Hundreds of Egyptian workers celebrate Labor Day in Cairo's Tahrir Square, May 2011.
THE EGYPTIAN UPRISING

The Mass Strike in the Time of Neoliberal Globalization

As the Arab Spring became an Arab Summer, the failure of other uprisings to replicate the regime changes in Tunisia and Egypt has raised important questions about these increasingly impressive successes.

With this in mind, I want to scrutinize Egypt carefully, looking for the points of leverage that allowed and impelled the movement to oust Hosni Mubarak in only eighteen days of protest with low mortality counts, particularly in light of the much longer and far more lethal and less successful uprisings in other countries.

The outcome in Egypt was in large part a conjunction of several visible, but rarely scrutinized, aspects of the Egyptian political economy:

• Egypt is the poster child of neoliberal reform in the Middle East. Its rapid integration into globalized capitalism since 1990 made it vulnerable to a savvy mass movement that could exploit the pressure points in the current world system.

• Egypt's recent history produced a legacy of working-class militancy and organization that provided a tangible foundation for the Tahrir Square movement.

• This combination of political-economic vulnerability and a savvy mass movement created a strategic bind for Egyptian and global capitalism in which abandoning Mubarak was the least dangerous exit from an intractable crisis.

What is notably absent from this list of key factors is the most visible feature of Egypt's almost-peaceful regime change. The Egyptian armed forces, unlike their Libyan and Syrian counterparts, decided not to attempt to crush the rebellion; this forbearance may have been a key factor in enabling the protest to succeed.

However, making military forbearance a central explanatory factor in Egypt's outcome doesn't answer the causal question. It simply raises two related issues:

• Why was the military so restrained this time around, when—as Egyptian scholar Shashank Joshi put it—for fifty years Egypt's
army had "stood at the core of a repressive police state"?2

- Why couldn't the government, with or without a military ready to turn its guns on the protesters, endure a few more days, weeks, or even months of protest, while waiting for the demonstrators to exhaust themselves, and—as the BBC put it—"have the whole thing fizzle out"?3 This waiting game has been applied with at least some success in Yemen.4

Egypt is the poster child of neoliberal reform in the Middle East.

The answers to these questions began to appear at the start of the uprising on January 25, 2011.

THE INITIAL ECONOMIC IMPACT

Once the Tahrir Square demonstrations in Cairo attracted the world's attention, the international media began recording and decrying what the BBC called the business "paralysis induced by the protests" and its "huge impact on the creaking economy" of Egypt.5 As Finance Minister Samir Radwan complained after fourteen days of protest, the economic situation was "very serious"6 and "the longer the stalemate continues, the more damaging it is."7

It is important to note that this complaint was not registered with any regularity in the many other countries that were subsequently swept up into the Arab Spring. Even in Libya, where the uprising inspired a $30 rise in world oil prices, the New York Times coverage of the price increase carried this ironic headline: "Turmoil in Libya Poses Threat to Italy's Economy." No mention was made of the Libyan economy.8

Unlike comparably large rebellions in neighboring countries, the Tahrir Square uprising had the sledgehammer effect on the Egyptian economy of a general strike or—perhaps more appropriately—the impact and demeanor of the "mass strike" codified in Rosa Luxemburg's classic analysis.9 Starting on January 25th, the first day of the protest, tourism—the largest industry in the country, which had just begun its high season—went into free fall.10 After two weeks, it had "ground to a halt," leaving a large portion of its two million workers with reduced or nonexistent wages, many horses dead due to lack of food, and the few remaining tourists rattling around in empty hotels and resorting to viewing the pyramids on television.11

Since Egyptian sites attract more than a million visitors a month and account for at least 5 percent of the Egyptian economy,12 it is not surprising that news reports soon began mentioning revenue losses of up to $310 million per day.13 In an economy with an annual GDP of well over $200 billion, each day of disruptive protest produced a tangible and growing decline in the annual GDP. After two weeks of this ticking time bomb, Crédit Agricole, the largest banking group in France, lowered its growth estimate for the country's economy by 32 percent.

