-thirds of the nineteenth century and only belatedly ran out of breath in the 1870s, during the second half of the reign of the Khedive Ismail. The analysis of its failure cannot ignore the violence of the foreign aggression by Great Britain, the foremost power of industrial capitalism during that period. Twice – in the naval campaign of 1840 and then by taking control of the Khedive's finances during the 1870s, and then finally by military occupation in 1882 – Great Britain contributed to blocking the emergence of Egypt. Certainly, the Egyptian project was subject to the limitations of its time, since it manifestly envisaged emergence within and through capitalism, unlike Egypt's second attempt at emergence – which we will discuss from the next paragraph on. That project's own social contradictions, like its underlying political, cultural and ideological presuppositions, were undoubtedly responsible, at least in part, for its failure. The fact remains that, without imperialist aggression, those contradictions would probably have been overcome, as they were in Japan. Beaten, emergent Egypt was forced to undergo nearly 40 years (1880–1920) as a servile periphery,

whose institutions were refashioned in service to that period's model of capitalist/imperialist accumulation. That imposed retrogression damaged not only its productive system, but also the country's political and social institutions. It operated systematically to reinforce all the reactionary and medievalist cultural and ideological conceptions that had been useful for keeping the country in its subordinate position.

The Egyptian nation – its people, its elites – never accepted that position. This stubborn refusal in turn gave rise to a second wave of movements, which unfolded during the next half-century (1919–1967). Indeed, I see that period as a continuous series of struggles and major forward movements. It had a triple objective: democracy, national independence and social progress. These three objectives, however limited and sometimes confused their formulations, were inseparable from the other. In this reading, the chapter (1955–1967) of Nasserist systematisation is nothing but the final chapter of that long series of advancing struggles, which began with the revolution of 1919–1920.

The first moment of that half-century of rising emancipation struggles in Egypt had put its emphasis, with the formation of the Wafd (a nationalist political party) in 1919, on political modernisation through adoption (in 1923) of a bourgeois form of constitutional democracy (limited monarchy) and on the reconquest of independence. The form of democracy envisaged allowed progressive secularisation, if not secularism in the radical sense of that term – whose symbol was the flag linking cross and crescent (a flag that reappeared in the demonstrations of January and February 2011). 'Normal' elections then allowed, without the least problem, not merely for Copts (native Egyptian Christians) to be elected by Muslim majorities, but for those very Copts to hold high positions in the state. The British put their full power, supported actively by a reactionary bloc comprised of the monarchy, the great landlords and the rich peasants, into undoing the democratic progress made by Egypt under Wafdist leadership. In the 1930s, the dictatorship of Sedki Pasha, which abolished the democratic 1923 constitution, clashed with the student movement then spearheading the democratic anti-imperialist struggles. It was not by chance that, to counter this threat, the British Embassy and the Royal Palace actively supported the formation in 1927 of the MB, inspired by 'Islamist' thought in its most backward 'Salafist' version of Wahhabism as formulated by Rachid Reda – the most reactionary version (anti-democratic and against social progress) of the new-born 'political Islam'. The conquest of Ethiopia undertaken by Mussolini, with world war looming, forced London to make some concessions to the democratic forces. In 1936, the Wafd, having learned

its lesson, was allowed to return to power, and a new Anglo-Egyptian treaty was signed. World War II necessarily constituted a sort of parenthesis. But a rising tide of struggles resumed as soon as 21 February 1946, with the formation of the 'worker-student bloc', reinforced in its radicalisation by the entry on stage of the communists and of the working-class movement. Once again, the Egyptian reactionaries, supported by London, responded with violence and, to this end, mobilised the MB behind a second dictatorship by Sedki Pasha – without, however, being able to silence the protest movement. Elections had to be held in 1950 and the Wafd returned to power. Its repudiation of the 1936 Treaty and the inception of guerrilla actions in the Suez Canal Zone were defeated only by setting fire to Cairo (January 1952), an operation in which the MB was heavily involved.

