

Egypt, the American Way. Model of the Status Quo?

By [Gregory Elich](#)

Region: [Middle East & North Africa](#)

Global Research, March 22, 2011

[Counterpunch.org](#) 22 March 2011

In Egypt, a people's uprising has succeeded in removing Hosni Mubarak from power. The main battle, however, lies ahead. Will there be a substantive transformation of Egyptian society, or will the economic and political system remain essentially unchanged, with only a new face occupying the presidential office? There are powerful forces that are determined to steer events in the latter direction.

While many in the Egyptian middle class, fed up with the corrupt rule of Mubarak, may be content to see the establishment of formal electoral democracy, the poor of Egypt hope for genuine economic and political change. Their grievances are many.

Mubarak's adoption of the Economic Reform and Structural Adjustment Program in 1991, at the urging of the IMF and World Bank, had predictable consequences. Off to a relatively slow start, privatization of state enterprises began to accelerate ten years into the program. Social benefits were cut in accordance with neoliberal principles. Passage of the Unified Labor Law in 2003 targeted unions and the rights of workers. It permitted workers to be hired on temporary contracts that could be renewed at will by management. The advantage for employers is that a worker on temporary contract is not allowed to join a union or vote in union elections. The law did away with the practice of granting permanent employment to workers once they passed a probationary period. Limits were also placed on collective bargaining and the right to strike. (1)

As has been the case elsewhere in the world, privatization of state-owned enterprises resulted in mass layoffs. For example, more than 65 percent of the workforce was eliminated at the six ESCO textile mills. And at the Assiut Cement Company, about 77 percent of workers lost their jobs. Special Economic Zones were established, offering tax and legal concessions to investors. At many factories located in these zones, workers are required to sign undated resignation letters as a condition of employment, allowing companies to swiftly and easily dismiss workers involved in union activities. (2)

The net effect of the Economic Reform and Structural Adjustment Program and the Unified Labor Law has been to concentrate ever more wealth in the hands of the few, while driving great numbers of people into poverty. According to World Bank figures, 44 percent of Egypt's population survive on less than \$320 a year. (3)

U.S. corporations have a strong interest in maintaining the status quo in Egypt. That nation ranks as the second largest market for foreign direct investment in Africa, and the United States is its primary foreign direct investor. Egypt is an attractive destination for foreign investment, as its textile workers earn less than half the pay of their counterparts in Tunisia, and about a third of the pay of those in Morocco and Turkey. (4)

For the last several years, workers have responded with strikes and protests, helping to build the momentum that eventually toppled Mubarak from power. They aim to achieve some measure of economic justice. Can they succeed in that goal? Not if U.S. imperial interests have their way. In a revealing comment, U.S. Secretary of State Hillary Clinton recently said, "We have an enormous stake in ensuring that Egypt and Tunisia provide models for the kind of democracy that we want to see." (5) Note the language she used: the kind of democracy that U.S. elites want to see, rather than what the Egyptian people want.

For the Obama Administration, the model it hopes to see Egypt adopt is that of the Philippines, where a people's movement drove Ferdinand Marcos from power in 1986, or Indonesia, where a similar mass movement removed Suharto from office in 1998. Men like Marcos, Suharto and Mubarak were warmly embraced as close U.S. allies, but Western support for them vanished once it became clear that their continued rule was no longer a viable option. U.S. allegiance shifted abruptly, with an eye on the continuation of fundamental economic interests, based on the concept that rulers are expendable. Profits are forever.

Although people's movements in the Philippines and Indonesia successfully ousted brutally repressive rulers, daily lives for most people remained otherwise unchanged. Wealth remained in the hands of the few, corruption persisted, and the majority of people continued to struggle in desperate poverty under neoliberal policies. That is the model the U.S. wants Egypt to follow.

