

THE OLD IS DYING AND THE NEW IS NOT YET BORN

THE 2011 EGYPTIAN REVOLUTION: LABOUR, CAPITAL, TIME

“If the ruling class has lost consensus, that is, if it no longer “leads” but only “rules”—it possesses sheer coercive power—this actually means that the great masses have become detached from traditional ideologies, they no longer believe what they previously used to believe, etc.

The crisis consists precisely in the fact that the old is dying and the new cannot be born: in this interregnum, morbid phenomena of the most varied kind come to pass.” – Antonio Gramsci (1992, 3:34).

Sara Salem

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**The 2011 Egyptian Revolution:
Labour, Capital, Time**

HET OUDE GAAT DOOD EN HET NIEUWE IS NOG NIET GEBOREN.
DE EGYPTISCHE REVOLUTIE VAN 2011: ARBEID, KAPITAAL, TIJD

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To my parents and sister



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Acronyms

AIO: Arab Industrial Organization

ASU: Arab Socialist Union

AmCham: American Chamber of Commerce

CAPMAS: Central Agency for Public Mobilization and Statistics

CBE: Central Bank of Egypt

EBA: Egyptian Businessmen's Association

EBHRC: Economic and Business History Research Center

ECESR: Egyptian Center for Economic and Social Rights

EISCO: Egyptian Iron and Steel Company

EMP: Euro-Mediterranean Partnership

ERF: Economic Research Forum

ERSAP: Egypt's Economic Reform and Structural Adjustment Program

ESA: Employee Shareholder Associations

ETUC: Egyptian Trade Union Confederation

GCC: Gulf Cooperation Council

ISI: Import substitution industrialization

NDP: National Democratic Party

QIZ: Qualified Industrial Zone

PPP: Public Private Partnerships

RCC: Revolutionary Command Council

RETAU: Real Estate Tax Authority Union

SCC: Supreme Constitutional Court

U&CD: Uneven and Combined Development



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“Gramsci’s philosophy of praxis demanded a criticism full of passionate intensity, a criticism that takes sides. In order to be ‘disinterested’ in the common sense of the term, Gramsci would have had to conduct his studies in an apolitical key; this he could never do.”

—Buttigieg 1992, 11.

Antonio Gramsci knew that there was no such thing as apolitical scholarship. We are all situated, and it is this that conditions the ways in which we see and understand the world. Being situated is just as much about people as places. There are countless people without whom I would not have been able to write this dissertation.

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To Egypt, a place that I will always call home: 2011 was a monumental year, and despite what came afterwards, in those 18 days everything changed. This work is a humble attempt at understanding what has happened in Egypt over the past few decades, not in the hope of adding to an already-extensive academic literature, but in the hope of contributing to social change. It is only by understanding that we can act. Here is to an Egypt where social justice is a reality and not a dream.

And finally, here is to all the feminists whose work and presence has made me who I am today and without whom I would not have been able to write this dissertation. There are too many names to mention here but without the work that other women have done before me, I know that I would—literally—not have completed my own PhD.

In a world that often seems dark and hopeless, it is the presence of beautiful people, with all their contradictions and complexities, that makes everything worth it. Thank you.



Abstract

This dissertation is an attempt to tell the story of the 2011 Egyptian revolution through re-visiting and re-telling modern Egyptian history. Starting from the events of the revolution itself, the aim has been to go back into Egyptian history in order to understand why the revolution happened when it did: why did it happen in 2011, and not 2020 or 1990? What led to such a momentous political crisis, and who were the social forces involved?

I argue that conventional historical and contemporary accounts cannot explain the timing of the 2011 events. This is because there is a glaring lack of analysis that looks at production, the ruling class, hegemony, labour, and time. These elements are central to the revolution, as well as to the decades and even centuries preceding the revolution. Little work focuses on questions of capitalism and imperialism, and even fewer conceptualize elites as a ruling class, let alone as part of a historic bloc. The work that does look at capitalism focuses on crony capitalism, corruption or businessmen being involved in politics. This analysis looks at structures of domination through historic blocs and hegemony. This work also does not separate the ruling class from the subaltern classes—it is not a story about *either* elites *or* workers; it is a story about how they are brought together at specific times through specific historic blocs and their particular forms of hegemony.

Using the Gramscian concepts of hegemony, historic bloc and passive revolution and the neo-Gramscian reading of these concepts as well as their concept of fractions of capital, I have argued that the ruling class creates a historic bloc consisting of itself and segments of the subaltern classes, who are bound to the bloc through production and labour. The creation of this historic bloc occurs through hegemony—and each historic bloc has its own form of hegemony. Time is a means through which different historic blocs,

and by extension different hegemonies, can be analysed. The rise and fall of historic blocs in Egypt, as well as the ruling and subaltern classes that comprised these blocs, allows for a hegemony-driven analysis. The central question is therefore one of production: how is production organized during each historic bloc? And how did the rise and fall of these different historic blocs, with their distinctive modes of production, create the conditions for the political crisis of 2011?

Historic blocs are formed when a particular group goes beyond its narrow interests to sell its project to other groups through intellectual reforms. These groups are within the ruling class itself, but also within the subaltern classes. The historic bloc is therefore not simply a synonym for ‘ruling class,’ but a configuration that includes both the ruling class and the subaltern classes, primarily labour. An analysis of a historic bloc would look at how a particular group said specific things at specific times—in other words, the ideology they used—and how they packaged their own narrow interests within a wider project that was made appealing to other segments of the ruling class as well as to segments of the subaltern classes. Each historic bloc creates—or attempts to create—a new hegemony—an analysis looks at who makes up this historic bloc, their ideology, and how they create this hegemony. As mentioned previously, this project is a hegemony-driven analysis. At some point in time, each historic bloc breaks down. The breaking down of a bloc and its hegemony is a point at which a political crisis may occur. 2011 is one such example, although it was not until mid-2013 that we see a new historic bloc being formed. It is precisely this rise and fall of historic blocs and hegemony that are central. In this dissertation I argue that the different degrees of hegemony in modern Egyptian history explain why the 2011 revolution happened when it did.

My main argument is that the 2011 revolution happened when it did because there was no historic bloc in place to either prevent the conditions that led to the revolution or to prevent it from toppling the regime. Starting with the Nasserist historic bloc, which was the strongest bloc in modern Egypt, through to the *Infītah* bloc, which was relatively smaller and weaker, until the final ruling class that failed to create a bloc, we see that the historic blocs have been getting smaller and weaker until by 2011, there was no bloc to speak of. It is this state of affairs that can answer the temporal question this dissertation poses.

Het oude gaat dood en het nieuwe is nog niet geboren. De Egyptische revolutie van 2011: Arbeid, kapitaal, tijd



Samenvatting

Dit proefschrift vertelt het verhaal van de Egyptische revolutie van 2011 door de moderne Egyptische geschiedenis opnieuw en vanuit een nieuw perspectief te verkennen. Met de gebeurtenissen rond de revolutie zelf als uitgangspunt is beoogd terug te gaan in de Egyptische geschiedenis om te begrijpen waarom de revolutie juist op dat moment uitbrak. Waarom was dit in 2011, en niet in 2020 of 1990? Wat heeft geleid tot zo'n ernstige politieke crisis, en welke sociale krachten speelden daarbij een rol?

In dit proefschrift wordt betoogd dat conventionele historische en hedendaagse bronnen de timing van de gebeurtenissen in 2011 niet kunnen verklaren. Dit komt door een opvallend gebrek aan onderzoek naar productie, de heersende klasse, hegemonie, arbeid en tijd. Deze elementen staan centraal in de revolutie en in de decennia en zelfs eeuwen voorafgaand aan de revolutie. Slechts weinig studies gaan over vragen rond kapitalisme en imperialisme, en er zijn er nog minder waarin elites als heersende klasse worden opgevat, laat staan als deel van een historisch blok. Studies waarin wel wordt gekeken naar kapitalisme zijn gericht op vriendjeskapitalisme, corruptie of zakenmensen die betrokken zijn bij de politiek. In dit onderzoek wordt gekeken naar structuren van overheersing door middel van historische blokken en hegemonie. In dit proefschrift wordt de heersende klasse ook niet apart van de lagere klassen onderzocht—het is geen verhaal over *ofwel* de elite *ofwel* de werkende klasse; het is een verhaal over hoe deze worden samengebracht op specifieke momenten door middel van specifieke historische blokken en de bijbehorende specifieke vormen van hegemonie.

Met behulp van de Gramsciaanse begrippen hegemonie, historisch blok en passieve revolutie, de neo-Gramsciaanse opvatting van deze begrippen

alsmede het begrip fracties van het kapitaal, wordt betoogd dat de heersende klasse een historisch blok creëert dat bestaat uit de eigen klasse en segmenten van de lagere klassen, die met het blok verbonden zijn door productie en arbeid. Dit historisch blok ontstaat door hegemonie; en ieder historisch blok heeft zijn eigen vorm van hegemonie. Tijd is een middel met behulp waarvan verschillende historische blokken en daarmee ook verschillende hegemonieën geanalyseerd kunnen worden. De opkomst en ondergang van historische blokken in Egypte, en van de heersende en lagere klassen waaruit deze blokken bestonden, maakt een door hegemonie gestuurde analyse mogelijk. De centrale onderzoeksraag gaat daarom over productie: hoe is de productie georganiseerd tijdens elk historisch blok? En hoe werden door de opkomst en ondergang van deze verschillende historische blokken, met hun kenmerkende productiemethoden, de voorwaarden geschapen voor de politieke crisis van 2011?

Historische blokken worden gevormd wanneer een bepaalde groep verder kijkt dan de eigen belangen met als doel zijn project aan andere groepen te verkopen door middel van intellectuele hervormingen. Deze groepen maken deel uit van de heersende klasse zelf, maar ook van de lagere klassen. Het historisch blok is daarom niet simpelweg een synoniem voor ‘heersende klasse’, maar een configuratie waarvan zowel de heersende klasse als de lagere klassen, met name de arbeiders, deel uitmaken. In onderzoek naar een historisch blok wordt gekeken naar specifieke uitingen van een bepaalde groep op bepaalde momenten—met andere woorden, naar hun ideologie—en naar hoe ze hun eigen smalle belangen verpakten in een breder project dat aantrekkelijk werd gemaakt voor zowel andere segmenten van de heersende klasse als segmenten van de lagere klassen. Elk historisch blok schept een nieuwe hegemonie, of probeert dit te doen. Een onderzoeker kijkt naar wie deel uitmaken van dit historisch blok, naar hun ideologie, en naar hoe ze deze hegemonie scheppen. Zoals eerder vermeld is dit een door hegemonie gestuurd onderzoek. Ieder historisch blok stort op een gegeven moment in. Op het moment dat een blok instort en zijn hegemonie verliest, kan een politieke crisis ontstaan. Dit gebeurde bijvoorbeeld in 2011, hoewel er pas midden 2013 een nieuw historisch blok werd gevormd. Deze opkomst en ondergang van historische blokken en hun hegemonie is precies waar het om gaat. In dit proefschrift wordt betoogd dat de verschillende mate waarin sprake was van hegemonie in de moderne Egyptische geschiedenis verklaart waarom de revolutie van 2011 nu juist op dat moment ontstond.

Het belangrijkste argument in dit proefschrift is dat de revolutie van 2011 juist toen ontstond omdat er geen historisch blok aanwezig was om ofwel het ontstaan van de voorwaarden voor de revolutie te voorkomen, of te voorkomen dat het regime omvergeworpen werd. Vanaf het Nasseristische historisch blok, wat het sterkste blok in het moderne Egypte was, via het *Insitab*-blok, wat relatief kleiner en zwakker was, tot de uiteindelijke heersende klasse die er niet in slaagde om een blok te vormen, is zichtbaar dat de historische blokken steeds kleiner en zwakker worden tot er in 2011 in feite geen blok meer over was. Deze toestand vormt het antwoord op de timingsvraag die in dit proefschrift wordt gesteld.

1

Chapter One: A Note on Theory

1.1 Introduction

When millions of Egyptians took to the streets on January 25 2011, the events that followed were both entirely unexpected and yet scarcely shocking at the same time. The myriad of problems facing the country were endless, from socioeconomic standards to political disintegration, and thus it should have come as no surprise that eventually Egyptians would have had enough. But it did come as a surprise, and that is for a simple reason: no one had predicted that the revolution would happen when it did. In other words, a central question that remains unanswered is one that at first glance appears to be simple: why now?

The decades leading up to 2011 witnessed multiple structural crises. Economically, policies of structural adjustment and increasing neoliberalism had led to widespread poverty, unemployment, increasing class tension and severe government debt. Politically, several trends became dominant, including authoritarianism, centralization of power, and an increasing reliance on the coercive apparatus to maintain stability. Socially, numerous problems have resulted from political and economic mismanagement; these have manifested themselves and resulted in severe social tension among citizens as well as between citizens and the state. These trends are global in nature, a response to the spread of the neoliberal project internationally.

Given the fact that multiple structural problems existed and that multiple crises have resulted from these problems indicates that this was not the first time that the Egyptian ruling class and state experienced severe, multiple-level crises. Poverty, unemployment, and the increasing unreliability of social services are just some of the structural problems that

were facing both the state and Egyptians. These problems have led to numerous crises, most notably the 1977 “bread riots.” Because there have been crises in the past and because these problems have existed for decades, if not longer, the question of temporality arises. The question of why the revolution happened when it did thus becomes pertinent.

Addressing the ‘why now?’ question is a broad task. The revolution has been approached from multiple angles, and yet there is not much work on the question of the ruling class. This project therefore looks at the ruling class, shifts within it, and their changing attempts at creating hegemony over time; as well as the subaltern classes and their relations to the ruling class. As Edward Said notes, “No society known to human history has not been governed by power and authority, and, as Gramsci says succinctly, every society can be divided into interlocking classes of rulers and ruled. There is nothing static about these basic conceptions since if we consider society to be a dynamic distribution of power we will also be able to regard the categories of ruled and rulers as highly complex and changeable,” (1983, 168). This central assumption underlies the research project and its focus on the ruling and subaltern classes.

This chapter is divided into several sections. The first section provides a brief overview of the research project. The second section outlines the main research question (with the sub-questions to be outlined in the following chapter). The third section aims to situate this project within several disciplines that have addressed the 2011 Egyptian revolution in order to demonstrate the ways in which this project departs from other approaches. The final section provides a justification for using Gramsci and neo-Gramscians, and is thus centered on theory.

The overarching goal of this research project is to explore the configuration of Egyptian elites over time and space, in order to answer the main research question: why did the revolution happen in 2011? Looking at these elite configurations provides a lens through which broader political and economic processes can be understood. The starting point of this analysis is production and its relationship to elites. In the following chapter that focuses on method and methodology, the concepts of production and time will be presented in detail. This chapter focuses on the question of elites—conceptualized as a ruling class—and the Gramscian approach.

Equally interesting and relevant is the way attempts at creating hegemony are experienced and resisted by the subaltern classes. This research project differs from liberal or positivist elite analysis in the sense

that the subaltern classes are viewed as key to the political process. As Randolph Persaud argues throughout his book entitled *Counter-Hegemony and Foreign Policy: The Dialectics of Marginal and Global Forces in Jamaica*, the subaltern classes are always constitutive of hegemony (2001). This dissertation uses the concepts of fractions of labour and fractions of capital in order to address the relations between the subaltern and the ruling class. While the focus of the project is on configurations of elites, this cannot be analysed separately from fractions of labour. Numerous subaltern groups fall under fractions of labour and understanding them as such aids in an analysis that looks at the complex ways in which hegemony is produced and reproduced. Moreover, including the subaltern makes it possible to look at the question of resistance and thus avoids the determinism of top-down elite approaches. Here Marx's dialectical method is key: fractions of capital and fractions of labour can and should be understood dialectically. Indeed this is why the concept of a historic bloc is unique: it moves us away from looking at either elites or the subaltern; it encompasses both but also goes beyond them to form a unity.

When making claims about the 2011 revolution, it is crucial to place it within its historical context. The roots of the political crisis that emerged following the protests can be traced as far back as the reign of Muhammad Ali (1769-1849), Ottoman Khedive of Egypt, and the incorporation of Egypt into the global capitalist system.¹ Certain structures that came into existence and that have survived over time—albeit in modified form—continued to condition Egypt's political economy in ways that need to be understood in relation to the revolution. Moreover, each historical era since Ali has likewise produced its own structures as well as reproduced structures from previous eras. At very specific points the production of new relations of production dominated, notably following the 1952 revolution, during the *Infatih* period, and during the late Mubarak era. These

¹ It is arguable that they can be traced back even further than this, but considering the scope and focus of this project, I have used Muhammad Ali as the cut-off point as it was this point that marked the beginning of Egypt's integration into the capitalist economy.

Muhammad Ali, commonly referred to as Mehmet Ali Pasha, became the Khedive of Egypt, which was under Ottoman rule from 1517 to 1952. The dynasty founded by Muhammad Ali was founded in 1769 and remained in place until the 1952 revolution.

specific points are particularly interesting because they represent moments of dynamism during which Egypt's political economy underwent tremendous changes.

The 2011 revolution was the result of a crisis that had its roots both within the ruling class and various segments of the subaltern class. Shifting configurations within the ruling class, particularly in the 2000s, meant that the balance between various fractions of capital was altered. These configurations resulted from the failure of one particular fraction of capital to create a historic bloc and expand its hegemony. Simultaneously, these shifts and the changes in the organization of production were having drastic effects on labour, including the 2008 Mahalla strike.² It comes as no surprise that when these reconfigurations were happening, there was a massive spike in the number of strikes and protests by labour. Moreover, even during the revolution itself, it was only when labour joined that there was enough momentum to finally topple Mubarak. It is therefore clear that these two analytical levels need to be highlighted.

This dissertation uses Gramscian concepts as articulated by key neo-Gramscians, including Robert Cox on the one hand and the Amsterdam and Nottingham Schools on the other. The neo-Gramscian approach informs this project and allows for an analysis of the Egyptian configuration of elites over time and space. Situated within historical materialism, neo-Gramscian theory focuses on historicism (time) as well as both the national and international (space). Moreover, concepts such as hegemony, the ruling class, passive revolution and others that are Gramscian in nature are clearly applicable to the Egyptian instance. The materiality of the approach is key as the starting point of the analysis is production; in addition, what separates Gramsci from many orthodox Marxists is his focus on the ideational—on how systems of meaning are produced.

This analysis begins by identifying the ruling and subaltern classes during each era, including: the Muhammad Ali dynasty, British colonial rule, the Nasser era, the Sadat era, and the Mubarak era. The Nasser era, for example, had specific fractions of capital within the ruling class and

² This was one of the many strikes that took place at the Misr Fine Spinning and Weaving Company in the town of Mahalla al-Kubra, close to Alexandria. This strike in particular, with over 20,000 workers participating, is infamous for the sheer amount of violence exercised by the state to end the strike.

specific fractions of labour within the subaltern class. How did these fractions of capital organize production, and how did they relate to *capital* in its expansive form? How did these realities impact fractions of labour? The next step is to look at how these specific configurations—present in the Nasser era—persist after Sadat came to power? This means not only investigating which fractions of capital and labour continued to exert influence, but also at which institutions and norms continued to be hegemonic.

After exploring this for each era, it is necessary to now take 2011 as the starting point and look back historically and identify which configurations persisted all the way up until 2011. In other words, isolate the configurations that are directly connected to the revolution itself. The analysis of the era preceding the revolution is of particular importance, notably understanding what the organization of *capital* was when the revolution occurred. This means moving away from a linear model of time—that focuses on successive regimes—and introducing a non-linear model that instead focuses on production. This will be explained further on. Such a method allows the analysis to be centered on changes in production and elites in order to understand the shifting configuration of elites through time and space. This in turn sheds light on the 2011 revolution and the question of why it took place when it did.

This research project aims to look at several interrelated questions. The overarching question is why the 2011 revolution happened when it did, and this will be answered by focusing on time and production through the concepts of hegemony and the historic bloc. The first question looks at the constitution and nature of the ruling class through different historic blocs, and in particular the structural divisions within each ruling class. Identifying each historic bloc will be done through the concepts of time and production, with special attention to the ways in which each bloc attempted to create a hegemonic system. There are different levels in identifying the constitution of a historic bloc, ranging from the individual level to the level of social forces and the state. A second research question revolves around hegemony; analysing hegemony means understanding the social relations of production (mode of production), the forms of state (the various historical constructions of different forms of state) and the world order (international geopolitics over time). Here an analysis of the structure of accumulation is key, as well as the dialectic between the ruling class and the subaltern classes. The hegemonic project of each historic

bloc will be looked at in detail. The third research question focuses on the breakdown of hegemony and the disintegration of historic blocs. A historic bloc breaks down when the hegemonic project is no longer strong enough to maintain the class alliance formed under it. This question focuses on what factors lead to the rise and fall of historic blocs and the changing intensity of hegemony under each bloc. The final question revolves around the 2011 revolution and tries to bring together the different questions in order to answer why the revolution happened when it did.

1.2 Overview of the Research Project

History has always been a tool through which power can be exercised. More specifically, the telling of history is a process through which power is extended or withdrawn, and through which ‘common sense’ narratives are produced and spread. Because of this, we have what can be called ‘conventional history’—accounts of historical events that are told from a particular perspective—normally the perspective that is in line with dominant powers in society. But this is not the only understanding of history, nor is it necessarily what really happened. This project is an attempt to tell the story of the 2011 Egyptian revolution through re-visiting and re-telling modern Egyptian history. I want the reader to cast aside what conventional historical accounts of Egypt have told us Egyptian history is, and forget what the supposed pivotal moments were. Starting from the events of the 2011 revolution itself, I interrogate Egyptian history in order to understand why the revolution happened when it did: why did it happen in 2011, and not 2020 or 1990? What led to such a momentous political crisis, and who were the social forces involved?

I argue that conventional historical accounts cannot explain the timing of the 2011 events. This is because there is a glaring lack of analysis that looks at production, the ruling class, hegemony, labour, and time. These elements are central to the revolution, as well as to the decades preceding the revolution. The concept of a historic bloc is key to this dissertation, as well as to Gramsci’s work. The ruling class creates a historic bloc consisting of itself and segments of the subaltern classes, who are bound to the bloc through production and labour. The creation of this historic bloc occurs through hegemony—and each historic bloc has its own form

of hegemony. Time is a means through which different historic blocs, and by extension different hegemonies, can be analysed. The rise and fall of historic blocs in Egypt, as well as the ruling and subaltern classes that comprised these blocs, allows for a hegemony-driven analysis. The rise of a new bloc becomes clear when a dominant fraction of capital transcends its own narrow interests to create this hegemony. The central question is therefore one of production: how is production organized during each historic bloc? And how did the rise and fall of these different historic blocs, with their distinctive modes of production, create the conditions for the political crisis of 2011?

Historic blocs are formed when a particular group goes beyond its narrow interests to sell its project to other groups. These groups are within the ruling class itself, but also within the subaltern classes. The historic bloc is therefore not simply a synonym for ‘ruling class,’ but a configuration that includes both the ruling class and the subaltern classes, primarily labour. An analysis of a historic bloc would look at how a particular group said specific things at specific times—in other words, the ideology they used—and how they packaged their own narrow interests within a wider project that was made appealing to other segments of the ruling class as well as segments of the subaltern classes. Each historic bloc creates a new hegemony—an analysis would look at who makes up this historic bloc, their ideology, and how they create this hegemony. As mentioned previously, this project is a hegemony-driven analysis. At some point in time, each historic bloc breaks down. The breaking down of a bloc and its hegemony is a point at which a political crisis may occur. 2011 is one such example, although it was not until mid-2013 that we see an attempt at a new historic bloc being formed. It is precisely this rise and fall of historic blocs and hegemony that is central.

The concepts I have already used, including hegemony and historic bloc, come from a scholar firmly situated within the Marxist tradition: Antonio Gramsci. I have read these concepts through the work of particular neo-Gramscians, whom I elaborate on in section 1.5. The notion of a ruling class is a classic Marxist concept, but its articulation through a historic bloc and hegemony is a Gramscian contribution. A deep historicism as well as a dialectical approach to the material and the ideational are additional features of the Gramscian approach that distinguish it from other Marxist approaches. Finally, neo-Gramscians in particular have extended Gramsci’s work to look at the global capitalist system and the question of

the international. This will be of particular use when it comes to an analysis of the rise and fall of historic blocs in Egypt, as it provides a means of contextualizing these historic blocs within international relations of production, and thus avoiding the tendency in much of the literature on Egypt to localize events in Egypt.

Such an analysis would depart from much of the work being done on Egypt in the contemporary period. Not a lot of work focuses on questions of capitalism and imperialism, and few scholars conceptualize elites as a ruling class, let alone as part of a historic bloc, as I demonstrate in the literature review. The work that does look at capitalism focuses on crony capitalism, corruption or businessmen being involved in politics. This analysis looks at structures of domination through historic blocs and hegemony. This work also does not treat the ruling class as independent from the subaltern classes—it is not a story about *either* elites *or* workers; it is a story about how they are brought together at specific times through specific historic blocs and their particular forms of hegemony.

It is useful here to note that there are competing understandings of what exactly Gramsci meant by *hegemony*.³ Some have interpreted it to mean a combination of coercion and consent that the ruling class exercises over society, with consent—ideally—dominating. This is in distinction to domination, whereby a ruling class (or historic bloc) rules society mainly through coercion. Others have interpreted it to mean a state of hegemony *within* the historic bloc, rather than between the historic bloc and the rest of society. Thus there cannot be a historic bloc without hegemony: a historic bloc arises precisely when there is hegemony among certain factions of the ruling class along with certain factions of labour. In this project, I use this latter interpretation. Thus when I speak of hegemony, I use it to mean hegemony within a historic bloc, whereby one fraction of capital (or more) disguise their own narrow interests and universalize them in order to form alliances with other fractions of capital and fractions of labour in order to achieve their hegemonic project. Further in the paper I discuss whether Gramsci's concept of a historic bloc can be applied to colonial contexts such as Egypt, in order to shed light on the debate about using Marxist concepts developed in Europe in the postcolonial world. These concepts will be looked at in more detail in the rest of this chapter. The following section clarifies the particular research question that frames the

³ For a recent article addressing this debate, see: Anderson 2016.

research, before I move on to a deeper and more detailed presentation of Gramscian and neo-Gramscian theory.

1.3 The Research Focus

The 2011 Egyptian revolution⁴ represented a monumental series of events that had ramifications across the Arab world. Taking this revolution as its subject, the research question this dissertation sets out to answer is a deceptively simple one: why now? In other words, why did the revolution happen in 2011? The question appears simple because the concept of time is often part of the analyses that have sprung up since the revolution. Many scholars have looked at the ways in which certain events led up to the revolution, or at the accumulation of grievances over time. However, taking time into account is not the same as answering a temporally driven question. Looking at events before and after 2011 as part of the revolution does not answer the question of why the revolution happened when it did. This is the aim of this dissertation.

The first step in answering this question is to situate this particular revolution within previous uprisings and revolutions in Egypt. At certain points in modern Egyptian history, there have been similar outbreaks of protest demanding systemic change. Some can be characterized as revolutions, such as the events of 1952, whereas others appear more like uprisings, such as the 1977 “bread riots.” What is a defining feature of all of these events that allows us to analyse them as connected to one another and as part and parcel of a certain trajectory?

I argue that one way to do this is to analyse these events through the concept of a historic bloc, and to look at the rise and fall of various historic blocs over modern Egyptian history. This allows for a conceptualization that takes into consideration both elites and subaltern classes and the ways in which they are tied together. The concept of a historic bloc comes from Antonio Gramsci’s work. He argued that a historic bloc is a union of social forces that exert moral and intellectual leadership in order

⁴ I use the term revolution to refer to the process put in place by the events of January 25 2011 and that continues until today. When I refer to the specific period of January 25 to February 8 I use the term event.

to establish hegemony. This is not done through coercing other social forces and the subaltern classes, but rather by making alliances and compromises with as many of these forces as possible in order to create as strong a historic bloc as possible. This political and economic alliance must not have internal contradictions, but it can be internally diverse, made up of fractions that rely on different bases of production. The idea of different fractions of capital can be traced to Marx's identification of the three circuits of capital—commodity, productive, and money—and, as Overbeek has noted, 'fractions of capital' is an abstract concept that refers to the "movement of capital in the accumulation process, thus influencing the preferences and behaviour of concrete firms, interest groups and political actors," (2013, 175).

Through class alliances, a historic bloc is created in order to achieve the narrow goals of a particular fraction of capital. Here again, following Gramsci, it is crucial to note the ways in which this operates at both the ideational and material levels. As Gramsci wrote:

"Another proposition of Marx is that a popular conviction often has the same energy as a material force or something of the kind, which is extremely significant. The analysis of these propositions tends, I think, to reinforce the conception of *historical bloc* in which precisely material forces are the content and ideologies are the form, though this distinction between form and content has purely didactic value, since the material forces would be inconceivable historically without form and the ideologies would be individual fancies without material forces," (1971, 377).

Walter Adamson has elaborated on this in a succinct paragraph:

"The central thrust of the concept [historic bloc] is the suggestion that a class, as it develops itself historically, becomes more or less politically powerful not only because of its position within the economic structure but also because it is the carrier of certain values which become detached as images or projections of its political outlook. Depending on the attractiveness of such images, the class will be able to attach itself

to other political groups as joint power-seekers, potential power-shapers, and the social forces behind new cultural expressions. There is nothing inevitable about the growth of such an historical bloc and this growth may be arrested at any point," (1983, 178).

What characterizes each historic bloc as well as separates them from one another is a particular organization of production, or mode of production. This has concrete effects on the constitution of the ruling class and the ways in which the dominant forces within each historic bloc defined the hegemonic project. The moment of crisis that brought an end to each historic bloc shifted the balance of forces within the ruling class, a balance that had been meticulously created through the formation of the historic bloc.

The historic bloc—made up of fractions of capital and labour—must not simply hold power in terms of the material production of society, but also in terms of the ideational, which is grounded in the material. Elaborating on the concept, Stephen Gill writes,

"A[n] historical bloc refers to an historical congruence between material forces, institutions and ideologies, or broadly, an alliance of different class forces politically organized around a set of hegemonic ideas that gave strategic direction and coherence to its constituent elements. Moreover, for a new historical bloc to emerge, its leaders must engage in conscious planned struggle. Any new historical bloc must have not only power within the civil society and economy, it also needs persuasive ideas, arguments and initiatives that build on, catalyze and develop its political networks and organization – not political parties such," (2002, 58).

Identifying the rise of historic blocs means looking for new (or old) social forces in society that are attempting to displace one configuration of hegemony with another. In turn, identifying the breakdown of historic blocs is an important method of tracing shifts within society and understanding the causes of uprisings and revolutions. I argue that in the case of Egypt,

the major revolutions and uprisings have always been connected to either the rise or the fall of a given historic bloc, including 2011.

I argue that the 2011 revolution happened when it did precisely because of the failure of the new ruling class that emerged in the 1990s to establish a historic bloc. This led to a political crisis within the ruling class as well as within the subaltern classes. In order to demonstrate this, I will trace the creation and dissolution of various historic blocs over time in order to situate the last ruling class as well as to answer the question of why the 2011 revolution in particular was such an eventful one. I begin with the 16th century, and the historic bloc led by Muhammad Ali, because that was when the capitalist mode of production was introduced into Egypt. This mode is to be central to the story of the rise and fall of historic blocs in Egypt.

1.4 Surveying the Theoretical Field(s)

This section looks at some of the key debates in the field of modern Egyptian history in order to identify key gaps and situate my own intervention.

1.4.1 Modern Egypt: Key Debates

“Arab countries and their people have always posed a challenge to commentators and analysts of the region as they have systematically failed to act in ways expected of them,” (Abdelrahman 2014, 1).

The following section presents an overview of the literature on modern Egyptian history. However, due to its expansive nature and the vast amounts of literature on this subject, I focus here on particular areas or themes that I have identified that constitute the main focus areas when it comes to Egyptian politics and economics. The first area focuses on the literature dealing with the Muhammad Ali dynasty and British colonial rule. This literature has covered the almost two-century rule of Muhammad Ali and his successors, culminating in the occupation of Egypt and,

eventually, the 1952 revolution that brought independence. The second area focuses on the Nasser era and the extensive work that has looked at Nasser, his rivals and co-conspirators, and the various ideological and material changes his regime brought about. The third area looks at the literature that focuses on the Sadat era – *Infitah* in particular – and the fourth looks at the Mubarak era, ending with the events of 2011. The key themes in this area include authoritarianism, democratization, the rentier state, electoral politics and reform, Islamism, the youth, sectarianism, and labour movements. The fifth area I look at is the literature that deals directly with the Arab Spring. Within this literature we have the continuation of the transition and authoritarianism paradigm, as well as anthropological approaches, approaches that focus on new media, and approaches that focus on neoliberalism, class and labour. The final part of this section looks at authors across the entire time spectrum whose work I have aimed to build off of, extend, and productively engage. The Marxists of the 1950s and 1960s, as well as critical political economists and neo-Gramscians today form the bulk of this section. This literature review engages with literature in the fields of political economy, international relations, and Middle East Studies. Because of the vast nature of these fields, I have found it pertinent to focus on themes. Doubtless this means that some key literature has been left out; however by focusing on themes I hope to have covered the main debates and questions in the field, historically as well as contemporarily.

1.4.1.1 Muhammad Ali and British Colonial Rule

Perhaps the most well-known academic work on the Muhammad Al dynasty is Khaled Fahmy's *All the Pasha's Men* (1997). In this book Fahmy provides an overview of the epic reign of Muhammad Ali, arguing that many of the problems facing modern Egypt can be traced back to Ali's creation of the modern Egyptian state. While this book is certainly important for its immense historical detail, the key assumption that Ali's reign was what triggered many of the economic and political crises Egypt faces until today ignores the role of foreign capital and the spread of imperialism, both processes that began simultaneous to Ali's rule. In Chapter Three I provide an alternative reading of the Muhammad Ali period that argues that his aim had been to protect Egypt from the encroaching power

of European capital by preventing the rise of a native bourgeoisie. Ali did establish a strong centralized and bureaucratic state, a legacy that continues to condition Egypt's economy today, but this cannot be held solely responsible for Egypt's multiple economic and political crises since then, including 2011. Other important work that provides necessary background to the Ottoman period in Egypt include Albert Hourani's *The Ottoman Background of the Modern Middle East* (1981) and Galal el-Nahal's *The judicial administration of Ottoman Egypt in the seventeenth century* (1979).

Other scholars have focused on the role of European expansion, including Zachary Lockman (2004), Roger Owen (1972), PJ Vatikiotis (1986), and Juan Cole (2007). These accounts are important as my own work builds off the assumption that European expansion is key to laying the foundations of the modern Egyptian state. I expand on this by focusing in particular on the capitalist mode of production, which I argue is central to understanding the rise and fall of historic blocs. Work such as P.J. Cain's *Character and Imperialism: The British Financial Administration of Egypt, 1878-1914* (2006) provide important insight to the ways in which imperialism and capitalism worked to condition Egypt's economy. The political economy approach of this piece is similar to my own, and it is such work I build off of. Samir Amin in particular is key (2012). He has argued that the British violently put down Egypt's attempt to emerge. He has also noted that free trade under the British was central to weakening Egypt (1981). In particular, I focus on the institution of wage labour and the ways in which debt was used as a mechanism to draw Egypt into the global capitalist system on a subservient basis. Sven Beckert's attempt to show how the creation of a rural proletariat in Egypt relied on what he calls war capitalism in order to expand cotton production is also key to my own arguments (2014). In Chapter Three I show that labour was part of all these changes, an aspect missing in much of the literature above with the exception of Beckert. Using work from Deeb (1979), Alexander and Bassiouny (2014) and Lockman (1988) I show the ways in which labour as a politicized nationalist force was central to undermining colonial rule.