A first coup d'état, in 1952, by the Free Officers (leaders of the 1952 coup), and, above all, a second coup in 1954 by which Nasser took control, was taken by some to crown the continual flow of struggles and by others to put it to an end. Rejecting the view of the Egyptian awakening as advanced above, Nasserism put forth an ideological discourse that wiped out the whole history of the years from 1919 to 1952 in order to push the start of the Egyptian Revolution to July 1952. At that time, many among the communists had denounced this discourse and analysed the coups d'état of 1952 and 1954 as aimed at putting an end to the radicalisation of the democratic movement. They were not wrong, since Nasserism took the shape of an anti-imperialist project only after the Bandung Conference of April 1955. Nasserism then contributed all it had to give: a resolutely anti-imperialist international posture (in association with the pan-Arab and pan-African movements) and some progressive (but not socialist) social reforms. The whole thing was done from above, not only without democracy (the popular masses being denied any right to organise by and for themselves), but even by abolishing any form of political life. This was an invitation to political Islam to fill the vacuum thus created. In only ten short years (1955–1965), the Nasserist project used up its progressive potential. Its exhaustion offered imperialism, henceforward led by the United States, the chance to break the movement by mobilising, to that end, its regional military instrument: Israel. The 1967 defeat of Egypt marked the end of the tide that had flowed for a half-century. Its reflux was initiated by Nasser himself, who chose the path of concessions to the right, the *infitah* or opening (an opening to capitalist globalisation of course), rather than the radicalisation called for by, among others, the student movement (which held the stage briefly in 1970, shortly before and then after the death

of Nasser). His successor, Sadat, intensified and extended the rightward turn and integrated the MB into his new autocratic system. Mubarak continued along the same path.

Under Nasser, Egypt had set up an economic and social system that, though subject to criticism, was at least coherent. Nasser wagered on industrialisation as the way out of the colonial international specialisation which was confining the country to the role of cotton exporter. His system maintained a division of incomes that favoured the expanding middle classes without impoverishing the popular masses. Sadat and Mubarak dismantled the Egyptian productive system, putting in its place a completely incoherent system based exclusively on the profitability of firms, most of which were mere subcontractors for the imperialist monopolies. Supposed high rates of economic growth, much praised for 30 years by the World Bank, were completely meaningless. Egyptian growth was extremely vulnerable. Moreover, such growth was accompanied by an incredible rise in inequality and by unemployment afflicting the majority of the country's youth. This was an explosive situation. It exploded.

During the Bandung and Non-Aligned period (1955–1970), the Arab countries were in the forefront of the struggles of the peoples, the nations and the states of the South for a better future and a less unequal global system. Algeria's Front de Libération Nationale (FLN) and Boumedienne, Nasser's Egypt, the Ba'ath regimes in Iraq and Syria, and the South Yemen Republic, shared common characteristics. These were not democratic regimes according to the Western criteria (they were 'one-party' systems), nor even according to our criteria, which implies positive empowerment of the peoples. They were, nevertheless, legitimate in the eyes of their peoples, for their actual achievements: mass education, health and other public services, industrialisation and guarantees for employment, and social upward mobility, associated with independent initiatives and anti-imperialist postures. However, they were continuously and fiercely opposed by the Western powers, in particular through repeated Israeli aggressions.

These regimes achieved whatever they could in that frame within a short period, say 20 years, and then ran out of steam, as a result of their internal limits and contradictions. This, coinciding with the breakdown of Soviet power, facilitated the imperialist neoliberal offensive. The ruling circles, in order to remain in office, have chosen to retreat and submit to the demands of neoliberal globalisation. The result has been a fast degradation of the social conditions. All that had been achieved in the era of the National Popular State for the benefit of the popular

and middle classes was lost in a few years, poverty and mass unemployment being the normal result of the neoliberal policies pursued. Thus, the objective conditions for the subsequent revolts were created.

The period of retreat lasted, in its turn, almost half a century. Egypt, submissive to the demands of globalised liberalism and to US strategy, simply ceased to exist as an active factor in regional or global politics. Instead, the major US allies – Saudi Arabia and Israel – occupied the foreground. Israel was then able to pursue its course of expanding its colonisation of occupied Palestine, with the tacit complicity of Egypt and the Gulf countries.

Depoliticisation of Egypt's society due to the modus operandi of the Nasserist regime is behind the rise of political Islam. Note that Nasserism was not the only system that took this approach. Rather, most populist nationalist regimes of the first wave of awakening in the South had a similar approach with regard to the management of politics. Note also that the actual existing socialist regimes have all also taken this approach, at least after the revolutionary phase, which was democratic in nature, during which they solidified their rule. So, the common denominator is the abolition of democratic praxis. And I do not mean here to equate democracy with multiparty elections, rather, the practice of democracy in the proper sense of the word. This, in other words, is the respect for the plurality of political views and political schemes and for political organisation. Because politicisation assumes democracy, democracy does not exist if those who differ in opinion to those in authority do not enjoy freedom of expression. The obliteration of the right to organise around different political views and projects eliminated politicisation, which ultimately caused the subsequent disaster.