THE NEOLIBERAL CONTRADICTION

These devastating losses were initially concentrated in the tourist, hotel, and travel sectors of the Egyptian economy, industries dominated by huge multinational corporations and major Egyptian business groups. Tourism was also a showcase for the success of the neoliberal reforms engineered by the Mubarak regime starting in the early 1990s. During this twenty-year period marked by drastic privatization and rapid economic growth, previously state-owned enterprises were integrated into
domestic and international business networks. The exemplar was the industrial empire of indicted billionaire Ahmed Ezz, built upon the acquisition of the state-owned steel industry in the 1990s. By 2010, he had achieved a virtual monopoly in supplying structural steel to international investors in tourism and related industries.14

With tourism as its core sector, the neoliberalized Egyptian economy was particularly vulnerable to the kinds of disruptions the Tahrir Square demonstrations created. One element in this vulnerability is the specific nature of globalized tourism. With vacationers from around the world planning relatively brief sojourns, the reality that sightseeing might (or would) be impractical leads quickly to the sort of cancellations that Egypt experienced. When this critical cash flow dies, vast expenses remain: hotels must still be heated, airline schedules must still be kept, and many employees—especially executives—must still be paid. In such a situation, even the largest companies can face a crisis quickly. In tourist-driven sectors, the situation is especially ominous; even a short hiatus can cancel the whole tourist season.

This fast-breaking crisis was made considerably more severe by the global integration of the Egyptian economy, especially the tourism-related industries which had been fueled by infusions of international capital eager to participate in what some called “the Egyptian miracle.”15 In the neoliberal universe, the costs of expansion are paid from current revenues, and therefore the crashing tourism industry deprived Egyptian and foreign capitalists of the cash flow needed to pay lenders, construction companies, and other economic components of their expanding domains. The disruptive protests therefore threatened much more than profits: they threatened the viability of various new projects, while raising the specter of loan defaults turning into widespread bankruptcy.

Very quickly then, the demonstrations in Tahrir Square undermined the financial standing of major capitalist interests inside and outside of Egypt. The most influential representatives of this business community were the captains of Egyptian business groups, recently nurtured by the privatization process, which gave them control of various domestic industries.16

These activists of the capitalist class might have urged the government to suppress the protests. This option, however, was precluded by the emergence of a mobilized civil society shedding thirty years of passivity. The protesters’ brave response to initial police attacks—in which repression was met by masses of new demonstrators pouring into the streets17—made it clear that brutal suppression could not quickly silence the protest. Once the demonstrations involved hundreds of thousands, approaching millions, a huge and bloody suppression guaranteed long-term economic paralysis that could threaten the tourist season in 2012.
WHEN DO ARMIES BECOME PACIFISTIC?

The paralysis of the tourism industry was, in itself, an economic time bomb that threatened the viability of the core of the Egyptian capitalist class. Recovery could only begin after a "return to normal life."  

For President Mubarak the equation was somewhat different. His grasp on power was at stake, he was under the threat of prosecution and imprisonment, and he feared the confiscation of his estimated $70 billion financial empire. These factors must have made the economic calamity of suppression the lesser evil. It is therefore not surprising that, in the early days, Mubarak attempted to clear Tahrir Square with successive waves of violence involving police, security forces, and hired thugs. When these efforts failed, it became clear that only the army could possibly suppress the growing mass strike. 

However, the traditionally compliant military leadership refused to order an attack. This refusal may have been based on the plausible fear that the enlisted personnel—faced with firing on demonstrators with whom they sympathized or to whom they were even related—would mutiny. Indeed, this may well have been decisive in Tunisia; though the same threat failed to deter military leaders in Libya and Syria.

But beyond the fear of mutiny, the Egyptian military had a unique set of interests that helped account for its reluctance to undertake a massive repression. Unlike any other military in the world, the Egyptian army’s peculiar development had made it a central institution in the neoliberal expansion underway since 1990. By 2008, it had become, as a U.S. diplomatic cable put it, a “quasi-commercial enterprise” at the hub of a “large network” of military-owned companies often run by retired generals . . . particularly active in the water, olive oil, cement, construction, hotel, and gasoline industries.

In other words, the military as an institution was itself integrated into the globalized Egyptian economy, including the ultra-vulnerable hotel industry. To offer just a few examples of its far-reaching interests, the following should be noted:

- The military’s involvement in the tourism industry involved major hotel holdings, vast Mediterranean beachfront properties under development as tourist destinations, and key construction companies involved in tourist-oriented road building and other projects.
- Its ownership of a Jeep assembly plant, originally funded by U.S. military aid, had—over the years—expanded into the major Jeep dealership servicing armies and private citizens throughout the Middle East.
- A fleet of Gulfstream Jets, also originally part of U.S. military aid, had morphed into a charter airline, capturing a substantial share of travel by executives of Middle Eastern and European corporations.
- A U.S.-funded military hospital had developed into a regional tertiary-care center, accessible to prosperous patients who flew in from North African and other Middle Eastern countries.

These enterprises, and many others, gave the army a huge stake in minimizing the impact of the mass strike rippling outward from Tahrir Square. Moreover, the generals had much less to fear from a victory for the protesters, whose demands had few negative implications for the military’s role either in the economy or in Egyptian society more generally. Like the business elite, the military had little to gain and much to lose from forceful repression.

WHY DID THE PROTEST MAINTAIN ITS MOMENTUM?

Left without the weapon of an all-out attack on the demonstrators, Mubarak and his shrinking coterie of institutional supporters might have tried to wait out the protest. This strategy was indeed attempted, and made visible by Mubarak’s promises to step down or
initiate various reforms at future dates. After a few days of this waiting game, however, the regime collapsed.

The failure of these efforts was rooted in the pre-history of the Tahrir Square protests, especially the way they were embedded in the working-class institutions that had been developing for a dozen years. As neoliberalism spread across the Egyptian economy, workers’ material conditions deteriorated, while their latent institutional leverage grew. By 2004, these contradictory processes translated into increasingly viable organizations and growing strategic savvy.\(^{22}\) Despite laws that made only government-controlled unions legal, an “unprecedented wave of wildcat strikes” swept through the textile industry and into other sectors, continuing unabated for over two years.\(^{23}\) The epicenter of this movement was in the textile city of Mahalla where, in late 2006, mass rallies of workers faced down police that had been sent to disperse them. After decades of vicious repression of even modest demonstrations, the Mahalla workers reestablished for themselves and others “the right to assemble in their thousands to protest, debate, and organize.”\(^{24}\)

Inspired by this victory, a new strike wave exploded, involving hundreds of thousands of workers. This movement was also centered in the textile industry, but soon established itself in the railroad, longshore, steel, and cement sectors (and among the all-important Suez Canal employees).\(^{25}\) They cast aside the state-controlled unions, forming their own, illegal organizations. Victories began to pile up: workers at a state-owned factory in Mahalla won a long-promised pay raise after only a five-day strike; workers in an Italian-owned cement factory quadrupled their salaries with only a four-day strike; thirty-five thousand tax assessors duplicated the cement workers victory, achieving a 325 percent pay raise; tobacco workers quickly won shorter hours, higher pay, and less oppressive working conditions; and Suez workers reversed the firing of two union activists, kicking off a sustained union drive in and around the industrial center of Suez.\(^{26}\)

During 2007, the working-class movement widened its reach and appeal, taking up broader political demands while continuing trade union actions. Mass protests, multi-site strikes, petition campaigns, and the full range of public demonstrations marked the Egyptian political landscape for the first time in decades. On April 6, 2008, when Mahalla workers—always at the center of ferment—initiated a nationwide campaign to demand that the national government establish a minimum wage that would quadruple the pay of a large proportion of workers, their initial demonstration attracted tens of thousands of Mahalla residents. Their march became the target of police violence, leaving two protesters dead and many injured, a precursor of the attacks experienced in Tahrir Square.\(^{27}\) And, as with Tahrir Square, the police violence did not dampen the protest, but instead broadened it, inspiring—among other new protest organizations—the creation of the “April 6 Movement” made up of middle-class students who, thirty months later, would be credited by the international media as the “catalyst” of the Tahrir Square movement.\(^{28}\) The minimum-wage demand has now become a major national campaign in the post-Mubarak era.\(^{29}\)

When the Mahalla textile workers stared down the police, they triggered an epidemic of civil disobedience. Their ability to do this was rooted in the structure of the industry. Once the textile factories were integrated into the larger networks of global capital, employers could not endure a long shutdown. Organized workers held the trump card as long as they were willing to violate the dictates of their state-controlled official leadership.

The textile workers neutralized the army, reduced the police to sporadic violence, and inspired workers and protesters in other sectors to test the endurance of their own institutional
adversaries, often discovering that they could win the contest quickly.

Protest-related disruptions quickly rippled outward to many sectors of the economy, from banking to foreign trade.

The strike wave that began in 2006 established a triple legacy: a history of protest that could stare down the police without fear of overwhelming violence; the knowledge that sufficient leverage could force concessions from powerful institutions, public and corporate; and the organizational experience necessary to mobilize a large proportion of the productive workforce.

STRANGLING THE EGYPTIAN ECONOMY

The Tahrir Square protesters quickly grasped the lessons of the labor insurgency, underscored by the visible collapse of the tourism industry and media calls for a “return to normal life.” Other signs of viable leverage included the capitulation of Vodafone, the major cell phone provider, one week into the protest. Told by the government to participate in a total “Internet blackout” aimed at depriving the protesters of critical communication capacity, the firm reopened after only a few days, apparently against the wishes of the Mubarak regime, delivering a visible victory to the protesters.30

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As the demonstrations grew, employees, customers, and suppliers of various businesses became ever more consumed with preparing for, participating in, or recovering from the latest protest, or protecting homes from looters and criminals after the government withdrew the police force from the streets.32 On major demonstration days especially, many people left work to join the protest after noon prayers, leaving their offices undermanned or closed completely.35 As long as the protests were sustained, the economy continued to stagnate, and business and political elites became ever more desperate for a solution to the crisis.

THE MARRIAGE OF POLITICAL AND LABOR PROTEST

Rosa Luxemburg characterizes the most productive instances of the mass strike as those that combine broad-based political reforms with concrete economic demands.36 From the beginning of the Tahrir Square demonstrations, large numbers of workers—both previously active and new to the movement—had participated, but not as workers. After ten days,
however, they began spreading the uprising into their workplaces, fulfilling Luxemburg’s model of combining political and economic protest.

On February 9th, reports of a widening wave of strikes in major industries began pouring in, as lawyers, medical workers, and other professionals joined the traditional union movement in expressing their grievances with street demonstrations, sit-ins, and strikes. In a single day, as many as twenty thousand employees—in textile factories, at newspapers and other media companies, and in government agencies, including the post office, sanitation workers, and bus drivers—began demanding economic concessions as well as the departure of Mubarak.

Since the Suez Canal is second only to tourism as a source of income for the country, a sit-in there—involving up to six thousand workers—was particularly ominous. Though the protesters made no effort to close the canal, the threat to its operation was self-evident.

A shutdown of the canal would have been both an Egyptian and a world calamity: a significant proportion of the globe’s oil flows through Suez, especially critical for energy-starved Europe. A substantial oil-economy slowdown threatened a possible renewal of the worldwide recession of 2008-2009, even as it would choke off the Egyptian government’s major source of revenue.

As if this weren’t enough, the demonstrators turned their attention to various government institutions, attempting to render them “nonfunctional.” The day after Mubarak’s third refusal to step down, protesters claimed that many regional capitals—including Suez, Mahalla, Mansoura, Ismailia, Port Said, and even Alexandria (the country’s major Mediterranean port)—were “free of the regime” (purged of Mubarak officials, state-controlled communications, and the hated police and security forces). In Cairo, they surrounded the parliament, the national media, and other centers critical to the government. Alaa Abd El Fattah, a well-known political blogger, told Democracy Now that the crowd “could continue to escalate, either by claiming more places or by actually moving inside these buildings, if the need comes.” With the economy choking to death, the demonstrators were moving to put a hammerlock on the political system itself.