Another body of work has looked at the ways in which expanding colonial capital and rule attempted to produce new forms of subjectivity in Egypt as a means of furthering capitalism. Timothy Mitchell's important books (1991, 2002) provide the foundation of this approach, by demonstrating that Egyptians had to be confined to particular plots of land in order to produce for landlords tied to British and French capital. New

norms of private land ownership and confinement to the land were the result of the introduction of the system of wage labour. Mitchell's work has been ground-breaking in delineating these changes in subjectivities and how they were linked to changes in political economy. My own work engages with his in Chapter Three, and while I share many of his assumptions, what is different is the focus on historic blocs and how they shape and are shaped by production. Indeed more recent work that has followed in Mitchell's footsteps has not been as conscious of connecting changes in subjectivities to the introduction of colonial capital in what is a clear power dynamic. On Barak's recent book on time and British colonialism in Egypt is one example (2013).

The literature above discusses some of the key debates that surrounded the Muhammad Ali dynasty as well as the British occupation of Egypt. The role of Ali in the creation of the modern Egyptian state and public bureaucracy; the role of his successor Ismail in creating the agrarian fraction of capital, and the ways in which British capital moulded the Egyptian economy were some of these debates. I address them in depth in Chapter Three.

1.4.1.2 Gamal Abdel Nasser and the 1952 Revolution

The literature on the Nasser years is seemingly endless. I have drawn on numerous scholars to present a general historical overview, including Abdel-Malek (1968), Botman (1986), Beattie (1994), Dekmejian (1971), Faksh (1976) and Gerhart and Tignor (1998). In this dissertation I have focused extensively on four aspects of the Nasser era. The first is the debate surrounding whether this era can be considered a case of Arab socialism; the second is the role of ideologies in the constitution of the new regime; the third is the material economic changes made by the new regime; and the fourth the role of labour under this regime. Each area has its own set of literature, which I will now briefly describe. An important note is that because much of the literature mentioned above focused on the challenges facing the Nasser regime, there has been little work on the internal divisions within the Free Officers. I have focused on this in Chapter Three in an attempt to highlight the importance of internal structural divisions within any ruling class.

One of the major debates to dominate the literature on the Nasser era is about what type of economic system the new regime tried to implement. I discuss this extensively in Chapter Three, drawing on the work of Ayubi (1992), Aoude (1994), Hussein (1973), Hosseinzadeh (1988), Vatiokiotis (1986), and Vitalis (1995). Scholars such as Ayubi and Hussein critiqued the idea that the Nasser regime aimed to implement Arab socialism. My conclusion—where I extend the work on which I mention above—is that while the Nasser era cannot be considered a socialist one, it did represent a *new* and unique articulation of capitalist development, where capital was accumulated in favour of state-led development. My contribution here lies in showing the ways in which each new historic bloc has a different articulation of capitalist development, and that the reason the Nasserist bloc was the strongest is because of its particular articulation.

The second area of literature I engage with is on the role of ideologies in the Nasserist historic bloc. Pan-Arabism, pan-Africanism, and Arab socialism are three of the more prominent examples of these ideologies. While much work has looked at these ideologies and how the Nasserist regime used them (Beattie 1994, Keddie 1988, Cook 2011, Gordon 1992, Jankowski 2001, Crabbs 1975), my contribution lies in using the particular blend of the material and ideational put forward by Gramsci. Indeed throughout Chapter Three I show that the power of these ideologies came from the material changes that were also being put in place by the new ruling class. This builds off the suggestion Reem Abou el Fadl makes in her article *Early pan-Arabism in Egypt's July revolution: the Free Officers' political formation and policy-making, 1946–54* (2015), in which she argues that we need to pay attention to the changes Nasser actually implemented and how these solidified his ideological claims.

The third body of literature looks at the changes implemented by the new ruling class. Work by Malcolm Kerr (1962), M. Abdel-Fadil (1980), Donald Reid (2002) and Joel Gordon (1992) have explored in detail the types of economic and political changes taken on by Nasser and the Free Officers. Aoude (1994) has looked at the various fractions in place, and Vatiokiotis (1986) has analysed the new class of Egyptian capitalists. Some scholars, such as Vitalis, have argued that Egyptian capitalists acted independently and were not tied to foreign capital in any important way (1995). I have juxtaposed this with scholars such as Davis (1983) as well as Ayubi (1996) who point to the fact that foreign capital creates important contradictions. Indeed by ignoring the colonial condition, Vitalis

misses an important aspect in the transition to the Nasserist historic bloc, one that my work aims to highlight.

The fourth body of literature looks at the role of labour under this new regime. Charles Issawi (1954) has argued convincingly that the Nasser regime used workers in an attempt to solidify their rule. Building off of this assumption, I argue that this bloc was hegemonic precisely because it managed to transcend its narrow interests and include fractions of labour within the bloc. Another debate I engage with in the chapter is surrounding the political consciousness of workers. While scholars such as Hussein (1973) argue that workers were not able to challenge capitalism because they were not proletarianized enough, as well as Beinin and Lockman (1998) who argue that workers were not politically conscious, my aim is to show that workers both pre and post the Nasserist bloc were politically conscious. I critique the delinking of the political and economic, and argue that while the changes implemented by the new bloc had major material ramifications on workers that are important to take into account and that incorporated workers into the bloc, the fact remains that under the British, labour remained a highly politicized force, as well as during the decline of the Nasserist bloc. To do this I engage critically with work by Botman (1988) and Bianchi (1986), and build off of Pacynska (2010) who argues that labour is not only an important force, but is also not a passive one. What is novel in my approach is understanding labour and the ruling class as tied together, rather than separate.

1.4.1.3 Sadat and Infitah

Although not as extensive as the literature for the Nasser period, quite a body of work exists detailing the Sadat era. Much of my historical data comes from pioneering books such as Aulas (1982), Cooper (1979), Aoude (1994), Ayubi (1996), Dessouki (1981), Kandil (2012), Mitchell (1991), Springborg (1996), Hinnebusch (1980), Waterbury (2014) and Soliman (1998). Arafat (2009) was particularly useful as he focused on the formation and downfall of the agrarian fraction of capital, and then its re-emergence under Sadat. Work by Ayubi (1980) and Kandil (2012) was useful in demonstrating how this new bloc used the public sector to argue its pro-liberalization views and to construct its own form of hegemony. My unique contribution here was to identify the rise of the new ruling class

during the Nasser era (as opposed to conventionally locating it at the time when Sadat became president), as well as to show that an entire ruling class was at play. Accounts such as Kandil (2012) and Hinnebusch (1980) argue that Sadat was an individual calling all of the shots. My approach instead looks at fractions within a ruling class, and extends that to looking at the historic bloc as a whole.

Another debate within the literature focused on liberalization. Springborg in particular (1990) has argued that Arab countries have been slow to liberalize, but I critique this as it relies on liberal assumptions of what 'freedom' entails. Roll (2010) similarly relies on such problematic assumptions such as the securing of property rights. Instead, I focus on how this new bloc was tied to transnational capital, and how this led to the closing down of political space. Using Mitchell (1991) in particular, I show that the new ruling class was very much tied to new forms of global capitalist domination. The dialectic of the local and transnational is thus a central focus of Chapter Four.

My approach in this chapter is also unique because of its focus on the ideational, and this distinguishes it from both the literature cited above as well as literature that focuses on literature as somewhat detached from global structures of capital or as not particularly tied to the formation of historic blocs (Mehrez 2011). Another distinguishing feature of the approach I take is to locate Islamist businessmen as a fraction of capital within the ruling class of this bloc. This departs radically from the literature, particularly in the Mubarak era, which tends to see the Islamists as either an electoral political force or a force that has widespread societal support (Kienle 1998, Hamzawy and Brown 2010). Finally, my focus on labour in this chapter, as well as other ones, avoids missing the important contestation and resistance from certain fractions of labour.

1.4.1.4 Hosni and Gamal Mubarak: democratizing Egypt?

There are several key themes characterizing the literature that dominates the Mubarak era, from the late 1980s to 2011. These are: authoritarianism, democratization, the rentier state, electoral politics and reform, Islamism, the youth, sectarianism, and labour movements.

The literature on authoritarianism and democratization can be said to be part of the transition literature/paradigm. This literature comes mainly from political scientists and focuses on two broad themes: the mechanisms of a transition from authoritarianism to democracy; and the notion of a so-called “democracy deficit” in the Arab world. Key concepts within this approach include: democratization, authoritarianism, transition, stakeholders, elites, and liberalization. As Maha Abdelrahman has written:

“Arab countries were at the ‘bottom of the class’ after the third wave of democratization had come and gone. The inability of the region to join other countries in ridding themselves of dictatorial regimes gave rise to a robust industry devoted to deciphering the enigma of this anomaly, looking for signs everywhere but mostly in the dark recesses of the regime’s cultural and religious systems or, occasionally, in a reductionist version of the ‘rentier’ thesis,” (Ibid).

In approaching the Middle East, the transition literature has often implicitly assumed a certain linear set of developments that must be followed for “democracy” to have been achieved. As Jamie Allinson has noted, citing Andrea Teti, there is an implicit assumption underlying work on transition: that of the “democratization framework’s taxonomical end point – liberal democracy (2015, 2). This assumption structures research so that scholars are either trying to understand why authoritarianism in the Arab world is so “resilient” or they are trying to pinpoint signs of a transition to liberal democracy (see: Bellin 2012 as a case in point). Much of the work that uses this approach carries assumptions about Arab countries as being especially averse to current and previous waves of democratization around the world, based on static concepts about Arab elites, crony capitalism, corruption and so on.⁵ Moreover, this approach also tends to neglect the global level of analysis, locating the problems Egypt is facing within the country itself. Indeed electoral institutions are a central part of the transition paradigm. Within transitology, the emergence of electoral institutions

⁵ See for more: Schwarz 2008, Brynen et al. 1995, Hudson 1991, Diamond 2010, Cook 2005.

is seen as the first step towards democratization (Koehler 2008, 974). Nicola Pratt has noted that the literature overwhelmingly assumes that once a transition is underway certain institutions must be put in place, such as free and fair elections; a political culture that values democracy; and elites who are willing to not be corrupt, or at least a civil society that can “manage” them (Pratt in Abou El Fadl 2015, 3).

At the same time, there has also been a strong focus on neopatrimonialism and the power of informal institutions⁶, which has often neglected the study of formal institutions as well as the fact that informal institutions have power in almost all political regimes globally. Oliver Schlumberger has argued that Western economic systems emphasize formal rules and leave no space for corruption, whereas Eastern systems tend to be ruled informally (2008, 624-5). Emphasizing neopatrimonialism can sometimes fall into the “Arab despot” thesis whereby a single ruler is seen to control an entire country through corruption. Schlumberger writes: “Relations between the ruler and the elite are strictly hierarchical, i.e. they represent asymmetric relations of loyalty, dependence, subordination and dominance, and thus power,” (Schlumberger 2008, 624-5). This view is problematic for several reasons, key among them the essentializing of certain cultural traits in the “East” as well as the fact that such an approach simplifies rather than accounts for the complexity of political and economic systems in countries like Egypt. The focus on electoralism in Egypt in the 1990s and 2000s is an example of this approach (Brownlee 2002, Albrecht 2005, Lust-Okar and Zerhouni 2008, Lust-Okar in Schlumberger 2007, Blaydes 2010).

One of the key propositions is the centrality of culture to the outcome of political and economic events. Another is that increased liberalization are crucial to democratization in Egypt and the region in general. Yet another is that specific indicators, such as women’s rights, minority rights, and freedom of speech to name a few, are important in assessing the state of democratization. All of these propositions serve to reproduce a modern and Eurocentric teleology whereby it is assumed that in order to democratize, Egypt must follow the path set by “developed” nations. What is usually left out of many of the analyses within the field is the question of capitalism and the question of imperialism.

⁶ See: Brownlee 2002, Herb 1999.

Another problem with the transition literature is its emphasis on elites from an individualist perspective. Allinson writes: “Treating the Arab revolutions as discreet events after which a “transition” to this variety of democracy can successfully be negotiated amongst elites, renders the institutional set-up and timing of this process the most important factor: ruling out then, the political economy analysis of the respective social bases of the actors, an analysis present in the previous work of democratization theorists,” (Ibid) Whereas a Gramscian approach would clearly locate elites both within the mode of production and social relations of production as well as within the ruling class, the transition literature often tends to see elites individually. This is where my approach is novel.

In attempting to understand what political scientists often refer to as the region’s resilience to democratization,⁷ the majority of approaches tend to be Eurocentric, state-centric, or culturalist, whereby Arabs are viewed as especially authoritarian or especially obedient to authority. Even more nuanced approaches that focus on elite alliances or resources such as oil reproduce the centrality of the state and civil society as diametrically opposed to one another. As Adam Hanieh writes:

“The state/civil society dichotomy serves to conceptualize away the problem of capitalism, by disaggregating society into fragments, with no overarching power structure, no totalizing unity, no systematic coercions—in other words, no capitalist system, with its expansionary drive and its capacity to penetrate every aspect of social life. Academic approaches that present the ideal of liberal democracy as the desired policy goal—supposedly guaranteeing the same rights and responsibilities for all “civil society actors” regardless of wealth, social status or accident of birth—act to obfuscate this reality of class power. The economic realm is separated from the political

⁷ Holger Albrecht and Oliver Schlumberger argue that the question of why Middle Eastern countries have not followed the “Third Wave” of democratization is a highly problematic one. On the one hand, it is based on specific normative assumptions and teleological premises; and on the other hand, it diverted attention away from the study of what *was* happening in the Middle East (2004, 371).

sphere. Capitalism itself is rendered invisible through a juridical scrim of ‘equal rights’ that posits equality where none exists,” (2014, 11).

A focus on class from a Marxist or Gramscian perspective means that the state will be conceptualized differently. As noted previously, the state then becomes a space that mediates the hegemony of the ruling class and is thus linked to the ruling class itself, not separate from it. As neo-Gramscians argue, the state is to be seen as a social relation whose boundaries are fluid. Class structures actually generate the character of the state (Hanieh 2014, 11). “By treating the state as a disconnected, all-dominating “thing” rather than as a social relation formed alongside the development of class, these perspectives treat the institutional forms of society as determinant rather than determined,” (Hanieh 2014, 12).

Related to this problematic view of the state is the view that the apparent cause of authoritarianism in the Middle East: the *weakness* of capitalism. It is not only political and civil rights that are missing, but the free market is also prevented from functioning because of the authoritarian state. “The agency of freedom is located in the realm of the market, while tyranny lurks every-present in the state. The history of the region is thus characteristically recounted as a long-standing struggle between the “authoritarian state” and “economic and political liberalization,” (Hanieh 2014, 5). In this way, capitalism is posited as necessary for democratization. This is reflected both in academia as well as through policy, with copious amounts of funding allocated to spreading democracy through neoliberalism in countries such as Egypt. As Hanieh writes, “All international financial institutions were to employ the same basic argument linking “free markets” and a “vibrant civil society” with the weakening of the authoritarian state,” (2014, 5). This framing hides the fact that the 2011 Egyptian revolution was in fact both a *result of* and *against* neoliberalism, not in favour of it. In other words, ‘freedom’ was not conceptualized as political and civil rights nor as a free market and weaker states; it was instead conceptualized as centered around social justice—*through* a strong state with social service programs and thus a weakening of neoliberalism. This, however, has often been written out of the narrative.

Much of the work on Egypt in the 1990s and 2000s has been based on the assumptions outlined above. Kassem (2004), Abdulbaki (2008),

Langohr (2005), Brownlee (2002, 2007) have focused extensively on authoritarianism; Albrecht (2005), Koehler (2008) and Blaydes (2010) on electoralism and patrimonialism; Cook (2007), Stacher (2012) and Schlumberger (2007) have put forward theses relying on assumptions about liberal democracy and neoliberalism; and Bellin (2012) in particular has been a strong advocate of the thesis that Arab states are uniquely unable to democratize. I engage critically with all of this literature in Chapter Five, and build off of several key authors who critique these assumptions, as I will detail in the final section of my literature review.

1.4.1.5 The 'Arab Spring' literature

Egypt's centrality within the Middle East has meant that there has been an enormous response to the 2011 revolution from scholars and policy makers across multiple disciplines. From the first days of the revolution there were already articles being published and book manuscripts being re-written. While much of the literature on the Egyptian revolution has looked at the notion of time through the build-up or accumulation of events and/or grievances, there has yet to be an answer to the question posed in this paper: why did the revolution happen in January of 2011? Theoretically, it could have occurred months or years before 2011, or months or years after. Assuming that we accept that it was an accumulation of grievances that led to the final breaking point in 2011, we are still left without an answer as to *why* the breaking point came when it did.

The literature within the transition paradigm highlighted above was been quick to address the 2011 revolution. Scholars such as Eva Bellin have asked whether the transition paradigm should be questioned given that Arab states are unlikely to democratize any time soon (2012). She writes: "For Middle East specialists, the events of the Arab Spring proved especially jarring, even if welcomed, because of their extensive investment in analysing the underpinnings of authoritarian persistence, long the region's political hallmark," (2012, 127). Nevertheless, authors within this paradigm continued to list the same problems as preventing democratization: the weakness of civil society, the failure of electoral reforms, cronyism and the failure of economic liberalization, and the continued perseverance of corruption (Bellin 2012, 127). Examples of this include, most prominently, Stacher (2012) Osman (2011), and Masoud (2015). In what

is perhaps the most blatant reiteration of the transition paradigm in relation to the Arab Spring, Stepan and Linz have argued that Islam and the persistence of “sultanism” are crucial to understanding the Arab Spring (2013). Most of this paper focuses on whether Islam and democracy can co-exist, and then goes on to reproduce the Arab despot thesis in the form of sultanism. Coming from two of the major thinkers in the field of political science, this is no small oversight.

Even though the demands articulated by protesters that were visible throughout the revolution focused specifically on the question of social justice, the literature continues to reproduce the centrality of liberal democracy and political representation as the main demands of protesters. Additionally, the global context of capitalism and imperialism are again left out, as are the millions of workers who held strikes throughout the 2000s. What this narrative serves to construct is a story where the neoliberalization of Egypt is not a cause of the uprising, and is sometimes even seen as a *cure* for the problems faced by society. Indeed even scholars such as Paul Amar who do present a critical perspective on the revolutions by focusing on securitization (2011) have looked less at neoliberalism and transnational capital and more at questions of security, as though the two can be neatly separated. It is this strand of literature I engage with in Chapter Five when I argue that neoliberalism and the global capitalist system continue to be central to events in Egypt. Some have pointed to the connections between Egypt and the US (see: Marshall and Stacher 2012) but have done so by referencing US military aid rather than the broader system of neoliberalism. This, too, I critique.

Another discernible approach comes from the literature that deals with class. The majority of this literature is not Marxist in any sense, and tends to understand class in a more simplistic manner rather than as the material and social relations that emerge from a particular mode of production. Nevertheless, this approach has been one of the few that recognizes the centrality of neoliberalization and the labour movement vis-à-vis the revolution itself. Multiple scholars have looked at the labour movement and its increasing prominence during the 1990s and 2000s and have argued that this was what ultimately tipped the scales and led to the revolution (El Mahdi 2011, Anderson 2011, Bush and Ayeb 2012, Korany and El Mahdi 2012, Joya 2011). Others have looked at the ways in which society has been transformed by neoliberalization and have focused on crony capitalism and global processes of neoliberalization as key to this. My work

will build off some of the work in this strand, focusing specifically on the labour movement and its resistance to neoliberalization. However, I focus more extensively on the question of how the ruling and subaltern classes are related to one another, and how looking at the labour movement alone is not enough to explain the timing of the revolution. My approach looks at both the ruling and subaltern classes in order to show that these two levels of analysis are not separable and should be analysed as a totality. I use Marxist assumptions about the centrality of the mode of production, in particular the capitalist mode of production, as well as the Gramscian assumption that the material and the ideational are both crucial to understanding change.

Another major theme that has characterized literature on the Arab Spring has been a focus on social media and, occasionally, satellite television. This focus has been extremely noticeable because of the sheer volume of output (Lim 2012, Tufekci and Wilson 2012, Shirky 2011, Herrera 2014, Eltantawy and Wienst 2011, Hamdy and Gomaa 2012, Howard and Parks 2012, Khondker 2011). The focus here has been on the ways in which new media and communication technologies have allowed for protesters to congregate in new ways outside of the purview of the state and police forces. While this has certainly allowed Egyptians of certain social classes to communicate more directly, I posit that it cannot act as a strong explanatory factor when analysing the causes of the revolution. Satellite television is probably a stronger mechanism to look at with regards of spreading new information—as millions of Egyptians have access to it—but media alone cannot account for a revolutionary uprising. Instead my approach aims to look at how different historic blocs use different forms of media—through what Gramsci calls civil society—to propagate certain hegemonic projects. In Chapter Four, for example, I spend quite some time looking at how films and novels can tell us quite a bit about historic blocs and political change. I posit that this same type of analysis can be applied to tweets and online posts today—although beyond the scope of this project.

A final theme that has emerged in the Arab Spring literature—and this at the regional level—has been a focus on the youth and the lost opportunities they have had to endure. Anderson (2011), LaGraffe (2012), Malik and Awadallah (2013), Al-Momani (2011) and Lynch (2011) have all put forward variations of the “youth bulge” argument, namely that the populations of most Arab states are predominantly under 30 years of age,

and this has created an entire section of the population that needs education, employment and other economic opportunities. Demographics are therefore key. While my approach certainly takes this into account, I aim to conceptualize the economic challenges facing Egyptians more broadly, by looking at how the ruling class reproduces a system that in effect privileges a very few.

1.4.1.6 Precedents

This section gives a brief overview of the approaches and scholars on whom I have built off my own arguments in this dissertation.

The work of the Egyptian Marxists of the 1950s and 1960s has been key to my own arguments, and in a sense I have extended their work to the contemporary period. This includes Ayubi (1996), Abdel-Malek (1968) and Amin (1981, 2012). Neo-Gramscian work has also greatly informed my project, and I engage with this in depth in the following section on theory. Little neo-Gramscian work to date has focused on the Middle East, and this makes my application quite novel. Critical political economists, and in particular Adam Hanieh (2012, 2014), have also been invaluable to my own argumentation. I build off his work but also extend it by focusing more specifically on how changes in Egypt's economy and its regional relations affect the constitution and reproduction of its ruling class. My focus on fractions of capital and labour provides another angle from which to analyse capitalism in Egypt. Roberto Roccu (2012) and Brecht de Smet (2014) have also worked on Egypt using a Gramscian approach; their work has been extremely useful and while I share their assumptions, it is once again my focus and research question that is different.

The anthropological literature on Egypt that has addressed questions of political and economic life in Egypt, including the many ethnographies that have made important interventions in the ways in which we understand Egypt's economy, has been key to providing new ways of looking at class and capitalism in the Middle East. Julia Elyachar (2005), Salwa Ismail (2006), and Farha Ghannam (2002, 2013) have done extraordinary work in uncovering the ways in which norms and values are tied to neoliberalism. My work engages with this, but shifts focus by looking at historic blocs and how these norms and values are connected to hegemonic projects.

Work on Egyptian workers and labour history in general has also provided an important resource. Joel Beinin and Zachary Lockman's numerous texts on workers in Egypt, as well as work by Ray Bush, Dina Makram-Ebeid, and Agnieszka Paczyńska were important to my own analysis, but my assumptions often differed, as will become clear throughout the dissertation.

This literature review has aimed to both highlight the major debates in modern Egyptian historiography, as well as to position my own work vis-à-vis these debates. While it is by no means exhaustive, it does touch on some of the major themes that scholarly work on modern Egypt has been preoccupied with. The bulk of these themes and debates will be engaged with throughout the following chapters.

1.5 Theory

This research project is set within the theoretical parameters of the Marxist tradition, drawing on Antonio Gramsci's work in particular. I use a particular interpretation of Gramsci's work put forward by neo-Gramscians, who focus on using Gramsci's concepts at the global level. The neo-Gramscian understanding of realism is similar to that put forward by critical realists—in other words, they have the same ontological roots. Robert Cox's work (1983, 1986, 1987, 1989, 2002) as well as the work of critical realism (in particular Bhaskar 2010, 2013) both critique positivism, arguing that the Western philosophical tradition anthropocentrically reduced the question of *what is* to the question of *what we can know* (Archer 1998, xi). Critical realism in particular argues that the world exists with or without man interpreting it—that there is a material world out there that is independent of our observation. Roy Bhaskar writes:

“Any philosophy of science must find a way of dealing with the paradox of science: that men in their social activity produce knowledge which is a social product much like any other. This is one side of ‘knowledge.’ The other is that knowledge is ‘of’ things which are not produced by men at all: the specific gravity of mercury, the process of electrolysis, the mechanism of light propagation,” (Bhaskar in Archer 1998, 17).

In other words, ‘objects of knowledge’—intransitive objects—do not depend on human activity for their existence; they exist with or without it. There is a material world out there that is independent of human knowledge and interpretation. “If men ceased to exist sound would continue to travel and heavy bodies fall to the earth in exactly the same way,” (Ibid). Reality would be *uninterpreted*, but it would still exist. Importantly, the causal laws discovered by science would also still exist. This shows that the material world is not dependent on our knowledge of it to exist.⁸ Causal forces exist as *real* ontological forces outside of our observation (Ibid, 365). Here we see the clear similarities between Gramscian theory and critical realism. Joseph Femia has pointed to the confluence between the two, writing: “Gramsci is denying not the existence of a nature prior to the human spirit, only to the relevance or intelligibility of such a natural order,” (1981, 106). While ideas, discourses and knowledge production are essential elements of *knowing*, there is a material world out there that exists with or without knowledge production.

The rest of the chapter introduces Gramsci and the neo-Gramscians. I first begin by positioning Gramsci vis-à-vis Marx, before looking at Gramsci himself and his key ideas, and finally the neo-Gramscians.

1.5.1 Gramsci and Marx

The Marxist tradition as a whole emphasizes the centrality of class, production, and the ways in which human beings reproduce themselves in order to survive, and thus the material always takes ontological priority. Production creates the material basis for all forms of social existence. Following this, the mode of production is central to any analysis.

⁸ Critical realism has directly challenged the causation approach within IR, which has been favoured by positivists. The last 300 years have seen an empiricist understanding of causation dominate the field of IR, where causality is studied through observed patterns of facts. These strong patterns can also be used to predict. This means that causal analysis has essentially meant a methodological focus on observing patterns of facts.⁸ The fourth debate in IR, between positivists and post-positivists challenged the dominance of this understanding of causality, and reflectivists began to reject causality altogether.

Production and capital—understood broadly—refer to the production and reproduction of knowledge and social relations, morals and institutions that are prerequisites to the production of goods. Referred to as the mode of social relations of production, this makes it possible to discern how certain changing production relations give rise to particular social forces that become the basis of power within and across states and within a specific world order.

Both Marx and Gramsci should be contextualized within the theoretical field of historical materialism. Marx first articulated the concept of a materialist approach to history, and this turned into the methodology/approach of historical materialism. The central point is that it is the material conditions of society that can explain the evolution of social relations. For humans to survive, they must produce and reproduce both the material and non-material requirements that allow human life to sustain itself. The ways in which a given society reproduces its material existence can explain the way in which the society is organized. Marx outlined his conception of materialist history in the following excerpt:

“In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness. At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production or — this merely expresses the same thing in legal terms — with the property relations within the framework of which they have operated hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an era of social revolution. The changes in the economic foundation lead

sooner or later to the transformation of the whole immense superstructure. In studying such transformations it is always necessary to distinguish between the material transformation of the economic conditions of production, which can be determined with the precision of natural science, and the legal, political, religious, artistic or philosophic—in short, ideological forms in which men become conscious of this conflict and fight it out. Just as one does not judge an individual by what he thinks about himself, so one cannot judge such a period of transformation by its consciousness, but, on the contrary, this consciousness must be explained from the contradictions of material life, from the conflict existing between the social forces of production and the relations of production,” (Marx 1859, 11).

Changes in human society are thus connected to changes in the mode of production. The division between those who own the means of production and those whose labour is exploited to create profit is central to a historical materialist approach; in other words, class divisions. The economic base creates institutions, norms, values, and dispositions, which are referred to as the superstructure. This bring us to Antonio Gramsci’s work.

1.5.2 Gramsci’s Thought

Gramsci’s work, collected in *The Prison Notebooks*, is a mine of information spread across hundreds of individual notes that demonstrate everything from his major intellectual theorizations to small reminders to himself about future research. What is perhaps most impressive about Gramsci is his critical approach to politics, an approach that is based not only on his own theoretical leanings but also on his personal involvement in Italy’s workers’ movement. His most famous contribution is his concept of hegemony—a system of rule that combines a balance between consent and coercion and that functions through the internalization of specific norms and ideals directly tied to a specific mode of production.

Gramsci's deep historicism and his emphasis on the dialectic between structure and agency situate him within Marxist theory. Gramsci, however, was one of the first Marxists to emphasize the role of the ideational. He was also one of the first to work with the concept of the historic bloc as a means of unifying an analysis on the ruling and subaltern classes.⁹ As noted by Hobson, there has been a recent trend indicating that Gramscian analysis has been utilized by a growing number of scholars within both IR and IPE (2012, 31). The approach aims to understand how world orders are created and influenced by specific social forces, at both the level of ideas and materiality. Its main point of critique towards IR is the neorealist bias in much of the analysis in the field, including the centrality of the state. In the previously-mentioned quote about the formation of historical blocs, Gramsci makes explicit his assumption that ideas are powerful precisely because they constitute a material force in and of themselves; throughout the *Prison Notebooks* he expresses his interest in material forces and production as the basis of social relations (1971, 377). Therefore for Gramscians, "production creates the material basis for all forms of social existence, and the way in which human efforts are combined in the productive processes affects all other aspects of social life, including the polity," (Cox 19871, 1). This approach thus assumes that the labour process and the reproduction of our survival are central to existence. "The labour process is that process of concrete, living man in creating his existence in daily practice where he eats and breathes and loves and suffers," (Struik 1964, 41). Or as Sara Ahmed writes, "Human needs require interaction with the environment and others, and this is existence," (2010, 176). Therefore the centrality of the mode of production is clear—it is what produces social relations.

As mentioned previously, while beyond doubt part of the Marxist tradition Gramsci should still be distinguished for the emphasis he put on certain aspects of his analysis. He was attuned to the question of

⁹ Gramsci's materialism has sometimes come into question because of this focus on the ideational, to the extent that he is sometimes used as a cultural theorist divorced from any positioning with Marxism. Yet it is clear from his work that he saw the material and ideational as co-constitutive, with the material decisive in the final analysis.

consciousness, culture, ideology and—by extension—the role of intellectuals and constitutes one of his most unique interventions. In a particularly vivid set of excerpts, Gramsci writes:

“The intellectual’s error consists in believing that one can know without understanding and even more without feeling and being impassioned (not only for knowledge in itself but also for the object of knowledge): in other words that the intellectual can be an intellectual if distinct and separate from the people-nation, that is, without feeling the elementary passions of the people, understanding them and therefore explaining and justifying them in the particular historical situation and connecting them dialectically to the laws of history and to a superior conception of the world, scientifically and coherently elaborated—i.e. knowledge. One cannot make politics-history without this passion, without this sentimental connection between intellectuals and people-nation,” (1971, 418).

“To the extent that ideologies are historically necessary they have a validity which is “psychological”; they “organize” human masses, and create the terrain on which men move, acquire consciousness of their position, struggle, etc. To the extent that they are arbitrary they only create individual “movements,” polemics and so on,” (1971, 377).

These two quotes demonstrate the central importance Gramsci placed on the ideational. Indeed he often emphasized the superstructure, while constantly maintaining the dialectical relationship between base and superstructure.

Central to analysing this dialectic was Gramsci’s notion of relations of force, which outlines a means of approaching the analysis of historical situations. Gramsci wrote the following:

“The study of how ‘situations’ should be analysed, in other words, how to establish the various levels of the relations of force, offers an opportunity for an elementary exposition of the science and art of politics. (...) These levels [levels of the relations of force] range from the relations between international forces to the objective relations within society—in other words, the degree of development of the productive forces; to relations of political force and those between parties; and to immediate political relations,” (1971, 175-6).

This brings us back to the relation between structure and superstructure, as this can only be understood if the relations between different forces during a particular period can be analysed. “It is the problem of the relations between structure and superstructure which must be accurately posed and resolved if the forces which are active in the history of a particular period are to be correctly analysed, and the relation between them determined,” (Gramsci 1971, 177). As the opening quote shows, there are different levels in the relations of force. The first is the level of the development of material forces of production, which is what lays the basis for the emergence of social classes. Each class has a specific relation to the forces of production, a relation that is structural and objective and which can be studied. This level is closely linked to the structure and it is objective: “The level of development of the material forces of production provides a basis for the emergence of the various social classes, each one of which represents a function and has a specific position within production itself,” (Gramsci 1971, 180-1). The second level is the relation of political forces, in which one ascertains the homogeneity, self-awareness and organization of the different social classes. This can be analysed at the different moments of consciousness (as discussed previously, the economic-corporate level, the solidarity within the social class level, and the transcendence of these specific interests). This brings us to the third level in the relations of force: a social class transcending its own specific interests and expanding them so that they become the interests of other groups too. The fourth and final level is the relation of military forces, which can be in turn analysed at two levels: the military in the strict technical military sense and the military as a political-military structure. These levels of the relations of force allow for a complex analysis of a society and its disposition towards creating

a new hegemony. The relations of force at the political level in particular are crucial to the ideological struggle between classes.

Gramsci goes on to elaborate on these levels and the development of a crisis:

“A crisis occurs, sometimes lasting for decades. This exceptional duration means that incurable structural contradictions have revealed themselves (reached maturity), and that, despite this, the political forces which are struggling to conserve and defend the existing structure itself are making every effort to cure them, within certain limits, and to overcome them,” (1971, 178).

It is through a focus on the relations of force that these dynamics can be analysed, thus leading me to characterize it as a framework for analysis and a key concept.

Gramsci is also known for his elaboration on the concept of hegemony, a concept with a long political history. Gramsci’s theorizing on hegemony can be traced back to Machiavelli, as Benedetto Fontana has convincingly argued (1993), as well as debates in the Third International about the Bolshevik revolution (Cox 1983, 163). Cox argues that Gramsci’s contribution was in applying the concept to the bourgeoisie as opposed to seeing it from the perspective of the working class (*Ibid*).

Hegemony, put simply, is the process whereby one class exerts influence over society so that other classes follow its political and economic project. Political society and civil society¹⁰ are part of this hegemony in that they maintain the façade of spreading the narrow interests of one class to other classes through moral reforms. The power of the

¹⁰ Civil society is an important part of the state/society complex. Gramsci defines it as the realm in which the existing social order is grounded. It is comprised of non-state institutions that provide the ruling bloc with additional support and legitimization. In other words, the state is comprised of political society and civil society. Moreover, it can also be the realm in which a new social order is founded following a counter-hegemonic revolution. Civil society is especially important because the political power of the ruling class does not rest exclusively on the control over the means of coercion.

ruling class is therefore not just concentrated in the state, but throughout society.