This disaster has manifested itself in the return to bygone archaic views (religious or otherwise), and this was also reflected in the acceptance of the project of consumer society based on solidification of the so-called trend of individualism, a trend which spread not only among the middle class that benefits from such pattern of development, but also among the poor masses, who call for participation in what appears to be minimal welfare – even though with its maximum simplicity – in the absence of a credible real alternative. Therefore, one must consider this as a legitimate demand from the popular classes.

The depoliticisation in Islamic societies took a prevailing form that was manifested in the apparent or superficial return to 'Islam'. Consequently, the discourse of the mosque, along with the discourse of the governing authority, became the only ones allowed in Nasser's period of rule, and more so during the periods of Sadat and Mubarak. This

discourse was then used to stop the emergence of an alternative based on the entrenching of socialist aspirations. Then, at the beginning of 1979, with the signing of the Camp David accords, this 'religious' discourse was encouraged by Sadat and Mubarak to accompany and cope with the deteriorating living conditions resulting from the subjugation of Egypt to the requirements of imperialist globalisation. This is why I argued that political Islam did not belong to the opposition bloc, as claimed by the MB, but was an organic part of the power structure.

The success of political Islam requires further clarification regarding the relationship between the successes of imperialist globalisation on the one hand, and the rise of Brotherhood slogans on the other.

The deterioration that accompanied this globalisation produced proliferation in the activities of the informal sector in economic and social life, which represents the most important sources of income for the majority of people in Egypt (statistics say 60 per cent). The Brotherhood's organisations have a real ability to work in these circumstances, so that their success, in turn, has produced more inflation in these activities and thus ensured its reproduction on a larger scale. The political culture offered by the Brotherhood is known for its great simplicity. This culture is content with only conferring Islamic legitimacy to the principle of private property and free market relations. It does so without considering the nature of the activities concerned, which are secondary bazaar-like activities that are unable to push forward the national economy or development. Furthermore, the generous provision of funds from the Gulf States has allowed for the boom of such activities, as these states have been pumping in the required funds in the form of small loans or grants. This is in addition to the charity work (clinics and so on) that has accompanied this inflated sector, thanks to the support of Gulf States. The Gulf States do not intend to contribute to the development of productive capacity in the Egyptian economy (building factories and so on), but only to lumpen development, since reviving Egypt as a developing state would end the domination of the Gulf States, whose model is based on the Islamisation of society. The dominance of the US subsumes Egypt as a comprador state, infected with worsening poverty, but that of Israel must ensure the impotence of Egypt in the face of Zionist expansion.

Imperialist powers and a huge security apparatus boosted the stability of the Egyptian regime. Unlike the perceived wisdom that Islamists were at loggerheads with the Egyptian regime, in reality, the regime had perfectly integrated reactionary political Islam (on the Wahhabi model of the Gulf) into its power structure by giving it control of education,

the courts and the major media (especially television). The sole permitted public speech was that of the Salafists, a freedom that falsely had bestowed upon them the role of an opposition force when in reality they were integrated with the regime. The double standard of the US establishment was perfectly adapted to its aims. The de facto support for political Islam destroyed the capacity of Egyptian society to confront the challenges of the modern world (bringing about a catastrophic decline in education and research). The regime could still appear tolerable as long as it had the safety valve provided by the mass emigration of poor and middle-class workers to oil-producing countries. The exhaustion of that system (Asian immigrants replacing those from Arabic countries) brought with it the rebirth of opposition movements. The workers' strikes in 2007 (the strongest strikes on the African continent in the past 50 years), the stubborn resistance of small farmers threatened with expropriation by agrarian capital, and the formation of democratic protest groups among the middle classes (like the 'Kefaya' and 'April 6', which are popular opposition movements) foretold the inevitable explosion – expected by Egyptians but startling to foreign observers. And thus began a new phase in the tide of emancipation struggles, whose directions and opportunities for development we are now called on to analyse.

The history of modern Egypt is that of successive waves of attempts at emergence, designed using, essentially, the model of a capitalist society. Nonetheless, it is associated with progressive social transformations and advances in democracy, benefiting from a clear vision that the hostility of Western powers must be confronted. The abandonment of these attempts must be largely attributed to this hostility, which has been directed more at Egypt than against the other mentioned countries, particularly modern Turkey.

Egypt entered, in 2011, a new phase in her history. The analysis which I propose, consisting of a democratic movement, national and popular in its appeal, and the strategies of the local reactionary adversary and its outside allies, permit one to imagine a multitude of different paths towards emergence. In conclusion to this analysis, I must say, at this time (in 2014, three years after the uprising of 2011), one could not say that Egypt is on the path towards emergence. Rather, for the foreseeable future, Egypt will sink into a fatal combination of lumpen development, powerful political Islam and submission to the domination of the global imperial system. However, the struggle will continue and will perhaps permit an exit from this impasse and a reinvention of an appropriate road to emergence.

