

Egypt: Strike wave throughout public and private sector

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The wave of industrial action that started more than a year ago among Egypt's textile workers is continuing to escalate, involving ever-wider layers of workers who are demanding wage rises to compensate for the skyrocketing cost of living.

Such struggles were previously fragmented and confined to state-owned industries and the public sector. They have now affected the private sector and coalesced into the biggest wave of industrial militancy since the late 1940s and early 1950s.

Workers are raising national and political demands. Thousands of textile workers at the Ghazl al-Malhalla factory north of Cairo have called for the national minimum wage to be raised to US\$218 a month and are acting independently of trade union leaders, who are widely reviled.

Egypt is the largest and most industrialised country in the Arab world. It outlaws all strikes, unless they are sanctioned by the government-controlled General Federation of Egyptian Trade Unions (ETUF), brutally and bloodily suppresses all demonstrations that do not serve the interests of the military and financial elite, and has instituted a raft of market reforms.

The strike wave began in 2006 when, according to the Egyptian daily *al Masri al Yaum*, there were 222 sit-ins, strikes, stoppages, hunger strikes and demonstrations.

One of the most important was a strike by workers in one of the state-owned plants in the textile industry, Egypt's largest and most important exporting industry, in Malhalla, north of Cairo. With dozens of other factories also on strike, the government—unusually—conceded most of their demands in an attempt to smooth the way for the privatisation of the industry and head off broader industrial unrest.

The concessions had the exact opposite effect, sparking an unprecedented wave of industrial action throughout 2007. At least 300 disputes involved more than 150,000 workers. In the first five months of 2007, *al Masri al Yaum* reported a new labour action almost every day, encompassing not just textile workers but those in the cement industry, construction and manufacturing, garbage collectors, bakers, food processors and Cairo subway workers, among others.

By far the largest number of strikes—27,000—was in the state textile industry. Most of these actions have been organised by the workers themselves, with the ETUF repeatedly collaborating openly with the government. Spinning and Weaving Syndicate union leader Said el-Gohary even accused strikers at the Misr Shebin Al-Kom Spinning and Weaving Company, of being “terrorists who want to sabotage the company.” Textile workers at Malhalla have sought to impeach their leaders and build a new union.

More recently, there have been strikes, sit-ins and protests by tax collectors; workers in the textile, cement, electricity and healthcare sectors; street cleaners; and tunnel workers. There have been protests against rent hikes and water and electricity shortages. Just last month, doctors staged a sit-in in front of the People's Assembly prior to a national strike on March 15 for higher wages and better working

conditions.

Market reforms

The strikes have been fuelled by the government's market reforms, carried out by the wing of the ruling party led by President Hosni Mubarak's son, Gamal, a former banker who is being groomed to succeed his father.

The government has removed barriers to inward investment, established Qualified Investment Zones (QIZs), sought investment from China, offered concessionary trade deals, cut taxes and regulations on industry, privatised dozens of state-owned enterprises, and promoted Egypt as an export hub to Europe, the Middle East and Africa on the basis of cheap labour and electricity.

Some indication of the scale of the government's neo-liberal reforms can be seen from Egypt's ranking as number one in terms of investor-friendly reforms in last year's World Bank's *Doing Business Report*. The Egyptian economy has grown 7 percent a year for the last three years, and inward investment grew by more than US\$11.1 billion in the last financial year.

QIZs were set up to meet the threat posed to Egypt by the World Trade Organisation's requirement to end the multi-fibre agreement and liberalise the trade in textiles, and by China's exports that would have led to the closure of more than half of Egypt's textiles factories, which had been in decline for some time.

Egypt signed a QIZ agreement with the US, as well as with Israel. This allows manufacturers to export goods made in QIZs to the US on a tariff-free basis as long as they use a certain percentage—now about 10.5 percent—of Israeli goods, thereby locking Egypt into its 1978 peace treaty with Israel, which is deeply unpopular with the Egyptian people.

But with the US being Egypt's biggest market for its cotton and clothing exports, and US tariffs on such goods as high as 35 percent, the agreement puts Egyptian products at a major price advantage. While small in relation to leading textile exporters, this has boosted Egyptian cotton exports to the US to 60 percent, up from 45 percent before the agreement. As yet, QIZs have not affected other industries, although the food sector has taken advantage of the agreement to set up factories.

Grants of 80 million euros have also come from the European Union for the restructuring of Egypt's spinning industry and for investment in advanced machinery and new equipment to expand production and improve quality.

According to the *Financial Times*, around 204 companies have taken advantage of the QIZ agreement, including 15 companies from Turkey, India, China and Taiwan.

Federation of Egyptian Industry statistics show that there are now 4,250

weaving, textile and apparel manufacturers in Egypt, whose production accounts for 26 percent of industrial revenues and 24 percent of industrial exports.