In the *Prison Notebooks* Gramsci writes:

“What we can do, for the moment, is to fix two major super-structural ‘levels’: the one that can be called ‘civil society,’ that is the ensemble of organisms commonly called ‘private,’ and that of ‘political society’ or ‘the state.’ These two levels correspond on the one hand to the function of ‘hegemony’ which the dominant group exercises throughout society and on the other hand to that of ‘direct domination’ or command exercised through the State and ‘juridical’ government,” (1971, 12).

Hegemony is not just exercised through the state¹¹, but within a wider social and political constellation of forces (Gill and Law 1989, 477). This means that any counter-hegemonic movement must exercise power in the realm of ideas and society, as capturing the state will not be enough to create a new hegemony. A hegemonic project is one that attempts to capture power and is exercised through a historic bloc. In sum, a hegemonic project expresses the ideological structure of specific historical configurations of class and capital.

Hegemony is constituted through three spheres of activity. The first is the *social relations of production*, with production referring to the production and reproduction of knowledge and to the institutions and social relations that are required to produce physical goods.¹² In other words, as mentioned previously, production is to be understood very broadly. This allows for an understanding of how the relations of production lead to specific types of social relations, which then become the basis of power relations and social forces. The second sphere of activity is *forms of state*. The state is not a given and thus the historical construction of different forms of state need to be understood. The concept of

¹¹ In place of a state that refers to the legal and bureaucratic order, Gramsci speaks of an integral state. The integral state is a combination of political society—the government—and civil society—all non-state institutions and actors.

¹² This expansive definition of production is from Cox (in Gill 1994, 39).

a historic bloc is utilized in order to show how different forms of state are related in society as well as the relationship between economic, cultural and political aspects of reality. This will be expanded on below. The final sphere consists of *world orders*. Hegemony is first consolidated within the national sphere, before beginning to move outwards. Changes in international power relations can be traced to fundamental changes in social relations.¹³ Global hegemony begins with the outward expansion of a nation's internal hegemony established by a dominant social class, thus demonstrating the link between internal social relations and international power dynamics.

Hegemony depends heavily on the consent produced through civil society. Recall Gramsci as quoted earlier:

“...two super-structural ‘levels’: the one that can be called ‘civil society,’ that is the ensemble of organisms commonly called ‘private,’ and that of ‘political society’ or ‘the State.’ These two levels correspond on the one hand to the function of ‘hegemony’ which the dominant group exercises throughout society and on the other hand to that of ‘direct domination’ or command exercised through the State and ‘juridical’ government,” (1971, 12).

Further on, Gramsci notes:

¹³ Linked to international power relations is the process of nation-state formation. “The nation is a particular historical form of community wrapped around an axis of exploitation. It builds on natural and naturalized identities and at the same time goes beyond them, as a secular form of social organization idealized in the 18th century notion of a social contract,” (van der Pijl 2001, 494). Alongside this there was a process of socialization, by which traditional communities were transformed into new units, with an ever-increasing parcelization of social functions that convinces people they are more and more independent, while in fact making people more dependent on one another than ever before (van der Pijl 1989: 16). As noted by Habermas, socialization does not just occur at the level of labour relations, but also at the level of one’s internal nature: people’s mental outlook and worldview had to be completely changed. “This proceeds through normative structures through which needs are interpreted and actions are legitimized and made binding,” (Ibid).

“Thus it is asserted that economic activity belongs to civil society, and that the State must not intervene to regulate it. But since in actual reality civil society and the State are one and the same, it must be made clear that *laissez-faire* too is a form of State ‘regulation,’ introduced and maintained by legislative and coercive means,” (1971, 160).

What these quotes suggest is that civil society is a broad and expansive concept, enveloping everything from the State to education and religious institutions. Civil society is thus crucial to hegemony. This is because civil society allows for consent to dominate, thus freeing the ruling class from having to use coercion to maintain order. Consent is manufactured in very complex ways, and its mechanisms are often hidden. As long as the ruling classes control the means of creating consent, a revolutionary movement is unlikely to be successful *even if it takes over the state*. Revolutionary consciousness is central, and this is created in civil society:

“Revolutionary activity has little or nothing to do with inciting people to rebel; instead it consists of a painstaking process of disseminating and instilling an alternative order by means of cultural preparation on a mass scale, critical and theoretical elaboration, and thoroughgoing organization. These kinds of activities can only be carried out in civil society—they require the creation of and help to extend new spaces in civil society beyond the reach of the governmental, administrative and juridical apparatuses of the state. Whereas reformists collaborate with the state, the goal instead should be establishing a different concept of the state,” (Gramsci 1994, 65-68).

As will be shown below, neo-Gramscians extended much of Gramsci’s work to the international sphere. Cox in particular emphasized that the state should not be the main unit of analysis when analysing transnational forms of hegemony. Instead, the state-society complex should become the main unit of analysis, as this allows us to analyse social forces within and outside of the state.

Connected to this is the concept of the historic bloc. Social forces are the main collective actors produced by the social relations of production and which operate across all spheres of activity—and it is these forces that make up historic blocs. When different social forces emerge due to changes in production, similar transformations happen both in forms of state and the world order. State power rests on these configurations of social forces. Through drawing on the concept of the historical bloc (discussed below), it becomes possible to analyse the various social forces and class interests that form a hegemonic project. The state itself is also conceptualized as a social relation. As Gramsci has written:

“The state presents itself in a different way beyond the political society of public figures and top leaders so that ‘the state is the entire complex of practical and theoretical activities with which the ruling class not only justifies and maintains its dominance, but manages to win the active consent of those over whom it rules. The state is a social relation and not a distinct institutional category,’ (1971, 178).

Indeed the concept of the integral state—civil and political society—poses a challenge to the liberal tendency to separate powers between the state, the economy, and other spheres.

What is the historic bloc? Gramsci argued that state and society put together constituted a structure in and of itself, and that a revolution therefore had to develop a separate structure strong enough to displace the first. This structure, whether in place or emergent, is called a historic bloc and depends on an organic cohesion between the rulers and the ruled:

“If the relationship between intellectuals and people-nation, between the leaders and the led, the rulers and the ruled, is provided by an organic cohesion in which feeling-passion becomes understanding and thence knowledge (not mechanically but in a way that is alive), then and only then is the relationship one of representation. Only then

can there take place an exchange of individual elements between the rulers and the ruled, leaders and led, and can the shared life be realised which alone is a social force—with the creation of the ‘historical bloc’,” (Gramsci 1971, 418).

In another passage, Gramsci writes:

“In what sense can one identify politics with history, and hence all of life with politics? How then could the whole system of superstructures be understood as distinctions within politics, and the introduction of the concept of distinction into a philosophy of praxis hence be justified? But can one really speak of a dialectic of distincts, and how is the concept of a circle joining the levels of the superstructure to be understood? Concept of ‘historical bloc,’ i.e. unity between nature and spirit (structure and superstructure), unity of opposites and of distincts,” (1971, 137).¹⁴

Thus we see that the interacting elements of a historic bloc are labelled structure and superstructure, and these form a historic bloc, which can be understood as the culmination of structure and superstructure that represents the social relations of production. The relationship between structure and superstructure is a dialectical one. A historic bloc cannot exist without a hegemonic social class. A new historic bloc is formed when a subordinate or subaltern class establishes its own hegemony over other subordinate groups. In order to form a new historic bloc, there are three levels of consciousness: the economic-corporative, in which people are aware of the specific interests of a particular group; the solidarity or class consciousness, where the entire social class is aware but only at the economic level; and the hegemonic consciousness, where the interests of the leading class come in sync with the subordinate classes (Gramsci 1971, 176).

¹⁴ For a few selected examples in the *Prison Notebooks* where Gramsci discusses formations of blocs, see pp. 74, 146, 221, 462 (1971).

Finally we come to the idea of a passive revolution. In the *Prison Notebooks* Gramsci refers to a ‘revolution’ without a revolution—a ‘passive revolution’ (1971, 59). He expands:

“The concept of ‘passive revolution’ must be rigorously derived from the two fundamental principles of political science: 1. That no social formation disappears as long as the productive forces which have developed within it still find room for further forward-movement; 2. That a society does not set itself tasks for whose solution the necessary conditions have not already been incubated, etc,” (1971, 106).

Gramsci distinguished between two types of societies: one that had gone through a social revolution and thus developed new modes of production and social relations; and one that had elements of a new order but without the old order having been displaced. These societies tended to go through a process of revolution-restoration, a condition in which neither the new or old forces could gain the upper hand, leading to a situation in which the new forces failed to achieve hegemony. Passive revolution was the term Gramsci gave to the resulting stalemate (Cox 1983, 166). Put simply: passive revolution is a condition of stalemate between social forces. Although a social force may be dominant, it is not hegemonic. A small elite moulds state power and institutions in order to preserve capitalist property relations—it is revolution from above. The key is to find out whether it is revolution or restoration that dominates. While the case of Egypt in 2011 represents a revolution from below with mass participation, it is clear that the ruling class was able to contain it by agreeing to some of the demands while maintaining their rule. For Gramsci, a social revolution entails society developing new modes of production and social relations. Where restoration rather than revolution dominates, the ruling class can re-exert its hegemony.

1.5.3 Robert Cox and the Neo-Gramscians

Neo-Gramscians build off a wave of critical theories that emerged in the 1970s, mainly in the fields of feminism, historical sociology and

post-structuralism, that rejected positivism and its key assumption that the aim of social science is to engage with the world critically. This theoretical debate is known as the positivist-post-positivist debate. The new emerging approaches argued that it was not possible to separate the object from the subject or to differentiate between normative enquiry and empirical scientific research. Robert Cox's work can be said to the umbrella underneath which most of the neo-Gramscian approaches sit. These approaches differ from one another but all take Cox as their point of departure. The Amsterdam School focuses on what Overbeek calls "transnational historical materialism" by looking at fractions of capital and concepts of control, with a strong focus on Poulantzas; the Nottingham School focuses on fractions of capital and labour by integrating a more ideational lens; and scholars such as Stephen Gill have used a more Foucauldian basis through which to approach Cox's work. In this dissertation I draw on different approaches, by primarily relying on Cox and his work on hegemony and passive revolution, the Amsterdam School's concept of fractions/concepts of control and, importantly, the Nottingham School's work on the interaction between fractions of capital and fractions of labour. In effect my aim is to look at the cumulative shifts from one bloc to another by building off both the Amsterdam and Nottingham approaches.

Before delving into the work of neo-Gramscians, it is useful to situate them vis-à-vis both the Dependency School as well as World Systems Theory (WST). Immanuel Wallerstein's intervention with WST was to make the global capitalist system central to social scientific analysis and thus provide a new way of understanding social reality. Core capitalist countries needed to continually draw surplus from semi-peripheral and peripheral countries and this created an unequal world system. The endless drive to accumulate capital is what defines the system and gives it its internal logic. Wallerstein traces WST back to the debates about the inequality of Free Trade among Latin American scholars (2004, 10). Dependency theorists built off this idea of unequal exchange, with Andre Gunder Frank and others looking at questions of underdevelopment as a conscious process put in place by core countries. Wallerstein goes on to discuss Braudel's intervention that argued for analysis of the longue durée, before finally coming to the 1970s when discussions about a "world system" were taking place. Wallerstein writes

retrospectively: “World-systems analysis was an attempt to combine coherently concern with the unit of analysis, concern with social temporalities, and concern with the barriers that had been erected between different social science disciplines,” (Ibid, 16). Questions of the development of the social sciences and how we aim to “know” reality are also part of this intervention, although it has often been lauded for its approach to economic systems. Indeed WST represented an intervention ontologically and epistemologically that has had a dramatic effect on the academy in general.

While Wallerstein conceptualized capitalism as a transnational system, the focus was still on states as the main actors within it. Moreover, as Henk Overbeek has pointed out, it is crucial to distinguish between the mode of production and the social formation: on the one hand we have a capitalist social formation and on the other the capitalist mode of production, with the latter being dominant within the former (2004, 121). This conceptualization allows for a more nuanced analysis of the *articulation* of modes of production. This is discussed further in Chapter Two, where I go into detail about the different modes of production in Egypt. Marxist scholars have argued that what defines the world system is the tension between capital and labour and the extraction of surplus value. While this does pose a critique to WST, the approaches remain very similar in their core assumptions.

Additionally, Wallerstein’s conception of hegemony differs from that of Cox and other neo-Gramscians because of its focus on states as the main actors in the capitalist system, as well as an understanding that is primarily rooted in the dynamics of capital defined somewhat economically. Neo-Gramscians tend to focus more on the structure-agency dialectic by favoring both, rather than favoring the former. Importantly, neo-Gramscians move away from centering the state, and indeed conceptualize the state in a very different way, following Gramsci. The state is defined much more broadly, and the concept of civil society becomes key. Neo-Gramscians have a much more complex view of the global system and the hegemony it produces, and the Amsterdam School is notable here. The scholars in this school looked at hegemonic and non-hegemonic states (Lockean vs. Hobbesian states)¹⁵ and contextualized

¹⁵ See Van der Pijl (2013) for an interesting analysis of the Middle East using these categories.

all relations within and between these states as embedded within wider transnational relations: “Hegemony in the global system is therefore seen as a form of class rule,” (Overbeek 2004, 127). All of these ideas will be discussed in detail below. Moreover, the focus on consent in hegemony distinguishes the Gramscian approach from WST to an extent.

The body of scholarship that has been labelled *neo-Gramscian* emerged in the 1980s and was spearheaded by Robert Cox’s two seminal articles: *Social forces, states and world orders: neorealism and its critics* (1986) and *Gramsci, hegemony and international relations: an essay in method* (1983).¹⁶ Cox’s critique of problem-solving theories is a useful way to understand how neo-Gramscians distinguish themselves from other approaches within political economy. Cox argued that problem-solving theories take the world as it is without looking at power relations. Critical theories, on the other hand, question how an order came about rather than taking it for granted. The origin and historical construction of these relations and structures are the starting point of analysis. This type of exploration is done by looking at three interlocking levels of analysis: ideas, institutions, and materiality, where all three make up the context in which actors are determined by creating expectations, habits, pressures, constraints, and so on.

In his article *Gramsci, hegemony and international relations*, Cox begins by critiquing problem-solving theories, which tend to take the world as it is without questioning power relations or the way power is embedded in and reproduced through institutions. In other words, the world system is seen as a constant. This view does not question power relations, as the features reproducing these relations are not problematized in and of themselves. This particularity, however, leads to a fragmentation within the theory and makes it difficult to understand connections between various particularities as well as the historical construction of the system as a whole.

Critical theory, on the other hand, consists of questioning how an order came about, rather than simply taking for granted the institutions and power relations that make up the order. The origin and historical construction of these relations and structures becomes the starting point

¹⁶ It is useful to note that before this, the Amsterdam School had already begun theorizing with Gramscian concepts (Overbeek 2004).

of the analysis. “Critical theory is a theory of history in the sense of being concerned not just with the past but with a continuing process of historical change,” (Ibid, 129). Cox argues that while realist theory in IR has a similar focus at its inception—understanding particular configurations of forces by placing them within their historical context—the theory underwent changes during the Cold War and became a problem-solving theory, characterized by an ahistorical view.¹⁷ Returning to my research question—why the revolution happened in 2011—I want to note that in asking ‘why,’ a Gramscian approach also asks ‘how,’ precisely because it is both historical and materialist. By answering the ‘why’ question in my dissertation I must also answer the ‘how’ question.

Critical theory assumes that action always takes place within a framework, and that this framework is what constitutes the *problematique*. It is assumed that theory (and action) is shaped by this *problematique*, demonstrating that critical theory is aware of its relativity but that it is precisely this awareness that allows it to transcend its relativity, to an extent.¹⁸ Change is an expected element of the framework and thus critical theory is prepared to deal with social and political changes. Importantly, the framework in question is made up of ideas, institutions, and material conditions; these do not determine people’s actions in a material sense but rather make up the context (expectations, habits, pressures, and constraints) in which actions are determined. Finally, the framework should be looked at in terms of the conflicts within it, and how these conflicts open up space for social change (Cox 1986, 135). This brief overview of Cox’s argument is useful in situating the neo-Gramscian approach within broader debates.

¹⁷ This new brand of realism—termed US realism or neo-realism—was characterized by three assumptions. First, the nature of man was represented as being restless in his desire for power. Second, the nature of states was represented as being dominated by specific concepts of national interest as guiding their actions. Third, the nature of the state system was represented as one in which constraints were placed on rival national interests because of a mechanism ensuring the balance of power (Cox 1986, 132).

¹⁸ It is acknowledged that no theory or approach can completely transcend its particularity. However, awareness of this particularity can aid in overcoming bias.

1.5.4 The Neo-Gramscians

Neo-Gramscians provide two important extensions of Gramsci's work that are relevant to this project. First, while Gramsci did not say much about the international sphere or the global capitalist system, neo-Gramscians have focused extensively on the *international* division of labour and transnational capital—they have worked to internationalize Gramsci's concepts. Thus we have the Amsterdam School that argues that neo-Gramscian analysis should be understood as a form of historical materialism called transnational historical materialism: "Transnational historical materialism brings back to life themes that were central to the debates on imperialism in the early years of the twentieth century. The global dimensions of the processes of capital accumulation and of class formation, and the changing roles that national states play in these processes, were central in Marx's own understanding of capitalism," (Overbeek 2013, 162). Similarly, scholars within the Nottingham School, such as Andreas Bieler and Adam Morton, have looked at the ways in which fractions of capital and labour evolve internationally (2004, 2003). Second, numerous neo-Gramscians have worked with the concepts of fractions of capital and fractions of labour as a specific tool with which to analyze the ruling class and the subaltern classes. This has provided a useful concrete means of analyzing the historic bloc, one that I use in this project. Above all, one of the key contributions of neo-Gramscians, and in particular Cox, has been to bring Gramscian ideas in conversation with IR and IPE.

Building on Gramsci's concept of the *relations of force*, neo-Gramscians have focused on its transnational application, arguing that this framework allows us to look at forces at the transnational level. As Gramsci noted, "It is also necessary to take into account the fact that international relations intertwine with these internal relations of nation-states, creating new, unique and historically concrete combinations," (1971, 182). Henk Overbeek, a founding member of the Amsterdam School, has written about the ways in which neo-Gramscian analysis—which he terms transnational historical materialism—can be defined as "the application of the historical materialist method to the study of transnational social relations," (2013, 162). Using Gramsci as a basis, the

aim is to bring questions of imperialism to the center through analysing global processes of capitalist accumulation (Ibid). Overbeek writes:

“Gramsci was concerned to rethink political strategy in light of the very different experiences of the Russian and the West European revolutions of 1917-1919. It is really in the context of this project that all the concepts that have come to serve as keys to recognize ‘neo-Gramscian work’ were developed (civil society, hegemony, historic bloc, organic intellectuals, passive revolution, *trasformismo*, war of manoeuvre and war of position),” (Ibid, 167).

World hegemony begins when one state establishes internal national hegemony and then expands it outwards on a global scale. This world order must be universal in conception and include universal norms and institutions that provide the rules on how states and societies should act. Hegemony at the global level is not simply a hierarchy between states. As Cox writes,:

“It is an order within a world economy with a dominant mode of production which penetrates into all countries and links into other subordinate modes of production. It is also a complex of international social relationships which connect the social classes of the different countries. World hegemony is desirable as a social, economic and political structure and must be all three,” (Cox 1983, 172).

Focusing on world hegemony using relations of force allows for an analysis of imperialism. Neo-Gramscians analyse the imperial system as a world structure that depends on a particular configuration of social forces. Imperialism is a system and thus cannot be located in individuals, states, or corporations (Cox 1981, 144). The reality of passive revolution in the peripheral countries as well as the global neoliberal project allows

for an insight into why countries such as Egypt were unable to successfully topple the ruling class.¹⁹

Related to this is the concept of hegemony and its interpretation by neo-Gramscians. Cox has defined hegemony as:

“...a structure of values and understandings about the nature of order that permeates a whole system of state and non-state entities. In a hegemonic order these values and understandings are relatively stable and unquestioned. They appear to most actors as the natural order. Such a structure of meaning is underpinned by a structure of power in which most probably one state is dominant but that state’s dominance is not sufficient to create hegemony. Hegemony derives from the dominant social strata of the dominant states in so far as these ways of doing and thinking have acquired the acquiescence of the dominant social strata of other states,” (Cox in Gill 1993, 43).

Hegemony constitutes a particular configuration of social forces that is maintained through a balance of consent and coercion. The distinction between coercion and consent is crucial to Gramscian thought, and is based on Machiavelli’s rule of ‘force’ and rule through ‘consensus.’ Power “recedes into the background of consciousness,” (Ibid, 137). The presence of high levels of consent is important: in hegemony, dominance is hidden as people consent to a system they see as common sense and natural. It is important not to see the dialectical relationship between coercion and consent as static. Indeed each situation needs to be looked at historically in order to determine what the precise relationship between coercion and consent is, and how they materialize.

Key to this is the state. The state can never be a neutral broker among competing interests—it has a “necessary structural selectivity”

¹⁹ Here Van der Pijl’s work on passive revolution in the Soviet Union provides an important view on how peripheral countries have different experiences of revolution because of the central role of the state as opposed to civil society (in Gill 1993).

that favours some social forces over others (Bieler 2006, 522). A Gramscian analysis would take as its point of departure the assumption that world politics is historically embedded in capitalist social relations. Thus capitalism represents the context within which sovereign states exist (Rupert in Gill 1993, 84). Moreover, the constellation of forces that have shaped the historical production of states and the relations among them cannot be ignored. “All social relations—including the system of states and the world economy—are historically produced and politically contestable. Such contests are fought out among various historically specific social forces and actors,” (Ibid, 87). Importantly, there is no one ‘state’ but rather multiple forms of state, all expressions of different configurations of state/society complexes (Cox 1986, 127). The aim is to understand how social power becomes merged with political power. This can partly be done through a historic bloc.

“A historic bloc implies the constitution of a radical and novel reconstruction of the relational nature and identity of different interests within a social formation and indicates an organic link between a diverse grouping of interests that merge forms of class and cultural identity,” (Morton 2010, 161).

Active and conscious struggle has to be engaged in, and it is not enough to capture the state: civil society and the forces of production are crucial, as is ideology (Gill and Law 1989, 477). In order for a historic bloc to be successful, it had to coalesce around a set of hegemonic ideas. Any new hegemonic class will be shaped by ideology at both the national and international level (Ibid, 489). The different fractions within the emerging historic bloc must disseminate their ideology through society in order to establish hegemony. Understanding which social forces were involved in establishing a historic bloc is essential.

As a fraction of capital becomes powerful, it draws on its power not only from its economic standing but also from the values it promotes even as these values become “detached as images or projections of its political outlook,” (Ibid). These values *must be powerful enough* for the fraction to form alliances with other members of the evolving historic bloc, thus demonstrating the central role of the ideational within

hegemonic expansion. The historic bloc points to the dialectic between the material and ideational and cannot be understood without taking this dialectic into account. A historic bloc is a state of being that each ruling class aims to achieve, one that allows it to organize society in its own image.

This understanding of the historic bloc as a condition to be achieved rather than simply as a social alliance provides us with a more abstract and theoretical understanding of the concept. A historic bloc is a new configuration of social forces and this is not something to be taken lightly. These social forces, coming together in this way, thus produce a new form of politics. Different norms, different values, and different ideologies emerge, as well as different material conditions of production. In short, society changes. Nevertheless this change is not abrupt nor does it represent a clear break with the previous configuration; thus we see that new forms of politics or new norms and dispositions may only become dominant halfway into a new historic bloc. Moreover, these new changes within society usually do not displace old ones completely, but rather mix with them.

It is because the historic bloc is so crucial and expansive that only an organic crisis can attempt to dislodge it. Such a crisis would most likely play on the contradictions and weaknesses within the bloc. As Brecht de Smet, a Gramscian whose work focuses on Egypt, argues:

“Any historical bloc expresses an equilibrium that contains internal class contradictions by material concessions and ideological justifications for the limits of its economic structure. When internal or external dynamics disturb the fundamentals of the equilibrium, centrifugal forces become stronger than the centripetal power and a crisis ensues,” (2016, 19).

An organic crisis in particular results from the contradictions within the system—the historic bloc and its accumulation strategy. De Smet continues: “In order for capitalism to survive organic crises as a *system*, concrete *historical blocs* have to be reconfigured by modifications to their economic structure and superstructures,” (Ibid, 40). This is where the

concept of passive revolution comes in, and it is precisely the combination of an organic crisis, a restructured historic bloc, and passive revolution that can help us understand the events of January 25 2011.

Cox has elaborated on Gramsci's concept of the passive revolution by emphasizing the dialectic of revolution-restoration present in cases where a passive revolution was taking place (1983, 166). Caesarism and *trasformismo* are two accompaniments to passive revolution; the first referring to a strongman intervening to resolve the stalemate between social forces and the latter to a process of co-optation. Passive revolution can be understood as non-hegemony, and, similar to van der Pijl (in Gill 1993), Cox makes the assertion that this often characterizes industrialising Third World countries (1983, 167). Throughout this dissertation I argue that while this was the case pre-1952 and post 1990, there did exist hegemony and a historic bloc in Egypt from the 1950s through to the 1980s.

Connected to all of this is the concept of a fraction of capital, a concept directly tied to various neo-Gramscian schools, notably the Amsterdam and Nottingham schools. While it was Marx who distinguished the different circuits of capital—commodity, money and productive—it has been specific neo-Gramscians who have extended this, namely Kees van der Pijl and Henk Overbeek. Fractions of capital and labour are important to understand because they represent a way of analysing the complexity of the ruling class. As Kees van der Pijl notes, “Class struggle has to be understood as a complex process in which fractions of the bourgeoisie, increasingly located in more than one state, struggle with each other and with the workers and other classes over the definition of the common good that will serve as the guiding light,” (1989, 16). Similarly, Henk Overbeek notes that it is Marx’s division of the functional forms capital assumes that shapes class fractions (2013, 167). The general interests shared by class fractions can be called “concepts of control”:

“Concepts of control are constituted around two prototypes: the money capital concept and the productive capital concept. The latter reflects the particularities of the productive process and its social context. The latter reflects the particularities of the productive process and its social context. Usually those groups assert themselves most effectively

whose specific group interests at a given juncture most closely correspond with the prevailing objective state of capital accumulation and class struggle," (2013, 167).

In this understanding, class fractions are very much to be understood materially and ideationally, as well as in terms of structure and agency—the way in which capital is accumulated is the structure, and the ways in which social forces negotiate and define this is the agency (Overbeek 213, 168). Using fractions is useful because it focuses on the constantly shifting balance of class forces. It is not just an elite-focused approach but looks at social forces as a whole. "The congruent interests of the class fractions of both capital and labour and their fundamental antagonism justify the central Marxist emphasis on the dialectic of class struggle," (Nicholls 1988, 83). This dominance, however, can be understood in terms of a power bloc with shifting alliances within it, and this is the approach this paper takes. This dominance of one fraction is often masked at the political and ideological levels (*Ibid*). As noted by David Nicholls, the historical dominance of one fraction over the others cannot be reduced to homogenous class categories.

Fractions of capital and labour are much more than merely interests. It is not enough to identify interest groups within society and label them as fractions. Marx emphasized that class cannot be explained on the basis of interests because interests are constituted by and thus dependent on social classes. Fractions are therefore much more complex and have deeper roots in the social relations of production. A class is distinguished from an interest group because it is constituted *on the basis of an economic interest*. "A class is defined by its ownership of that particular factor of production that defines its particular interest," (Clarke 1978, 38). This is why a ruling class can be made up of competing fractions that all have different features. The underlying relation of exploitation is the same for the whole class and thus unites them to an extent. Take, for instance, the existence of industrialists and financiers under the neoliberal bloc—while both may have the same hegemonic project of capitalist accumulation, they achieve it using different forms of accumulation and different technologies. This, if not balanced carefully, could lead to a conflict that could culminate in an organic crisis.

A useful starting point is noting the connectivity that characterizes fractions of capital. Capital is divided into various forms depending on the function it performs within circuits of circulation.

“The ‘start point’ and the ‘end point’ for the money capitalist, the productive capitalist and the commodity capitalist are entirely different—essentially they are engaged in the same overall circuit, however. Fractions of capital assume different circuits within the overall circuit of capital but they are nevertheless part of the same circuit: money capital cannot exist independently of productive capital,” (Macartney 2009, 461).

The interests of each fraction are therefore dependent on their position within the realm of production. As Macartney points out, one would assume that the interests of finance capital are different from productive capital: whereas the circulation of finance and money capital must have an international dimension, productive capital must be based within national territory (*Ibid*). Interests of fractions cannot be assumed *apriori*, however, and must instead be understood historically. Moreover, it is necessary to underline the unity of the ruling class as a whole. As the quote above highlights, fractions are engaged in the same overall circuit.

All fractions of capital are part of the same whole, but they do not all have the same status. Because they are part of the same whole, they have a vested interest in maintaining and reproducing the rule of capital and in harnessing the state in this dissertation. In other words, all fractions of capital are invested in the state expression the domination of capital over labour (*Ibid*, 61). What differs among fractions of capital is the emphasis they put on different modes of production. The debate surrounding productive capital is important in the case of Egypt, as will become clear further on. Finance capital being dependent on productive capital as well as banking capital being less determining than productive capital are both formulas that changed during the transition from the Nasserist bloc to the *Infītah* bloc. During this transition we see that productive capital became less and less determining, while financial capital became hegemonic. This was to have dramatic consequences for the entire society.

What is especially important to note about fractions is that although they collectively form the bourgeoisie, they cannot act as one entity because of their divergent interests. The ways in which various fractions of capital confront labour represents one divergence: “Securing the preconditions of the exploitation of wage labour is the overriding interest of capital, but since capital necessarily confronts the workers in highly divergent labour processes, the capitalist class on this score will always be divided within its own ranks,” (Nicholls 1988, 13). Another divergence is their position vis-à-vis the circulation of capital; and a third is their relationship vis-à-vis the state.

To sum up, the ruling class can be divided into fractions of capital in order to analyse the divisions within it. Fractions are distinguished from one another by the particular way in which they relate to (the mode of) production. A group of individuals that accumulates its wealth through agriculture and the land would be brought together and labelled an agrarian fraction of capital, whereas a group that accumulates wealth through industry would be labelled an industrial fraction of capital. Each fraction has specific institutions that it may use to establish itself, such as ministries, banks, and so on. For example, the establishment of the agrarian fraction of capital in Egypt during the early 1990s required the formation of native Egyptian banks such as Bank Misr. The industrial fraction that formed during Nasser, however, relied heavily on the state apparatus. What is important to highlight is the way in which fractions must overcome their particularity in order to elevate to the level of general interest. This differentiation complicates the traditional distinction between the rentier class, the bourgeoisie and the working class, showing potential fault lines within the same class, as noted by Roberto Roccu (2012, 74). This contributes to the concept of a historic bloc, as it shows the ways in which different fractions form alliances in order to achieve their overarching goal of capitalist accumulation. The aim is to trace which fraction dominated during each period, in order to then analyze how each historic bloc is formed. In order to achieve their own narrow interests, the fraction has to mask them as universal ones.

Here it is relevant to bring up some of the main critiques of neo-Gramscians. The responses to the emergence of neo-Gramscian work have varied. Some have argued that it is not as rigorous in its treatment of orthodox Marxist presumptions as it should be (Burnham 1991) while others argue it is too economicistic in its treatment of hegemony

(Mouffe and Laclau 2011). Additionally, Drainville (1995) and Panitch (1994) critique the neo-Gramscians for giving too much agency to elites and not allowing for the possibility of change among and from subaltern groups.

The critique I want to focus on is that of Germain and Kenny (1998), who argue, first, that the form Gramsci's ideas have come to us makes it difficult to speak of a Gramscian 'approach' per se. While the format of the *Prison Notebooks* has certainly led to a wide range of interpretations of Gramsci's ideas, it is clear that Gramsci was firmly embedded within the Marxist tradition and that many of the concepts scholars derive from his work can be clearly identified in the original text(s). Much of their critique focuses on the way in which Gramsci related the structure to the superstructure. This debate was covered in the previous section on meta theory, where I argued that Gramsci was unique among Marxists of his time for the way in which he conceptualized the role of the ideational. His break from orthodox Marxists should be emphasized, but this did not constitute a shift towards privileging the ideological as he consistently grounds his analysis in the material. Indeed here work by Stuart Hall in particular has provided a creative means of interpreting Gramsci within cultural studies (1986). Moreover, I want to point out that non-Western Marxists have long pointed to the need to break with orthodox Marxist presumptions about economism and a certain set of linear developments that must occur (see: Amin 1981, Ayubi 1996, Abdel-Malek 1968).

The second point made by Germain and Kenny is to question whether the Gramscian concepts used in IR to study the "international"—hegemony, civil society, and historic bloc—are really useful in examining the dynamics of the world order (1998, 20). They advocate for a different type of historicism, which Bieler and Morton have described as "austere," (2004, 104). Responses to this have come from authors in different approaches. Overbeek, for example, has argued that the main aim of neo-Gramscian analysis is to re-center the question of imperialism by looking at capital accumulation at the global level (2013). To this end, these Gramscian concepts have proven effective in much of the work cited in this dissertation. As Mark Rupert writes in his response to Germain and Kenny (1998), "I see Gramsci arguing for a dialectical understanding of world politics which cannot proceed in abstraction from the specific constellations of factors—global and local—

which have shaped the historical production of particular states, the emergence of international and transnational relations, and historical possibilities for transformative politics (432-3).²⁰ Bieler and Morton similarly responded to Germain and Kenny's critique with the following: "Yet the demand to return Gramsci to his historical context need not prevent the possibility of appreciating ideas both in and beyond their context. Rather than the seemingly austere historicism of Germain and Kenny's demands, which limit the relevance of past ideas in the present, it is possible to acknowledge the role played by both past forms of thought and previous historical conditions in shaping subsequent ideas and existing social relations. This method pushes one to consider what might be historically relevant as well as limited in a theoretical and practical translation of past ideas in relation to alternative conditions," (2004, 104). Adopting a historical method that is not austere allows scholars to engage with IR and IPE approaches by relying on Gramscian concepts that continue to be relevant today and combining them with the rich literature already available in the fields of IR and IPE.

Additionally, I have found these concepts particularly useful to apply to the concept of Egypt precisely because they build on WST and the Dependency School's assumption of a core and periphery—thus making the twin processes of capitalist expansion and colonial domination central to analysis—but also expand on it in important ways. It was precisely Gramsci's own positionality as a Southern Italian Marxist that allowed him to develop concepts critically aware of power dynamics that in turn are especially useful to those working on the Global South. In my attempt to look at the cumulative transitions from one bloc to another, concepts such as hegemony, passive revolution and the historic bloc gave me the conceptual tools needed to analyse how these transitions happen.