1.1 Emergence and lumpen development

There can be no emergence without state politics, resting on a comfortable social bloc, which gives them legitimacy, capable of constructing a coherent project, an inward-looking national productive system. They must, at the same time, ensure the participation of the great majority of social classes and that these groups receive the benefits of growth.

Opposing the favourable evolution of an authentic emergence is the unilateral submission to the requirements of the implementation of global capitalism and general monopolies which produce nothing other than what I would call 'lumpen development'. I will now liberally borrow from the late Andre Gunder Frank, who analysed a similar evolution, albeit at a different time and place. Today, lumpen development is the product of accelerated social disintegration associated with the 'development' model (which does not deserve its name), imposed by the monopolies from the imperialist core on the peripheral societies they dominate. It is manifested by a dizzying growth of subsistence activities (called the informal sphere), otherwise called the pauperisation associated with the unilateral logic of accumulation of capital.

One can remark that I did not qualify the emergence as 'capitalist' or 'socialist'. This is because emergence is a process associated with complementarity, and, at the same time, conflict, of the logic of capitalist management of the economy and the logic of 'non-capitalist' (and potentially socialist) management of society and politics.

Among the experiences of emergence, some cases merit special mention as they are not associated with the processes of lumpen development. In such cases, there is no pauperisation among the popular classes, rather, there is progress in living standards, modest or otherwise. Two of these experiences are clearly capitalist – like that of South Korea and Taiwan (I will not discuss here the particular historical conditions which permitted the success of the implementation in the two countries). Two others inherited the aspirations conducted in the name of socialism – Vietnam and China. Cuba could also be included in this group if it can master the contradictions which it is currently (as of 2015) experiencing.

But we know of other cases of emergence which have been associated with lumpen development of a massive nature. India is the best example. There are segments of this project which correspond to the requirements of emergence. There is a state policy which favours the building of an industrial productive system. Consequently, there is an associated expansion of the middle classes and progress in technological capacities and education. They are capable of playing autonomously

on the chessboard of international politics. But for a grand majority (two thirds of society), there is accelerated pauperisation. We have, therefore, a hybrid system which ties together emergence and lumpen development. We can highlight the link between these two complementary parts of reality. I believe, without suggesting too gross a generalisation, that all the other cases that are considered emergent – which include Brazil, South Africa and others – belong to this familiar hybrid.

But there exist also, as in most of the other Southern countries, situations in which there are no elements of emergence, as the processes of lumpen development occupy so much of society. The three countries considered here (Turkey, Iran and Egypt) are part of this group, and it is for this reason that I declare them non-emergent, and the projects of emergence begun within them, abandoned.

In Turkey and Egypt, submission to the comprador economic model, geostrategic alignment with the US, lumpen development and pauperisation, and the increase in reactionary political Islam, trap the societies in a downward spiral. This is because the more a society succumbs to lumpen development, the more susceptible it is to political Islam. In Iran, the duo of lumpen development and control of society by the mullahs relegate this country to the same downward spiral. Despite the political conflict with Washington, there has not been a rupture with the pursuit of a political economy analogous to that of a comprador state. It is therefore more necessary than ever to rid oneself of the illusions of transition led by the local exercise of power by political Islam.

There is a prevailing media discourse that is extremely naive: that contends that the victory of political Islam became inevitable because Islamic self-identity dominates the reality of these societies, and it is a reality that some had rejected, and thus a reality which imposed itself on them. However, this argument completely ignores another reality, namely, that the depoliticisation process was deliberate, and, without it, no political Islam would have been able to impose itself on these societies. Furthermore, this discourse argues that there is no risk from this victory of political Islam, because it is temporary, for the authority emerging from it is doomed to failure and thus public opinion will abandon it. This view thus seems to believe that members of the Brotherhood will accept the implementation of the principles of democracy even if such principles work against their interests.

However, the regime in Washington, as well as the public opinion there, apparently adopts this discourse, which is manufactured by the media. And there is an ensemble of Egyptian and Arab intellectuals who

also became convinced by this discourse, perhaps due to opportunistic factors, or because of a lack of clarity in thought.

Accepting this discourse is, however, a mistake. I would argue that political Islam, in its goal to take over governments, will continue to impose itself, if not 'forever', at least for a long time (50 years?). Let us not forget the case of Iran, for example. During this phase of transition, other nations will continue their march of development, and so we will find ourselves eventually in the bottom of the list. So I don't see the Brotherhood primarily as an 'Islamic party', it is, first, a reactionary party, and, if it manages to take the government, it represents the best security for the imperialist system.

