

Egyptian dictator el-Sisi secures IMF loan and prepares onslaught against working class

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18 August 2016

The US-backed Egyptian military dictatorship of General Abdel Fattah el-Sisi has agreed a \$12 billion loan from the International Monetary Fund (IMF) to stave off the collapse of the country's economy and shore up his regime.

The loan comes with draconian conditions, including subsidy cuts and new taxes, which will drastically worsen the impoverishment of the Egyptian working class. This can only be implemented through the barrel of the gun, which el-Sisi has indicated he will not hesitate to use on behalf of the Egyptian bourgeoisie and the major imperialist powers.

El-Sisi said he would not shy away from the reforms that previous rulers had shunned in a bid to avoid unrest, declaring, "The first attempt at real reform was in 1977."

Riots broke out in 1977, after then President Anwar Sadat said he would end basic subsidies on wheat in return for a World Bank loan.

El-Sisi added, "The people's reaction caused the state to backtrack, and it has continued to delay [the reforms] till now. All the hard decisions that many over the years were scared to take: I will not hesitate for a second to take them."

The Egyptian economy has been in a parlous state since the 2008 global financial crisis, fuelling massive social inequality that provided the impetus to the popular overthrow of President Hosni Mubarak by the Egyptian masses in 2011. In 2013, Saudi Arabia and the Gulf petro-monarchies, with Washington's blessing, funded and orchestrated the bloody overthrow of the elected government of Muslim Brotherhood President Mohammed Mursi by el-Sisi—who was defence minister in Mursi's cabinet.

Since then, el-Sisi has imposed a brutal military dictatorship on behalf of the military, police and

intelligence faction of the ruling class that has dominated Egyptian political and economic life since the 1952 Free Officers' coup. He has ruthlessly targeted the military's economic rivals, dominated by the Muslim Brotherhood, their bourgeois political opponents, liberal activists and the working class.

The junta has outlawed protests, imprisoned tens of thousands, sentenced hundreds to death and introduced a sweeping counter-terrorism law vastly expanding the authorities' powers. Mass trials, mostly of Brotherhood supporters, failed to establish individual guilt. Several thousand have been tried in military courts. Torture and enforced disappearances are commonplace, with many detainees dying in custody from mistreatment.

At the same time, el-Sisi has carried out extensive military operations against Islamic militants in the Sinai Peninsula who have capitalised on the seething unrest among Egypt's impoverished Bedouin, imposing a state of emergency, killing dozens of civilians, demolishing hundreds of homes and evacuating thousands of residents. But the security forces' brutality, which has included curfews, detention without trial or even charges, the shutting down of cell phone and internet networks, and routine abuse, has only served to increase social tensions.

As Egypt's economy continued to plummet amid political and social turmoil, Saudi Arabia, the United Arab Emirates and Kuwait bankrolled the military to the tune of \$23 billion. Much of that disappeared into the military's pockets. This includes profiteering from the expansion of the Suez Canal by the military's own construction companies that failed to bring in the promised additional revenues.

Foreign currency receipts have fallen to just \$15.5 billion. The Suez Canal has been badly hit by falling trade and declining demand for oil, tourism by security

fears and remittances from millions of Egyptians working abroad by the worsening conflict in Libya. Further economic turmoil has resulted from attempts by the Gulf States to cut back on foreign workers in favour of their own citizens and the fall in the value of the Egyptian pound.

Egypt devalued its currency by 13 percent last March in an unsuccessful attempt to stem the rampant parallel or “black market.” The Egyptian pound has lost 60 percent of its value since 2011, and this, along with new import duties, has caused prices--particularly foodstuffs, medications and fuel--to rocket.

Inflation is now running at 15 percent a year and rising, in a country where 40 percent of the people live on less than \$2 a day and wages have not kept up with inflation.

In announcing the \$12 billion loan from the IMF, el-Sisi warned that he would not shirk from imposing tough economic measures on the Egyptian masses demanded by the IMF and the international banks. These include the removal of all subsidies on basic commodities, the introduction of a value-added tax, the slashing of public sector jobs, the privatisation of state-owned companies and a further devaluation of the pound.

Such measures will cause prices to soar, further fuelling poverty. El-Sisi also demanded Egyptians, especially “the great Egyptian lady,” cut down on their use of electricity and water. “Please... she can--with her presence in society and the family--decrease a lot the consumption of water and electricity, and other things that are a burden on the economy.”

None of this will hit his support base, the military, which has directly and indirectly increased its control of the economy since 2013, extending its reach into virtually every economic sector, including foodstuffs such as tomato paste and olive oil, consumer electronics, real estate, construction, transport and services.

The Egyptian Armed Forces (EAF) control umbrella organisations such as the Arab Organisation for Industrialisation, the National Services Projects Organisation (NSPO) and the Ministry of Military Production, and hold substantial stakes in many other semi-public or private companies, especially infrastructure and subcontracting, where it is able to take advantage of conscript labour. These in turn fund

the army’s network to schools, healthcare, pensions and other social facilities, while numerous sinecures are reserved for senior EAF personnel as a form of pension provision.

The EAF controls much of the public land comprising 94 percent of Egypt’s area, including the coastline. The military is able to profit from land sales and tourist developments, which in turn have transformed it into the dominant player in the Egyptian economy at the expense of its commercial rivals. The military’s budget is a state secret, with military-controlled corporations receiving unknown levels of subsidies their competitors are denied.

At the same time as announcing the IMF-dictated measures, el-Sisi is to give the army a 10 percent pension increase, one of several in the last few years.

Last March, in a bid to protect the military from anti-corruption investigations, el-Sisi issued a presidential decree sacking Hesham Geneina, who headed the Central Auditing Organisation. This came after the chief auditor told the media that government corruption, especially corrupt land sales, had cost the country about \$76 billion in four years, or 5 percent of the country’s GDP a year. The sacking came the same day a high court forcibly retired 32 judges, accusing them of “intervening in politics” for allegedly supporting the Muslim Brotherhood.

This blood-soaked regime will enable the Egyptian bourgeoisie and international finance capital to dramatically intensify the exploitation of the working class. The US and European powers all supported el-Sisi’s regime--one of the bloodiest dictatorships in the world. They view it as a bulwark against a possible renewed uprising by the Egyptian workers, as a means of defending their own economic and geo-strategic interests in the region, and increasingly as the template for suppressing the growing domestic resistance to their unpopular policies of austerity and war.



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