The QIZs have forced factories outside the zones to cut their costs, above all wages, to compete with those exempt from customs duties.

The recent economic expansion, particularly in the textile and construction sectors, has led to a major shortage of skilled workers. In part, this is because young workers traditionally preferred to work in the public sector, which offered greater job security, and in part because of appallingly low wages. Officially, the average monthly salary in the textile industry is between US\$100 and US\$120 a month, but the reality is that most workers earn around US\$50 to US\$90. According to Magdi Tolba, chairman of the Readymade Garments Exports Council, despite Egypt's high unemployment there is a current shortage of 200,000 people and a need for a further 300,000 in the next three years.

Economic and social polarisation

While the Egyptian economy has grown at an unprecedented rate in the last few years, this has benefited only the financial and military elite. According to World Bank figures, official unemployment, always a pale reflection of actual unemployment or underemployment, has fallen to 9 percent. But rates of absolute poverty rose from 16.7 percent in 2000 to 19.6 percent in 2005 as wages have fallen behind inflation.

The currency was devalued in 2001 and floated in 2004, increasing import prices. State-subsidised petrol and fuel prices have risen by more than 30 percent. This, along with the impact of avian flu, which has severely affected Egypt, and rising food prices, has stoked inflation. Running at about 10 percent a year for several years, inflation hit 12.8 percent last March before falling back to 8 percent, and has had a devastating impact on living conditions.

With Egypt's 80 million population rising by 2 percent a year and expected to rise by 21 million in the next 15 years, there is an acute shortage of low-cost housing. Wages are barely enough to cover rent. Property prices, fuelled by inward investment, have soared. Poor Egyptians have long evaded the housing shortage by building illegally in the slums and on the roofs of apartment blocks, while the construction companies openly flout the regulations, leading to last December's tragedy—only one of many—of an apartment block collapse in Alexandria that killed 35 people.

A study published last June estimated that one in five Egyptians does not have the income to meet the most basic needs. One minister estimated that 75 percent of Egypt's people were not feeling the benefits of economic growth. Youssef Boutros Ghali, the finance minister, told a conference of investors that the situation confronting the poor was "a basic challenge that keeps me awake at night."

Nader Fergany, author of the *Arab Human Development Report* from 2002 to 2005, said, "We have returned this country to what it used to be called before the 1952 revolution [by the Free Officers Movement that overthrew the monarchy]: the one percent society. One per cent controls almost all the wealth of the country".

Political unrest

The strikes and protests have also been fuelled by political considerations. There is deep-seated anger at the corruption and ever-

growing wealth of the ruling elite and the police brutality, human rights abuses, press censorship and political suppression that have played such a crucial role in the impoverishment of the mass of the Egyptian people.

Human Rights Watch, the New York-based human rights organisation, concluded in its most recent report on Egypt that torture was practised systematically in every place of detention in every part of the country "from Alexandria to Aswan."

There were countless prosecutions of journalists last year. In the last 14 months, opposition to the regime has surfaced on the Internet, where evidence of torture and abuse led to the unprecedented arrest and conviction of two police officers. The government has responded by arresting and imprisoning bloggers.

Egypt's dependence upon and support for Washington and the US occupation of Iraq and Israeli suppression of the Palestinians have galvanised anti-American feeling and loathing for Mubarak's military-backed regime.

In January, the Gaza breakout created a grave political crisis for the Egyptian regime. While Mubarak has long policed the border with Gaza on behalf of Jerusalem and Washington, he did not want to be seen as directly aiding Israel against the desperate Palestinians who lacked food and basic provisions due to the Israeli blockade. But he feared that Palestinian militants from Hamas would move into Egypt and link up with their sister party, the Muslim Brotherhood, the main semi-legal opposition in Egypt, and that many undocumented Palestinians would make their home there, thereby exacerbating the already tense social relations within Egypt.

It also raised the possibility of attacks on Israel launched from the Sinai desert, which would endanger Egypt's increasingly fragile and unpopular relations with Israel. These considerations led Mubarak, after a few days of prevarication, to reseal the border, making it clear to everyone that he was totally dependent on and subservient to Jerusalem and Washington. Foreign Minister Ahmed Aboul-Gheit said, "Egypt won't allow the border to be breached a second time. Anyone approaching the border will have his legs broken."

The government has accused the Muslim Brotherhood of organising the strikes. But as the group's leadership comes from the business and middle class and the Brotherhood has always opposed the organised working class, this is only a pretext to lock up the opposition. Dozens of Brotherhood students have been arrested, and 40 members of the Brotherhood are currently awaiting the outcome of a military trial for money laundering and "financing the activities of a banned group."



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