2. The fall of Morsi: An important victory of the Egyptian people

The fall of Morsi and of the rule of the Muslim Brothers is an important victory for the Egyptian people. It was expected by all Egyptians. Twenty-five million citizens had signed a petition requiring the departure of Morsi, who had been elected only thanks to a massive fraud, and whose legitimacy was not recognised by the Egyptian judiciary, but was imposed by the decision of Washington. The body of international observers of elections had indeed failed to see the fraud!

The government of the Muslim Brothers was pursuing the same reactionary policy as that of Mubarak, in an even more destructive way for the majority of the popular classes. It made clear that it did not intend to respect the rules of democracy, even mobilising criminal gangs paid to harass the popular movements, continuously waving the flag of a civil war. Morsi acted as a brutal dictator, exclusively putting devoted Muslim Brothers in all state positions. The combination of a disastrous economic and social policy, and of disrespect for the normal management of the state, led to an accelerated decline of the earlier illusions of a good part of society: the MB had shown their real face. Yet the Western powers continued to support the elected president, claiming that the regime was progressing towards democracy. Probably just as the Democratic Republic of Qatar is.

What happened on 30 June was expected. There were mass demonstrations, larger even than those of January 2011, with 16 million people on the streets, as recorded by the police. Morsi responded by raising again the flag of 'civil war'. But he was unable to mobilise more than a few hundred thousands of paid supporters. Western powers, Israel and the Gulf countries hate the perspective of a democratic,

socially progressive, independent Egypt and will work to foment civil war if they cannot get it by voting means. In order to create the conditions for internal war, they will manipulate criminal mercenaries, so-called Jihadists, established with their complicity and support in Libya and in the Egyptian province of Sinai to begin a process of destabilisation in Egypt. However, the Egyptian nation and its army can defeat them.

2.1 Egypt today: The challenges for the democratic popular movement

Too much is written on Egypt, which is understandable, even when it is coming from people whose knowledge of the AW is limited. Too many are absorbing the information given by the mainstream Western media, which is, in that case as well as it is with respect to Venezuela for instance, almost always systematically distorted and even often completely false. Many are also simplifying the issue, the alternative being: respect of 'so-called' elections' results or support of a military power. No, the real challenge does not allow that oversimplification. The 'movement' – a gigantic mass movement – expresses a set of demands: (1) for social justice; (2) for respect of human dignity and rights (in other words, democracy understood as more than simply elections); and (3) respect of national sovereignty and independence. These demands are objectively complementary, progressive and involve moving away from neoliberal economic and social policies which are at the origin of the disaster, and simultaneously moving away from alignment with the US and their allies (Europe, Israel the Gulf countries) in international and regional politics. Yet wide segments of the movement understand these demands only in part, sometimes separating the issues and forgetting this or that one – and that is the least that can be said. The military high command took advantage of that weakness by supporting the demand of the masses (removing Morsi) and simultaneously denying power to the movement (and keeping it for themselves). The struggle is on that ground, not on the one as defined by the Muslim Brothers or the Western powers. It is a struggle aimed at compelling the government to implement the three demands as formulated, certainly not demanding the return of the so-called elected President Morsi.

Progress towards democracy (including fair and meaningful elections) cannot be achieved if it is separated from social progress. Pursuing policies which associate 'democracy' (reduced to elections) with neoliberal policies (which ineluctably produce social regression), is simply killing the perspective of democracy, which then loses legitimacy and opens

the door to non-democratic forces. Am I wrong? Are elections in such a frame not turned into a farce, even when not a simple fraud? The progressive attitude would be that of the mainstream media (and behind the leading powers and the donors' agencies), which precisely requests alignment on neoliberal policies. Can Egyptians accept that? In other words, can we abstain from going beyond what the imperialist and their agencies allow us?

Now the ball is in the hands of President Sissi: Will he pursue the disastrous liberal economic policy of his predecessors, or will he understand that moving away from that policy is the only alternative which responds positively to the demands of the popular movement? Unfortunately, there is little doubt that that the popular movement will again mobilise, as it has done against Mubarak and Morsi.

3. Liberal capitalism, conniving capitalism and Lumpen development

What are the immediate alternative answers?

Liberal capitalism or conniving capitalism?

Liberal (or neoliberal) capitalism, proposed and imposed without alternatives, is based on seven principles considered to be valid for all societies in the globalised world.

