

Growing economic, social and political tensions in Egypt

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Not a day goes by in Egypt without demonstrations, strikes, sit-ins and clashes between workers and the police.

Textile workers have been at the forefront of the struggles, as factory bosses are seeking to cut wages and pressure workers to leave. The most serious was the strike last month in Mahalla over low pay and rising prices. Three people were killed during the protests, 80 were injured and about 400 arrested.

Workers at Nile Cotton went on strike against delays in paying salaries, while at Daytex in Alexandria and Andrama Textiles in Menoufia, there were sit-ins over the non-payment of bonuses and allowances for 228 working days.

In Port Said, 300 workers at Eurotex Clothing staged a sit-in over their ill-treatment by management. At Mansoura-Spain Garments in Dakahlia, 150 female workers went on strike over the suspension of their union leader and the delay in paying their social allowances. At Cotton Ginning in Menya, 950 workers went on strike over the failure to pay their salaries at the rate agreed after a previous strike, or to pay the statutory 30 percent allowances. These strikes followed earlier sit-ins and strikes when workers in four provinces found that they had not received their full wages for December.

Industrial unrest extends far beyond the traditionally militant textile workers.

Tens of thousands of truck drivers and owners went on strike in many parts of the country to demand the government abandon its decision to ban articulated trucks and trailers in 2011. Violence broke out in Gharbiya in the northern Nile Delta province when strikers hurled heavy rocks at scabs. Police arrested more than 25 strikers. The strike led to long delays on roads in many parts of the country and an increase in building materials and food prices.

More than 1,000 employees from around the country have mounted a vigil outside the National Research Centre over the government's failure to pay incentives and allowances agreed last year.

Last month pharmacists went on strike against attempts by the government to enforce a new law that would include all merchandise sold in drugstores, not just medicines, in their tax returns. Since medicines were unprofitable and were cross-

subsidised by other products, any increase in taxation would make their businesses unviable.

At Hebei Medical Supplies in Qena, 250 workers went on strike over the failure to pay their wages. Some have gone on hunger strike.

At the Technology Institute in Qalyubia, 3,000 students went on strike. Workers at the Egyptian Fertilisers Company in Suez went on strike over the company's agreement to export phosphates to Israel.

These strikes follow 609 industrial actions last year, slightly less than in 2007 but still far more than in previous years, according to statistics from the Land Center for Human Rights published in *El-Badeel*. The strikes, sit-ins and demonstrations involved all social groups: workers, farmers, Bedouin, nurses, pensioners, professional workers, the self-employed and the homeless.

But the real number is far higher, since strikes by professional workers were not included and many others go unreported in the media. If they were, according to Amr El-Choubaki of the Al-Ahram Centre for Political and Strategic Studies, the number in the first quarter of 2008 alone would equal the whole of 2007. He said, "This escalation was last seen in the [demonstrations that led to the 1919 Revolution and subsequently the] 1923 constitution".

The global financial and economic crisis has had a major impact on Egypt. Foreign direct investment, its largest currency earner, fell by 30 percent during the first quarter of 2008/09, from \$3 billion in the first quarter of 2007/08 to \$2.1 billion. A report from the parliamentary budgetary committee said foreign investors' contributions to newly-established companies or already existing ones collapsed from \$1.7 billion to \$0.4 billion because of the crisis.

The decline in world trade has affected the level of traffic through the Suez Canal, another major foreign currency earner. The report noted a steep drop in revenues of \$200 million or 13.7 percent in the second quarter of financial year 2008/09, caused by an 8.8 percent fall in cargo.

Egypt's second major currency earner, tourism, is also down. According to the report, not only are visitor numbers down, particularly from Russia, Britain, Germany and Italy, but those that do come are spending less. Tourism is expected to decline

by at least 18 percent in 2009. It provides direct and indirect employment to 12.6 percent of the workforce and accounts for 6.5 percent of GDP. Hotels have already started laying off temporary workers who constitute 30 percent of the industry's workforce.