This overview of Gramsci and the neo-Gramscians leads me to clarify my own approach. Neo-Gramscians have been important because of their exploration of Gramsci's concepts internationally. Thus we have the Amsterdam School, for example that has looked at imperialism and neoliberalism, and the Nottingham School that has looked at EU integration. While this is a useful frame, and while imperialism is

²⁰ For another engagement with Germain and Kenny, see Murphy (1998). I want to thank Henk Overbeek for pointing me to these articles.

key to my analysis as well, my focus has been on the interconnections between Egypt as a case study and the transnational interactions the neo-Gramscians look at. my major contribution is a cumulative understanding of Egyptian history, and looking at the trajectory of historic blocs in Egypt allows me to this.

1.5.5 Meta Theory

In terms of the themes Gramscian and neo-Gramscian work addresses, I have found two particularly important. The first is the connection between the material and the ideational, and the second is the connection between structure and agency. Both of these themes touch on key debates, and in both instances Gramsci's work calls for a complex combination between the two traditional poles.

Beginning with the structure-agency relation, a neo-Gramscian approach articulates a conception of the world in which structure and agency are dialectical and where both play a role in the production and reproduction of social life. This is clear in Gramsci's insistence that one outcome is never predetermined, and that other routes were always possible. In other words, structures do not determine outcomes—agency is also a factor, thus allowing for multiple pathways. Neo-Gramscians have used this dialectical approach to agency/structure to analyse complex processes such as globalization and neoliberalism.²¹

“What emerges within this historicist conception of philosophy and history is a concern with the structural conditions of existence, the realm of necessity, initially inherited from the past forms of thought and action, as well as concern for the realisation of agency, the realm of freedom, that is both determined and determining,” (Bieler 2005, 517).

²¹ See: Overbeek 2002. Henk Overbeek writes about globalization as a dialectical phenomenon circumscribed by both agency and structure, which are mutually constitutive.

The importance of agency becomes clear when we look at political acts made through an error in calculation on the part of members of the ruling class. Agency can make a difference within the constraints provided by structures. “There is an impact on agency in the present from the social relations of production, forms of state and world order, resulting from strategies in the past,” (Ibid). This provides a different view from structuralist and neo-realist approaches that tend to ignore or downplay agency. Neo-Gramscians see structures as socially constructed and argue that these become part of the objective world because of their existence within intersubjective understandings of social actors (Cox 1987, 409). Because actors are involved in producing these meanings and structures, it is possible that established meanings change, especially during times of transformation. This means that there is always a possibility for change. The course of action that results depends on which historical bloc is best able to articulate a strategy that most corresponds to socially dominant meanings and structures. Moreover, this necessitates a focus on time because analysis must look back to the past to understand how agency has been conditioned in the present. The focus on agency in particular is an important factor that distinguishes neo-Gramscian analyses from approaches such as sociological institutionalism that focus predominantly on structures and often minimize the role of agency (Koelble 1995). “History is always in the making, in a complex and dialectical interplay between agency, structure, consciousness and action,” (Gill 1993, 9). In other words, the historical structures that form an important part of Gramsci’s approach are constituted partly by human activity and consciousness.

Moving to the material-ideational dialectic, recall the quote from earlier:

“The analysis of these propositions tends, I think, to reinforce the conception of *historical bloc* in which precisely material forces are the content and ideologies are the form, though this distinction between form and content has purely didactic value, since the material forces would be inconceivable historically without form and the ideologies would be individual fancies without the material forces,” (1971, 377).

Approaches to IPE and IR based on Gramscian assumptions rely on a combination of ideational and materialist claims that can be summed up in the following paragraph:

“Ideas and materialism are always bound together, mutually reinforcing one another, and not reducible to one another. Ideas have to be understood in relation to material circumstances, which include both the social relations and the physical means of production. Superstructures of ideology and political organization shape the development of both aspects of production and are shaped by them,” (Cox 1983, 168).

Walter Adamson has argued that Marx never gave ideas the full attention they deserved, claiming that classical Marxists neglected non-economic factors such as ideology, and further claims that Marx saw ideology as simply a belief system (Ibid, 176).

And yet in the same text Adamson goes on to cite the following excerpt from Marx:

“The production of ideas, of conceptions, of consciousness is directly interwoven with the material activity and the material relationships of men; it is the language of actual life. Conceiving, thinking and the intellectual relationships of men appear here as the direct result of their material behaviour. The same applies to intellectual production as manifested in a people’s language of politics, law, morality, religion and metaphysics. Men are the producers of their conceptions, ideas, etc., but these are real, active men, as they are conditioned by a definite development of their productive forces and of the relationships corresponding to these up to their highest forms. Consciousness can never be anything else except conscious existence, and the existence of men is their actual life-process,” (Adamson 2014, 110).

This quotation is much closer to the way Gramsci conceptualizes the connection between the material and the ideational. Indeed in the *Prison Notebooks* Gramsci himself pointed out that Marx himself proposed that a popular conviction “has the same energy as a material force,” (1971, 377). As Edward Said notes, of all the Marxists of his time Gramsci was the one that focused on culture, specifically through his argument that the power of the state relies not only on coercion but the ways in which culture produces consent (1983, 171). It is therefore fair to say that Gramsci is perhaps rare among Marxists for the attention he paid to the role of the ideational.

Culture, civil society and organic intellectuals are all means through which hegemony is produced and resisted. Indeed it is precisely this that allows hegemony to exist through consent rather than coercion. Gramsci’s focus on organic intellectuals demonstrates this:

“Every social group, coming into existence on the original terrain of an essential function in the world of economic production, creates together with itself, organically, one or more strata of intellectuals which give it homogeneity and an awareness of its own function not only in the economic but also in the social and political fields,” (1971, 5).

“Thus there are historically formed specialized categories for the exercise of the intellectual function. They are formed in connection with all social groups, but especially in connection with the more important, and they undergo more extensive and complex elaboration in connection with the dominant social group. One of the most important characteristics of any group that is developing towards dominance is its struggle to assimilate and to conquer “ideologically” the traditional intellectuals, but this assimilation and conquest is made quicker and more efficacious the more the group in question succeeds in simultaneously elaborating its own organic intellectuals,” (197, 10).

Gramsci notes that organic intellectuals occupy a particular position in society that is tied to countering the hegemony propagated by traditional intellectuals. Neo-Gramscians have built off this focus on intellectuals and idea, and understand ideas at two levels: as intersubjective meanings/shared notions of the nature of social relations that are historically determined; and as collective images of the social order: multiple and contradictory. Identifying these ideas and modes of production brings us back to the deep historicism of the Gramscian approach. The material world refers to productive and destructive potentials, whether they be technological capabilities or natural resources which can be transformed and the wealth which results from this process. While neo-Gramscians take ideas and discourse seriously, they also maintain that materiality forms the basis of knowledge production. It is more useful to look at how the discursive and material inform one another than to see the world as purely a series of constructions, since underlying these is always the material world. In other words, the focus is on social forces that result from the capitalist production process and how they relate to ideological struggles. This interplay between ideas and materiality rests on the assumption that ideas are underpinned by materiality. Understanding for what purpose and for whom a discourse has been constructed means understanding the social forces present in society through the mode of production. It is the social relations of production that determine this, even though many approaches ignore this because of their focus on power as located in the state (Overbeek 2013, Van der Pijl 1997). The focus should thus also be on social power, which is both material and normative.

The importance of the ‘material structure of ideology’ is one example of how Gramsci prioritized the ways in which materiality was discursive. Another is his argument that hegemony functions through consent, and thus through processes of social diffusion, which include the propagation of ideas. Finally, the importance Gramsci accorded ideas can be noted in his emphasis on the role of organic intellectuals. Intellectuals exercise an ideological social function and organize the hegemony of specific social class forces. Organic intellectuals articulate strategies for the hegemonic project. “It is their social function to transcend the particular interests of their own social group which brings ‘the interests of the leading class into harmony with those of subordinate classes and incorporates those other interests into an ideology expressed

in universal terms,” (Van der Pijl 1997, 126). It is only when ideas are accepted as common sense that they disappear from sight.

A focus on production does not mean a reductionist approach to social life. I conceive of production very broadly: it includes the production and reproduction of knowledge and social relations, morals and institutions, all of which are prerequisites to the production of physical goods. To analyse capital in any given era means not just looking at the material means of production (land, labour and the organization of the economy) but also at culture, norms, and dispositions.

Any analysis of the 2011 revolution should not only look at both the material and ideational levels and the interplay between them, but also *how* the two are co-constitutive. At the material level, there should be an analysis of the mode of production, the social relations of production, and the social forces—all three of which make up Egypt’s political economy. As mentioned previously, this does not mean only looking at these in terms of production, but also in terms of how these relations organize life culturally and how norms that sustain these relations are transmitted to society in an attempt to construct them as common sense. Take the example of the ideational and the revolution. It is not enough to identify specific notions that were central, such as social justice, dignity, rights, democracy or understandings of what it means to live a dignified life, to have hope, to have the ability to live well. Instead the analysis must go further and locate these concepts within the structures of the economy. Take the common demand of social justice, perhaps the most common demand of 2011. It is possible to see this as being a social construction rooted at multiple levels: the national level where it is tied to Nasser and Egypt’s first independent regime that often used social justice as a rallying point; at the regional level where economic and political crisis have become the norm rather than the exception; and also at the international level, where questions of economic crisis have taken center stage and where Egypt’s peripheral position vis-à-vis global capital is not lost on most Egyptians. Using this as a loose framework it would then be possible to trace the emergence of the concept of social justice before and after 2011 and to connect it to the main forces behind the revolution.

But is this convincing? It seems clear that the term social justice is used in many ways by many different actors and yet it points to a similar

underlying malaise: the current structure and functioning of Egypt's political economy. And this is precisely why it becomes necessary to not just include materiality in an additive sense but to *ground* the analysis in materiality. Then the questions shift: what is meant by *social* and what is meant by *justice*? When did this term emerge and how is it linked to the regime and ruling class of that era? In other words, which historical formation are Egyptians bringing attention to by making social justice the central demand of 2011? If the answer to this is the Nasserist historic bloc, then that needs to become part of the analysis: which social forces were present at that time, how did they relate to the means of production, and how did they use this relation to spread specific conceptions—such as social justice—through society? What is being recalled here? I would assume that it is not simply a call for “economic equality” or liberal democracy, as has been suggested in much of the literature. Instead it is a pointed collective recollection of an era during which the material and cultural organization of society was different and during which “the people” were better off. This would then bring in questions of imperialism, geopolitics, pan-Arabism, and neoliberalism; questions that may have been elided had the focus been only on the *idea* of construction of the concept of social justice. A genealogy of the concept therefore cannot be a basic historical overview, but rather a historical *materialist* interrogation. Thus we can't take the notion of social justice for granted—instead we must determine what it meant to specific protesters and what would need to change vis-à-vis the relations of production for it to be achieved. In other words, social justice and democracy are tied to a specific organizing of the political economy.

Above all, the reason the neo-Gramscian approach to the ideational-material relation is useful is because it explains *why* certain ideas triumph over others. The neo-Gramscian approach answers both the *how* and the *why*: it can look at the material structure of ideas and overcome the false separation between materiality and ideas, and it can also locate ideas within their material foundations.

2

Questions and Methodology

2.1 Introduction

The aim of this chapter is to provide an overview of the specific details of the research project from the perspective of how research material was gathered and how it will be used, and also touches on some key debates that frame the dissertation. The chapter is made up of six sections. The first section builds off of the main research question presented in the previous chapter in order to present the various questions that will be addressed in each chapter. The second and third sections look at methodology and method respectively. The fourth section looks at the various modes of production in the Egyptian context. The fifth section elaborates on the theoretical section on fractions of capital and labour by applying it to the Egyptian context. The final section addresses the question of applying Gramsci to postcolonial contexts, and how to approach the concept of hegemony in a case like Egypt.

2.2 Research Questions

The overarching question this dissertation tries to answer is why the 2011 Egyptian revolution happened when it did. This question will be answered through an analysis of time and production. By looking at time as continuous and tied to production—analysed through the historic bloc—several questions will be answered.

The first area of research will be the ruling class. Neo-Gramscians argue that structural divisions characterize the ruling class, but that these

divisions are minimized in the face of resistance from other forces. In other words, the ruling class tends to find ways to preserve the class when faced by external threats, as happened in Egypt in 2011. Focusing on the ruling class constitutes one avenue of understanding a hegemonic project as well as analysing broader social forces. What is crucial to note about groups within the ruling class is that they do not simply *defend* class interests; they *define* these interests. Their aim is to create strategies that will shape future forms of governance. In other words, they do more than simply accumulate capital; they create a discourse that makes this accumulation easier and more profitable, in a process that can be likened to creating a consensus.

The first research question is therefore: which historic blocs will be analysed? Identifying historic blocs will be done through an analysis of time and production, in order to locate the rise and fall of blocs according to *changes in production*. This departs from conventional accounts of Egyptian history that locate changes in the ruling class through changes in the head of state. Focusing on production does not mean reducing everything to economic terms; rather production should be conceptualized as broadly as possible, and includes everything from knowledge, morals, and institutions to the production of economic relations themselves. In other words, the social relations of production in Egypt need to be located. This allows for an analysis that shows how specific social forces emerged due to specific relations of production.²²

The second area of research is identifying the individuals and groups who make up each bloc. The individuals and relations that make up the ruling class cannot be understood in isolation from other dominant social forces. The question of social forces is closely linked to an analysis of historical structures that produce these social forces. The state is among the more complex social forces, and should be seen within a state/society complex rather than as an object set apart from society. This will be discussed further on. The second research question therefore looks more

²² These questions show the importance of focusing on ideological as well as material processes. One example of this is from the work of van Apeldoorn, who starts his analysis by focusing on splits within the transnational capitalist elite, which eventually broadens out through contextualization. His work ends up providing in-depth structural and societal information, particularly with regards to labour and the labour movement (Van Apeldoorn 2009).

concretely within historic blocs in order to identify *who* constitutes each ruling bloc. This will be analysed at two levels: the individual elite level, which identifies personalities dominant within the historic bloc; and the broader class level which looks at the various fractions of capital and fractions of labour that make up a given historic bloc. Both of these levels will locate the historic bloc by looking at production.

The third area of research is focused on hegemony and hegemonic projects. Analysing hegemony means understanding the social relations of production (mode of production), the forms of state (the various historical constructions of different forms of state) and the world order (international geopolitics over time). These three spheres of activity that constitute hegemony—the social relations of production, forms of state, and the world order—should be analysed through three additional categories: material capabilities, ideas and institutions. This allows for an analysis that includes materiality, subjective notions of social relations, and power relations as reflected by institutions. Understanding the mode of production, the social forces that emanate from the mode, the state as a social relation, and the imperial system are central to understanding the formation of a hegemonic project. A hegemonic project can be defined as successful if it galvanizes support behind a national program of action²³ that claims to represent the general interest of society while explicitly or implicitly advancing the long-term interests of the hegemonic class (Jessop 1990).

A key aspect of any hegemonic project is a successful accumulation strategy. One example is neoliberalism. “Neoliberalism is a project of restoring capitalist class power by liberating capital from its post-war constraints through a program of marketization and privatization,” (Gill and Law 1989, 478). As an accumulation strategy, it has been linked to both globalization and financialization. Neoliberalism is hegemonic both ideologically and in terms of policy, and when these two fail to “protect the nature of global governance” then military force is used (Cox 1999, 9). The world today is characterized by the integration of production and financial structures and along with that, the emergence of associated forms

²³ An example of concepts within a hegemonic discourse is Stephen Gill’s attempt to delineate the key concepts that constitute the “new constitutionalist discourse.” These include: market efficiency, discipline and confidence, policy credibility, and policy consistency (Gill 1992, 168). Which concepts formed Egypt’s hegemonic project?

of consciousness (Gill 1993).²⁴ Neoliberalization—which is the term I use throughout this dissertation—refers to the *process* whereby a neoliberal regime of capital accumulation is established. This focus on process is important because it points to the uneven nature of its application—a country like Egypt does not simply become neoliberal, but is rather engulfed in a process with the ultimate aim of establishing a neoliberal form of accumulation. Thus I use the term neoliberalization throughout. Roberto Roccu, drawing on Harvey, has argued: “The overall result of neoliberalization amounts to what Harvey calls ‘accumulation by dispossession’, that is: the persistence of forms of primitive accumulation, ranging from resource extraction to privatization of property rights to asset-stripping, within the capitalist mode of production,” (2012, 72-73).

Tracing a hegemonic project thus includes analysing relations of production and power at several intertwined levels. The ruling class are central to the analysis, but the subaltern classes are equally predominant within any hegemonic project. Gramsci’s focus on the interplay between the ruled and the rulers allows for an analysis of hegemony that focuses on both domination *as well as* resistance.²⁵ One way of understanding this

²⁴ Some have argued that there is a movement towards consolidating a new form of hegemony with a different social base, which explains the existence of G7 and the World Economic Forum, among others. Both Gill and van Apeldoorn have done work on hegemonic projects, and shown how they are clearly linked to specific accumulation strategies.

²⁵ Timothy Mitchell has shown in his work by many parts of Egyptian society were not and have not been brought under neoliberal hegemony, and in fact continue to subvert it by creating and reproducing different forms of knowledges. “The operation of the neoliberal myth of progress in market civilisation is intended to implicitly engender a fatalism that denies the construction of alternatives to the prevailing order and thus negates the idea that history is made by collective human action. Neoliberalism holds the reified prospect of a stark utopia. A pure market system is a utopian abstraction and any attempt to construct it fully would require an immensely authoritarian application of political power through the state,” (1999, 278). Mitchell’s theorizing on capitalism and those excluded by it is a useful means to approach the question of how hegemonic projects are subverted (*Ibid*). Mitchell argues that forces external to the essence of capitalist modernity continually divert the modernity they help constitute (Mitchell 2000, 12). For this reason, I use neoliberalization to show that the spread of neoliberalism is always a continuous process.

interplay is by identifying the formation of the subaltern classes through specific developments within the sphere of production. This would involve an analysis of the ideologies and mentalities of the subaltern classes and their affiliation to dominant social forms, thus allowing for an analysis of the consciousness of the subaltern classes. It is important to remember Gramsci's comment that the subaltern classes are *always subject to the activity of ruling groups*, even when they contest them or rebel against them (Ibid, 174).

As Persaud notes in his seminal work, *Counter-Hegemony and Foreign Policy: The Dialectics of Marginal and Global Forces in Jamaica*, hegemony and counter-hegemony²⁶ are not two distinct processes but rather dialectically linked: "Methodologically it is difficult to separate hegemony and counter hegemony since they are dialectically rather than sequentially configured. It is impossible to locate the practice of hegemony outside of resistance or counter hegemony. Hegemonic practices are forms of defence by the dominant classes against the transformative actions from the marginalized," (2001, 66). Thus it is precisely through an analysis of *both* fractions of capital and labour that this dialectical relationship can be probed.²⁷

²⁶ I would add a reservation on the use of the term counter-hegemony, as it somehow suggests that something can exist outside of hegemony, which is problematic from a Gramscian point of view. Rather I conceptualize counter-hegemony as in a relational and dialectical relationship with hegemony. By focusing on the subaltern through fractions of labour, it thus becomes clear that these fractions are constitutive of hegemony, not rebelling or reacting against it from outside of hegemony.

²⁷ Adam Morton's work on passive revolution in Mexico is also useful. Through analysing the agrarian-based EZLN movement, he shows how fractions of the subaltern classes are very much active in posing a challenge to hegemonic forces. Uneven development within Mexico (which he links to the international and the national) and land reforms on the part of the neoliberal ruling class have led to a situation in which masses of peasants have challenged and contested the hegemonic project. "As peasants became further excluded from the processes of capitalist accumulation and detrimentally affected by rapidly changing social relations of production they began to embrace new forms of political organization," (Morton 2007, 181). This led to consciousness-raising by different parts of the subaltern classes in order to demonstrate the exploitative nature underpinning social relations that were related to forces of production. "New peasant net-

The third research question therefore looks at the hegemonic project built by each historic bloc. This will also be analysed using time and production, by looking at the rise and fall of each bloc through its construction of a project built on both material and ideational foundations.

The fourth area of research looks at the breakdown of historic blocs, or the creation of political crises. A historic bloc breaks down when the hegemonic project is no longer strong enough to maintain the class alliance formed under it. In Egypt, the increasing need for coercion meant that the hegemonic project was becoming less tenable. This can be explained by looking at changes within Egypt's ruling class. Understanding the decline of a hegemonic project or a moment of crisis can thus partly be explained through an analysis of the ruling class, as well as the analysis of fractions of labour. Of particular interest is the challenge posed to the military's position in the ruling class from a new "neoliberal" elite led by Hosni Mubarak's son, Gamal—the "government of businessmen" mentioned earlier. This challenge led to strong realignments within the ruling class that had an effect on both the ability of the ruling class to implement its hegemonic project as well as on the military's decision to intervene in the 2011 uprising. It becomes clear that the new "neoliberal" elite threatened the hegemonic project and thus the entire ruling class. The military's intervention in both 2011 and 2013 can be theorized as attempts to both save the ruling class and its hegemonic project, as well as re-center itself within the ruling class. Accordingly, scholars such as De Smet have characterized 2011 as a passive revolution, in which a new configuration of social forces came to dominate Egypt (2016). In other words, 2011 heralded a new historic bloc.

The fourth research question builds off of this to look at which factors led to the breakdown of each historic bloc. Again by looking at time

works progressed with a less centralised structure and a more critical stance toward the role of conventional political parties," (Ibid, 183). The EZLN rebellion of 1994 was a direct result of this and a response to the neoliberal restructuring of the Mexican state and NAFTA (the North American Free Trade Agreement). Morton also shows how the ruling class' hegemony was slowly weakened *also as a result of the neoliberal restructuring*: "There was a growing absence of hegemonic rule as the social and institutional bases of peasant control were altered," (Ibid, 187).

and production it becomes clear that specific political crises led to imbalances within the configuration of each bloc that eventually caused it to decline and a new one to take its place. Identifying the factors that causes these crises is central to this question.

The final area of research focuses on the 2011 revolution itself. The research question that makes up the last chapter of the dissertation focuses specifically on the 2011 revolution and understanding what caused the political crisis that led to it. This entails an analysis of the ruling class that emerged in the 1990s, and its eventual downfall in 2011.

2.3 Methodology

2.3.1 Encountering the Field

This next section will discuss the research areas in the dissertation and the type of material collected to answer the questions posed. This section is split into two sub-sections, each reflecting a different aspect of my research project: the first is time and the second is production. The division reflects an artificial distinction based solely on the theories that inform each section and, by extension, the types of data collected. It is important to note that while I initially conceptualized my dissertation as an empirical project, the more research I did on Egypt and the revolution, the more clear it became that a theoretically-induced project was more relevant to the questions I wanted to ask. Because of the ways in which the 2011 revolution has been analyzed and presented in the literature, it became clear that a theoretical intervention that would change the frame of analysis was a more useful contribution to make. There is more than enough information and empirical data on Egypt. The major gap I have identified in the literature is that no one has used this empirical data to look at hegemony, capitalism, labour or time. Using the empirical data that already exists, I have aimed at telling a different story; at presenting a new way of engaging the empirical data. This is why I refer to this dissertation as an theoretically-induced one.

For this reason, much of my methodology has focused on collecting material that will allow me to make this theoretical intervention. This material has largely consisted of secondary sources, which I have approached

and read using new theoretical tools. While much research has been done on political and economic change in Egypt since the 1800s, this data has been analyzed through particular lenses, as mentioned in the previous chapter. Because of my broad aim to present a new view on what is an expansive time period, I chose not to conduct primary research myself and instead focus on the data already available. This is not to say that I do not see data or data collection as unaffected by the theoretical positioning of the scholar who collected it; in many cases I only used information that was verified in multiple scholarly works. For chapters three through five, memoirs were often used as a means of piecing together events.

The first area that my fieldwork focused on was the mode of production. Indeed a major part of the dissertation focuses on tracing the historical origins of the current articulation/mode of production in Egypt by using historical material. The mode of production essentially shows the distinctive way in which people produce in order to subsist and survive. It is a combination of the productive forces at any given time (human labour power and the means of production) and the relations of production (property, laws, relations between classes, and so on). In other words, productive forces refer to techniques and methods, and relations of production refer to ways of organizing those techniques and methods. The presence of different modes existing together is termed an *articulation*. A capitalist society is one in which capitalism is the dominant mode. While this has increasingly become the case in Egypt, it is also necessary to look at other modes that persist and that combine with the capitalist mode. Relations of production include two important aspects: the way in which ownership of the means of production is laid out; and the distribution of surplus value. It is through these two aspects that class rule in any given society is made concrete. To locate these distributions is to locate power, where power is clearly connected to the forces of production or productive forces. This requires, however, looking at the social aspect: how society distributes wealth. The material collected from the research focusing on the mode of production in Egypt demonstrates that different modes co-exist alongside one another and are articulated in specific ways. These different modes give rise to different relations of production and therefore different norms and values. Moreover—and this is crucial—these relations of production are tied to the ruling class in very particular ways. In order to understand the Egyptian ruling class and shifts within it over time thus necessitates outlining the mode of production and the relations of

production that stem from it. The material collected from this section therefore fulfills the double aim of providing historical context as well as theoretically clarifying the relation between the ruling class and production at various points in time.

The second area of research focuses on the ruling class. The aim is to locate them within various eras denoted through production rather than linear time. The question “why now” is clearly a temporal one. However, given that there are many ways to address time, it is necessary to specify my approach and to explain how this ties in with Gramscian theory. Historical materialism in general is a historical approach, and therefore it is taken for granted that an analysis of history is part and parcel of research. A useful second approach to history can be found in the work of Fernand Braudel, a French historian who wrote extensively on the notion of the *longue durée*. In the first part of this part of my research, I looked at the conception of *time* in the work of historical materialists as well as in the work of Braudel. In the second part, I looked at the question of *production*. Indeed the methodology of this project rests of an analysis of these two aspects: time and production. On the one hand, the event that occurred in 2011 is clearly the starting point of this project. However, to understand this event it needs to be historicized. This is where the specific analysis of time comes in, particularly the *longue durée*. On the other hand, it is assumed that the underlying forces driving changes or continuities over time are material in nature. This is where production comes in. Indeed it is precisely this combination and time and production that reveals the historical material approach and that allows for an analysis of how social forces related to the social relations of production have specific relationships to the temporal. How are the questions of time and production linked to the ruling class? As demonstrated above, an understanding of time that is non-linear and that focuses on continuities *and* ruptures allows me to lay out a very different picture of the changes that have occurred within the Egyptian ruling class. This is because I have located these changes in relation to changes in production, which take priority in defining shifts that happen at all other levels. In other words, a change in the organization of production is the explanatory variable that explains changes within the ruling class. This automatically breaks with traditional accounts of Egypt in political science that tend to analyze elites by era. In this dissertation I refer to the Nasserist historic bloc, which corresponds with the first half of Nasser’s rule—1952 until 1965; the *Infatih* historic bloc, which runs from

1965 until the start of the 1990s; and the neoliberal bloc, which runs from the early 1990s until 2011. Thus we see that the blocs do not correspond to the traditional classification of the Nasser-Sadat-Mubarak eras.

2.3.2. Time

The concept of time is central to this dissertation because of the historical materialist approach that is used. I conceptualize time as non-linear and as tied to production. The argument of this dissertation is that it is only by looking at Egyptian history through the lens of production and historic blocs that we can investigate why the 2011 revolution happened when it did. To conceptualize time as non-linear, I use Braudel's work in particular.

Fernand Braudel's work on the longue durée (1982, 2002) has been particularly useful for scholars working within the Marxist tradition. Braudel is known for the concept of the longue durée and specified that different conceptualizations of time should co-exist in any analysis. His work actively criticized historians and social scientists that looked at history as a series of dramatic discontinuities, and instead emphasized the continuous nature of history. This was opposed to views of history that focused on events or that focused on the short-term, as well as views that looked at history in a linear or schematic fashion. Even views of history that focused on crisis moments, such as revolutions, were criticized by Braudel, who insisted that history should not be analyzed through such events nor through the actions of individuals. History is *beyond* the awareness of individual actors: they make history, but history bears them along (Harris 2004, 163).

The focus on continuity does not mean that Braudel ignored historic ruptures, events, or breaks. These are also important to temporal analysis, but should not be seen as the crucial driving force of history. He spoke of 'breaks' or events 'bursting forth' as a way of highlighting these ruptures, but overall emphasizes that history is connectedness rather than disconnectedness. Moreover, when he does refer to breaks, he uses terminology that emphasizes the cyclical nature of these breaks, such as "turning points," "swinging pendulum," "turning wheel," and "motors," (Ibid) Braudel saw history as taking place through three temporal dimensions.

The first is events, which are short-lived and dramatic; the second is conjectures, which are longer cyclical processes; and the third is the longue durée, a long historical span that changes slowly and plays a role in structuring the present.

Braudel has been positively received by many working within the Marxist tradition because of his materialism and his emphasis on history. Both agree that history cannot be explained through individual actions and decisions, but rather through structural conditions that produce these human actions. One critique that can be made towards Braudel by historical materialists is his tendency towards structuralism at the expense of any meaningful notion of agency. As Harris notes, Braudel sometimes tends to see people as merely instruments through which structures and historical processes act. Another difference is how the underlying structures that produce the conditions of human action are conceptualized. For example, what decides the ruptures and breaks for Braudel? Here a historical materialist approach can be more useful. Indeed, Gramsci's work contains a very complex approach to time that focuses on both structure and agency. See for example:

"It is precisely the study of these 'intervals' of varying frequency which enables one to reconstruct the relations on the one hand between structure and superstructure, and on the other between the development of organic movement and conjunctural movement in the structure," (1971, 180).

Indeed the Amsterdam School has expressly focused on the recurrence of certain relations as a means of analyzing politics. As Overbeek has pointed out, this is what distinguishes the Amsterdam School's approach to neoliberalism: "The rise of neoliberalism as well as its specific characteristics has been explicitly situated in a longer-term historical perspective. (...) This recognition defined one of the principle tasks of the AP (Amsterdam Project), which is to understand and explain the continuities involved and the underlying structural dynamics responsible for the recurrence of the liberal phenomenon," (2004, 129). This has been inspired largely by the work of Braudel, and the quote above shows that Gramsci too saw the study of recurrence as important.

Braudel called for a more complex approach to history that looks at continuity, structures, and movement, and that does not focus excessively on individuals and events, although these too are important. As he wrote, “Every event, however brief, has to be sure a contribution to make, to light up some dark corner or even some wide vista of history,” (2002, 901). A historical materialist approach brings to this an analysis of structure and agency grounded in changes in production.

2.3.3. Production

In much of the work on Egypt, there is a tendency to present history in a conventional manner that is linear and associated with its rulers (the Nasser-Sadat-Mubarak eras). Time is seen as linear, and history is often recounted either through events or through influential individuals. Moreover, what is understood as the “political” is given priority: political events such as changes in the head of state or governing bodies; changes in laws; and so on. Sometimes an “economic” explanation is used to explain these political changes, but overall there tends to be a distinction between the political and the economic, as well as the predominance of the political over the economic. A different approach to history and time is the historical materialist one, combined here with the above-mentioned approach used by Braudel. This view of history is non-linear and instead focuses on the cyclical nature of history. While Braudel seems to have preferred the notion of history as continuity, historical materialists have amended this view somewhat by speaking of disjunctions. Points of rupture are as significant as continuity.

In order to demonstrate the differences between these two approaches to time and history (the conventional vs. the historical materialist, it is useful to present an overview of how they would look at contemporary Egyptian history. What are the points of rupture according to both approaches? Where were the continuities? Where did production continue and politics rupture, and vice versa?

Conventional accounts tend to highlight specific historical eras. Egypt during colonialism, and Egypt after independence is a common one, as well as the distinction between Egypt pre-1952 and Egypt post-1952. In such a history, specific ruptures are emphasized, usually corresponding

to political shifts in who is ruling the country. There is the reign of Muhammad Ali, followed by the British occupation and parliamentary democracy. There is a significant rupture in 1952 with the Free Officers and Gamal Abdel Nasser, followed by another significant rupture with Sadat and *Insetah* in the 1970s. The 2000s are then characterized as a relatively stable period, with a focus on either decreasing or increasing authoritarianism, depending on the author.

It is clear, however, that a historical materialist approach would identify different ruptures, as well as different explanatory variables for both these ruptures as well as the continuities. Muhammad Ali's reign would certainly constitute an important rupture, but for reasons related to production. His introduction of industrialization, his emphasis on state-centered control of the economy, and his introduction of the capitalist mode of production all brought about significant changes in Egypt's mode of production and consequently both the social relations of production and the ruling class. The British occupation was important but did not per se constitute a rupture; many of the tendencies introduced by Ali and reinforced by Ismail continued under the British but in an accelerated fashion. There was an intensification of the capitalist mode of production as well as an increase in the amount and influence of foreign capital. Moreover, the various dates suggested for Egyptian independence—1919, 1922, 1936, 1952 and 1954 all seem to suggest a linear progression to full independence when in fact closer analysis reveals that 1936 was a regression compared to 1919. This shows the importance of not imposing linear time analysis on events.

Nasser and the 1952 revolution constitutes another rupture, but not as extensive as assumed in the conventional approach to history. It is clear that many of the tendencies that emerged during this period are repetitions of what occurred under Muhammad Ali, most notably a focus on industrialization and state control of the economy. The state thus became the central actor once again, impacting the ruling class and the direction of the economy. Despite this similarity between the two ruling classes and the strength of the state in both it remains crucial to point out the junctures in each that point to differences. For example, under both ruling classes we see a focus on industrialization, but the role of foreign capital differed. Similarly, both ruling classes had different relations to subaltern forces. This suggests that just because both brought the state to the center does not mean they were similar in other aspects.

Nevertheless, despite claims to socialism, it is clear that this period was a capitalist one, directed by nationalism and the state. In the conventional approach, the Sadat era is also identified as a major point of rupture. A historical materialist approach, however, would show that while there certainly was a point of rupture here—*Infatih* and the opening up of the Egyptian economy—many of the tendencies that emerged during this period were a result of shifts under Nasser. Here it becomes important to analyze continuities as well as ruptures. In other words, had the Nasser regime opted for a different course, it is possible that Egypt would have taken a different direction under Sadat. Finally, a focus on production would allow for the recognition of a final rupture—often overlooked in the literature—that occurred in the mid-2000s. This refers to the emergence of a new influential group within the ruling class, headed by Gamal Mubarak. It is here that some of the tendencies introduced during Sadat materialized, including the increased pace of neoliberalization. This rupture would only be discernable through a focus on production. Moreover, it is arguably this rupture that is the culmination of the various tendencies dating back to Muhammad Ali, as well as the final trigger for the 2011 revolution.

How are the questions of time and production linked to the ruling class? As demonstrated above, an understanding of time that is non-linear and that focuses on continuities *and* ruptures allows me to lay out a very different picture of the changes that have occurred within the Egyptian ruling class. This is because I have located these changes in relation to changes in production, which take priority in defining shifts that happen at all other levels. In other words, a change in the organization of production is the explanatory variable that explains changes within the ruling class. This automatically breaks with traditional accounts of Egypt in political science that tend to analyze elites by era (the Nasser era, the Sadat era, and so on).

2.3.4 Synthesis

How does this project bring together time and production in order to create a viable methodology that analyses Egypt's political and economic transitions? Production and time form the centrepieces of this research

project—they are the concepts through which all of the analysis takes place. Concurrent to these two concepts are the theoretical notions of the historic bloc, narrow interests, moral reforms, and hegemony. In each chapter the aim is to locate the historic bloc, and trace the ways in which it defined its narrow interests. After these narrow interests are located, the aim is to look at how these interests were universalized through moral reforms. In other words, how did each bloc attempt to spread their narrow interests while simultaneously maintaining the façade that they were in the interest of society. Thus time and production are key at every stage of this process. Narrow interests are defined vis-à-vis production, by locating the different fractions of capital and labour within production. It is also by locating dissenting fractions within the relations of production that we can understand actors excluded by each historic bloc. Time is key in that it allows us to look at the shifts and transformations between historic blocs in order to analyse change and continuity, as well as to answer the question of why blocs rise and fall. Each historic bloc is thus established through time and production—these are the key methodological tools.

2.4 Method

2.4.1 Mode of Production

To trace the mode of production for the period in question I relied on historical literature as well as contemporary data, as well as both theoretical and empirical input. In order to analyze this literature I relied on historical analysis. The aim of such analysis is to develop a narrative about a particular event, context or series of events based on historical material. By reviewing and interpreting sources, a narrative is formed that is historically grounded and that provides explanations of large-scale important outcomes (Mahoney and Rueschemeyer 2003, 4). Following this, the historical material was analyzed in order to locate the various historical narratives.

In order to understand the mode of production, the articulation of various modes, and the changes over time, I looked to the work of Marx in *Capital*, where definitions and examples of what the mode of production is and how it is the basis of understanding the economic system are clearly

explained and indeed form the basis of a Marxist understanding of production. In the case of the Egyptian context in particular, I used the theoretical work of Samir Amin, Nazih Ayubi and Charles Issawi, who are the prominent political economists writing on Egypt from a Marxist perspective. In the following section I provide an overview of their work on the historical changes in the mode of production in the case of Egypt and the broader Middle East. Their work also provides useful empirical data. Indeed for much of the historical research in my dissertation, I relied on previous work because the data is very difficult to come by.

In order to understand the contemporary mode of production in Egypt the work of Samir Amin and Adam Hanieh in particular was key to delineating the shift from productive to finance capital. In addition, data from several sources in Egypt were used including key ministries such as the Ministry of Planning, the Ministry of Trade and Industry, Ministry of the Economy and the Ministry of Investment; CAPMAS (Central Agency for Public Mobilization and Statistics) which is the main statistics database in Egypt for anything related to the economy; the Central Bank of Egypt (CBE) which issues extensive reports on the Egyptian economy; Economic and Business History Research Center (EBHRC) at the American University in Cairo; the American Chamber of Commerce (AmCham) which issues reports and analysis on the Egyptian economy; and the Egyptian Center for Economic and Social Rights (ECESR), an NGO headed by Khaled Ali (former presidential candidate) that both collects data and issues reports on the Egyptian economy, in particular in relation to labour.

The labour component was of particular interest to me. As I was not trained in economics, I decided to begin with an analysis of changing labour patterns in Egypt over a specific period (2000s) as this seemed a relatively uncomplicated way of approaching the question of capital, labour and production. Theoretical work by Joel Beinin, Robert Bianchi, Marius Deeb, Adam Hanieh, Mahmoud Bassiouny, and Anne Alexander was helpful in understanding the relationship between capital and labour in Egypt as well as the multiple forms of resistance towards capital from labour over time, particular in the 2000s. Alongside this, data collected from the above-mentioned sources allowed me to analyze changing patterns in labour.

2.4.2 The Ruling Class

As mentioned in the methodology section, an analysis of the ruling class will focus both on an understanding of time that is non-linear and an analysis of production. The analysis of time relies mainly on the work of Braudel, which I touched on briefly in the previous section. The analysis of production will build on the two previous parts of this section: the mode of production and the circulation of capital. Using the data collected in those sections, I will be able to reconstruct the specific relations between the ruling class and production over time, understood here as non-linear. Thus the focus will be on continuities and disjunctures in production and how these relate to the ruling class.

Theoretical work on the ruling class will come primarily from Gramsci as well as important neo-Gramscians such as Andreas Bieler, Adam Morton, Robert Cox, Kees van der Pijl, and Otto Holman. This work allowed me to form a framework with which to understand the ruling class through production, understood here as both material and ideational. Work by Egyptian Marxists Samir Amin, Nazih Ayubi and Arab political economist Charles Issawi allowed me to analyze the ruling class in the context of Egypt, thus applying the general framework to the specific context.

Empirically, there are several sources that have allowed me to collect information on the Egyptian ruling class, both historically and contemporarily. Memoirs have been of particular importance, especially in understanding the historical period. Since 2011, moreover, several memoirs have come out that cover the contemporary period, and these have been extremely useful. Empirical data on the Egyptian economy from the sources mentioned previously has also been useful here, as it has pointed to key players in the world of investment that are part and parcel of the ruling class. Finally, previous literature, analysis, and reports have provided a final source of information. Work on labour in particular has been useful in highlighting the structure of the ruling class, the way it functions, and the shifts within it over time. This work includes ethnographic studies, data on Egyptian labour, and interviews with workers from other sources.

The decision to focus on the topic theoretically led me to conceptualize my field in a more abstract sense: as consisting of archives, historical records, memoirs, previous research by Egyptian (and some non-

Egyptian) political economists, reports by economic institutions, Egyptian state reports and census data, and secondary source material about the ruling class in Egypt over the past one hundred years, including interview data from other scholars. My main argument is that what is unique to my project is not new data or information, but rather a new and innovative framework that can help in understanding not only the 2011 uprising, but also the major structural changes in Egypt's political economy over the past century. Therefore my focus has been on refining the theoretical approach (neo-Gramscian and uneven and combined development) in order to create a framework that would adequately address some of the important questions facing Egypt post-2011, key among them the question of neoliberalism as well as the restoration of previously-dominant social forces. This has meant that the information I collected was more along the lines of historical and contemporary events, processes and relations that can help me trace shifts within the ruling class and that eventually allowed me to connect these to the changes in the mode of production.

2.5 Fractions of Capital and Fractions of Labour in Egypt

Interestingly, the Egyptian case shows that the number of fractions of labour and capital in each historic bloc declined steadily over time, until the 2000s when there wasn't even a historic bloc to speak of. Before Egyptian independence, it is impossible to speak of a historic bloc given the colonial condition, but there was a ruling class made up of several fractions: a British colonial fraction that extracted surplus through the imposition of foreign capital, the domination of foreign banks, the introduction of private property, and the extraction of raw material; an agrarian fraction made up of Egyptian landlords who extracted surplus through exploiting peasants on the land that was now their private property; and Ismail Pasha and the state who still controlled aspects of Egypt's production but were not as dominant as under Muhammad Ali. By the early 1900s, one more fraction was added. This fraction was made up of native Egyptian capitalists who had started to invest in industry (this fraction included some foreign Egyptian-born capitalists as well but these were a minority).

The 1952 revolution led to major changes in Egypt and to the establishment of a new historic bloc. This bloc was smaller than the previous

one. The dominant fraction within the bloc was made up of the Free Officers (the military) and the Egyptian state. A second fraction was made up of the agrarian fraction, which was weaker than it had been during the previous bloc because of the Free Officers' successful attempts at destroying its material power base. A third fraction was an emerging fraction that focused on the private sector. It was this fraction that became powerful within the ruling class in the next historic bloc. The historic bloc within which the Free Officers were powerful declined because of the 1967 defeat to Israel, which brought to the fore the central contradictions of the bloc. Following this, the fraction of capital that accumulated through the private sector began to dominate, particularly through opening up the economy to foreign direct investment and speculation through real estate and finance. Within this new historic bloc, the fraction of capital headed by the military played a lesser role than in the previous bloc, as its political power was curbed. A third fraction of capital was represented by industrialists and those who accumulated through the public sector—these groups had been in a more powerful position under Nasser but remained a key fraction of capital because of the sheer strength of the public sector. Nevertheless, it was without doubt the “Sadatist bourgeoisie” that dominated the ruling class during this historic bloc. The emergence of a new fraction of capital in the late 1990s contributed to the decline of the *Infatih* bloc, but this new fraction ultimately failed to create a new bloc or hegemony.

We already know that there was a decline in the number of fractions of labour in the historic bloc over time. It is more difficult to identify fractions of labour than fractions of capital because fractions of capital are usually more organized and thus somewhat easier to delineate. In order to identify fractions of labour it is not always enough to simply distinguish workers based on their relation to the mode of production, e.g. industrial workers, peasants, and so on. At some points, workers within the same “industry” were represented by different organizations, and at other times workers from different “industries” were represented by one organization. Thus initially I will attempt to use specific labour actions to trace the various fractions of labour that were included and which were excluded in each historic bloc.

Under Muhammad Ali, Egypt was still largely an agricultural country and thus the majority of workers were peasants, although there was a petty bourgeoisie made up of artisans and merchants. Because the mode of pro-

duction was largely tributary, with the state collecting a tribute from peasants who worked on the land, and because there was not yet widespread private property, the antagonism between capital and labour took on a very different form than it would later when the capitalist mode was established. We cannot really speak of fractions of labour that were in the historic bloc during this time, and this raises important questions about whether we can even use historic blocs as a unit of analysis for periods that were pre-capitalist. This will be discussed in Chapter Three. Nevertheless, there were numerous recorded peasant revolts during this period, which can be used to trace the specific dynamics between those who owned the means of production and those who did not.

The next historic bloc was a period during which there were a very high number of workers' actions. This bloc was dominated by the colonial fraction of capital, and it was through this fraction that the capitalist mode of production was deepened. This led to a diversification in the fractions of labour within the country, as industrial workers grew in number. There was also a sizable fraction of foreign labour, made up of foreigners who had settled in Egypt such as the Greeks and Italians. Alongside these fractions were the peasants and the petty bourgeoisie. The growing nationalist movement had a tremendous impact on workers during this historic bloc, and this made it near impossible for the ruling class to include any major fractions of labour in its bloc. The large number of workers' actions were often heavily nationalist and anti-colonialist, and in a historic bloc dominated by colonial fraction of capital, this made it difficult for a hegemonic project backed up by significant fractions of labour to succeed. In other words, because of the intersection between workers and nationalist anti-imperialism, the historic bloc of this period did not include any fractions of labour. Most Egyptian workers were not only ideologically in support of independence, but also carried out actions in support of this. One of the biggest actions was the tramway workers' strike, which in fact represents one of the most famous strikes in Egyptian labour history. The British occupation often responded to these strikes with violence, and was no doubt worried about the anti-colonial tendencies of many of the fractions of labour. During this historic bloc, there was a moment during which a native fraction of capital, represented politically by the Wafd, looked as though it was poised to integrate some significant fractions of labour into the historic bloc. This attempt failed, however, as workers soon rebelled against what they saw as a paternalistic attempt at co-optation.

The following historic bloc, however, managed to integrate multiple fractions of labour within its hegemonic project. Nasser's land reforms integrated peasants, while his drive for industrialization integrated industrial workers. Moreover, the massive expansion of the public sector and the bureaucracy integrated the petty bourgeoisie workers, thus ensuring that the middle class were some of Nasser's biggest supporters. We see during this historic bloc an ideological and material attempt to gain the support of fractions of labour, through economic reforms as well as the discourse of Arab socialism. Thus the historic bloc of this period saw little resistance from fractions of labour—showing how some could conflate their ideological norms – Arab Socialism – with preponderant mode of production of socialism. This must be linked to the ways in which the ruling class continued the ideological and material struggle for nationalism and independence, a struggle that had dominated workers' interventions for at least forty years. Although it made sure to use coercion to deal with the Communist movement, overall it managed to create the strongest historic bloc Egypt in modern Egyptian history precisely because there were multiple fractions of capital and labour within the bloc. Indeed this will be a key argument in the chapter focusing on this historic bloc: was this bloc the strongest because of its integration of multiple fractions of labour? While other blocs have had multiple fractions of capital within the bloc, it is arguably only this particular bloc that managed to integrate multiple fractions of labour.

The historic bloc that developed under *Infatih* saw a decline in the number of fractions of labour integrated within the bloc. Indeed this bloc arguably did not manage to integrate *any* fractions, with the exception of businessmen's associations. This can be explained by the fact that very few workers stood to gain from the changes being implemented by the dominant fractions of capital within this bloc. At the same time, because this bloc marked a dramatic turning point, it would take fractions of labour well over two decades before resistance to neoliberal restructuring emerged. In my analysis on this bloc, I want to focus on this notion of a turning point to show that the 1970s and 1980s were a time of flux, not only for fractions of capital but also fractions of labour. Even though it was during this time that we witnessed two major revolts—the bread riots and the Central Security Forces uprising—these were different from the more organized resistance to neoliberalism from fractions of labour that would come later. This raises an interesting question: despite the lack of

major fractions of labour within the historic bloc of this period, we still see that this bloc managed to ideologically and materially set the tone for the coming forty years, ultimately setting the stage for the 2011 revolution. How could a bloc that was, on paper, quite weak, manage to do this? I will argue that here it is necessary to bring in a transnational lens that shows the ways in which the global turn towards neoliberal capitalism during this period provided crucial support to specific fractions of capital within Egypt.

The final ruling class before the 2011 revolution also failed to integrate any major fractions of labour within it, and indeed failed to establish a bloc altogether. Moreover, it is during this ruling class that we see the ideological failure to extend the hegemonic project built around neoliberal capitalism, even as neoliberal expansion was underway. This failure is central to understanding the 2011 revolution. While the fractions of labour within historic blocs as we progress chronologically declined steadily and consistently, we see that the same was the case with fractions of capital with the exception of the shift from the Muhammad Ali historic bloc to the British colonial bloc, and the transition from the Nasser to the *Infatih* bloc, which both had three fractions of capital. Overall, however, there is a decline in the number of fractions of both capital and labour making up the historic blocs over time. By the time we get to 2011, there isn't a historic bloc to speak of.

2.6 Reading Gramsci in the Postcolonial World

The following two sections address the question of traveling theory by looking at how Gramsci's concepts work when they travel to contexts outside of Southern Italy. Key here is how the concept of hegemony can be applied to countries that were under colonial rule, as this touches on a question I tackle in Chapter Five, namely: can the pre-1952 era be understood through the concepts of hegemony and historic blocs? While this section aims to look at the rich theoretical debate surrounding Gramsci and the postcolonial world, the following section tries to ground this debate by offering a way of conceptualizing production in countries like Egypt. By looking at the rich work done by Arab Marxists, I show that

when concepts such as the mode of production travel, they need to be modified before they can be applied.

2.6.1 Marx and Gramsci in Egypt

“Socialist action is no longer compelled to observe literally laws formulated in the 19th century. The progress in means of production, the development of nationalist and labour movements in the face of domination of imperialism and monopolies, the increasing chances of world peace, as a result of the influence of moral forces and, at the same time of the effect of the balance of atomic terror - all these factors combined of necessity created, and should create, a new situation for socialist experiments, entirely different from what existed in the past,” (Nasser 1959, 15).

“Social freedom, namely socialism, does not mean observing rigid theories which have not arisen out of the nature of national experience,” (Ibid, 38).

These two quotes from Gamal Abdel Nasser’s book *The Philosophy of the Revolution* touch on an important question for any scholar doing research on the Arab world using Marxist concepts, namely: how do theories and concepts change when they travel to contexts outside of those in which they were created? This seems an especially pertinent question to ask about Gramscian concepts. Gramsci is a theorist who was deeply rooted in the movements and context about which he wrote, and he consistently made this clear. The South of Italy and the workers’ movement based in those cities were what inspired Gramsci to make the theoretical interventions that he did. This shows that context is key when it comes to Marxist analysis, and also shows that when we use Gramsci’s concepts elsewhere we need to think about the ways in which they were connected to Southern Italy and hence the ways in which they might be disconnected from Egypt. The two Nasser quotes above hint at this possible disconnection: on the one hand, there are theories and laws that Nasser contextualizes historically as emerging in the 19th century. Since then, times have changed, and

he focuses here specifically on imperialism, monopolies, and the rise of nationalist and labour movements, arguing that these changes mean that we can no longer look to laws and theories formulated in another time to outline socialist action for today. This is an important point that Marxists and socialists continue to debate today, and is what frames the questions asked in this section.

In this section I want to focus on the specific question of hegemony. On the one hand, there is disagreement over what Gramsci meant by hegemony: did it refer to creating and expanding hegemony over society as a whole, or did it refer to creating hegemony only within a historic bloc? Throughout this dissertation I use the second understanding. On the other hand, there has been a debate about whether the concept of hegemony can be used in non-Western contexts. This is the debate I focus on here.

Ranajit Guha, one of the more influential scholars within the Subaltern Studies School, has perhaps made the most important intervention in this debate. The Subaltern school emerged as a response to class analysis that tended to over-emphasize elites at the expense of the subaltern. The “politics of the people” was a central focus for subaltern scholars as a means of demonstrating that politics is not just made by elites—be they colonial or indigenous elites—but also exists among the subaltern segments of society. Guha’s main work on hegemony—*Dominance Without Hegemony*—is an important intervention because it focuses on the ways in which postcolonial societies differ from countries that were former colonial powers. He argues that understanding the limitations faced by local bourgeois elites during colonial and neo-colonial times allows us to acknowledge that hegemony was always based more on dominance and coercion than persuasion and consent (1997).

Guha begins his argument by pointing out that while metropolitan nations—the colonizers—may have constructed hegemony in their own countries through persuasion and consent, in the colonial state hegemony did not exist because consent was outweighed by coercion (*Ibid*, xii). The ramifications of this are immense, particularly because the fact that India was non-hegemonic meant, by extension, that the state *could not* assimilate civil society to itself. Moreover, the Indian bourgeoisie was incapable of speaking for or representing the Indian nation, and thus their attempted hegemony was never able to incorporate all aspects of social, cultural, political and economic life. While Guha accepts that there is domination and

subordination, he argues that the “organic composition of power is dependent on a host of factors and their combinations, circumstantial as well as structural” and thus that the organic composition is circumstantial (*Ibid*, 22). Therefore Guha refers to a form of hegemony as a condition of dominance where persuasion outweighs coercion:

“It is clear that coercion comes before persuasion and all other elements. This precedence accrues to it by the logic of colonial state formation. For there can be no colonialism without coercion, no subjugation of an entire people in its own homeland by foreigners without the explicit use of force. Coercion prevails in domination as its crucial defining element. For that power had established itself initially by an act of conquest,” (*Ibid*, 24).

“What was acquired through conquest developed into a carefully regulated empire. Corresponding to that change, the exclusive reliance on the sword gave way to an orderly control in which force (without losing its primacy in the duplex system of domination) had to learn to live with institutions and ideologies designed to generate consent. Order is enforced by the coercive apparatus of the state,” (*Ibid*, 30).

This analysis of a colonial state sheds light on the important point that colonial states could never be hegemonic in the sense that the power dynamic favours consent over coercion. Colonial states, by definition, are first established through coercion and violence, even if institutions are later constructed that serve to create consent among specific segments of the population. Moreover, the indigenous ruling class is always in a complicit relationship with imperialism and thus—through a series of processes—becomes isolated from vast segments of society. This is precisely why, as Guha notes, they are unable to create a fully hegemonic system.

It seems clear that Guha is working with the understanding of hegemony as a society-wide phenomenon, rather than with the definition I am working with in which hegemony is created within the historic bloc. However his argument can be transplanted because I believe his argument about coercion and the colonial condition is central. In my dissertation I

ask whether we can imagine the ruling class before 1952—i.e. before Egyptian independence—as constituting a historic bloc. My answer to this, drawing on Guha, is that we cannot, because the colonial condition creates very specific circumstances within which it seems pointless to speak of consent. As Guha notes, there cannot be colonialism without coercion. For an entire people to be subjugated by foreigners in their own land can only occur through force—whether this force is ideological or physical. As we will see in Chapter Five, the British intervention in Egypt was built on coercion that relied on both the ideational and material. For the production and export of cotton, for example, an entire ideological apparatus was needed that relied on notions of private property, individualism, and modern development. Thus coercion does not rely singularly on force or physical violence. The presence of coercion in multiple forms signifies the impossibility of referring to the pre-1952 ruling classes as historic blocs; the ruling class were dominated by the British not because the British managed to create hegemony within the ruling class, but because the British exerted a specific type of power through its position as a colonial power.

2.7 The Mode(s) of Production in Egypt

This section will provide an overview of the historical trajectory of the different modes of production in Egypt, followed by a discussion on neoliberalization.

In countries such as Egypt, the extraction of surplus appeared in isolation from developments in Europe and also took on a different character. As the Asiatic mode of production theory posits, due to the geographical nature of Egypt and the need for irrigation the state emerged as the only structure able to organize and carry out the irrigation of land. Surplus was appropriated via tribute from peasants who lived on the land, which was largely owned by the state. This is different to Europe where the surplus was instead extracted by landlords under feudalism. Scholars such as Nazih Ayubi have argued that because of this distinction, the state in the Arab world needs to be conceptualized differently. It has held this central position for a longer period of time than other parts of the world, and this can aid in explaining current developments.

Relations of production include two important aspects: the way in which ownership of the means of production is laid out; and the distribution of surplus value. It is through these two aspects that class rule in any given society is made concrete. To locate these distributions is to locate power, where power is clearly connected to the forces of production or productive forces. This requires, however, looking at the social aspect: how society distributes wealth. As Nazih Ayubi writes: “A mode of production is therefore a combination of the ‘labour processes’ by which man extracts his means of existence from nature and the social patterns that determine access to and control over resources and means of production as well as determining the division and organization of labour tasks, and the forms of product distribution or ‘circulation’,” (1996, 39). Specific social formations arise depending on the mode of production, or the articulation of modes.

Ayubi argues that in the specific context of the Middle East, two modes of production should be added to those identified by Marx: the lineage mode of production, organized by kinship, and the bureaucratic mode of production, sometimes referred to as Asiatic; and further, that these stages should not be assumed to occur in a linear fashion (*Ibid*). The concept of articulation is especially important in places like Egypt where capitalism was imposed from the outside and did not develop organically through a native bourgeoisie. “Capitalism neither evolved mechanically from the modes of production that preceded it in the Arab World, nor did it completely dissolve these modes,” (*Ibid*, 41). Here colonialism played a central role in expanding capitalism, which became the first mode of production that was universalized.

The lineage mode of production, based on kinship, is important to understand as the precursor to other modes in the context of the Middle East. Here the struggle between nomads and the increasing settled or urbanized population is central. The presence of nomads led to a mode of production where wealth is derived from the acquisition of goods, rather than through their production (Ayubi 1996, 50). Here the base and superstructure are not connected because political power does not stem from the relations of production but from *kinship*. Military power becomes important as the means through which goods are acquired. “Most kinship-ordered modes allocate people differentially to positions of power and establish a genealogical range of mobilisable allies,” (*Ibid*, 53). When kinship-based societies or groups find themselves faced with those based on

the tributary or capitalist mode, they are able to seize and acquire surpluses that are greater than when they are faced with other kinship-based groups.

In the context of Arabia, the rise of Islam acted as a unifying force, for the first time creating a unified Arab state. Ayubi shows how this was linked to both economic and ideological incentives (Ibid, 55). As the expansion took place, the spoils of war were distributed based on a scale internal to the social stratification of Arabian society. Under the Caliph Omar, however, this was based on an 'Islamic scale' where one's date of conversion determined seniority. Omar also introduced the deferment of distribution, after he accumulated the money. This marked a departure from the nomadic norm of distribution: "The leader is now no longer in charge of immediate distribution but of accumulation and storage. Political leadership assumes a treasurer function but it cannot achieve this without still gripping the reins of war. Political leadership is now the agent that shapes the community into a certain order of distinctions and also the treasurer of war (Ibid). Non-Muslim Arabs, through a special tax called *jizya*, were relegated to the zone of production, instead of distribution (Ibid, 55). This was the basis of the tributary mode, which became the characteristic of the whole Islamic territory.

The domination of nomadism (that gave rise to the lineage mode of production) began to decline following the spread of settlements (e.g. the Islamic state) as well as the increasing "pinning down" to agricultural land (Ibid, 58). Ayubi writes, "It is precisely these (two) processes that transform the tribe into state, because they divide the population into a class of surplus producers and a class of surplus takers. Such a transformation requires mechanisms of domination to ensure that surpluses are transferred on a predictable basis from one class to another. This cannot be secured without an apparatus of coercion to maintain the basic division into classes, namely the state," (Ibid, 60-61)

The Asiatic mode of production refers mainly to Marx's claim that in parts of the world, geographical factors created a specific set of relations between the land, people, and the state. In places that were primarily deserts, artificial irrigation was needed in order to advance agriculture. This common use of water needed a centralized power to organize and distribute it: the government. On the one hand, this led to the centralization of power, and on the other hand, it co-existed with village life that was on the whole self-sufficient. This led Marx to label the Arab state as the "real landlord" in the absence of private ownership of land: "The State is here

the supreme landlord. Sovereignty here consists in the ownership of land concentrated on a national scale. Conversely, no private ownership of land exists, although there is both private and common possession and use of land,” (Marx in Lichtheim 1963, 95). This analysis may mark the beginning of the “Arab despotism” thesis that continues to be quite dominant in studies of the political economy of Arab states. The idea is that because of this centralization, Arab states are utterly despotic and involve no checks and balances that can curb the overwhelming power of the state. This, however, neglects two points: first, the self-sufficiency of villages *despite* this apparent inescapable despotism; and second, the implicit assumption that private landlords—in contradistinction to the state as landlord—are not despotic. Nevertheless, this does not take away from the fact that this centralization gave the Arab state extensive powers, and that these persist until today.

Thus we have a situation in which the state extracts a tribute from villagers in the form of surplus labour and by extension controls the distribution of the surplus product (Ayubi 1996, 45). The clearest instance of this in the Egyptian case is the reign of Muhammad Ali, where a strong centralized state was in control of extracting surplus value. Ayubi has suggested that the Asiatic mode is also useful in analyzing Nasser’s Egypt, which is certainly a point worth exploring in further chapters (Ibid, 46). This centralization has not simply appeared during certain eras and disappeared during others; instead it has extended into the superstructure and thus conditioned political society extensively. This leads to a hierarchical society where the state plays the most important role. Some, like Abdel-Malek, Mursi and Ayubi, have argued that this did not just affect the base, but also the superstructure in terms of conditioning the Egyptian character. In other words, Egyptians came to relate to the state in a specific way because of the Asiatic mode of production. While this argument would immediately seem problematic in terms of the vast Orientalist scholarship that has focused extensively on the “Egyptian character” and seen it as unchanging, static, and especially obedient to authority, it is useful to note that these authors must by default make the connection between the base and superstructure, otherwise a key aspect of Marxist analysis would be missing.

In Egypt, the tributary mode became especially important during Ottoman rule. The distinction between the tributary mode and the lineage mode is that society is now divided into a class of surplus producers and

a class of surplus takers (Ibid, 82). Taxes and other tributes were collected for the Sultan from Egyptians, who were given control of a piece of land (Ibid, 68). The question of ownership of land is always essential to discussions on the mode of production. For much of its history, the Arab world has favoured collective ownership of land. The Caliph Omar ibn Khattab instituted the practice of collecting taxes from people who owned land (rather than taking over the land and distributing it to soldiers). Increasingly there was pressure from individuals within the military and bureaucratic sectors to be given land, demonstrating that private ownership of land did exist. This, however, was marginal. To return to the Ottomans, a new system of military feudalism was implemented, where a strata of officers took charge of collecting taxes and exploiting the land in return as a salary from the state (Ibid, 74). As Ayubi notes, this semi-feudalist relationship is not determined by the peasant-officer relation but rather the officer-state relation (Ibid). Samir Amin has argued that the tributary mode present in Egypt was essentially more effective than the one found in Europe, noting that the *etatiste* version was more integrated whereas the feudal version was more flexible (Ibid). Thus Egypt in effect has a stronger system than Europe and was thus more developed: it was here the center and Europe the periphery. Ayubi writes:

“In Egypt the state historically was so dominant over the society and in such a manner that the peasants were left without the margin of freedom that would have enabled them to improve agricultural techniques or to resist economic exploitation, as happened in Europe. In the Egyptian case the peasant had to confront the centralized state directly. The crucial importance of the state made most foreign conquerors content themselves with dominating the state machine itself without having to penetrate the society socially and culturally in ways that might have prompted further change. The limited development and transformation in Egypt’s case was therefore the price she paid historically for her advanced, rather than backward, mode of production,” (Ibid, 81).

Muhammad Ali’s reign saw major changes in the organization of Egyptian production. On the one hand, his protectionist policies and strong state

ensured that he reproduced the same pattern of state control that had existed previously. On the other hand, the introduction of private property on a larger scale and the integration of Egypt into the global capitalist economy signaled the start of the dominance of the capitalist mode of production. His policies revolved around state control of the land and production through a strong bureaucracy, thus preventing the development of a national bourgeoisie. His strict control over both landowners and peasants meant that the government monopolized industry and agriculture. His policies revolutionized land tenure and abolished tax farming, thus improving the lives of peasants. Moreover, Ali focused extensively on industrialization. He did not want to create a national bourgeoisie, but because his successors did not complete his industrialization policies a strong landowning class emerged following his death.

Both private property and the capitalist mode of production expanded under Ali. It was during this time that the first land register in Egypt was created, thus consolidating the notion of private property in Egypt (Abdel-Malek 1968, 6). The law of September 16, 1798 inaugurated land prices, recognized the right of peasants to inherit and introduced a framework to regulate the recording of landownership. Restrictions on the private ownership of land were removed and foreigners were allowed to buy land. It was also during this time that several changes heralded the integration of Egypt into the broader capitalist system. Cotton was a big part of this. Juan Cole notes, “The cotton boom of the 1860s in Egypt constituted one of the region’s first large-scale experiences with the boom-and-bust cycles that typify primary commodity training in the periphery of the industrial world market,” (1999, 58). This is a pattern that is cyclical. During the late Ottoman period, Egyptian peasants, who had previously gained rights to property under Ismail, began to clash with Europeans, both because they began to owe them debt and because Europeans began to confiscate their land (*Ibid*, 65). This marked the increasing incorporation of Egypt into the global economy, alongside other significant changes such as the emphasis on private property and individual wages. Indeed, this process is intricately tied to several points—the peripheralization of Egypt in the global capitalist economy through constructing Egypt’s economy as one based on exporting cotton; the lack of industrial or agricultural development that resulted from this; and the subsequent class tensions.

Following Muhammad Ali’s death, a class of landowning elites emerged and consolidated the capitalist mode of production. The unequal

trade of raw materials and the introduction of a vast system of credit were the hallmarks of this period, which lasted until 1952. Agricultural production was now based on capitalist relations because of the structural changes that had happened vis-à-vis land ownership during the past few decades. Primitive accumulation can be seen here in “the state’s role in depriving the peasantry of their land, paving the way for the formation of an ‘agrarian bourgeoisie’,” (Chaichian 1988, 29). This landowning class had close ties to the British, particularly the cotton markets. By 1913, large landowners (0.8% of the population) held 44.2% of the land, showing the widening gap between these large landowners and peasants/small landowners (Ibid, 30). The emergence of this class that made profit off of agricultural production, and the increasing number of Egyptians involved in wage labour, demonstrate the presence of primitive accumulation. From 1919 onwards, Egypt was ruled by the agrarian fraction of capital within the ruling class, which emphasized foreign capital. Capitalism now became the dominant mode of production, but this happened on an uneven scale globally.

The Nasser-Sadat-Mubarak presidencies (1952-2011) saw the capitalist mode of production deepen. It soon became the dominant mode, reflecting global processes. Although Nasser attempted to alleviate Egypt’s peripheral status, his policies were clearly structured around capitalist extraction of surplus value, where this value is controlled by the state. This is why Nazih Ayubi argues that the Nasser period was similar to the Muhammad Ali period in the sense of a strong, centralized state that collected surplus. Import substitution industrialization (ISI) emerged as a response to a series of agricultural crises but was not enough to absorb the surplus agricultural labour force (Ibid, 33). Major changes in land ownership were implemented, however, in an attempt to weaken the agricultural bourgeoisie. The Nasser regime wanted this bourgeoisie to invest capital in industrialization projects instead, but were unsuccessful on this count. Widespread nationalizations were another important hallmark of this period, although, as Chaichian notes, without the abolishment of private property this nationalization was easily reversed by Sadat (Ibid, 36).

Sadat laid the groundwork for the neoliberalization of Egypt that was to happen in the 1990s and 2000s. I discuss this in detail in the following section, so suffice it to say that during this period there was a resurgence of the agricultural fraction of capital that had been weakened by

Nasser. Sadat relied on this fraction, among others, to push for the opening up of Egypt's economy—*Infitah*. De Smet and Versieren write, “Between 1975 and 1985 Egypt's economy grew with an impressive average of eight per cent. However, this growth was not an expression of the development of productive forces, but a reflection of an increasing share of rents in the national income: remittances of Egyptian migrants working in the Gulf countries; tariffs of the Suez Canal; tourism; oil; foreign loans and aid. Sadat's *Infitah* did not revolutionize the extraction of relative surplus-value,” (Ibid, 21). There was a de-industrialization of the economy during this time because of the lack of attention being paid to productive forces. Because the focus was on the import of luxury consumer goods and the collection of rents, the industrial fraction of capital continued to be weak. Moreover, under Sadat the shift towards neoliberalization did not mean that the state was no longer a central player; rather it meant that the state was now a clear facilitator for specific fractions of capital, a role it would continue to play until 2011, and after.

In the 1990s Mubarak signed a structural adjustment deal with the IMF—ERSAP—which was to ultimately work in the benefit of capital at the expense of labour (Ibid, 9). This played out in different sectors of the economy. The land reform law from Nasser's time was abrogated, allowing a higher rate of exploitation of agricultural laborers. “A majority of lands became fully owned by the landed elite and embedded in a modern capitalist system of cash paid tenancies, allowing the landlords to accumulate capital at an accelerated speed,” (Ibid, 9). On the industrial front, a “Ministry of Investment” was established in order to replace state-controlled companies with private ones. De Smet and Versieren write, “The state made 1.5 billion dollars from these privatisations. Meanwhile, real wages in the public industrial sector dropped by eight per cent between 1990 and 1996. By 2002 half of the public enterprises were privatized or liquidated. After 2004, the aggressive policies resulted in an economic growth of seven per cent, which reflected the self-cannibalisation of the state, and the increased exploitation of workers and farmers by private actors,” (Ibid, 11). He labels this process accumulation by dispossession.

Throughout this, it is important to note the continuing central role of the state in capitalist accumulation. As De Smet and Versieren correctly note, the state was not the ‘loser’ in these privatizations, because the lines between the state and private capital are blurry: “The introduction of neoliberal policies in Egypt did not stimulate the free market as the primary

organizer of economic life, but it reinforced a tendency towards so-called ‘crony capitalism’ the close ties between the regime and segments of Egyptian big business were hardly weakened by privatization,” (Ibid, 13). This discussion brings to mind Kees van der Pijl’s chapter on passive revolution in the Soviet Union (in Gill 1993). Here he points out that the historical centrality of the state in the Soviet Union means that it continues to be the most important political and economic player, unlike in Western European countries where civil society is a more important force. This section has tried to highlight the centrality of the state in production throughout modern Egyptian history, thus pointing to the different trajectory a process like neoliberalization takes in Egypt.

Moreover this is where Gramsci’s conceptualization of the state is clearly useful. The state should not be seen as a separate from or independent of the ruling class, but rather as part and parcel of the ruling class’ project of hegemony. Instead of attempting to posit the conflict as between state and private capital, it is more useful to posit it as a conflict among different fractions of capital. “The state had lost its position and imaginary as a ‘universal capitalist’ securing the interests of the Egyptian capitalist class as a whole and instead explicitly became the particular tool of a select group of conflicting domestic oligarchs the old landed and commercial bourgeoisie, state bourgeoisie, and nouveaux riches rent-seekers and speculators who enjoyed close ties with foreign financial capital,” (Ibid, 14). This select group was a new fraction of capital that emerged in the 2000s and that would not only bring about a shift in the ruling class but also in the productive forces and the relations of production. This fraction will be a central focus of this dissertation.

2.7.1 Neoliberalization

Neoliberalization is a process that has been underway in Egypt for decades, starting with the 1967 defeat to Israel under Gamal Abdel Nasser after which there was a shift in the balance of social forces favouring those that wanted to open Egypt’s economy to global market forces. This section addresses the question of how neoliberalism should be conceptualized. In particular, I build off this section in Chapter Five in my discussion

of how the new fraction implemented an accelerated form of neoliberalization, which not only distinguishes it from the *Insafah* bloc, but also explains why the conditions for the 2011 revolution were created so rapidly.

Neoliberalism remains one of the most contentious terms in political economy today, and is defined in a multiplicity of ways. While definitions that focus on the economic policies resulting from a specific set of actors and assumptions tend to dominate,²⁸ I believe it is more useful to conceptualize neoliberalism as a transnational project tied to global fractions of capital, much as the Amsterdam School have argued (Overbeek 2004). The former view sees neoliberalism as emerging from theorists such as Milton Friedman and the “Chicago Boys,” organizations such as the IMF and World Bank, and agreements such as the Washington Consensus. The latter sees neoliberalism more extensively: as a project that is based on material and ideational assumptions that work together to structure the global financial system in a certain way.

Theorizing neoliberalism as a global project requires us to understand the particularities of its effects on countries such as Egypt that have been labelled peripheral/Global South/postcolonial. Here the work of Adam Hanieh has been invaluable; Hanieh writes that the neoliberal phase of capitalism has seen “the world market evolve as a hierarchically layered global system with each country inserted into this structure with its own specific role and linkages. The form that the world market took in this period deepened the internationalization tendencies of capitalist accumulation as well as its uneven development across the globe,” (2009, 62). Hanieh goes on to argue that the linkages constructed between the countries of the Global South and the rest of the global economy were constructed in such a way as to aid the accumulation of capital to the benefit of the core countries. This clearly builds of some key assumptions of Wallerstein’s World Systems Theory. Hanieh traces the neoliberal phase to the 1970s, and claims that it was a response by the global capitalist ruling class to the crisis that was driving down profits (Ibid). Neoliberalism has its roots in classical liberalism and Austrian monetarist economics, and by the 1980s had become dominant globally (Ibid). “Its policy prescriptions are now familiar across the globe: privatization, cutbacks to social spending, reducing obstacles to capital flows worldwide, dropping trade barriers, and

²⁸ See: Harvey 2005

imposing market imperatives throughout all spheres of human activity,” (Ibid, 63).

The literature review in the previous chapter pointed to the ways in which much work in Middle East Studies avoids the topic of capitalism. This plays out in numerous ways, including the tendency to look at the surface appearance of measures of inequality. This occurs at the expense of “engaging with the nature of capitalism as a systemic totality that penetrates every aspect of social life. This unequal distribution of wealth is not an unfortunate consequence of wrong-headed economic policy or a ‘conspiracy’ of elites but rather a necessary presupposition of capitalist markets themselves,” (2013, 3). Similarly, Samir Amin, one of Egypt’s most prominent scholars of political economy, situates neoliberalism within capitalism, and traces it back in time in order to show that the 2011 revolution was not an isolated event but rather part of a chain of events. He traces this back to 1919, and connects it to the British occupation of Egypt and Egypt’s conversion to a periphery in the global capitalist system whose institutions were structured to serve imperial accumulation (2012, 17). In 1919, the Wafd emerged at the head of a nationalist movement that was opposed by a variety of social forces, including the British, the monarchy, the landlords and the rich peasants (Ibid, 18). However, the 1919 revolution led to political modernization through the adoption of a bourgeois form of constitutional democracy. It was only after the 1952 revolution led by Nasser and the Free Officers that a more nationalist ruling class emerged.

Nasser’s program focused on industrialization as a way out of Egypt’s confinement to the role of exporting cotton for the imperialist core (Ibid, 20). Nasser’s decision to impound European capital and nationalize it in order to create a public sector failed not because it was ideologically flawed but because the responsibility was given to individuals who wanted to accrue personal benefits, and because the Egyptian bureaucracy was inefficient (Ibid, 105).²⁹ Sadat and Mubarak later dismantled the system set up by Nasser. The liberalism of the 1970s, 1980s and 1990s

²⁹ In the on the Nasserist historic bloc I go into this debate in more detail. It is problematic to designate the Egyptian bureaucracy or public sector as inefficient as this does not necessarily hold up to interrogation. It has been the key argument used to promote privatization.

dismantled the previous system *without constructing another in its place*. Amin writes:

“The economy of Egypt now constitutes a series of activities juxtaposed side by side. Their different logics of reproduction are conflictual while the state has been made to ‘disengage’ itself, to give way to a ‘market’ with the mythical function of ensuring the coherence of growth. Nasser had proposed reinforcing inter-industrial complementarities to establish the autonomy of the national productive system vis-à-vis the world economy, in order to give it negotiating strength over the conditions of insertion into that economy. But this was abandoned in favour of the immediate profitability of the companies considered separately from one another,” (Ibid, 157).

Amin’s argument that no new system was constructed in place of the Nasserist one is an interesting one. On the one hand, it is clear that a new mode of production was being put in place, and that new fractions of capital had emerged. This in turn created new political and economic policies. On the other hand, what Amin seems to be suggesting is that other than the Nasserist bloc, no other ruling class was able to create a system of meaning as strong as Nasser managed to create. Under Nasser, the ideological support for the historic bloc’s process of capitalist accumulation was extremely strong. This was not less so under the *Infatih* bloc, and almost non-existent under the financial bloc. I would thus argue that the Nasserist bloc’s project *was* replaced by another one, and that the state did not disengage itself, as Amin argues. Nevertheless, Amin’s point that Nasser had tried to establish the autonomy of the national productive system vis-à-vis the world system is an important one.

Central to the shift to accelerated neoliberalization is the process of privatization, which continues to be a fundamental mechanism through which neoliberalism has spread. Privatization is often accompanied by deregulation and calls to open up local economies to international trade. “Privatization is normally one of several parallel policies in the context of structural adjustment or systemic transition,” (Luciani in Handoussa 1997, 107). The neoliberal rhetoric surrounding privatization is clear. The main argument used to argue for privatization is the lack of efficiency on the

part of public sector companies and services, due to a host of reasons including political interference and regulation (Ayubi in Handoussa 1997, 125). This is linked to the argument that free markets require minimal interference from the state, a key ideological tenet of neoliberalism.

Privatization requires specific conditions in order to bring about a revitalization of the economy. One is the presence of a large domestic market that can consume, a condition that is not present in most developing countries. This means that these countries must ensure that there is foreign participation in the privatization process, which means opening itself up to competition from countries producing high-quality products or ensuring that labour is cheap and government interference lax (Lucania in Handoussa 1997, 109). Another condition that should be emphasized is that privatization is not automatically a positive means of improving efficiency unless competition is ensured—privatization within a monopolistic environment does not increase efficiency, as Egypt's experience during the 1990s and 2000s shows. Nazih Ayubi has noted the particular trajectory taken by Arab regimes vis-à-vis privatization:

“Privatization programs in the Middle East have not followed from empirical evaluations of the performance of the public sector, nor have they resulted from pressures exerted by native entrepreneurs. Rather, they represent mainly a public policy, carried out in response to the fiscal crisis of the state and under pressure/temptation from globalized capitalism through its international institutions,” (Ayubi in Handoussa 1997, 125).

This point is crucial to emphasize. Whereas privatization in European countries, for example, may have resulted from a set of pressures related to increasing efficiency or the new balance of class forces linked to transnational capital, privatization in countries like Egypt was a result of international institutions implementing neoliberal policies. Privatization represents an example of this type of non-organic development. The drive towards privatization in the Middle East was a result of the fiscal crisis facing many states. This, however, should not be delinked from a specific teleology that views privatization as the best, or only, solution. In other words, the delineating of problems and the construction of “common

sense” solutions is an ideological exercise. Theorists who work with Uneven and Combined Development (U&CD) have articulated the ways in which capitalist development and expansion always occurs in an uneven manner because different nation states are at different levels of development. This is premised on the assumption that development in postcolonial countries tends to occur in non-organic ways, pushed by social forces that have strong connections to transnational capital, because the conditions for capitalist expansion were not present. The uneven nature of the global system is both the cause of this as well as the result of it (Hobson 2011).

The empirical data I collected affirmed the increasing importance of privatization as a mechanism through which neoliberalization accelerated under the new fraction of capital. The Central Bank of Egypt reports demonstrate the increasing focus on the private sector at the expense of the public one, and American Chamber of Commerce reports consistently note the increasing importance of privatization (1997, 1998, 1999, 2000). The Egyptian Center for Economic and Social Rights has documented the increasing pressures on workers resulting from the accelerated privatization, including calls by workers’ groups to return ownership of companies to the public sector, the latest happening in 2014 (“Workers Demand Return of their Five Companies to Public Sector, to be Operated and Compensated, 2014).³⁰

Egypt went from having a leading public sector under Nasser in the 1950s and 1960s to a rapidly expanding private sector under Sadat. Egypt’s privatization process began by allowing public sector firms to act more autonomously and focus on increasing their profits; later these public sector firms became more commercial and market-oriented, with a focus on profitability and efficiency (*Ibid*, 130). Following *Infītah*, joint-venture firms in particular became more numerous:

³⁰ The ECESR reports and press releases are all available on their website: <http://ecesr.org/en/> ECESR recently released a detailed report on multinationals in Egypt, arguing that Bilateral Investment Treaties work to Egypt’s detriment (Egyptian Centre for Economic and Social Rights 2015).

“Privatization in Egypt has followed a quiet, discreet approach rather than a “big bang” strategy. Furthermore, although domestic capital has welcomed the new policies, and while international capital has encouraged it, privatization in Egypt is still basically a public policy pursued by the state for its own purposes. Therefore the changes that have happened do not amount to a retreat by the state,” (Ibid).

This point about the state demonstrates that the state did not disappear after the fall of the Nasserist bloc. Instead the policies pursued by the state should always be contextualized within the general hegemonic project of the historic bloc in power. Under the Nasserist bloc, the state strengthened the public sector; under the financial bloc we see that the state did the opposite. This suggests that the state does not have an essential position or set of priorities and should always be seen as part and parcel of a historic bloc.

Following the structural adjustment program (ERSAP) in 1991, Egypt’s privatization program intensified, as will be discussed below. Hanieh outlines two phases of the ERSAP. The first spans the 1980s and includes an institutional and legislative framework that called for the selling of state assets. In Egypt the total amount resulting from privatization reached over \$4 billion (Ibid, 66). The second began in the 2000s and was characterized by an increase in the intensity of privatization (Ibid). Egypt again emerged as one of the major privatizers. Law 203 in 1991 ensured that 314 public enterprises were privatized. Nevertheless, as will be shown in the rest of this chapter, this privatization process was not as fast-paced as had been expected by international institutions.

Privatization in Egypt also had the effect of bringing local industries into competition with foreign goods and services with which it was not in a position to compete. Moreover, capital for investment was now being diverted into privatization and the private sector and thus away from strengthening these industries so they could compete with foreign ones (Ayubi 1996, 339). At the same time, unlike Muhammad Ali and Gamal Abdel Nasser, the *Infatih* and financial blocs did not impose protections for local industries.

In 1998, the IMF rated Egypt’s privatization program as the fourth most successful in the world (Ikram 2007, 82). Nevertheless, as Ikram

notes, “While privatization was undoubtedly a crucial signal of the government’s intent for the future direction of the economy, it could not by itself guarantee a more efficient use of resources; there was always the danger that it could end up simply replacing public monopolies with private monopolies,” (Ibid, 84). The replacement of the powerful public sector with private monopolies has been the outcome of the privatization process, and the defining feature of the new ruling class. Here it is useful to note the compelling argument, to be addressed further on, that neoliberalism works hand in hand with crony capitalism (Abdelrahman 2014, 14). The extent of corruption during the *Infatih* bloc as well as the new rising bloc cannot be overstated. The public sector’s decline due to the diversion of capital away from it towards the private sector has created an atmosphere where bribery is normalized. The institutionalization of corruption served as a “safety valve” for the public sector (Ayubi 1996, 344). This suggests that corruption should be understood as a side effect of open-market systems, not a sign that the market needs to be opened further (Ibid).

As can be seen, the internationalization of capital is important as a mechanism through which neoliberalization occurs. Capitalism naturally looks for markets to expand into; this is a constant process. Indeed Rosa Luxemburg has shown the ways in which capitalists *need* new markets that can be dominated through violence and coercion in order to expand, in a never-ending process of primitive accumulation (1972). Today, foreign direct investment, joint ventures, and intellectual property are all features of the process of the internationalization of capital. Hanieh brings together this internationalization with the concept of imperialism:

“The notion of imperialism captures the tendency of dominant capital to increasingly draw the world market in on itself, forcibly extracting profits from all corners of the globe and thereby actively accentuating the unevenness of the system as a whole, while simultaneously deepening the interdependency of states as a necessary prerequisite for this extraction to take place,” (Hanieh 2013, 18).

Imperialism is thus conceptualized as a question of economic domination and exploitation, not simply one of political and military superiority. “Capitalist class formation in the Middle East has become increasingly tied to the ebbs and flows of accumulation at the global scale,” (Ibid). It is important to note here the role imperialism plays in the formation of a nationalist capitalist ruling class. Imperialism is visible in the Middle East in numerous ways. Debt and aid are two of these that continue to influence the structure of the economy in many Middle Eastern countries post-2011. Food aid has been part of US policy towards the Middle East since the 1960s. This provided an outlet for agricultural surplus in the US and made Arab states dependent on imports of food (Ibid, 40). Moreover, it ensured that Arab states had to have increased amounts of foreign currency to purchase this food. Food aid was political and indeed the US ambassador to Egypt clearly said that its aim was to establish a link between Egyptian politics and the US through food assistance (Ibid). Imperialism is also visible in the relationship between Middle Eastern countries and Israel, usually facilitated by the US. In Egypt, for example, the case of the Qualified Industrial Zones (QIZ) demonstrates the ways in which the Egyptian economy is implicated in that of Israel. Anything produced in QIZs can enter US markets duty-free *only if* a certain percentage (11.7 in Egypt) of inputs were Israeli (Ibid, 47). By 2008, one third of Egypt’s exports to the US were coming from QIZs. Between 2005 and 2008, exports from the QIZ grew by 57% *per year*, and by 2010 40% of Egyptian exports came from the QIZ (Hanieh 2011, 20). The concept of the QIZ was invented by Jordanian businessman Omar Salah after he travelled to Israel in 1993 in search of business relations. Because many local Jordanian companies boycotted him for dealing with Israel, Salah began to work with international companies. The QIZ protocol spread to Egypt and was set up in 2005 in three zones: Cairo, Alexandria and the Suez Canal Zone. Here the particular role of Egypt is to supply cheap labour.

On the Egyptian QIZ website the following quote sums up the project: “The signing of the Qualified Industrial Zones is significant for Egypt. It is consistent with our government efforts to open up the economy, increase growth rates, enhance job creation, and promote exports.”³¹ Work conditions in the QIZ are notoriously bad, in both Jordan and Egypt. Although some cite the high numbers of women employed as a

³¹ <http://www.qizegypt.gov.eg/>

positive selling point, these women usually work in terrible conditions and face routine harassment.³² Some have pointed out that the QIZ in Jordan have diverted trade *away* from Palestinians.³³ Above all there is the theoretical assumption that free trade is what will lead to economic development for countries such as Jordan and Egypt.

The EU also moved to consolidate its position in the Middle East. The Euro-Mediterranean Partnership (EMP) was signed in 1995 between the EU and ministers from numerous Mediterranean countries, including Egypt. The aim of this was: “The promotion and development of the private sector...and establishment of an appropriate institutional and regulatory framework for a market economy,” (Ibid, 53). In other words, the aim was to open up markets. This was to be done through reducing public services, removing trade barriers, and increasing the level of foreign direct investment in the region. New laws were to be passed that made EU investment easier through the privatization of firms (Ibid). As Hanieh writes, “The integration of Mediterranean productive sectors with European capitalism has acted to deepen social differentiation both within individual nation states as well as between the region as a whole and Europe. The relationship with the EU helped to shape the trajectory of class formulation by simultaneously enriching (and drawing closer to the European project) a tiny layer of the region’s elites,” (Ibid, 60).

States have adapted to the new internationalized mechanisms of capital accumulation, whereby their tasks such as disciplining labour, protecting private property rights and maintaining laws for investment, have all been internationalized. Hanieh underlines the fact that this does not signify a decrease in the importance of the state—an assertion increasingly being made. In fact, the state is often strengthened, as corporations *need* states to minimize the many risks of global accumulation (2014, 15). Marxist scholars such as Nicos Poulantzas (1974), who argued that the process of internationalization was having the effect of embedding foreign capital within national state formations; and Ellen Meiksins Wood (2005), who pointed out that the nation state continues to be essential to capitalism, both show the problems with arguing that the nation state is of declining importance. Hanieh continues: “This did not mean that nation states had

³² See: <http://www.jadaliyya.com/pages/index/1813/report-on-foreign-workers-in-one-of-jordans-export>

³³ See: <http://www.merip.org/mer/mer234/qizs-ftas-usaid-mefta>

lost their significance, or that there existed a single, transnational capitalist class, but rather that capital needed to be regarded as increasingly existing beyond any locally specific identities,” (Ibid). This conceptualization is especially important in light of the influence of Gulf capital in Egypt. The US and Gulf capital have converged in recent decades as a new form of economic dominance in the Middle East. The Gulf Cooperation Council has played a role in internationalizing Gulf capital and embedding it within corporations and firms in the Middle East, ensuring that Gulf capital becomes intertwined with local ruling classes (Ibid, 62). While Hanieh and I share the same assumptions, as I have shown, my work departs from his in my focus on fractions of capital and labour and how these coalesce into a historic bloc. This lens, I believe, allows us to see more clearly how transnational capital plays out in local contexts.

In the academic literature on Egypt and the Middle East, neoliberalism is often treated as part of a natural linear progression. Indeed in discussions on democracy, it is often conceptualized as necessary *for* democratization to take place, rather than being seen as a possible deterrent. This also ignores the role that specific assumptions play in how democracy is defined. For example, in an article on the decline of pluralism in Mubarak’s Egypt, Jason Brownlee writes the following: “The country’s immediate level of economic development, its extensive array of nongovernmental organizations and its multiparty system all seem to favour a democratic future,” (2002, 6). Thus what is implicitly made essential to democratization includes a specific form of economic development, the presence of NGOs, and a multiparty system. Indeed Brownlee’s entire argument rests on the assumption that pluralism is the key indicator of how autocratic or democratic Egypt’s system is, an argument that essentially promotes electoral politics above all other understandings of democracy, including those that privilege social justice. Brownlee goes on to argue that international actors are even more important than local actors in pushing for more pluralism in Egypt (Ibid, 7). Brownlee’s views are not uncommon. Pluralism, a strong civil society, and a free market system have been naturalized as prerequisites for a transition to democracy. Here we see how defining democracy is always an ideological act.

Discussions about capitalism in the Middle East have to take into account the reality of global structures of capitalist accumulation and the positionalities they produce. In this sense, the Middle East should be seen

as a periphery³⁴ of the global system and as a penetrated system “subject to an exceptional level of external intervention and control,” (Hinnebusch 2002, 3). Once the Middle Eastern region was incorporated into the global capitalist system, it became dependent on it and its role transformed into an exporter of primary raw materials. One way this has occurred has been through the creation of “client elites” which has not only created shared economic interests between the core capitalist countries and these Middle Eastern states, but has also ensured that Middle Eastern states do not invest in local development (Ibid, 4).

It is useful to add some nuance to this view, as it relies on older variants of dependency theory. The case of Egypt is a clear example of how economic dependency does not automatically mean that external forces or a transnational ruling class representing globalized capital should be theorized in a deterministic or totalizing manner. Following Egypt’s agreement with the IMF, for example, there were domestic fractions that prevented the implementation of all the reforms demanded by the IMF and World Bank. We should not take away all agency from the domestic ruling class in any analysis of postcolonial contexts. Instead, this domestic ruling class should be understood as made up of different fractions, some of which have ties to international capital and some of which do not. It is the tension created by this that often drives forward economic development and policies. Here again I emphasize the usefulness of the neo-Gramscian fractional approach that looks at structure and agency, rather than over-determining structures. “Economic dependency means a major function of foreign policy must be to secure and maximize resource flows from external sources,” (Ibid, 3). In other words, while it is true that local elites must pay more attention to global capital rather than domestic opinion, it is never a case of either/or but always historically contingent. On the one hand, fractions of capital must accumulate and thus pay attention to global capital fractions. Indeed, global capital often acts as a disciplinary force, using sanctions, withdrawal of aid, and military force in cases where local fractions act against their interests (Ibid, 4). On the other hand, capital accumulation requires political stability, which means attempting to

³⁴ It is important to add here, however, the nuanced point that parts of the Middle East are less peripheral than others and in fact act as mediators between global capital and Middle Eastern states. For more, see Hanieh 2011.

create consent. Indeed what we saw in 2011 was the complete neglect of this last aspect.

While some scholars³⁵ have called for attention to be paid to the dynamics of neoliberalism in Egypt as an explanatory variable of the 2011 revolution, these voices have been few and far between. Joya, for example, centers neoliberalism in her article on the background of the revolution:

“The revolution was a response to many years of neoliberal policies that radically transformed Egyptian society by transferring social power to the hands of an elite while disempowering workers and dispossessing the peasantry. Neoliberal policies followed a period of deep economic crisis in the 1980s characterized by declining oil revenues, reduced earnings from the Suez Canal and a shrinking level of remittances sent back by Egyptian migrant workers. All of these factors led to an expansion of foreign and public debt and an increasing fiscal strain on the state,” (2011, 370).

One could add alongside these the structural adjustment program imposed by the IMF and World Bank that reduced the state budget significantly. Since the IMF and World Bank conceptualize the role of the state as ensuring the smooth operation of a free market, the liberalization of the economy of this. As Joya notes, it was precisely this process of intense privatization that “transferred public resources into the hands of a new elite,” (Ibid). Indeed a Ministry of Investment was created for the purpose of speeding up the privatization process, which accelerated after Ahmed Nazif became Prime Minister in 2004 (Ibid). This was not a new phenomenon, but what changed was the intensity with which it was promoted—thus the term accelerated neoliberalization.

Indeed Egypt’s experience with the IMF and World Bank goes back in 1976, when Sadat was pressured by both the IMF and the US and various European countries to introduce severe economic reforms, primarily through cutting subsidies and encouraging more foreign direct investment. This led to the infamous 1977 “bread riots” and the eventual adop-

³⁵ See: Hanieh 2014; Amin 2012; Joya 2011.

tion of a policy whereby subsidies were to be cut gradually. Under Mubarak, a structural adjustment program was signed, and major economic reforms were put in place, most notably widespread privatization, major cuts in the public sector, and the floating of the Egyptian pound. Beinin rightly notes:

“In Arab countries defined as “success stories” by the IMF—Egypt, Tunisia, Morocco, and Jordan—the upper-middle classes expanded while crony capitalists reaped outsized profits due to neoliberal growth. But their conspicuous consumption was an outrage to the majority of the population. The capacity of non-oil-producing states to deliver basic social services and decent livelihoods to their people was undermined by state budget cuts and privatization programs demanded by the international financial institutions. In Egypt, real wages were lower in 2006 than in 1988,” (2012, 325).

The response from Egyptian workers was fiery. From 1998 to 2010, over two million workers participated in between three and four thousand strikes and other collective actions (*Ibid*, 326). This will be elaborated further on, but suffice it to say that these numbers are unprecedented.

Following the structural adjustment deal in 1991, a joint public-private sector committee was established called Partners in Development. The committee split public enterprises into five separate categories: joint ventures with domestic and foreign capital; partly nationalized companies; companies owned solely by the state; companies with commercial activities; and organizations providing public services linked to private businesses and commercial activities (Ayubi in Handoussa 1997, 131). The privatization was funded using \$US300 million worth of American aid, and an American consultancy group designed the program (*Ibid*). Law 2013 in 1991 aimed at restructuring the public sector, which detailed the separation of ownership from management. “The new holding companies are no longer governmental bodies subject to public law, but rather “moral personalities” subjects to private law and responsible to their own shareholders,” (*Ibid*).

To conclude, it is useful to emphasize the place of neoliberalization within the broader structure of capitalism. The history of capitalist development in Egypt can be traced back as far back as Muhammad Ali. Suffice it to quote Beinin and Lockman here who have noted that the central problematic of modern Egyptian history is the integration of Egypt into the world capitalist system on a subordinate and dependent basis, and the consequent growth of a capitalist mode of production and class differentiation (1998, 8). The production of Egyptian cotton relied on its export as a raw material to Europe, and this is what formed the basis of this integration.

“The rapid expansion of cotton cultivation provided much of the impetus for the transformation of agricultural land into private property, a transformation that resulted in the restructuring of agrarian social relations. The great majority of the peasantry was by the end of the nineteenth century either landless or land-poor, while a new class of large landowners—an agrarian bourgeoisie—had emerged and would remain the dominant class until the land reform of 1952,” (Ibid).

Foreign capital investment in Egypt was powerful enough to control the import-export trade and European banking in particular was influential. Few Egyptians owned medium or large enterprises, although a new class emerged from among the urban educated: the *effendiyā*. These men were Western-educated and worked in the sectors that had been created by the penetration of European capital.

Egypt’s integration into the world capitalist system thus led to uneven capitalist development. “It was characterized by a monoculture economy oriented towards and dependent on the world market, the absence of a significant industrial base or the impetus for industrial investment, an extreme concentration of wealth in the hands of the indigenous agrarian bourgeoisie and foreign capital coupled with extreme deprivation of the masses, and an apparently limited capacity for self-sustaining economic growth,” (Ibid, 10). It is important to note, however, that the form of uneven development that occurred in Egypt did not prevent attempts at industrialization, as noted by Beinin and Lockman. Bank Misr, founded in 1920, funded numerous industrial enterprises until it was nationalized in

1960. However, this attempt was not strong enough to create an industrial fraction within the ruling class alongside the agrarian fraction. Although there were industrialists, they could not be said to represent a fraction of their own, particularly since many agrarian landowners invested in industry.

Thus by the 1970s, when Sadat laid the groundwork for a free-market economy, the economy had shifted from one based on the export of raw materials under the control of foreign capital, to one in which there was a sizable indigenous bourgeoisie and a large public sector. It was the acceleration of neoliberalization, however, that created many of the conditions for the 2011 revolution. Ahmed Nazif was one of those responsible for this acceleration. The public sector continued to be downsized and privatization was rampant. In spite of the neoliberal discourse calling for a bigger role for the private sector, in Egypt the privatization process in fact led to a situation whereby local rural elites became even more dependent on the state for access to the means of capitalist accumulation (Joya 2011, 371). It was under Nazif—who was part of the new financial fraction of capital—that excessive neoliberal reforms accelerated neoliberalization. Moreover, this fraction’s monopolist form of capital accumulation threatened others within the ruling class—notably the military—and thus not only created the conditions for the 2011 revolution but also an organic crisis within the ruling class. The new fraction was unable to expand its narrow interests through moral reforms, and thus failed to create a historic bloc. This was ultimately why the 2011 revolution happened when it did.

3

Egypt's Most Hegemonic Historic Bloc: Gamal Abdel Nasser and the Free Officers

3.1 Introduction

“Therefore the great politician has to be “very learned,” that is, he should have maximum “knowledge” of the components of contemporary life; he should know them not “bookishly,” as “erudition,” but in a “living” way, as the concrete substance of political “intuition”.”

— Antonio Gramsci (1992, 32).

I have chosen the quote above to start this chapter because it encapsulates my thinking around why the Nasserist historic bloc was the strongest bloc in Egyptian history. Gramsci argues that a great politician must not only have great theoretical and “bookish” knowledge, but that he/she must also know contemporary life and the concrete substance of everyday happenings—and that this is what constitutes political intuition. I argue that Gamal Abdel Nasser was a great politician in the sense Gramsci outlines. He was not just intelligent in terms of theoretical knowledge, but was—literally—“one of the people.” This fact gave him great knowledge about the workings of everyday life, and the common sense of Egyptian society. This was the case with many of the Free Officers, and I argue that it was this very fact that made this particular ruling class stand out.

The aim of this chapter is to chart the history of the Nasserist historic bloc. To do this, I focus on the Muhammad Ali and British colonial ruling classes, as well as the Nasserist bloc itself. Because the state and state-led development were so central to this bloc, it is necessary to look at the reign of Muhammad Ali as well, as this was when the capitalist mode

of production was introduced; by 1952 it had become dominant. In between these two periods we have the British colonial occupation. One of the central questions this chapter addresses is whether the concept of the historic bloc is applicable to Egypt during this period, that is, before capitalism became the dominant mode of production. I argue that the first time in Egyptian history that a historic bloc was formed was after 1952, and that prior eras should be conceptualized as ruling classes; these ruling classes laid the groundwork for what was to be Egypt's first and strongest historic bloc. Demonstrating this requires a set of other questions. How did the capitalist mode of production emerge in Egypt, and what pre-capitalist modes did it find in place? What were the specific relations of production between capital and labour, both in precapitalist modes in place under Muhammad Ali as well as after the shift towards a capitalist mode? Understanding this provides one way of then tracing the changes in social relations that occurred during the transition to capitalism. Using historical data, I argue that the specific relations between capital and labour during this particular period are vastly different from the coming periods during which the capitalist mode was deepened. For this reason, the historic bloc is not useful conceptually, and only becomes useful in explaining capitalist social relations by way of a ruling class, fractions of labour, and the hegemony that binds them.

The first historical period I look at is that of Muhammad Ali. Compared to the other eras there is relatively little information about the precise economic and political system in place under Muhammad Ali. It seems clear that Ali himself ruled over a powerful state and bureaucracy, which in turn exercised control over the rest of society through collecting tributes. For this reason, this period was dominated by the tributary mode of production. Private property did not yet exist in any institutional sense, thus the relation between landlords and peasants was mediated by the state. Ali's persistent attempts to prevent the formation of a native bourgeoisie are important to note, and contributed to the articulation between the tributary, feudal and capitalist modes during this period, rather than the all-out domination of the capitalist mode. An area in which research is lacking for this particular period is in the realm of ideology and its material basis. What precisely was the ideology of the ruling class/rulers during this period, and how did this tie in to the economic structure of society? Significantly, what changes happened ideologically with the introduction of

capitalist relations? This requires that attention be paid to the specific concrete relations between Ali, the state, and bureaucrats and the various groups that can loosely be said to make up “fractions of labour”—the peasants, and the merchants/artisans. Importantly, this ties into the debate about historic blocs—a historic bloc is based on the interplay between material and ideology because in order to exist it must form alliances with fractions of capital and labour; thus the ideational is necessary. Under foreign occupation or colonial rule, the aim is not forming alliances (except in certain circumstances) but rather domination. Thus consent—though still key—is not as important as it becomes under the formation of a historic bloc.

The second era that will be covered as part of the pre-1952 Egypt is that of British colonial rule. The British occupation saw the formation of a ruling class that was dominated by the British/colonial fraction of capital. Alongside this fraction, an Egyptian agrarian fraction and the monarchy made up the ruling class. The physical structures of the British occupation allowed for the imposition of the hegemonic project that was accepted within the ruling class onto society. A key question to look at in this section is the ways in which the specific colonial condition alters the coercion-consent formula outlined by Gramsci in his theory of hegemony. While it is clear that hegemony refers to the process of creating hegemony within a historic bloc—not in society—there remains the question of how in colonized societies coercion is necessary to promote the hegemonic project of particular historic blocs. Here we see how the British occupation’s legal and military structures in particular were central in creating and maintaining this through coercion. The Capitulations and the violent quelling of Egyptian rebellions are two examples of this at work. Thus one could argue that British capital dominated the ruling class because of this coercive ability as well as international backing.

A second question this section explores at is what this particular hegemonic project entailed. On the one hand, we can understand this project through the lens of Britain’s larger colonial project at the global level, while paying attention to the specific form it took in the case of Egypt. On the other hand, we must also note the specificities created through the interactions within the ruling class—while British capital was the dominant fraction, it still had to expand its hegemony through appealing to other fractions such as Egyptian agrarian capital and the monarchy. It is

precisely through tracing these negotiations that we can tease out the specificities of the British colonial hegemonic project that was central to this historic bloc.

While answering these two central questions there remains the need to analyse what was happening at the level of labour. During this period there was a lot of movement on the labour front, with much of it being anti-colonialist and nationalist. This did not happen in isolation from the ruling class and the British colonial project, but rather was impacted by it and in turn shaped it. Exploring this will also be a major part of this section.

What ties together these three eras—Muhammad Ali, British colonial rule and the Free Officers—is the central question of this chapter: why was the hegemony created by the Nasserist historic bloc so strong? The historic bloc that was formed following the 1952 revolution was arguably the strongest historic bloc in Egyptian history, as it was able to exercise hegemony over almost all major fractions of capital and labour. On the one hand, it is clear that the hegemony within the ruling class itself was particularly strong. This can only be understood by looking at the balance of social forces preceding 1952, and the weak position of British capital, as well as the magnetism of nationalism as an ideological and material force. On the other hand, it is also clear that this bloc was the only one that managed to incorporate all major fractions of labour. Understanding the power of this historic bloc necessitates that we clearly make use of Gramsci's intervention against classical Marxism and look at both the ideational and the material as central to rise of Gamal Abdel Nasser and the Free Officers, as well as the bloc that they created. Nationalism, pan-Arabism and Arab socialism all contributed to a new system of meaning under this bloc. Materially, the Free Officers' control of the Egyptian state, its move to weaken the agrarian fraction of capital, and its move to industrialize Egypt are all tied to its ability to establish hegemony. Ultimately, however, this bloc was undone by the 1967 defeat to Israel. This event managed to tilt the balance of social forces away from those who supported state-led capitalist development towards those who were in favour of a free market system. It was this event and its aftermath that led to the decline of the historic bloc, and the rise of a new one dominated by social forces that favoured free market capitalism.

3.2 Continuity and Rupture

The Nasser era is one of the most documented eras in modern Egyptian history. Representing Egypt's formal break with colonial rule as well as an attempted transition to an industry-driven economy, the Nasser years were a momentous time. Indeed as Sven Beckert has noted, "Without its Eurocentric distortions, decolonization would be at the very center of the narrative we tell about the twentieth century—and this retelling would allow us to see that global capitalism today is most fundamentally shaped by the struggles for independence," (2014, 359). One of the biggest debates on this era has revolved around the subject of this chapter: capitalism. On the one hand, the rhetoric of the new regime was socialist, and indeed many of the changes put in place by the regime were decidedly anti-capitalist. On the other hand, some scholars point to the Nasser era as representing an extension of capitalism in Egypt, albeit with a shift to a state-led form of capitalist development. This chapter uses this debate to explore the capitalist mode of production in Egypt, its consolidation throughout the 1950s, and the ways in which this was connected to the historic bloc that was created. I want to note that I do not refer to the Nasser years but instead to the Nasserist historic bloc, which corresponds to a different time period. The Nasser years/era commonly refers to 1952 until 1970. The Nasserist bloc corresponds to 1952 until the mid-1960s, as this was when the new *Infītah* bloc emerged.

Positing the question of how far changes in the 1950s can be said to represent a transition to Arab socialism or a reversion to state-led capitalism is one way of attempting to understand the changes in production that occurred during this period, and how they were built on certain continuities from previous eras as well as how they broke away from the past. In the literature the Nasser era is predominantly represented as a complete break from the British occupation. It is seen as a new phase that heralded completely new structures and social relations. In this chapter I argue that while this was not the case, the reason the Nasserist project failed is due primarily to structural barriers tied to the global economy, rather than because of intrinsic contradictions within the project itself. Moreover, I argue that while there is little doubt that the Nasser era does not represent a clear continuity with the past, it is also true that it does not represent a clean break either, as often been assumed in the literature. There were

significant changes in the fractions of capital that came to dominate the ruling class, but these fractions did not constitute a complete shift in the mode of production, although they did significantly alter the trajectory Egypt was already on. In other words, the new historic bloc stayed within the parameters of the capitalist mode of production, but produced a significantly different articulation than British colonial rule had implemented.

The reason I have emphasized that the Nasser era did not completely break with the previous one is because tracing the continuities and disjunctures are crucial to determining changes in the social relations of production. This is why the concept of non-linear time as well as the concept of production are crucial to any nuanced analysis of economic history: they allow for the destabilization of assumptions taken for granted in the literature, and for new ways of conceptualizing what occurred by using historical research as a tool. Drawing on Braudel's notion of time as non-linear (1992) and as based instead on continuities and ruptures, I trace the emergence of the capitalist mode of production by focusing on history in a certain way. To recall Braudel, his work focused on the *longue durée* and saw history as not focused on events or individuals but rather as made up of different time periods that should always co-exist in any analysis. History is continuous and connected, and is to be analysed through three temporal dimensions: events, conjectures, and the *longue durée*. Braudel does not ignore the existence of rupture, events, or breaks, but does not believe that they are the driving forces of history. An important historical materialist critique of Braudel's view is useful here, and centers on the question of agency: if history is structured in such a seemingly deterministic manner, then what is the role of agency? This is where a Gramscian lens becomes important. History happens within the limits of the possible, and these limits are always being set through the dialectic of structure and agency. Moreover, historical materialism adds the dimension of production to that of time. As noted previously, time and production are to be analysed simultaneously. The lens through which I analyse production is that of elite configurations and shifts within the ruling class as a whole.

The capitalist mode of production is complex in that it represents both a continuity and a rupture. It continued its pattern of consolidation throughout the new historic bloc, but its articulation was significantly altered. The capitalist mode did not evolve organically in the Egyptian context, but was imposed through imperialism, as I have detailed in Chapter

Two. In other words, it did not arise from social forces organically embedded in the country. The beginnings of this imposition began during Muhammad Ali, and were deepened during British colonial rule. However this was not a straightforward linear process of continued expansion.

I begin this chapter by setting the scene of one the most important events in modern Egyptian history: the 1952 revolution. I then lay out the debate on Arab socialism versus state-led capitalism, before arguing one of the key points of this dissertation: that what ultimately prevented the Nasserist historical bloc's project were structural limitations that can only be explained historically. These structural limitations can also explain the rise of the social forces that established the *Infatih* bloc described in the previous chapter. Through an analysis of configurations of elites during the 1950s, I show that the capitalist mode of production that was introduced during the reign of Muhammad Ali did not become dominant until the specific configuration of state and capital that Nasser's regime brought about was in place. Thus understanding the configurations of elites is central. Moreover, here the non-linear understanding of time is important: I argue that the main factors that can explain the 2011 revolution must be located at specific junctures throughout modern Egyptian history, and that they do not build off of each other in a causal or mechanistic way. Continuities and ruptures, and—crucially—*reversals* are all present. This chapter begins with 1952, but throughout there are references to previous eras. This chapter ends by pointing to the fact that the *Infatih* historic bloc has its roots in the late 1960s—under Nasser—when social forces favouring liberalization began to dominate. This is a departure from most historiography on Egypt, which locates liberalization at the beginning of the Sadat era.

3.3 Nasser, the Free Officers, and the 1952 Revolution

“The military experiment in Egypt is a specific one; i.e. the path followed by Egypt to win back its independence, break the chains of archaism and move forward to modernity since 1952 is fundamentally, historically Egyptian,” (Abdel-Malek 1968, xxxiv).



During a coup d'etat led by General Muhammed Naguib, an Egyptian army tank and field guns are drawn up in front of the royal Abdin Palace, in Cairo, on July 26, 1952.³⁶



General Mohamed Naguib broadcasts to the people of Egypt, in Cairo July 24, 1952 (Ibid).

³⁶ Source: <http://blogs.denverpost.com/captured/2013/07/09/egypt-1952-revolution-free-officers-movement-military-rule/6183/>



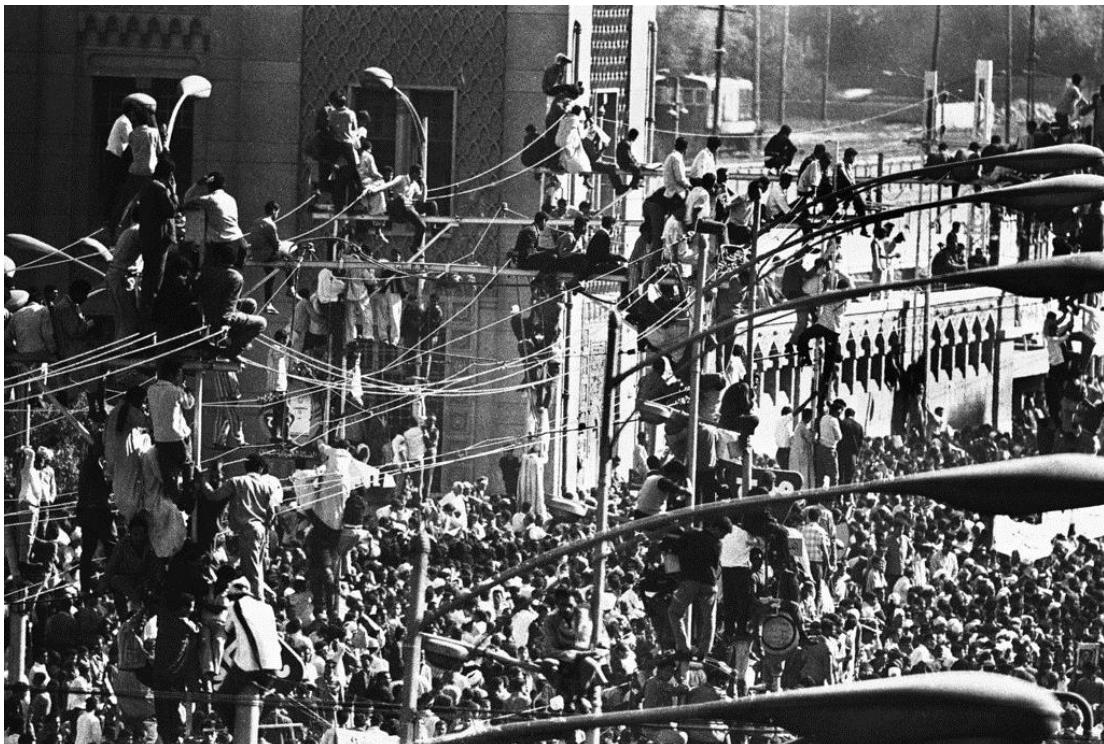
Meeting of the Egyptian Free Officers in Cairo in 1952.



Lt. Colonel Gamal Abdel Nasser, 36-year-old leader of the Revolutionary Command Council of Egypt on August 1, 1954 (Ibid).



A large crowd storms into the Ministry Council Headquarters 28 March 1954 in Cairo, during a demonstration supporting the revolutionary regime.



Egyptians crowd the tops of telegraph poles in Cairo, Egypt on Oct. 1, 1970, for a grandstand view of President Gamal Abdel Nasser's funeral procession.

The 1950s saw tremendous changes sweep across Egypt, most significantly the 1952 revolution that brought Gamal Abdel Nasser and the Free Officers to power. 1952 is often heralded as one of the most significant dates in modern Egyptian history, and indeed it is impossible to argue against the fact that major changes followed. The new historic bloc was dominated by the military, headed by Nasser and the Free Officers. Throughout this dissertation, I argue that historic blocs do not correspond with conventional interpretations of time that look at changes of leadership in Egypt. However, the historic bloc formed after 1952 does correspond to the change in leadership, and this can be explained by contextualizing it within Egypt's transition out of colonial rule and the creation of the first historic bloc. I have called this bloc the Nasserist historic bloc precisely because the configuration of fractions of capital and of labour

are clearly connected to the nationalist project put in place by Gamal Abdel Nasser and the Free Officers. At the same time, the historic bloc came to an end in the mid-1960s, not at the end of Nasser's reign following a fatal heart attack.

The new ruling class within this bloc implemented policies that led to major shifts in many aspects of governance, from education and development to Egypt's geopolitical standing. This new ruling class and the fractions of capital that make it up are the central aspect of this section. This era is particularly known for its changes to Egypt's class structure. As mentioned previously, class forces are not reduced simply to classes; rather they represent broader relational constellations within society. Shifting alliances as well as the domination of one fraction are part of these constellations. It is these constellations that directly impact the configurations of capital.

The coup that took place on July 23, 1952, was the final event in Egypt's process of formal decolonization. The coup signalled the end of the foreign monarchy in Egypt, as well as a new era in which foreign capital—specifically British capital—was to play a much-reduced role. A new ruling class came to power with its own set of class configurations that depended on different class fractions, thus giving rise to new economic relations and a new direction towards development. Ideological changes during this bloc are an important aspect of this shift, particularly the use of nationalism as a prominent mobilizing force, and its connections to Egyptian independence, both in terms of formal legal independence as well as economic independence.

In this section, I trace various fractions of capital in order to argue that while the Nasserist bloc did continue to accumulate capital through capitalism as a mode of production, it put in place a very different articulation of capitalist development, one that may have eventually set the scene for a transition to socialism. This challenges both the conception of 1952 as a complete break from previous eras, as well as the conception of 1952 as a clear continuation of the same economic system put in place by British colonial rule. Throughout this section and the following ones, I move back and forth in time in order to properly contextualize and historicize the events in question. While these specific events are tied to the 1950s and 1960s, their precedents and legacies are scattered both before and after.

The Free Officers came to power with the clear intention of transforming Egyptian society. From land reform to cultural and social practices, Egypt was to enter an entirely new phase post-1952. The Free Officers were initially a nationalist movement in the sense that they were not primarily defined as military men, but represented a political movement within the military that covered numerous trends, including the Muslim Brotherhood, the Wafdist, and the Communists (Botman 1986, 350). Notably, many of the officers shared a similar class background—that of the petit bourgeoisie—and thus had reason to feel antipathy towards the status quo in Egypt as well as the traditional political parties that tended to cater to certain classes. In terms of class composition, the Free Officers were not from the agrarian fraction, and came from predominantly middle-class families, with the exception of Gamal Abdel Nasser and Anwar el Sadat, who came from lower middle-class families (Beattie 1994, 37).

The most obvious change within the new ruling class was the new centrality of the military. Some have spoken of Egypt during this period as a “military society,” (Abdel-Malek 1968). Indeed by the 1960s the military had indeed amassed control over vast segments of the state apparatus, bureaucracy, and economy. Moreover, the military exercised immense ideological power, not simply through the media, education systems and so on, but also through their use of nationalism, development and anti-imperialism as cornerstones of the new Egypt. Seen as the ultimate nationalist institution, the military was highly regarded in the public imagination, and this continues until today. However before presenting a brief history of the military it is useful to discuss the context within which they emerged. The 1930s and 1940s saw the continued British occupation of Egypt, albeit with the Wafd in control of Egypt’s government. The Wafd were a political party dominated by Egypt’s elite, characterized as being strongly nationalist. It was headed by Saad Zaghloul, who had participated in the earlier ‘Urabi Revolt of the 1880s, also a nationalist affair. The Wafd introduced Egypt’s first constitution and parliament. The term *wafd* means delegation, and this was precisely Zaghloul’s aim: to gather a delegation that would present the British with the request that the British grant Egypt independence. They were denied the right to travel to London to do so, and Zaghloul and other members were exiled to Malta. This culminated in the heavily nationalist revolution of 1919, during which Egyptians overwhelmingly demanded independence. Although by 1919 the British had somewhat reduced their presence in Egypt, they were able to intervene in

four key areas that maintained the occupation: foreign interests, the defence of Egypt against foreign aggression, the Suez Canal, and Sudan (Gordon 1992, 16).

By 1920 Egypt was no longer a protectorate, and instead of the British, the Wafd were now heading the country. Nevertheless, the ruling class at this point was still dominated by the monarchy and British interests—the Wafd did not displace either of these. By 1936, following King Farouk's signing of the Anglo-Egyptian Treaty—seen as highly damaging to hopes of full Egyptian independence—popular disillusionment with the Wafd grew as they had failed to boycott the King for his signing of the treaty. Although the Wafd had risen to power through their strong resistance to British rule and the British occupation, by the 1940s it was clear that this resistance was not as robust as it needed to be in the face of growing discontent. Internal rivalries within the Wafd were also responsible for the decline of the party as well as the party's structure which left little space for contrasting views (*Ibid*, 23). The Abdeen Palace incident of 1942 demonstrates the switch in allegiance clearly. Miles Lampson, Britain's ambassador in Egypt, presented King Farouk with a decree demanding the abdication of Hussein Sirri's government and its replacement by a Wafd government head by Mustafa el Nahhas. Finding his palace surrounded by military forces, Farouk had little choice but to assent. The Wafd therefore came back to power in 1942 at the hands of the British. This event was crucial to the revolution that was to come just ten years later.³⁷

At the same time, King Farouk had been amassing additional powers that increasingly brought the Egyptian military under his control. He forced the army to enter the 1948 Palestine War, during which Egypt suffered heavy losses, and also began to rely on the military to crush internal dissent. The sense that they were not only losing all autonomy but that they were being used to further Egypt's continued subjugation led to a sense of discontent among many in the military. The right to direct the army was a constant demand made by Egyptian nationalists. Even though the 1936 Anglo-Egyptian Treaty gave Egyptians sovereignty over their army, the British remained and the army continued to be dependent on

³⁷ An interesting point is made by Joel Gordon who argues that in the 1970s, Sadat instrumentalized the Wafd to alter the public discourse surrounding Nasserism by attacking Nasser (1992, 7).

British supplies and training. Moreover, by the 1940s King Farouk had taken control of the army from the government.

As Gordon has noted, the Free Officers were a culmination of a “dramatic political orientation in the Officer Corps from 1935 to 1952,” (Ibid, 39). In 1936 the Military Academy was opened up to men from the middle classes, following critiques from a growing nationalist movement that it was elitist, thus changing the class structure of the institution. This was made possible because property qualifications were lifted. Six of the fourteen members of the Revolutionary Command Council (RCC) that headed the coup had joined the Military Academy after 1936, when the restrictions were lifted.³⁸ The Military Academy became accessible to middle-class Egyptian men at a time when Egypt was undergoing major political and economic turbulence. “Previously the domain of bureaucratic-minded officers currying favour with the palace, the officer corps was suddenly energized by men who were generally better educated, who had either been influenced by or directly involved in the activities of diverse system-challenging parties, and who saw the military as a potential tool for bettering the nation,” (Ibid, 40).

Gamal Abdel Nasser established what was called the ‘founding committee’ of the Free Officers’ movement in 1949. Initially, eight men met to discuss what type of political action was needed in Egypt: Nasser, Abdel Mon’im Abdel Ra’uf Kemal al-Din Hussein, Khalid Mohieddin, Abdel Hakim Amer, Salah Salem, Hassan Ibrahim, and Abdel Latif al-Boghdadi. They soon began to meet every fortnight. Gamal Salem and Anwar el Sadat were added to the group later, and Abdel Ra’uf left soon after. Members of the founding committee represented different sections of the military in an attempt to ensure the movement had widespread support from all branches (Ibid, 51). In 1950, the first Free Officer pamphlets were printed, stating that the goals of the movement were to end British imperialism, palace and government corruption, feudalism, and to tackle the Palestine question (Ibid, 53). Nationalism was a major theme:

³⁸ Applicants needed to have letters of recommendation from influential actors in Egyptian society and must have obtained a certain level of education that was accessible to only those who could afford to pay tuition fees—thus not the majority of Egyptians.

“The Free Officers group constituted a national front in microcosm, based on several shared sentiments. The Free Officers were primarily motivated by an intense nationalism, but most also felt frustration over the ability of corrupt feudalists, monopoly capitalists, and foreign interests to block reforms essential to socioeconomic development; despair over civilian political response to such problems; and humiliation deriving from defeat in war and public scorn for the military as defenders of a debauched king,” (Ibid, 59).

While King Farouk knew that elements within the military opposed him, he was unaware of how deeply the Free Officers had penetrated the institution. The ties that existed within the military allowed for many within its ranks to unite on the basis of nationalist aspirations, particularly the end of British imperialism. In other words, an institution so intricately tied to nationalism represented fertile ground on which to unite individuals against what they saw as the declining state of Egypt.

On July 23, Anwar el Sadat announced to the country that a coup had taken place, and an outpouring of national support followed. Military bases and instalments, the national broadcasting station, and the Suez Canal were all seized. Muhammad Naguib, more experienced than most of the other Free Officers, was chosen to lead both the armed forces and the country. Ali Maher was chosen as Prime Minister, and had the support of many groups, including the Muslim Brotherhood. King Farouk was sent into exile, leaving to Italy on his yacht, and the RCC was formed with Nasser as its leader. In his book, Nasser outlined the goals of the revolution, arguing the Officers now faced:

“1. The lurking British occupation troops in the Suez Canal zone, the first principle was: Destruction of imperialism and its stooges among Egyptian traitors.

2. The despotism of feudalism which dominated the land and those on it, the second principle was: Ending of feudalism.

3. The exploitation of wealth resources to serve the interests of a group of capitalists, the third principle was: Ending monopoly and the domination of capital over the Government.

4. The exploitation and despotism which were an inevitable consequence to all that, the fourth principle was: Establishment of social justice.

5. Conspiracies to weaken the army and use the remaining part of its strength to threaten the internal front eager for revolution, the fifth aim was: Building of a powerful national army.

6. Political forgery which tried to veil the landmarks of true nationalism, the sixth aim was: Establishment of a sound democratic system," (1954, 6-7).

The response to this was electric. Certainly some segments of the population were apprehensive—including the Wafd, the Egyptian bourgeoisie, and sections of the intelligentsia.³⁹ Overall, however, there was great support for this new movement.

Anour Abdel-Malek's seminal work⁴⁰ on the Egyptian military is an important source that details the various stages this new regime went through. The first stage—1952-1956—centered on building an industrialized society that was free from foreign domination. All political parties

³⁹ For an overview see Gordon 1992. His book focuses on telling the story of the Nasser years through three main groups: the Wafd, the Muslim Brotherhood and the Communists. Arguably since these three groups were generally anti-Nasserist (although the Communists initially supported him), it is a skewed reading of the period. Gordon also makes problematic assertions such as the following: "The Free Officers aimed to inject new life into the political order, not topple it," (37) demonstrating the book's bias as he barely spends any time on the land, education, employment and social welfare changes made under the Nasserist bloc.

⁴⁰ Abdel-Malek was one of Egypt's most influential Marxist thinkers, and thus his analysis is sensitive to questions of capital and class.

were dissolved and officers and technocrats became the major figures comprising a new state bureaucracy. Land reforms were initiated that attacked the landowning bourgeoisie and redistributed land to small and medium-sized landowners. Capital was directed towards industrialization rather than agriculture, even though capitalists were reluctant to support all of the regime's social programs (*Ibid*, xiv). The second stage—1956-1961—was marked by Egypt's nationalization of the Suez Canal in order to fund the Aswan Dam. Large foreign-owned firms were also nationalized, sending a clear signal to the world about Egypt's position vis-à-vis imperial powers. The military began to build alliances with the industrial and financial bourgeoisie, although they continued to hold political power. Despite these alliances, the bourgeoisie was still reluctant to invest heavily in industrialization, and also displayed concern at the pace of nationalization and the state of the private sector. The third stage—1961-1967—was marked by the nationalization laws. Industry, insurance, and key economic firms were all nationalized or had to accept 51% state participation. The Arab Socialist Union was founded, and socialism became more pronounced in official rhetoric due to the intensification of the nationalization program.

Soon after coming to power, the Officers began to position themselves in important political positions. The following table is from Richard H. Dekmejian's breakdown of 131 political actors in Egypt between September 1952 and October 1968 (1971, 171), which demonstrates that 33.6% had been military officers:

	Of-ficer	Mili-tary Of-ficer-techno-crat	Total	Civil-ian	Total
N	27	17	44	87	131
%	20.3	13	33.6	66.4	100

Table 1.1: Aggregate breakdown: military vs. civilian 1952-1968

Source: Dekmejian (1971, 171)

The table shows that the total number of military officers is 44, and the total number of civilian officers is 131. The proportion of military officers is quite high, but notably had declined by 1972. By this time, there were marked attempts, first by Nasser and later Sadat, to demilitarize political posts in an attempt to control military power over the state apparatus, as was shown in the previous chapter. The military under this new Nasserist bloc concentrated on developing a new group of young officers—sometimes referred to as “officer technocrats”—that would go on to occupy key governmental posts (Faksh 1976, 143-4):

“The advent of the armed technocrats was a manifestation of the growing role of the military and its increasing control of vital areas of Egyptian political life. They provided the military with the necessary trained, loyal, obedient, and expert manpower that the ruling oligarchy hoped could cope with the new and diverse problems of a modernizing society. It is here where the regime seeks to develop among the cadet officers a strong sense of identification with and pride in the armed forces as a symbol of Egypt’s national independence. They are taught to consider themselves the vanguard in the struggle to liberate the Sinai from Israeli occupation and to modernize the country’s socioeconomic structure. This becomes apparent from reading the hortatory political and nationalistic literature expressed in the different publications of *Idarat al-Tawjih lil-Quwat al-Musllaha* (Center for the Socialization of the Armed Forces),” (Ibid).

Several trends become clear from an analysis of the military regime under Nasser. While the state in Egypt has always played a major role vis-à-vis production, this became enhanced during this bloc, where the role of the state became crucial with regards to the economy, as exemplified by the nationalization of key industries and the focus on developing a bureaucracy as well as social welfare policies. Moreover, major land reforms and nationalizations ensured a modicum of independence to the Egyptian regime. The power of the agrarian fraction was severely curtailed, military officers became part of the state apparatus and formed part of a new bloc, and a new technocratic class emerged. It has been argued that these developments served to prevent the participation of the masses in decision-

making processes and to create the Nasser regime as authoritarian. While it is true that certain segments were alienated, this can better be explained through the economic policies implemented by this new bloc than by the lack of democracy. This is not to say that democracy was not a key issue at the time but that conflicts among various fractions were more likely to be because of what was at stake in changing Egypt's accumulation structure.

The ideology of nationalism and independence, to be achieved through industrialization, was central. Pan-Arabism, pan-Africanism and Arab socialism were also used to position Egypt as a strategically important country within the new configuration of post-independence nation states. There cannot be reduced to simple rhetorical plots, because many of the changes implemented by the new regime did indeed challenge economic imperialism and implement aspects of a social welfare state. The fact that it took a long time for fractions of labour to revolt against policies that ultimately harmed workers' interests in Egypt reveals not only the strength of these ideologies but that very tangible material changes came about under this bloc, including land reform, an expanding public sector, and social welfare. These ideologies represent clear instances of the moral and intellectual reforms this bloc used in order to transcend their narrow interests.

One of the most notable characteristics of the new bloc was the way it re-positioned Egypt geographically. As a country occupied by the British, Egypt's priorities had been Britain's priorities. More importantly, Egypt's production was structured to promote exports of raw materials rather than encourage forms of industry that would allow Egypt to develop autonomously. After 1952, this changed. Although at first the new bloc attempted to establish friendly relations with the United States, at the time the emerging global power, this soon ended following tensions over the financing of the Aswan Dam. At this point, Egypt turned to the Soviet Union, signified by the signing of the Czech arms deal. Moreover, Egypt soon became a leading nation in the so-called "third way" movement between the US and Soviets. Events such as the Bandung Conference represented this new moment in global politics. Nasser's focus on pan-Arabism and pan-Africanism also helped cement Egypt's prominent position in the new post-colonial world. These were not simply rhetorical moves and were often backed up by material support for countries fighting colo-

nial powers. These shifts in Egypt's geopolitical positioning were not happening separately from the internal shifts in production and accumulation. Indeed I argue that it was the new bloc's intent on industrializing and pursuing state-led capitalist development that gave credence to their position as a challenge to the new configuration of global capital led by the US. From the start, the new bloc wanted to weaken the power of the old agrarian fraction of capital. The aim was to redirect capital away from agriculture—where it was accumulated by individual families and foreign interests—and towards industrialization. Reliance on Western foreign capital was seen as problematic and excessive, and the conditions attached to this capital was constricting. The financing of the Aswan Dam is a clear example of Egypt rejecting Western capital because of reservations about conditionalities. The financing of the Dam came instead from the nationalization of the Suez Canal. The response from Western countries, and France in particular, was heated. Moves such as these served to demonstrate the new position Egypt was taking vis-à-vis global capital, regardless of whether it was ultimately able to escape the need for foreign capital.

The aristocratic and agrarian fractions of capital that held power before 1952 were heavily Westernized and relied extensively not only on luxury products from Europe but also European discourses and ideas. Many of the intelligentsia—traditional intellectuals as Gramsci called them—saw Europe as a model for Egyptian development. This can be seen in particular in the gender debates that erupted during the 1920s and 1930s, with women such as Huda Sha'arawi calling for Egyptian women to liberate themselves (1986). Sha'arawi was from an upper class family and indeed throughout her life had trouble touching on issues affecting the majority of Egypt's women, who were poor. Indeed the foremost women's journal of that period was published in French, indicating its class bias and rendering it pointless to the majority of Egyptian women. Qasim Amin was another traditional intellectual, whose book *The New Woman* is one of the most well-known texts on women in Egypt, explicitly praised European women as more advanced and designated them as models that Egyptian women should follow (2000). There was a very clear leaning towards Europe and the modernity it signified, in an attempt for Egypt to achieve the same stature. Even the Egyptian nationalist movement included strands that saw Europe as a model for an independent Egypt. These discourses did not just impact the intelligentsia, but also played a role in the way the bourgeoisie lived. European education, languages, and periods of studying

abroad in Europe were the norm for a bourgeoisie that was very much detached from the rest of the country. What is notable about this period is this very detachment from the norms and values of the bourgeoisie, which did not penetrate the rest of the population. The bourgeoisie was often represented as being out of touch and overly-Westernized, at a time when nationalism and anti-imperialism were gaining ground. The workers' movement, for example, did not see a distinction *per se* between their struggle for control over their livelihoods and the national struggle for independence from imperial control. For many Egyptians, the bourgeoisie was a clear representation of these imperial interests, especially in the countryside. Interestingly we saw that this state of affairs returned to Egypt under the *Infītah* historic bloc. The detachment between the norms and values of the ruling class and those of society was not to continue after 1952. For this reason it seems apparent that the detachment was a function of Egypt's colonial situation, whereby the apparatus that allowed elite norms to diffuse through society did not function, as the elite were not seen as part of Egyptian society and instead as tied to foreign capital. This changed with the Free Officers, indicating just how revolutionary the Nasserist historic bloc was: in effect it managed to divert Egypt's trajectory away from European-led development, even if it was to return back to that path in the 1970s.

Because historiography has often looked at the 1952 revolution by focusing on the forces against the Free Officers, there has been less of a focus on the divisions within the new ruling fraction of capital. The first important conflict was over the decision by the new regime to close down political space, and the second was over control of the military. Both of these conflicts led to splits within the ruling class itself, which were to have long-term ramifications. Aside from these two major conflicts, there was a third that was to erupt right at the start of the reign of the Free Officers. Ali Maher had been appointed as Prime Minister, and despite showing initial resolve to make radical changes—such as destroying the patronage system within Egypt's bureaucracy (*Ibid*, 66)—he soon made it clear that he not only supported martial law and suspending elections, but was opposed to land reform. This was a major blow to his position, as land reform represented a key area for the Free Officers. Maher himself was a big landowner, and argued for his position based on this, noting that land reform would reduce productivity and discourage foreign investment

(*Ibid*). Thus even before the conflicts with Naguib and Amer over democratization the military respectively, there were already tensions within the Free Officers.

Soon after coming to power, the Free Officers' Revolutionary Command Council decided that parties needed to be reformed since they seemed unable to do so themselves (*Ibid*, 77). Later in 1952, the RCC ordered the arrest of 64 politicians, including Fuad Serag al-Din, Ibrahim Abdel Hadi and Nagui al-Hilali, all previous Prime Ministers. The repercussions were so great that Ali Maher resigned after having not been informed of the decision to arrest these politicians. Soon after, the RCC banned all political parties. This was largely a result of the sentiment among RCC members that civilians were incapable of ruling the country at that point in time: "The measures directly manifested the RCC's belief that Egypt's socioeconomic development could not be accomplished under a liberal democratic system, given conditions of widespread poverty and illiteracy and the manipulative capabilities of civilian politicians," (*Ibid*, 79). The RCC opted for a ban on political parties, primarily because the five members of the RCC who supported this dominated: Nasser, Amer, Boghdadi, Gamal Salem, and Zakaria Mohieddin (*Ibid*, 86). This was not a unanimous decision. The fact that not all members of the Free Officers supported the decision for a ban on political parties highlights the fact that splits were already present within the group as early as 1952.⁴¹ This was underlined by the decision taken around this time by members of the RCC to isolate Muhammad Naguib. Naguib was against military men taking over civilian posts and generally pushed for a transition that would create a democratic space in Egypt. Slowly Naguib began to be excluded from RCC decisions as tension mounted between him and Nasser.

⁴¹ Parts of the military were also against Naguib's resignation, including Khaled Mohieddin and the Cavalry Corps. Nasser sent Mohieddin to tell Naguib he would be reinstated, but on his return he was arrested. Despite this, Naguib was made President once again. Notably, the large street demonstrations in support of Naguib played a large role in forcing Nasser to reinstate him as President. These demonstrations were headed by a "national front" of civilian parties that had been discarded and attacked by the RCC: the Egyptian Socialist Party, the Muslim Brotherhood, the Wafd, and the Communist Party. Though Naguib had been reinstated as President, Nasser was now Prime Minister and RCC Chairperson, making the role of president rather ceremonial. Naguib soon resigned, and was placed under house arrest, to be released in 1972 by Sadat.

The split between these two figures represents two possible historical trajectories: on the one hand, the trajectory that materialized, which was a form of non-democratic state-controlled capitalism; on the other hand a trajectory that may have yielded a more democratic form of politics, as Naguib was known to have supported the idea of a democratic transition. Naguib was also, however, in favour of a liberal form of politics in which foreign capital played a significant role. This in effect would have meant the continuance of the type of structure already in place before 1952, rather than the dramatic changes envisioned by Nasser. Thus the question is not simply about democracy vs. authoritarianism; questions of Egypt's economic structures were often key. The moment of Naguib's removal from power could be termed a passive revolution because it represented two forces up against each other, with each representing a different possible trajectory for Egypt.

This raises interesting questions about decolonization, independence and democracy. The argument that newly independent countries could not afford to allow democratic space because it would allow imperial forces to exercise neo-colonial influence is one way of explaining the behaviour of the Nasserist bloc. There is little doubt that imperial forces wanted ways to replace the influence that had been lost through decolonization. Social forces such as the aristocracy and the landowning bourgeoisie were closely tied to imperial global forces, and thus the decision to undercut their power was necessary in order to safeguard Egypt's independence. On the other hand, the regime went much further than this. By undercutting the power of forces that supported the nationalist project, such as labour, the regime completely demolished any democratic space in the country that could have eventually grown into a more consolidated democracy. Importantly, support from forces such as labour may have ensured the ultimate success of an anti-capitalist project that Nasser allegedly wanted to implement through Arab socialism. Undercutting labour made sure that the support a socialist project needed was non-existent. In other words, the regime's decisions extended far beyond simply undercutting social forces that were backed by imperialism, and instead attacked all forces that posed a threat to the regime.

The second conflict within the Nasserist bloc was over control of the military, represented by the rift between Nasser and Abdel Hakim Amer. Although it had been relatively easy to isolate Naguib within the Free Officers' group itself, as most of this support came from segments

of the public and other political groups, this was not the case with Amer, who headed the armed forces. Indeed the conflict between Nasser and Amer represents a clear intra-ruling class conflict, as both had immense power—concentrated in different fractions—to draw on. At the beginning of 1952, Amer represented a notable figure due to his close relationship with Nasser; their families had even intermarried. Most importantly, Nasser saw it as extremely important to keep the military on his side. The military qua institution was becoming increasingly powerful as military men began to occupy posts in companies as well as government positions across the country. This in turn led to upward social mobility for many officers who were now able to intermarry with the old aristocratic elite (Ibid, 125). From the start the Free Officers had realized the threat of the military and attempted to curb it, initially by forcing 450 officers to retire (Gordon 1992, 110). Amer's close relationship with Nasser allowed him to ensure that the military was beyond reproach, and gave him a measure of independence over the military's affairs. As tensions between the two mounted, however, Nasser found himself restricted by Amer's popularity within the military. Nasser even received threats from within the military warning him not to remove Amer. By 1961, the two men effectively controlled different aspects of the country: Amer the military and internal security agencies, and Nasser the rest. The ultimate outcome of the confrontation was Amer's fall from power.

It was only after the defeat in 1967 that Nasser was able to remove Amer. Along with fifty military officers, Amer was arrested for plotting a coup against Nasser. After being kept under house arrest for several weeks, he was eventually taken to the hospital after swallowing pills in what appeared to be a suicide attempt, although it has been suggested that he was killed. This, as well as the conflict between Nasser and Naguib, is an important part of the consolidation of the Nasserist bloc.