And U.S. leaders are not shy about pushing that goal. Even before the fall of Mubarak, the Center for International Private Enterprise received money from the National Endowment for Democracy to strengthen the ability of civil society organizations in Egypt "to advocate for free market legislative reform, and to build consensus on needed changes to the Egyptian legal environment to remove impediments to competition in a free market." (6)

Mubarak enthusiastically embraced the neoliberal economic model, but U.S. and Western European elites sense an opportunity to accelerate that process and remake Egypt in their own image. Already Senators John Kerry, Joe Lieberman and John McCain are preparing legislation to establish what they term the Egyptian-American Enterprise Fund and the Tunisian-American Enterprise Fund. The Egyptian fund would be initially seeded with at least \$50 million. The senators indicated that they hope these funds will attract private investment to Egypt, and said that their legislation is being modeled on the "hugely successful" efforts of a similar nature in Eastern Europe after the fall of socialism. (7) Those efforts were a huge success – for Western investors, with Eastern European economies retooled to become sources of cheap labor, and dominated by Western corporate penetration. The process was less pleasing for workers in the region, with precipitous drops in GDP, growing unemployment, poverty, and slashing of pay, pensions, and social benefits.

Senator Kerry said the bill he is co-sponsoring with Lieberman and McCain is based on "the belief that the United States has an historic opportunity to help these two countries, to transform the Arab awakening...into a lasting rebirth that brings prosperity and democracy." (8) In Kerry's eyes, it is the mission of the U.S. to guide events in the Arab world. Prosperity, as always, translates as increased profits for corporate interests, and democracy is little more than a euphemism for the free market. "These new enterprise funds," Kerry continued, "will allow us to do what Egypt and Tunisia are calling for – provide investment in their entrepreneurs and private businesses so their economies can stabilize, prosper and create the crucial jobs." (9) Oh really? Is that what the Egyptian and Tunisian

people are calling for: support for private businesses, whose interests, as always, come at the expense of working people?

To remove all doubt about whose interests will be served, a statement by the bill's sponsors says, "The funds will be designed to improve the overall business environment in the two countries and strengthen local capital markets. By relying on U.S. financial managers and other private-sector experts, the funds will concentrate on making profitable investments." (10)

Not to be outdone, U.S. Secretary of State Hillary Clinton visited Egypt, bringing along Elizabeth Littlefield, CEO of the Overseas Private Investment Corporation (OPIC), to discuss with the interim Egyptian government support for business. "We want to see a very specific commitment by OPIC and by the U.S. Export-Import Bank to provide letters of credit, to encourage private sector investments, because the long-term economic growth of Egypt depends not on government jobs but on private sector jobs," Clinton announced. "So the more foreign direct investment that we can help to encourage and support, we think will be beneficial for Egyptian people." (11) And not so incidentally increase profits for Western investors.

Clinton took the occasion to announce a \$2 billion aid package for North Africa, to be provided through OPIC, in order to "encourage foreign direct investment." (12) OPIC head Elizabeth Littlefield talked of "partnership" between U.S. and Arab businesses, and said that OPIC "hopes to bolster the private sector's role in helping to transform the region." In a business-friendly direction, it scarcely needs adding. According to an OPIC press release, the organization "will identify and encourage private businesses, especially U.S. businesses, to invest in the region by providing direct loans, guarantees and political risk insurance." (13) In other words, this so-called "aid" to Egypt is in reality designed to benefit U.S. corporations.

The European Bank for Reconstruction and Development (EBRD), in which the U.S. is the largest shareholder, plans to discuss "aid" to North Africa at its upcoming annual meeting in May. "The EBRD was created in 1991 to promote democracy and market economy and the historic developments in Egypt strike a deep chord at this bank," stresses the bank's president, Thomas Mirow. (14) In a recent speech, Mirow noted that the bank stands ready to take up the task. "We have the ability to deliver the development of the private sector." If called upon to do so, the bank stands "ready to act," Mirow chirps, "championing the values that we hold dear." (15)

The American Chamber of Commerce in Egypt sees itself as having "a role to play." The organization's president, M. Gamal Moharam, notes that the nation is "at the dawn of a new era," and the "private sector should strive to smooth any disruptions to normal economic activity caused by labor actions." Keep those pesky workers down. Furthermore, "it's also more important than ever to reassure both foreign investors and tourists that Egypt is an attractive destination." The private sector, he feels, "should cooperate closely with the government to communicate these messages to the international community, highlighting that Egypt is one again open for business." (16)

The U.S. is working closely with the interim government led by the Supreme Council of the Armed Forces. According to the New York Times, "Pentagon officials remain in daily contact with the new military rulers." (17) That contact is already paying dividends, as Egypt has begun shipping arms to anti-government rebels in Libya. According to Libyan businessman Hani Souflakis, who acts as liaison between Libyan rebel forces and the Egyptian

government, “Americans have given the green light to the Egyptians to help.” (18) In fact, U.S. officials quite likely did more than merely give a green light. It is known that the U.S. made a direct request to Saudi Arabia to ship arms to Libyan rebels, and surely the same request was made to Egyptian officials. (19)