The downturn in the construction industry in the Gulf, where eight million Egyptians work, means that many have lost their jobs, and remittances from expatriates have plummeted. Remittances from Kuwait and Saudi Arabia have fallen by 15-20 percent. By far the biggest casualty of the economic downturn is Dubai, where nearly half the construction sites have closed.

Last month, Prime Minister Ahmed Nazif told the People's Assembly that unemployment in the second quarter of fiscal year 2008-09 rose to 8.8 percent. But such figures are always a pale reflection of actual unemployment or under employment.

While the Egyptian economy grew by about 7 percent a year for the last three years, this benefited only the privileged financial and military elite around Hosni Mubarak's military backed regime. One percent of the population controls almost all the wealth of the country.

The vast majority of Egypt's 80 million people have experienced only rising prices—inflation is now running at 15 percent—and ever increasing poverty. A World Bank report concluded that the number of Egyptians living under the official poverty line is 20 percent of the population.

With the global recession, economic growth fell 4.1 percent in the second quarter of 2008-09, down from 7.2 percent the previous year. The deficit on foreign trade grew by 50 percent from \$16.3 billion in 2006-07 to \$23.4 billion in 2007-08 and has grown by a further 75 percent in the second quarter of 2008-09. The government's plans to reduce its budget deficit to three percent of GDP over the next three years will entail severe austerity measures.

The Egyptian regime's support for the US occupation of Iraq and Israeli suppression of the Palestinians has galvanised anti-American feeling and loathing for Mubarak's regime. Egypt has received \$1.3 billion a year in military aid from the United States, with a similar amount pledged every year for the next 10 years. This aid comes with cash flow financing, which means that Egypt can spread out its payments over many years and buy much more than its aid allocation.

In return, Egypt protects Israel's western flank and keeps the Palestinians trapped in Gaza while safeguarding US access to key transport routes. From 2001 to 2005 Egypt granted expedited transit through the Suez Canal to 861 war ships as well as permission for 36,553 US combat aircraft to use its airspace.

There were nationwide demonstrations opposing the government's support for Israel's murderous assault on Gaza. Israeli Foreign Minister Tzipi Livni's visit to Cairo just two days before the war made it clear to everyone that Mubarak had had advance warning of the assault. He refused to bow to

popular pressure and open the Gaza-Egypt border to allow the Palestinians to escape the aerial bombardment, suppressed anti-Israel demonstrations and refused to stop selling natural gas to Israel or expel Israel's ambassador. The state owned press even blamed Hamas for the war, not Israel.

Mubarak views Hamas as a threat to his government and is anxious to see it removed from power in Gaza. Hamas is an offshoot of Egypt's Muslim Brotherhood, the main political opposition in Egypt. Many members of the Brotherhood have been arrested and thrown into jail without trial.

There is deep seated anger at the corruption and ever growing wealth of the ruling elite, press censorship and political suppression. At the end of last month, the courts imposed fines of \$1,800 each on five journalists from *Al-Masry Al-Youm* and *Al-Wafd* for violating a ban on media coverage of the trial of a prominent billionaire business man who is a member of Mubarak's party. Hisham Talaat Mustafa has been charged with killing his mistress, Lebanese pop singer Suzanne Tamim. Egypt's 1.4 million strong security forces are widely hated.

Tensions are rising, and the regime is beginning to disintegrate. This month a group of army cadets stormed a police station in Helwan, south of Cairo, leaving at least five policemen and three cadets injured. This followed the arrest of an army cadet for loitering and refusing to show ID. The cadet was taken to a police station, beaten and held overnight. When the army cadets surrounded the police station, chanted insults and threw firecrackers, the police opened fire on them.

So great are the tensions that the Egyptian court of appeal was forced to overturn the acquittal of Maduh Ismail over the sinking of a ferry in the Red Sea in 2006 that killed more than 1,000 people. The acquittal had outraged many who believed the corrupt businessman, a former MP, was being protected. The court sentenced Ismail, who is believed to be in London, in absentia to seven years in prison for involuntary manslaughter.



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