1. The economy must be managed by private companies because these firms are subjected to the requirements of transparent competition – which is more beneficial to society; this ensures economic growth based on the rational allocation of resources and fair remuneration of all factors of production – capital, labour and natural resources. Accordingly, if there are assets owned by the state, as, for example, an unfortunate legacy of socialism (productive enterprises, financial institutions, urban land or agricultural land), they should be privatised.
2. The labour market must be liberalised, the fixing of a compulsory minimum wage (and *a fortiori* a sliding scale for the latter) should be removed. Labour law must be reduced to the minimum standards to ensure the morality of human relations between employer and employee. Trade union rights are limited and controlled for this purpose. The wage hierarchy result of individual and free negotiations between employees and employers must be accepted, as well as the

sharing of net national income between labour income and capital income as a result.

3. Services called social – education, health, or the supply of water and electricity, housing, transport and communications – which were in the past provided by public agencies (state and local authorities), should also be privatised as much as possible; their cost must be borne by the individuals who are the beneficiaries and not covered by tax.
4. The tax function should be the minimum necessary to cover only sovereign functions (public order, national defence in particular), the tax rate must remain relatively moderate, so as to not discourage private initiative and to guarantee reward for this.
5. Credit management should be undertaken by private interests, allowing the free encounter between the supply and demand of credits to form itself in a ‘rational monetary and financial market’.
6. Public budgets must be designed to be balanced without incurring unnecessary unless unforeseen circumstances force the state into deficit. If a country suffers from a structural deficit related to past expenditure excesses, the government must commit to reforms that reduce the scale of the debt as quickly as possible. Meanwhile, the deficit must be covered by borrowing on the private capital market, domestic or foreign.
7. These six principles are considered to be implemented not only in all the nations of the globalised world, but also in international relations, regional (for example, the European Union (EU)) or global. Private foreign capital must be free to move and be treated on an equal footing with local private capital.

These principles, together, constitute ‘market fundamentalism’. I shall recall here the inconsistency of the assumptions and the lack of compliance of the scheme with reality. Very briefly, the proof by logical reasoning that the free play of market is widespread, even under the extravagant (not according to reality) assumption that the existence of a transparent competition would produce a socially optimal balance between supply and demand has never been made. Instead, logical reasoning leads to the conclusion that the system moves from imbalance to imbalance, never arriving at balance. Successive imbalances are produced because this theory (which defines conventional economics) excludes from its scope of investigation the conflicts between social and national interests. Moreover, these assumptions describe an imaginary world that has nothing to do with the contemporary system,

which is that of a capitalism of generalised, financialised and globalised monopolies. This system is not viable and its ongoing implosion proves that.

Implemented globally, the principles of liberalism do not produce anything in the outskirts of the South other than a connivance capitalism (*crony capitalism*) or a comprador state, as opposed to a national state embarked on a path of sustainable economic and social development. This form of capitalism produces no development, or a lumpen development. In what follows, I draw an example from the Egyptian case.

Connivance capitalism, comprador state and lumpen development: The case of Egypt from 1970 onwards

Successive Egyptian governments, since Sadat's accession to the presidency (1970), have so far implemented, with all diligence, all the principles proposed by the liberal fundamentalism. Morsi and the Muslim Brothers continued this same liberal policy. The present government also pursues the same route. The result of these policies has been the subject of serious analysis with definite conclusions:

1. The Nasserist project to build a national developmental state had produced a model of state capitalism that Sadat dismantled, as he told his US interlocutors: 'I want to send to the devil of Nasserism, the socialism and all this nonsense and I need your support to achieve that', a support which was obviously given, without restriction. Assets owned by the state – industrial, financial and commercial, agricultural land and urban or desert land – have been 'sold'. To whom? To businessmen in collusion with the power system: senior army officers, officials, rich merchants returned from their exile in the Gulf countries equipped with fortunes (in addition to the political and financial support of the MB). But also to citizens of the Gulf countries and foreign US and European companies. At what price? At ridiculous prices, incommensurate with the real value of the assets.

It is in this way that the new Egyptian owner and foreign class has been built, and, as such, it fully deserves the qualification 'crony/capitalist collusion' (*ra'smalia al mahassib*). Here are some additional notes on cronyism:

- a. Property granted to the army transformed the character of the responsibilities it already exercised in certain segments of the productive system, as in the army factories that the army managed as state institutions. These powers of management became those of

private owners. In addition to privatisation, in this economic race, the most powerful officers also acquired the property of many other state-owned assets: commercial businesses, suburban and urban land, and housing estates in particular.