In a populous capitalist nation such as Egypt, it takes money – and lots of it – to run a political campaign. New political parties will have had little time to form, let alone campaign, by the time a new election takes place in Egypt. And working-class parties will simply be incapable of mustering sufficient funds to run a national political campaign. It remains to be seen whether entrenched interests in Egypt, backed by the West, prevail, or if the Egyptian people can grab the reins and determine their own destiny. U.S. government and non-governmental organizations are going to provide funding and training to political candidates supporting the neoliberal agenda, giving them a clear advantage.

As political commentator Stephen Gowans points out, “Sure, Egyptians are free to elect anyone they want, but modern elections are major marketing campaigns. Without strong financial backing, you haven’t a chance.” (20) U.S. leaders are once again on a civilizing mission, in which the “natives” are to have their fate chosen for them. If the U.S. has its way, Egypt has only more of the same to look forward to: more privatization, more poverty and economic dislocation, and more subservience to the West. The Egyptian people have not asked for this Western “help,” and fighting off Western meddling and diktat is likely to prove a far more difficult battle for the Egyptian people than the removal of Hosni Mubarak from power.

Gregory Elich is on the Board of Directors of the Jasenovac Research Institute and on the Advisory Board of the Korea Truth Commission. He is the author of the book [*Strange Liberators: Militarism, Mayhem, and the Pursuit of Profit*](#).

Notes

(1) Joel Beinin, “Justice for All: The Struggle for Worker Rights in Egypt,” Solidarity Center, February 2010.

(2) Joel Beinin.

(3) Joel Beinin.

(4) Joel Beinin.

(5) Testimony, Hillary Rodham Clinton, Statement before the House Appropriations Subcommittee on State, Foreign Operations, and Related Programs, “FY 2012 Budget Request,” U.S. Department of State, March 10, 2011.

(6) Egypt, National Endowment for Democracy.

(7) Theo Emery, “Kerry Bill will Aid Egyptian and Tunisian Entrepreneurs,” Boston Globe, March 10, 2011.

“US Senators Unveil Investment Aid to Egypt, Tunisia,” Agence France-Presse, March 11, 2011

(8) US Senators Unveil Investment Aid to Egypt, Tunisia.”

- (9) "Kerry Legislation will Support Economic Stability and Democracy in Egypt and Tunisia," U.S. Senate Committee on Foreign Relations, March 10, 2011.
- (10) "Kerry Legislation will Support Economic Stability and Democracy in Egypt and Tunisia."
- (11) Hillary Rodham Clinton, "Remarks with Egyptian Foreign Minister Nabil Al-Araby," U.S. Department of State, March 15, 2011.
- (12) Nicole Gaouette, "Clinton Announces \$2 Billion of New Egypt Aid in Cairo," U.S. Department of State, March 15, 2011.
- (13) Press Release, "OPIC to Provide Up to \$2 Billion for Investment in Middle East and North Africa," Overseas Private Investment Corporation, March 17, 2011.
- (14) Sebastian Tong, "EBRD Aims to Complete Egypt Inclusion Study by Spring," Reuters, February 14, 2011.
- (15) Speech, Thomas Mirow, Oxford International Relations Society, February 23, 2011.
- (16) M. Gamal Moharam, "Moving Egypt Forward," AmCham Egypt Business Monthly, March 11, 2011.
- (17) Elisabeth Bumiller, "Pentagon Places its Bet on a General in Egypt," New York Times, March 10, 2011.
- (18) Charles Levinson and Matthew Rosenberg, "Egypt Said to Arm Libya Rebels," Wall Street Journal, March 17, 2011.
- (19) Robert Fisk, "America's Secret Plan to Arm Libya's Rebels," The Independent (London), March 7, 2011.
- (20) Stephen Gowans, "In Egypt, a New Guard," What's Left, March 11, 2011.
<http://gowans.wordpress.com/2011/03/11/in-egypt-a-new-guard/>

The original source of this article is Counterpunch.org
Copyright © Gregory Elich, Counterpunch.org, 2011

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: **[Gregory Elich](#)**

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the

copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca