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History of the Modern Middle East

8 December 2021

Neoliberalism and the 2011 Egyptian Uprising

The Arab uprisings of early 2011 rocked the world as one nation's citizenry, after another took to the street to protest growing wealth disparities, unemployment, repressed political rights, and state violence. At the time, these protests were largely attributed to “dissatisfaction with illiberal, unreformed Arab rule,” (Tisdall, 2011). While it's impossible to deny the truth of this statement, it is vital to understand the role Western organizations, like the World Bank and International Monetary Fund (IMF), played in creating these dire state conditions (Bogaert, 2013).

The Arab Spring must be contextualized within the two decades of neoliberal policies that preceded it. These policies, aimed at privatization and rejection of state intervention in the economy, had the impact of transferring political and economic power to the ruling elite, while disenfranchising the middle and working class. This paper seeks to give historical context to these uprisings, focusing on Egypt, in three parts. First, through discussing how the economic crash and subsequent debt crisis of the 1980s gave rise to formalized relations between Egypt and the United States as they entered into the Economic Reform and Structural Adjustment Program (ERSAP), introduced by the IMF and World Bank (Cox, 2015). Second, it examines how these policies influenced the development of ‘Crony Capitalism.’ Finally, it focuses on the impact of the shift away from President Gamal Abdel Nasser’s “development as social progress and dignity,” (Cox, 2015) to Neoliberal development under Presidents Anwar Sadat and, more

dramatically, Hosni Mubarak on the middle, working, and peasant class. This shift resulted in extreme class divides as the public sector and formally rent controlled land were consolidated into the hands of a small elite class. These inequalities fueled the Arab Spring.

Neoliberalism describes the late 20th century push to liberalize emergent economies in order to promote rapid development. As described by Marxist Geographer, David Harvey, it is “a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade,” (Harvy, 2005: 2). The international enforcement of these economic practices resulted from the global oil crisis of the 1980s. As revenues from oil and the Suez Canal decreased, along with remittances from migrant oil workers, debt increased (Joya, 2011). This debt decimated the newly independent Egyptian economy. Unable to receive loans from the U.S. Treasury, Egypt was forced to turn to formal partnerships with the United States, the International Monetary Fund (IMF), and the World Bank for loans in 1991. Through this Economic Restructuring and Adjustment Program (ERSAP), loans were given with set economically liberal requirements that were in the best interest of the powers controlling the IMF, most notably the United States. These conditions included industry privatization, trade liberalization, introduction of flexible labor laws, and cutting funding to social services like health and education that are vital to social reproduction (Joya, 2011). Ruling elites used their political power to gain wealth within this newly privatized sector.

Between 1991 and 2010, the Egyptian elite implemented these neoliberal policies under Mubarak. Central to the rise of the disenfranchised workers and peasants in 2011, was the rapid privatization that occurred during this era and the subsequent rise of Crony Capitalism. The most

profitable public businesses were sold off to the economic elite who often were, had personal connections to, or colluded with the political elite (Joya, 2011). This led the government to promote business interests over citizen's welfare. This growing conflict of interest, or rather corruption, in the government was demonstrated through dramatic increases in government seats held by powerful businessmen between 1991 and 2011, (Joya, 2011).

Under the Nasser presidency (1956-1970), government jobs were guaranteed to university graduates (Bogaert, 2013). As a result of this, Egypt's numerous public sector employees suffered under neoliberal privatization reforms. Between 1994 and 2001, over half the state employees became jobless (Cox, 2015). The private sector did not grow to fill this employment gap, nor did the government invest in job creation under the ERSAP (Joya, 2011). Due to job loss, the labor supply went down dramatically, while the demand for consumer staples remained the same. This caused prices to skyrocket, all while wages, for those that remained employed, stayed stagnant (Joya, 2011). Without social safety nets, which had been cut, the Egyptian people were left in a state of desperation. Many workers were forced to seek out jobs in the informal sector where they had no worker or wage protection (Cox, 2015).