- b. The mainstream and MB opinion describes these Egyptian practices of corruption as located in the field of morality, making the assumption that justice worthy of the name could fight it successfully. Much of the left itself makes the distinction between this condemnable corrupt capitalism and an acceptable and desirable productive capitalism. Only a small minority understands that when the principles of liberalism are accepted as the basis of policy, dubbed realistic capitalism in the periphery, development fails. There is no bourgeoisie building itself on its own initiative as the World Bank wants us to believe. There is a comprador state active behind the creation of these colossal fortunes.
 - c. The fortunes of Egyptian and foreign entrepreneurs were formed through the acquisition of existing assets without adding productive capacities. The capital inflows (Arab and other), however modest, fall within this framework. The operation ended with the establishment of the private monopoly groups that now dominate the Egyptian economy. This is a far cry from healthy and transparent competition, as the liberal discourse trumps it to be. Moreover, the greater part of these colossal fortunes consists of property: holiday villages (*marinas*) on the shores of the Mediterranean and the Red Sea, new secluded neighbourhoods (Latin American fashion – previously unknown in Egypt) and desert terrain, in principle intended for agricultural development. These properties are retained by their owners, who speculate on the possibilities of resale after the state has provided staggering costs of infrastructure that gives them real value (these costs have obviously not been included into the sale price of the land).
2. The monopoly power of the new capitalism of complicity has been systematically reinforced by the almost exclusive access of these new billionaires to bank credit (including for the purchase of the assets in question), at the expense of lending to small and medium-sized producers.
 3. These monopolistic positions have also been reinforced by massive subsidies from the state, for example, granted for the consumption of oil, natural gas and electricity by industries that had been privatised (cement, iron, metallurgy and aluminium, textiles and others). But the free market has allowed these companies to raise their prices to

adjust to those of competing imports. The logic of public subsidy which compensated for lower prices by the state sector is broken in favour of super-profits by private monopolies.

4. Real wages for the vast majority of unskilled and medium qualified workers deteriorated as a result of the laws of the free labour market and the fierce repression of collective action and trade unions. Wages are now located at rates much lower than they are in other countries of the South whose per capita GDP is comparable. Super-profits of private monopolies and poverty go hand in hand, and result in the continued widening of inequality in income distribution.
5. Inequality has been reinforced consistently by a tax system which denied the principle of progressive taxation. This low tax for the rich and corporations, praised by the World Bank for its alleged virtue to support investments, resulted simply in super-profits.
6. Despite these policies implemented by the state, comprador/crony capitalism only produces, by itself, a low growth (less than 3 per cent), hence unemployment continues to grow. When the rate was a little better, this was due to the expansion of extractive industries (oil and gas), associated with a conjuncture of better prices, the growth in fees from the Suez Canal, tourism and remittances from migrant workers.
7. These policies have also made it impossible to reduce the public deficit and the external trade balance. They have led to the continuing deterioration of the value of the Egyptian pound, and imposed growing public debt. This gave the IMF the opportunity to impose ever-greater respect for the principles of liberalism.

Immediate responses

These answers have been collected from the various components of the movement – left and centre national democratic forces, trade unions, various youth and women organisations, and so on. Considerable work of quality was conducted for more than a year by activists responsible for the formulation of a common programme, principally Ahmad El Naggar, to meet the immediate requirements of the programme which was designed by the activists, the salient points of which are:

1. Past transfer operations of public assets (under Mubarak) should be subjected to systematic revisions. Specific studies – equivalent to good audits – are available for many of these transactions and prices

corresponding to the real value of these assets calculated. Given that the buyers of these assets have not paid these prices, the acquired property assets must be transferred by law after an audit ordered by the court to state corporations whose shareholder is equal to the difference between the actual value of the assets and that paid by buyers. The principle is applicable to all these buyers, be they Egyptian, Gulf citizens or foreign.

2. The law should establish minimum wages, amounting to LE 1200 per month (155 Euro at rate of exchange, in effect the equivalent purchasing power of 400 Euros). This rate is lower than it is in many countries whose GDP per capita is similar to that of Egypt. The minimum wage must be associated with a sliding scale and unions must be responsible for monitoring its implementation. It will apply to all activities of public and private sectors.

Given that the beneficiaries of the freedom of prices and private sectors that dominate the Egyptian economy have already chosen to locate their prices closer to those of competing imports, this measure, although it will reduce the margins of monopolies' profit, will not destroy the viability of these industries. This adjustment does not threaten the balance of public accounts, taking into account savings and new tax legislation. The proposals made by the movements concerned will be strengthened by the adoption of the maximum wage: 15 times the minimum wage.

3. Workers' rights – conditions of employment and loss of employment, working conditions, health insurance/unemployment/retirement – should be discussed in a major tripartite consultation (unions, employers, government). Independent unions formed through the struggles of the past decade should be legally recognised to have the right to strike, which remains illegal under current legislation.

