

Egypt on the verge of a social explosion

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The purpose of the military junta's savage repression of the Muslim Brotherhood (MB), expressed most recently in the mass death sentence handed down March 24 against 529 of its members, is not just the elimination of its main bourgeois political rival. It is aimed at intimidating and suppressing opposition to what the military-backed government has in store for the working class.

On February 25, the new interim prime minister, Ibrahim Mehleb, declared, "Security and stability in the entire country and crushing terrorism will pave the way for investment."

Mehleb was installed during a wave of strikes that swept the country, including walkouts by tens of thousands of textile workers and public transport workers. He called for a return to work, sacrifice and "patriotism."

Since seizing power in July 2013 amid mass protests against MB president Mohamed Mursi, the military government—largely made up of deposed president Hosni Mubarak's cronies—has carried out a ruthless campaign of terror, violently attacking sit-ins, demonstrations and strikes. In the process, it has killed at least 1,400 people and jailed more than 16,000. It has banned the MB, Egypt's largest Islamist organisation, which it sees as a threat to its own commercial interests. The party's members and supporters reportedly control up to 40 percent of Egypt's economy as a result of the free market reforms carried out under Mubarak.

Crucially, the junta has issued an anti-protest law banning demonstrations without prior authorisation and pushed through a constitution enshrining the army's dominant role in society. It has cracked down on the media. Twenty staff from Qatar's Al-Jazeera news channel face trial on charges of helping a "terrorist organisation."

Egyptian defence minister Field Marshall Abdel

Fattah al-Sisi, who is expected to run for the presidency, outlined the future he has in store for the working class, promising a decades-long austerity programme. "Our economic circumstances, in all sincerity and with all understanding, are very, very difficult," he said. "Possibly one or two generations will [have to suffer] so that the remaining generations live."

He said this to a conference of young doctors, just days before public hospital doctors began an open-ended strike demanding higher wages and increased government spending on health care. The doctors' strike is one sign that the explosive social conflicts in Egypt, which lay at the heart of the mass uprising that toppled long-time dictator Hosni Mubarak three years ago, are sharper than ever.

Successive governments—the interim military government, the elected MB-led government and the junta that overthrew Mursi last July—have been done nothing to ameliorate the widespread poverty or improve the abysmal public services. A recent report by CAPMAS, Egypt's official statistical agency, stated that the number of people living below the poverty line—defined as living on less than US\$2 a day—rose to 26.3 percent in 2013, compared to 16.7 percent in 2000.

Last year, a report by the United Nations World Food Programme (WFP) and CAPMAS found that 13.7 million Egyptians, 17 percent of the population, suffered from food insecurity in 2011, compared to 14 percent in 2009. The rate of malnutrition, most notably stunting among babies and children under 5, was on the rise.

In urban areas, poverty increased by nearly 40 percent (from 11 to 15.3 percent) between 2009 and 2011. Although rural Upper Egypt has the highest poverty rate, at 51.5 percent of the population (double the national average), Greater Cairo has a larger number of poor and food-insecure people (approximately 3.5

million).

A World Food Programme paper, *Tackling Egypt's Rising Food Insecurity in Times of Transition*, notes that while traditional baladi bread is subsidised, 30 percent of the supply chain are subject to losses. The rationing system, which covers close to 68 percent of the population, excludes 19 percent of the most vulnerable households.

Prices have been rising for years, with inflation currently running at 12 percent, playing havoc with household budgets dependent upon subsidies for fuel and bread that account for 20 percent (US\$20 billion) of government expenditure. In the five years between 2006 and 2011, the price of fuel and wheat soared by 300 percent.

Unemployment rose to 13.5 percent last June, but the World Bank warned, "These figures include only registered workers and didn't take into account the informal economy where unemployment is believed to be higher than the official rate."

More than three quarters of the unemployed are between 15 and 29 years of age. Sixty percent of Egypt's population are under 30, and every year 800,000 young people enter the job market. Young graduates leave university to find there is no work for them.

Schools are so grossly underfunded that parents have to make expensive co-payments and send their children for extra private tuition. Severe overcrowding is the norm, and violence is endemic. It is not uncommon to have 60 children in a class in both morning and afternoon shifts. According to a recent study by CAPMAS, more than 16 million people over the age of 10 are illiterate, about 10 million of whom are females.

The highest rates of illiteracy are in Upper Egypt, in Minya reaching 36.7 percent, Beni Suef 34.8 percent, Fayoum 34.7 percent, Sohag 34.3 percent, Assiut 31.7 percent and Qena 30.3 percent, the areas of the highest poverty rates. Illiteracy among the poor has increased to 41 percent, as opposed to 24 percent in non-poor families.

As poverty has risen, remittances sent home from family members working overseas have more than doubled from less than US\$2 billion in 2010 to more than US\$4 billion in 2013.

Tourism, a major income source, and foreign investment have fallen dramatically, leading to a loss of

at least 1 million jobs and a fall in foreign reserves from US\$36 billion in December 2010 to US\$15 billion in June 2013.

The government's budget deficit has soared from US\$19.5 billion to US\$30 billion over the last three years, with the deficit for 2014 expected to be US\$44 billion, 15 percent of GDP. According to the Central Bank, last June, Egypt's total debt—including domestic and foreign debt—had risen to US\$265 billion, 89 percent of GDP.

Jihadi militants in the Sinai Peninsula have blown up the gas pipelines to Israel and Jordan at least 15 times, further affecting Egypt's export income and fuel, already in short supply as a result of growing domestic need, delays in development of new production facilities and the failure to pay at least US\$4.8 billion to the international gas and oil companies. While shutoffs are frequent in summer with the high demand for air conditioning, this winter has seen frequent power failures, leading cement and other major energy users to operate at half their normal capacity.

As the economy has plummeted, interest rates on government debt have soared to 10.9 percent. The government's interest payments have doubled in three years from US\$10.5 billion in 2010 to US\$21 billion in 2013, the largest item in the government budget and approximately equal to the total budget deficit.

The Egyptian ruling elite, having disposed of the Muslim Brotherhood, is determined that the burden of repaying the international bankers is to be shouldered by the already impoverished working class. They have made it clear they are ready to enforce this counter-revolution through the barrel of the gun.



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