By that point, the business elite began deserting the sinking ship of state. Several large companies took out ads in local newspapers “putting distance between themselves and the regime.” The London Guardian reported widespread “nervousness among the business community,” and that “a lot of people you might think are in bed with Mubarak have privately lost patience.”

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Any impulse Mubarak may have entertained to crush the movement with overwhelming firepower was vetoed by a growing array of military leaders, major businessmen, foreign investors, and foreign governments. They saw a far more appealing alternative solution.

Wael Ziada, head of research for a major Egyptian financial firm, spoke for the business and political class on February 11, 2011 when he told Guardian reporter Jack Shenker that: Anti-government sentiment is not calming down, it is gaining momentum... This latest wave is putting a lot more pressure on not just the government
but the entire regime; protesters have made their demands clear and there’s no rowing back now. Everything is going down one route. There are two or three scenarios, but all involve the same thing: Mubarak stepping down—and the business community is adjusting its expectations accordingly.46

The next day, Mubarak resigned and left Cairo.

THE STRUGGLE GOES ON

The mass strike in Egypt (like its predecessor in Tunisia) was an uprising, perhaps even an insurrection. But it was not ultimately a revolution. Its initial accomplishments—removing an autocrat and laying claim to a huge range of political rights—were only a small portion of the demands raised by the demonstrators. As the dust settled on this initial stage of what promised to be a lengthy process, the Egyptian economic and military establishments remained in place. Even Egypt’s weakened—but not overthrown—political establishment had survived, at least until the forthcoming elections and probably for the foreseeable future.47 Nevertheless, Mubarak’s departure left behind a highly experienced mass movement—made up of the Tahrir Square veterans, their compatriots in other cities, and the union movement—with a clear understanding that further change would depend as much on mass action as on institutional maneuvering.

The Egyptian working class has become the operational core of the ongoing effort.48 Days after the fall of Mubarak, the workers insisted on drastic labor reforms. In response, the provisional government enlisted the leadership of the Muslim Brothers to join a chorus of establishment figures calling for the mass movement “to quit protesting and return to work, for the sake of the economy.”52 When these appeals failed, the government followed up with a series of rhetorical concessions, including: a promise that Mubarak officials would be prosecuted to the full extent of the law; a declaration that a commission on women’s rights would be established; the creation of a planning board to develop plans for one million low-cost housing units; a promise to deny visas to low-wage foreign workers imported to fill jobs traditionally held by Egyptians; and a wholesale revision of labor laws (including the critical demands for union recognition and a national minimum wage). In the meantime, the government promised an immediate 15 percent increase in all wages across the economy.53

None of these promises have yet been fulfilled, and their implementation is by no means guaranteed. But the struggle continues in the context of the new reality created by the Tahrir Square uprising. As long as the mass
movement retains its ability to sustain targeted disruption, it can force the implementation of already-promised concessions and pursue new demands.

5. BBC News, "Egypt Unrest: Mubarak Moves to Restart Economy."
6. Ibid.
16. Fahim et al., "Egypt's Ire Turns to Confidant of Mubarak's Son."
19. Yahoo News, "Egyptian Voices from Tahrir Square."
21. Ibid.
Egyptian uprising surges as workers join.


35. Ibid.


41. Ibid.

42. Shenker, "Egypt's Economy Suffers"; Al Jazeera (English) online, "Workers Boost Egypt Protests."


44. Shenker, "Egypt's Economy Suffers." 45. Ibid. 46. Ibid.

47. Joshua Stacher, "Egypt Without Mubarak" (Washington, D.C.: Middle East Research and Information Project,


49. Ibid.

50. Ibid.


52. Stacher, “Egypt Without Mubarak.”