A 'survival benefit' must be established for the unemployed, the amount and conditions of access and funding of which should be subjected to negotiation between the unions and the state.

4. Subsidies granted by the colossal budget to private monopolies should be abolished. Again, the specific studies conducted in these areas show that the abolition of these benefits does not affect the profitability of the activities involved, but only reduces their monopoly rents.
5. New tax legislation should be implemented based on progressive taxation of individuals. The rate of taxation of profits of enterprises employing more than 20 workers should be raised to

25 per cent. Tax exemptions granted with extreme generosity to Arab and foreign monopolies should be abolished. Taxation of small and medium-sized enterprises, often heavier now should be revised downward. The proposed rate for the upper brackets of personal income – 35 per cent – also remains low in international comparison.

6. A calculation was conducted which shows that all the measures proposed in points 4 and 5 of this list can not only remove the current state budget deficit (2009–2010), but also provide a surplus. This will be used to increase public spending on education, health and popular housing subsidy. The reconstruction of a public social sector in these areas does not impose discriminatory measures against private activities of a similar nature.
7. The credit (as in lending money for business expansion) must be placed under the control of the Central Bank. Extravagant facilities granted to monopolies should be abolished in favour of the expansion of credit to existing or potential small businesses. Specific studies have been conducted in the areas concerned: craft, industrial, transport and service. Consequently, it is clear that entrepreneurial candidates, who will take the initiative in creating business and employments, exist (particularly among unemployed graduates).
8. Programmes offered by the components of the movement remain less clear with regard to the rural question. The reason is that the movement of resistance to the expropriation of small farmers, which accelerated after the current policies of modernisation of the World Bank were adopted, remains fragmented and never outgrew the village – mainly because of the fierce repression to which it is submitted and the non-recognition of its legality.

The current claim of the movement – mainly urban, admittedly – is simply passing laws making it harder for the eviction of tenants unable to pay the excess rents charged and the expropriation of indebted smallholders. In particular, it advocates a return to a law fixing the maximum rent (the rental laws were later freed by the successive laws, revising the agrarian reform, allowing owners to raise rents at will and this happened in tandem with vast privatization measures that rolled back nationalized agriculture in Egypt).

But it should go further. Progressive organisations of agronomists have produced concrete projects and argued for ensuring the development of the small peasantry. The projects include improved irrigation methods (drip, for instance), a choice of rich and intensive

cultures (vegetables and fruits), removal of the upstream monopoly control of inputs by suppliers, and the removal of the downstream monopoly power through the creation of marketing cooperatives associated with consumer cooperatives. But the issue is to establish an enhanced communication between these organisations of agronomists and the agricultural smallholders involved. Legalisation of organisations of farmers and their federation at the provincial and national levels should facilitate progress in this direction.

9. The action programme set out in this list would certainly initiate a resumption of healthy and sustainable economic growth. The argument advanced by liberal critics – that would ruin any hope of new entries of capital from external sources – does not hold. The experience of Egypt and other countries, particularly in Africa, who have agreed to comply fully with the requirements of liberalism and renounced to develop by themselves a project of authentic development, shows that these countries do not attract foreign capital despite their uncontrolled opening (but precisely because of it). Foreign capital will simply then conduct raid operations on the resources of the countries concerned, supported by the state and with the collusion of comprador capitalism. On the other end, emerging countries who actively implement a national development project do offer real opportunities to foreign investment that engage in these national projects, and accept the constraints imposed on them by the state, as well as the adjustment of profits at reasonable rates.
10. The government of MB chosen by the President Morsi had immediately declared its unconditional adherence to all the principles of liberalism, taken measures to accelerate their implementation and deployed, to this end, all means of repression inherited from the former regime. The state and comprador capitalism connivance continued. Popular consciousness that there was no change was growing, as evidenced by the success of the campaign of signatures collected by the movement Tamarod asking for the removal of Morsi (26 million signed), and then by the massive popular demonstration of 30 June (33 million people demonstrating the same day in all cities of Egypt) that brought down Morsi. Yet, the new government set up after the fall of Morsi does not seem to have understood. Its economic programme is 'liberal', based on the same illusions that the US, the World Bank, IMF and the Gulf countries should and will rescue Egypt. But the movement continues and the

people say in the streets: the revolution has not changed the regime, but it has changed the people.

11. The programme of immediate demands of which I have traced the dominant lines here only concerns the economic and social challenge. Of course, the movement also discusses its political sides: the draft constitution, the democratic and social rights, and the required 'citizens' state' (*Dawla al muwatana*). Due to space constraints, these issues have not been addressed here.