Cox summarized the positive feedback loop that resulted from these circumstances:

“Increased exploitation and extraction of labor through deregulated industry enabled the state to further accumulate wealth and surplus, to which it simply redirected into the hands of the elite. The availability of jobs dropped significantly, workers were increasingly ostracized and exploited, and with food prices rising as a result of export dependency, the separation of class dynamics grew,” (Cox, 2015:3).

Similar to the impacts of privatization of companies for the working class was privatization of land for peasants. Rising rent prices throughout the 1990s forced peasants into

sharecropping as they lost stable land tenure to private estates. Those who defended their land rights faced state violence resulting in death, imprisonment, or injury, (Joya, 2011).

The implementation of these policies marked the end of the gradual shift from an involved state role in the economy under Nasser's Arab Socialism to an uninvolved neoliberal state role. "It was an abandonment of the developmental state, reasserting market-driven liberalization as the single most important element for proper state development," (Cox, 2015: 1). Under Nasser, Egyptian citizens had good benefits, high wages, established labor rights, fixed rents, and price controls on essential commodities (Joya, 2011). Throughout this period the low levels of poverty in the North African region relative to the rest of the African continent was a direct result of the investment in social infrastructure and wealth redistribution that characterized Nasserism (Bogaert, 2013). While Nasser's nationalism was arguably inefficient and unsustainable in the long run, it was a system that was centered on the well being of the citizens and was internationally recognized as progressive (Cox, 2015). Neoliberalism's hyper-focus on the state's economy over the people, shocked this system and worked to dramatically widen rather than narrow wealth gaps, despite improving macro economic trends (Bogaert, 2013).

The 2010 NPR Morning Edition clip "As it shifts, Egypt's Economy Retains Some Oddities," captured many of the mounting issues in Egypt resulting from Neoliberalism. Soraya Nelson discusses the contrast between the rising informal sector, military and government corruption, and the prioritization of big companies' interests with the necessity of neoliberal policies to attract foreign investors and compete in the global market, (Nelson, 2010). The "reaction to Mubarak's economic policies is a study of contrasts. The reforms have won him praise from investors and the international community, but analysts say that the president's economic policies have done little for most of Egypt's 80 million people."

Two months after this story was published, Arab Spring protests broke out in Egypt on January 25, 2011. For the decade leading up to this uprising the scale and number of strikes and protests increased. However, they were concentrated among a small number of protest organizations (Joya, 2011). January 25 and the following 18 days marked an unprecedented moment in modern Egyptian history as millions of citizens were brought to the street to stand up against the 30 year Mubarak regime and growing state violence. At this time, essential products continued to be unaffordable due to inflation, 40 percent of the population lived below the poverty line, 25 percent of the country was unemployed (Joya, 2011), and 40 percent of the country's wealth was held by 5 percent of the elite (Cox, 2015).

As Norman and Bogaert argue, the Western media and public tend to focus on the causes of the Arab Spring as reactions to the “immediate internal political context” (Norman, 2014) or as a result of the rise of social media, not as rooted in shared histories of exploitation as a result of Neoliberalism. This is exemplified in the January 11, 2011 Guardian article “The failure of governance in the Arab world,” which cites the similarities between economic issues in Tunisia and Egypt, but fails to look at them in a context beyond the failure of their governments. “Failing or failed Arab governance across an arc stretching from Yemen and the Gulf to north Africa is not a new phenomenon, nor are the likeliest remedies a mystery, except perhaps to rulers such as Ben Ali,” (Tisdell , 2011). This almost Orientalist perspective, provides an analysis of the root of the uprisings that fails to acknowledge the influence Western neoliberalism played in growing class divides and government corruption that sparked the uprisings. Neglecting to connect the 2011 Arab Uprisings to neoliberalism is a failure to recognize the protests as a product of globalization and the consequences of imposing Westernization on different cultural and political

contexts. These were revolutions opposing neoliberalism just as much as they were opposing the failure and corruption of Egyptian governance because these things are intrinsically connected.

“In Egypt, amidst rising unemployment and inflation rates, diminishing state protection and welfare, and an absence of a liberal democracy, citizens demanded a renegotiation of the social contract with the state during the revolution,” (Joya, 20110).

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