3.4 Arab Socialism or State-Led Capitalism?

When the Free Officers came to power, the main fraction within the ruling class was the agrarian fraction of capital. Foreign capital was a major player in the Egyptian economy, represented mainly through British interests. Because of this, the private sector dominated, with the public sector

accounting for only 13% of GDP (Aoude 1994, 2). Indeed the dominance of the private sector represented one of the main problems identified by the new regime. Specifically, many of the regime's initial moves represented attempts to weaken the power of this agrarian fraction and of private capital, strongly connected to imperialism. The aim, however, was not to eliminate private property itself—which would indicate a strong socialist transformation—nor to institute new relations that would return to a concept of land as communal, but rather to dismantle feudalism and the agrarian fraction that benefitted from it. The major aim of the new regime was to dismantle the power of the agrarian fraction of capital and replace it with new fractions that would develop the new bloc's drive towards state-led industrial development. The agrarian law of 1952 that limited personal ownership of land not only weakened the agrarian fraction that accumulated capital through the land, but also affected flows of capital by favouring a new industrial fraction (Ibid, 2). In other words, investment was now being concentrated in industry, thus making it a key locus of the extraction of surplus value as opposed to agriculture, although this bloc continued to see agricultural surplus as an important source of revenue for development. This may not represent a departure from the capitalist mode of production, but the revolutionary and anti-colonial stakes of the Nasserist historic bloc's project are clear. This means that a departure from conventional depictions of the Nasser era is necessary: it neither used Arab socialism as a cover for capitalism and its ultimate goal of dominating the Egyptian ruling class; but nor did it put in place a transition to socialism. The aims of this bloc were certainly revolutionary, but ultimately contradictions within the bloc as well as structural constraints that can only be understood historically resulted in the failure of the Nasserist project.

Nazih Ayubi remains one of the firmest critics of the notion that Nasser initiated a socialist economy:

“It is not sound to call a system socialist simply because its leaders happen, at a particular political juncture, to raise socialist banners and to use socialist terminology. We do not accept so readily the appellation ‘democratic’ that many of the command regimes attribute to themselves, so why are we so easily prepared to accept a ‘socialist’ designation of a regime simply because it is called so by its leaders?” (1992, 92)

As Ayubi⁴² goes on to point out, socialism refers to the popular control of and participation in the economic and political affairs of a country on the part of all classes. He argues that in Egypt, socialism developed as part and parcel of the nationalist project and its program for the economy of the country. It also served as a means of mobilizing Egyptians as well as controlling the public sphere:

“‘Socialism,’ therefore, did not come to power by way of a political movement intent on putting socialist ideals into practice. It did not come about through a political party formed *before* assuming power along a socialist platform, or through a mass or revolutionary movement with clear popular and egalitarian orientation. The norm was a military coup or a ‘palace coup,’ and although this sometimes proceeded to build up a single political organization that eventually adopted some ‘socialist’ objectives, this was done from a position of authority

⁴² Alongside Ayubi, several other scholars have similarly argued that the aim of the new regime had never been to transition to socialism or to restructure the economy, but rather to take control of it. ⁴² Hussein has argued that “Egyptian ‘socialism’ was a cover up for the domination of the major levers of the production process by the Egyptian state bourgeoisie and for the systematic removal of the working masses from any real responsibility in that process,” (1973, 172). The control over the means of production shifted from one fraction of capital to another but did not become the property of a wider base of Egyptians. Part of this narrative rests on the ways in which the new bloc immediately began to discipline workers: “The state bourgeoisie became a specific social group necessary to the capitalist mode of production. Its individual elements were then able to constitute pressure groups endowed with real autonomous power and aware of a spontaneous sense of solidarity based on the defence of their common privileges. From then on, they sought to increasingly dominate state power in order to fulfil their own narrow aspirations,” (Ibid, 191). Aoude also argues that Nasser’s regime developed a state form of capitalism that had nationalist underpinnings (1994, 2). Hosseinzadeh pushes this further by stating that the reason Nasser’s so-called socialism failed is because his aim had never been to create a socialist system to begin with. Instead, Nasser had aimed to get rid of corrupt capitalists and monopolies, and to replace them with small-scale capitalists who could be controlled by the state bureaucracy.

and was often aimed at installing ‘socialism without socialists,’ as a familiar Arab phrase describes it,” (*Ibid*, 94).

The concept of socialism itself should be clarified before ascertaining whether the Nasserist project was indeed a socialist one. In Marxist thought, socialism refers to the period post-capitalism and pre-communism; it is a transition period. Importantly, it refers to an economic system and a society that has moved beyond capitalism because of a crisis that managed to bring about the end of the capitalist mode of production. Nevertheless, socialism refers to a process, not to a mechanistic or rapid shift from one stage to another. The period of 1952 to the late 1960s cannot be seen as long enough for such a transition to have taken place. At the same time, it is pointless to engage in speculation about what the intentions of Nasser or the Free Officers had been: did they *intend* to eventually shift to socialism, or were they simply using that as rhetoric—Ayubi, for example, notes the constant use of socialist terminology, a hallmark of the Nasser regime—to gain support from the masses? (1992) These questions can only be answered by looking at the specific policies put in place by this bloc; policies which, I argue, point to the determination of this new bloc to create a different articulation of the capitalist mode of production that could eventually have enabled a transition to socialism. Here two debates are crucial: the first is the debate among Third World countries that recently gained independence surrounding scientific socialism, neutrality, and anti-imperialism; the second is the position of Egypt as a peripheral postcolonial country, and the structural constraints that accompanied this. It is clear that structural and geopolitical barriers that prevented newly independent countries from straying too far away from capitalism were very much real, raising the question of the extent to which African leaders had the agency to implement radical changes. These two debates will be discussed further on, and are central to contextualizing the changes implemented by the new bloc.

While arguments against designating the Nasser era (see footnote 42) as socialist highlight important limits of the Nasserist project, they also ignore the structural limitations faced by the new bloc. The persistence of monopolies, for example, cannot simply be blamed on Nasser’s unwillingness to control monopoly capitalists, since it was clear that several policies had attempted to do just this. Hosseinzadeh touches on an important point when he mentions that the aim of the new bloc had been to develop

a capitalism that would be less uneven (1988). When we look at the policies put in place by the new bloc through this lens, we can see that the excesses of previous eras and the institutional and structural continuities created continued to affect the uneven character of Egyptian development. State-led capitalism was a way for the new bloc to achieve a form of balance between these excesses and their own project. Hussein's argument that control of the means of production shifted from one fraction to another, without affecting the majority of Egyptians, is also problematic (1973, 172). While it is true that there was a shift from one fraction to several other fractions, this shift had wider ramifications than he acknowledges. Not only were the new fractions that were able to accumulate larger and made up of more than just the upper class, but they were also part of a larger nationalist project that ensured that their accumulation benefitted more than just the individual members of the fractions. Those who accumulated through the new and expanding public sector, for example, were not only often middle-class and thus gained social mobility through this shift, but were also part of a public sector whose new modus operandi was the provision of welfare. Arguing that the power to accumulate simply shifted from one fraction to another ignores these important nuances. This is precisely why looking at historic blocs rather than simply analysing class fractions is key.

The transnational dimension is key to understand what some of the structural limitations to the new bloc's project were. Because Egypt's primary export was cotton, Egypt was tied to global trade in very specific ways.⁴³ The regime wanted to create an autonomous base of capitalist development in the world market. The regime saw no way to do this except through mechanization according to capitalist norms and with the financial and technical aid of economically advanced countries. Inevitably, therefore, the export of cotton, to which the whole Egyptian economy was geared, became the basis for such development as it was the major source of value exchangeable with foreign creditors. In other words,

⁴³ To understand why this was the case, it is useful to look at how cotton became Egypt's main export, and how this process tied Egypt into a global capitalist system on an uneven basis. In an excellent book on the global history of cotton, Sven Beckert details the ways in which war capitalism, slavery, industrial capitalism and the British empire were key to the creation of cotton as one of the most valuable commodities in the world (2014).

Egypt's integration into the capitalist world market—its organic dependence on it—was reinforced rather than broken (Hussein 1973, 206).

Following the collapse of Muhammad Ali's industrialization project, the British intervened and began opening Egypt's markets:

“British merchants worked hard to open Egyptian markets for their goods, as Egypt weakened vis-à-vis European powers. The value of British cotton goods exports to Egypt increased by an estimated factor of ten between the second half of the 1820s and the second half of the 1930s. A system of “free trade” dominated by Britain made it practically impossible for Egypt to industrialize. Egypt's cotton industry was devastated from two sides: its domestic embrace of war capitalism and its ultimate subjugation to British imperialism. The Egyptian state was powerful domestically, but weak when it came to defining Egypt's position within the global economy, no match for British interests and designs,” (Ibid, 149).

The development of cotton production in Egypt represents one of the structural constraints imposed on the Nasserist bloc by previous ruling classes as well as imperialism. The failure of industrialization, the creation of specific labour relations, and the control over Egypt's main commodity by the British all served to weaken Egypt's ability to develop independently. The new bloc was therefore working within limits set by history—the limits of the possible, as Gramsci would say.

The decline of Muhammad Ali and the rise of Ismail has often been cited as the reason for the shift in Egypt's economy from a state-controlled industrializing one to one dominated by foreign capital. However, without pointing to the influence of Britain it is difficult to tell the full story of this shift. As Samir Amin notes, the attempt for Egypt to “emerge” under Ali was violently put down by the British under Ismail (2012, 17). In 1882 this turned into a full-scale occupation. Amin makes the important argument that this line of reasoning does not exonerate Ali for the contradictions of his project, which were numerous; but without imperialist aggressions, these contradictions may have resolved themselves. Instead: “Beaten, emergent Egypt was forced to undergo 40 years as a servile periphery

whose institutions were refashioned in service to that period's model of capitalist/imperialist accumulation," (Ibid).

Key to the consolidation of British power in Egypt was precisely its ability to impose certain conditions on Egyptian development. As early as 1838 there was an agreement between the British and the Ottoman Empire⁴⁴ that aimed to "abolish the monopoly system imposed by Muhammad Ali" and put in place a system of free trade (Amin 1981, 430). This removed any protections Egyptian industries have, and "within a few years Egypt became a European colony without a shot being fired," (Ibid). Here, as under the Nasserist bloc, we see the rhetoric of state interference as creating monopolies that are a barrier to economic growth. Galal Amin makes the important observation that this shift also led to a shift in the habits and dispositions of Europeans in Egypt. He writes: "Under Muhammad Ali, European merchants and officials regarded Egypt as their adopted country and identified their interests with those of the ruler. They went to Europe seldom. They did not wish and were unable to insulate themselves from the life of the country. With the introduction of the open door policy all of this changed and Western consumer habits and Western values came to Egypt with the new European adventurers, merchants and money lenders," (Ibid). While this presents a somewhat romantic view of foreigners under Muhammad Ali, it does point to an area that needs more research, namely how economic transitions happen alongside and cause transitions in social relations. Indeed this was to happen again under the *Infatih* historic bloc.

When Hussein therefore argues that Nasser had never intended to destroy Egypt's dependency on the global capitalist market, a better question to ask is perhaps whether this was a possibility, given the limits just discussed. Hussein goes on the point out that the aim appears to instead

⁴⁴ Under the Ottoman Empire the Capitulations were introduced, which were essentially contracts between the Ottoman Empire and European powers that specified the terms of trade. Central to this was the establishment of mixed courts in Egypt, which had a dramatic effect on Egypt's legal system. Based on French and British law, the codes used by these new mixed courts had the effect of Europeanizing the court system. Additionally proceedings were in French, and judges were appointed by the Khedive and were typically foreign. It was only in 1949 that these courts were transformed into national courts.

have been to manipulate this position in order to later become an independent economic power. This never materialized, according to Hussein, because the regime still envisioned development through capitalism: “Since the Nasserist schemes did not break the framework of organic dependence on the capitalist world market, they fell under the laws of competition, unequal development, and domination of the weaker by the stronger,” (Ibid, 208). Anour Abdel Malek makes a similar point, showing that the regime still encouraged foreign capital investment (1968, 90). While this is true, it is also clear that Egypt could not have completely turned away from foreign capital investment, and while it did seek it out, there were strong limits put on this type of investment. Indeed foreign companies objected strongly to limitations such as laws that required them to employ 90% Egyptians within the company, or to the government interfering in the running of the company (1968, 90).

Following the deepening economic crisis of the 1960s, the new bloc began to formulate policies geared towards cultivating a stronger form of state-led development:

“Without letting up on his socialist rhetoric, Nasser too tilted towards economic retrenchment and market solutions: more autonomy and incentives for managers, more discipline for workers, and more austerity for consumers. Slogan: ‘more production, less philosophy.’ The move to the right and the reversal of the socialist orientation long antedated Sadat’s rise to power. Under the surface, molecular movements toward market capitalism had been set in motion long before he rose to power; they simply came to the surface under his rule,” (Ibid, 301).

This is an extremely important point that critiques commonplace historiographical views of Egyptian history that see the Sadat era as the beginning of free-market policies in Egypt. In response to Egypt’s declining economic performance, Nasser appointed Zakaria Mohieddin as Prime Minister. This is significant as it signalled a change in economic policy orientation. The new bourgeoisie that had been created by Nasser—which included Mohieddin—were market-oriented (Ibid, 311). Prices on general

goods were raised, as were taxes, and subsidies were lowered. Private investment was encouraged and there were efforts made to reduce imports (Ibid). It was the 1960s that Egypt also began to rely heavily on foreign aid, primarily from the West (Hussein 1973, 221). Although Nasser had to remove Mohieddin following resistance to his appointment, this move—among others—set the stage for Sadat. In other words, these changes under the Nasserist bloc should be seen as laying the groundwork for the coming *Infītah* that was formalized under Sadat.

This section showed that the question of defining Egypt's economic system during the post-1952 era is a complex one that does not yield a simple answer. It is futile to engage in speculation about what Nasser and the new bloc's intentions had been, since it is difficult to ascertain their intentions separately from what took place. The only recourse we have to answering the question of production during this historic bloc is by looking at the actual policies that were implemented through the shifts within the ruling class. These suggest that concrete steps were being taken that could eventually allow for a shift towards what the bloc envisioned as Arab socialism. Without the policies put in place by the bloc, Egypt would likely have continued on the trajectory of capitalist accumulation driven by foreign capital, the private sector, and agrarian interests. Reducing the influence of large-scale capitalists, monopolies and private sector domination; initiating land reforms; opening up the education and health care systems as well as the employment market; and promoting political stances of neutrality and anti-imperialism all served to dismantle many of the relations of production and parts of the accumulation structure that was in place before 1952. The bloc may have continued on the path of capitalist production, but the articulation shifted to a state-led form of development, where accumulation was diverted to nationalist projects and new and emerging fractions of capital that were linked to these projects. This is a far cry from the previous configuration, where accumulation was controlled by foreign interests and an agrarian fraction of capital that accumulated through exploitation and dispossession, achieved in coordination with the state.

3.5 Fractions of Capital and the New Historic Bloc

Delineating class fractions is more than simply understanding who constitutes the ruling class. While that is useful as a starting point, it is necessary to dig deeper and analyse the material underpinnings of each fraction and how they relate to the production and accumulation. Each fraction is discernible not simply through the interests of its individual members, but through the dialectical process that creates each fraction and in turn Egypt's production and accumulation strategies. In other words, fractions create these strategies as they are created by them. Moreover, it is important to keep in mind that the ruling class includes structural divisions, and its unity is maintained by a specific mode of capitalist accumulation. Thus both these divisions and this unity need to be probed. This section will begin by briefly discussing the British occupation of Egypt and the development of class fractions during this period, and how this was affected by the 1952 revolution. The rest of the section will draw the connections between these class fractions and the fractions that emerged under the Nasserist bloc. As noted by Aoude, "The new class fractions under Nasser eventually dominated the Egyptian social formation, including the state apparatus," (1994, 1). In order to understand the rise (or cultivation) of new class fractions, it is necessary to return to the time period before 1952. Here Braudel's notion of time as continuous is key, rather than as made up of clearly distinct eras. History is connected through events. This notion of time is unique in the study of Egyptian history, where it is common to separate eras, see them as independent, and connect them to individual leaders. I argue that this is impossible because certain patterns and social forces either continued to dominate under Nasser or set the limits to what his bloc could achieve; while other forces and patterns were weakened.

3.5.1 Foreign Capital, the State, and an Egyptian Capitalist Class

It is important, when discussing fractions of capital, to outline the emergence of the Egyptian state and the ways in which this was connected to capital. Indeed as capitalism evolved, the nature of the state and its role

in capital accumulation became more pronounced. I argue that the Egyptian state emerged alongside imperialism in the Middle East, and was necessary for the organization of labour and accumulation of capital. Raw materials such as cotton are a major part of the story, as it was Egypt's main export and thus the key interest of British capital and the British state. Beckert writes: "Territorial control in Egypt went hand in hand with the expansion of cotton agriculture," (2014, 290). This was linked to the emergence of nation states at the global level, and how this was connected to the expansion of capitalism. Beckert continues: "The construction of markets, including global markets, was thus a political process. As more and more states competed for access to raw materials, labour, and markets, this political process was ever more framed by nation-states. National economies, empires, and national capitalists became increasingly the basic building blocks of the new global political economy," (Ibid, 260). Thus we see that the state was key to imperialist expansion. It was for this reason that the Free Officers saw the need to capture the state in order to counter imperialism. Following this, the state should be seen as being put in the service of the various hegemonic projects under each successive historic bloc. It is not necessarily that the state was important under the Nasserist bloc and not so much under the neoliberal bloc; the state continued to be key to accumulating capital in the 2000s. Instead it is useful to see the state as being put in service of a different type of economic development in the 2000s than in the 1950s.

When the British occupied Egypt—following Egypt's inability to pay back its debt—there was already a class of foreign capitalists in place that accumulated wealth through cotton. Alongside this, there was also an agrarian fraction that was created following the introduction of private property and the disintegration of Muhammad Ali's state apparatus. This fraction expanded within the context of imperialist domination, since it depended on foreign companies and banks, as well as foreign monopolies. Indeed by 1945, Egypt already had a well-developed private sector.

Cotton trade, banking, insurance, and construction represented the main areas of economic activity during this period. The ruling class was dominated by the Misr Group, which was linked to the major Egyptian capitalists, as well as the interests of specific groups, including Abboud Yehya and Farghali (Hussein and Chirman 1973, 24). The relations of production were in a transition phase whereby the capitalist mode of produc-

tion was becoming increasingly dominant vis-à-vis the tributary and feudal modes. “These relations of production were a direct reflection of Egyptian dependence on the capitalist world market and were rooted particularly in political and economic subordination to Great Britain,” (Ibid). Notably, as the British occupation progressed, the income of foreigners in Egypt began to rise while the income of the Egyptian bourgeoisie declined, as did the general income of the Egyptian working class (Ibid, 53).

This transition to capitalism had been underway for decades, but it was during the British occupation in particular that a specific form of state as well as foreign capital came to play such an important role. The introduction of private property had already changed the ways in which peasants, who had previously survived off of land that did not belong to them, reproduced themselves. The class of landlords expanded, and whereas previously the state had played a crucial role in collecting rents from peasants, the class of landlords began gaining power. Moreover, because Egypt’s economy was structured to export raw materials, foreign economic patterns had a big impact on the lives of peasants. Soon debt became a major reality for peasants who could no longer afford to reproduce their livelihoods; much of this debt was owed to foreign banks. The consolidation of private property, foreign capital, and debt all contributed to this shift from the feudal and tributary modes to capitalism as the dominant mode. Capitalism did not, however, displace these other modes, as certain features remained; however under an imperial occupation the factors that were present lent themselves to cultivating capitalism.

Under the British occupation, an emerging focus on industry meant that a new class began to materialize that was distinct from the agrarian and foreign fractions: small industrial, commercial, and professional groups emerged that had more nationalistic ideologies (Vatikiotis 1975, 22).

“Few would deny the brilliance of those Egyptian entrepreneurs who had emerged in the 20th century and provided Egyptians with a credible threat to the foreigners in the corporate world. Tal’at Harb had led the way for a generation of astute business executives: Abdelrahman Hamada, the new Mist textile giant; Hafiz Affifi, too easily dismissed as a politician, but an astute business personage; Ahmed Aboud, a business dynamo involved in every aspect of Egypt’s economy;

and the alexandrine cotton merchants and exporters Ahmad Farghali and the Yahya family. By 1948 the Egyptian business presence had resulted in Egyptian nationals' owning 39% of the share capital of companies operating in the country; in 1900 they had held a minuscule 9%" (Gerhart and Tignor 1998, 36).

The most prominent indication of the formation of a local industrial fraction is the Bank Misr Group.⁴⁵ Indeed by 1941, the threat Bank Misr posed was so great that the government requested that they no longer pursue activity aimed at creating new industrial enterprises (Davis 1983, 4). What was Bank Misr, and what type of social force did they represent? Davis, historicizing their emergence, argues that the founding of Bank Misr was the result of the crystallization of the social and political forces of the 19th century (*Ibid*, 12). The imperial condition, the dominance of foreign capital, and the concurrent rise of nationalism, were some of these forces. Bank Misr emerged due to the increasing aversion towards foreign capital and their institutions on the part of the agrarian fraction, revealing a major tension within the ruling class. The Bank was a means by which the agrarian fraction and an emerging industrial fraction could find alternative sources of capital and reduce their reliance on foreign capital. Despite this, and the Bank's general rhetoric of economic independence, there were very close connections between the agrarian fraction and Bank Misr, even though not all members of the agrarian fraction supported the founding of the Bank.⁴⁶ Davis argues that by the 1930s it was clear that Bank Misr was acting largely in the interests of the ruling class—including foreign

⁴⁵ The Federation of Industries represented another important group similar to Bank Misr, although it was comprised mainly of non-Egyptians. Its aim was to bring together establishments in order to pursue common interests and protect local industry.

⁴⁶ Davis explains that the reasons why the merchant class of capitalists were not as invested in Bank Misr was because it became difficult for Egyptian merchants to compete with European merchants following the influx of foreign capital. He also notes that because traditional merchants do not need as big of a capital investment as cotton investors, they did not need a national bank as much as the agrarian bourgeoisie (1983, 77).

interests—rather than furthering nationalist goals of economic independence which is what the Bank was set up to do: provide a source of capital for Egypt's agrarian fraction and emerging industrial fraction in order to lessen their dependence on foreign capital (Ibid, 133).

It is useful to question the extent to which Bank Misr was able to achieve its goals and whether the limits that prevented this were insurmountable to begin with. Key here is the question of industrialization. Davis writes:

“The failure of the Misr Group to establish itself as a viable institution independent of foreign control and to create a self-sustaining industrial sector in the Egyptian economy raises the critical question about the extent to which industrial development can take place in underdeveloped countries given the constraints of the world market and the nature of precapitalist society in which such industrialization must occur,” (Ibid, 9).

This is a question that is at the heart of an analysis of the native bourgeoisie in any postcolonial country, and brings us back to Gramsci's point about the limits of the possible. It replicates the classic tension between structure and agency: the structures of imperial rule and global capital versus the agency of native elites. Davis argues that the origins of Egyptian industrialization were to be found in the contradictions that arose from the activities of foreign capital in Egypt (Ibid, 72). Moreover, the industrial fraction that emerged could not play a progressive role because it was not independent of foreign capital (Ibid, 152). “Those members of the Egyptian bourgeoisie who collaborated with foreign capital during the 1930s should be seen in neo-colonialist terms as they provided a front which obscured the real control of the enterprises in question. On the surface, it appeared as if Egyptians had gained a greater measure of control over the economy than in reality they had,” (Ibid). Indeed this is where Marxism's theorization of a capitalist class becomes useful. Rather than formulate critiques of imperialism merely in terms of a European bourgeoisie dominating Egyptians, Marx instead spoke of a capitalist class, allowing the concept to be used in postcolonial contexts. In the case of Egypt, the ruling class may have been partly made up of native capitalists, but this does not detract from their role as furthering capitalist accumulation in the country.

Thus the nationalist dimension is not enough in an analysis of the Egyptian ruling class, as capital has been able to move beyond national constructions by creating indigenous capitalist classes across the globe. Frantz Fanon's work is particularly useful here, as he has clearly demonstrated the ways in which a native elite—supported by Euro-American forces of capitalism—are able to keep most African countries in a state of neo-colonialism (1963, 165).

Robert Vitalis has intervened in the debate on Egyptian local capital versus foreign capital, arguing that focusing too much on foreign capital and imperialism means losing sight of the power held by local capital (1995). Vitalis uses the example of Ahmad Abboud, who combined foreign-funded projects with local accumulation. He expands this by pointing out that in the early 20th century it was local capitalists that began to make use of Egyptian state resources—tax exemptions, coercive force and subsidies for example (Ibid, 11). This argument is problematic because it underestimates the power of the British occupation. How could the state's coercive force, for example, be used in the interest of local capital—at a time when Egypt was a colonized country—unless the interests of local capital were somewhat aligned with the colonial power? Vitalis writes:

“The dynamics of industrialization at a key juncture in Egypt’s recent history are more usefully understood as the outcome of the war of position among rival investor coalitions than as a representation of enduring structural features of agrarian society and the dominant hierarchies of the international capitalist system. The politics of business and industry building in Egypt can no longer be reduced to the idea of an overarching struggle between imperialism and the nation,” (Ibid).

Rival investor coalitions did exist, but as my previous discussion of Bank Misr indicates, these were not detached from Egypt's colonial condition. The structural features Vitalis puts aside as irrelevant to Egypt in the early 20th century were very much a part of the decisions local capitalists were able to make. Indeed it is quite a stretch to imagine that a colonized country was not under some form of structural limitations by its colonial rulers. The struggle between imperialism and nation is precisely the struggle all colonial societies were undergoing in the early 20th century. While it is true

that this is not the only part of the story when it comes to Egypt's industrialization, it is also not a simple side note.

Indeed here Nazih Ayubi's work is extremely useful. Ayubi points to the ways in which colonial rule created a native class through which it could penetrate Egypt's economy (1996, 92). The focus on land and export ensured little surplus went to industry. Trade, often through credit from European banks, became the priority. Importantly, Egypt's "native elite was not the European type of bourgeoisie generated by a capitalist mode of production but a specific type of class that was characteristic of dependent/peripheral capitalism," (Ibid). Samir Amin has referred to the state of this class as a "mere potentiality"—it was created by imperial capitalism while at the same time it found itself constrained by it (Ibid).

Vitalis also argues that the access local capitalists had to *foreign* funding was what allowed them to start industries and companies that would later form the basis of Egypt's public sector (Ibid, 10). On the one hand it is true that some of these local capitalists set the grounds for Egypt's industry; on the other hand, it was the Nasserist historic bloc—through redirecting capital towards industry—that should be given the credit for creating Egypt's public sector as we know it today.

Despite this important discussion, the question of the extent to which Bank Misr represented imperial capital's interests or whether it represented a real challenge in its attempt to give Egyptian capitalists some independence remains. There is a debate in the literature that reflects on this question, by asking whether the local bourgeoisie at the time of the British occupation was a nationalistic one or completely tied to British interests. Marius Deeb has argued against this, starting that the Bank Misr group and the Federation of Industries were both against the British Chamber of Commerce (Ibid). Muhammad Tal'at Harb, for example, saw Bank Misr as a means of achieving economic independence for Egypt. Tal'at Harb believed that if Egypt wanted to have its own economic policy, it needed an Egyptian bank. Landowners and merchants were key to the founding of the Bank, as they comprised major shareholders. Six of the ten board members were landowners; two were merchants; and the last two were high-ranking officials (Ibid, 71). "From its foundation in 1920, Bank Misr represented the nucleus of a national bourgeoisie which wanted to develop the industrial sector of the economy so that Egypt would not remain a purely agricultural country," (Ibid, 75). Specializing in agriculture meant that Egypt would always be dependent on fluctuations of food

prices and demands for certain crops through the uneven dynamics of global trade; thus industrialization was framed as necessary for economic independence. A 1929 Bank Misr report pushed for a ten-year industrialization plan, arguing that new industries would create local markets and would cost less than imported products; joint-stock companies were also to be formed (Ibid). Bank Misr called on the state to be part of this industrialization drive, with little response. This eventually led to Bank Misr co-operating with foreign capital instead, a trend that continued into the 1930s (Ibid). Although Bank Misr continued to establish purely Egyptian companies whenever possible, the capital brought in by foreign enterprises was much more significant and influential. In the 1930s, as local industry picked up, the ties between Bank Misr and local industrialists began to strengthen. Many of these industrialists were not Egyptian, however, as Bank Misr's aim—to form a native, nationalist and independent bourgeoisie—had clearly failed (Ibid, 79). While Bank Misr may have wanted to work towards Egypt's economic independence within the global system, it did not succeed in doing so.

The question to ask is: why? While it is important to know whether Bank Misr really did intend to create an independent and nationalist bourgeoisie, or whether this has been a re-reading by certain academics of a historical era that has been characterized by nationalism, it is difficult to ascertain that now. What is more useful is to look at the various mechanisms through which Bank Misr aimed to achieve this independence. The founding of a national bank that could award Egyptians loans for enterprise is one such mechanism. Another is the policy of industrialization through Egyptian entrepreneurs. Both of these mechanisms failed at fulfilling a *nationalist* goal but did aid in providing foreign capital with ways of penetrating the Egyptian economy. Whether this was because the Egyptian state and/or economic class did not work with Bank Misr—as they claimed—or because Bank Misr's connections to foreign capital were stronger than presented, is tangential. Moreover, what is crucial is the class composition of Bank Misr's founders: they were from the Egyptian capitalist class, a class that was not separate from foreign capital and indeed that existed through exploitation of the peasant masses. Landowners and merchants made up the bulk of Bank Misr's operations. At a time when the capitalist mode of production was becoming dominant, one should

question whether any organization dominated by members of the capitalist class could have truly nationalist and independent aspirations for the Egyptian economy.

In sum it is perhaps more useful to emphasize the achievements of Bank Misr. The monopoly of foreigners was broken, a cotton textile *industry* was created, and it laid the foundations for the possibility of diversification in Egypt's economy (Mabro and Radwan 1976, 28). Pressure from the emerging native capitalists also managed to introduce tariff reforms that protected Egyptian industries. It did not manage to change the colonial character of the economy (*Ibid*), which, as noted before, is a structural limitation faced by native capitalists in colonial conditions. By 1940, Bank Misr was struggling. Tal'at Harb resigned, and the law of reorganization from 1941 meant that the government had to guarantee the deposits of the Bank. All unsuccessful Bank Misr companies had to be liquidated and the government gained the right to veto appointments to the board of directors.

The question of why Bank Misr failed to achieve economic independence for Egypt recalls the Free Officers' similar failure years later. Indeed I argue that this very question of structure versus agency, where structure represents imperial capital and agency represents local social forces, is an important one in the context of Egypt. The same tension recurred in 2011, where revolutionary forces were once again unable to overcome the structures set in place by imperial capital. The fact that this tension reoccurs throughout modern Egyptian history demonstrates the postcolonial predicament: capitalism seems intrinsically tied to imperialism, and attempts to develop a "local" form of capitalism do not escape the imperial trap. The attempt by Bank Misr demonstrates the problems of capitalist expansion in the peripheries: despite it being indigenous, it was still by and for a small class of capitalists and thus of no benefit to the majority of Egyptians. This can be contrasted with the attempt at industrialization under Muhammad Ali, when the capitalist mode still had not become dominant, and when the state was in complete control of the process. There was no capitalist class to speak of at that time, whether indigenous or foreign, and therefore the mechanisms of the process were different. Ali and the Egyptian state did not exercise the kind of control over peasants, for example, that came to exist later on because peasants were still able to determine production according to their own needs. The logic

of the market as under the capitalist mode was not yet determining in the last instance.

Another group that emerged around this time represented the growing nationalist trend and was a response to the increasing dominance of foreign capital, similar to Bank Misr. It was this trend that the Nasserist historic bloc would build on ideologically. This group constituted rich peasants who owned or rented the land and exploited peasants to extract surplus value, and thus they played a larger role in rural areas (*Ibid*, 25). This group soon began to look for ways to challenge the organization of the system, as it viewed British imperialism, the landed bourgeoisie, and the general position of Egypt within the global capitalist system as detrimental to its own advancement (*Ibid*, 27). The upper section of the petty bourgeoisie—primarily state employees—also favoured an expansion of capitalism along nationalist terms (*Ibid*, 32). These two groups—primarily the latter—were to become significant after 1952, as we saw:

“It was made up of army and police officers, university professors, prominent journalists or economists, technicians or functionaries in middle-level posts. Of petty-bourgeois, Egyptian origin, the members of this stratum were the first to ‘make it’ in the wake of the limited growth of capitalism after World War 1; their parents—small peasants, tradesmen, or functionaries—had to make great sacrifices to pay for their studies. They were differentiated from the lower cadres not only by their specialized skills, but also by the class training they acquired while serving the agencies of exploitation and repression. They were ideologically and technically prepared to assume leading positions within the framework of an expanding capitalism, and they became integrated into the capitalist state,” (*Ibid*, 33).

This class, however, could not advance significantly because the structure of the economy continued to ensure the reproduction of a small landed elite. Class mobility was thus closely linked to ownership of land.

It was around this time that a native political elite began to emerge, alongside the increasing diversification of the economy. This elite was rep-

resented primarily by the Wafd and Sa'ad Zaghloul. "The gathering revolutionary forces had two major objectives: independence from foreign control and the establishment of their own authority by setting up representative institutions in place of an autocratic dynasty that recognized no political rights," (Ibid, 23). However, at its inception the Wafd was still an elite-based party and thus had few direct ties to the rest of the population. It was only in 1936 that it began to embrace different classes (Ibid, 24). A struggle between the monarchy and the Wafd ensued. Although the Wafd controlled parliament, parliament had no power to check executive authority or the King. However, although the Wafd at one point in time represented different nationalist interests, it soon revealed its bias towards the elite, particularly through its attempts to control the workers' movement. The Wafd's treaty of alliance with the British in 1936 and its rigid elite structure meant that it lost much of its popularity in the 1940s, as tensions with Egypt grew.

In conclusion, the debates surrounding Bank Misr also highlight the various fractions of capital present in Egypt's ruling class during this period. The agrarian fraction that pushed for alternative local sources of capital for investment; the fraction tied to foreign capital and British interests; and the nascent industrial fraction. There is little doubt that the fraction tied to foreign capital was the dominant one within the ruling class, as the state and economy were defined through Egypt's colonial condition. It is precisely this that the other two fractions tried to resist through the formation of Bank Misr. Although this ultimately failed, I argue that this should be explained through the structural limitations Egyptian capitalists were facing due to the British occupation, rather than because they did not want Egyptian independence. Thus we see the contradiction between the ideology of independence, and the material reality of continued subservience to global capital, a contradiction that emerged because of Egypt's colonial condition. This contradiction was to resurface a decade later, when the power struggle between forces in favour of foreign capital and those who preferred local capital and industrialization was to set the stage for 1952.

3.5.2 The Emergence of an Industrial Fraction

Unlike other eras, the literature delineating the various economic groups under Nasser is quite extensive. The main task undertaken by the new regime was to remove the power base of the agrarian fraction of capital and weaken its position within the ruling class. After the 1952 revolution, a different balance of forces was necessary to consolidate the new bloc. The land reforms put in place under the Nasserist bloc effectively dismantled the influence of many of the landowning families, thus ensuring that the old regime's social base was gone (although it was to return later). The military regime then cultivated a new fraction of capital that was to be a central locus of capital accumulation: the public sector, manned by a new technocratic/bureaucratic class. This fraction was not directly connected to an independent source of capital or wealth, such as land or industry, but they were connected to the state, which became a major driver of production and accumulation under this bloc. While this fraction did not have the material means to organize production according to their own interests, the state did. This is a unique development because they did not emerge from a specific circuit of capital, nor from a specific form of production. It attests to the strong position of the state in certain periods, and must be connected to the nationalist drive towards independence. Alongside this fraction there were also small capitalists that were exempted from the nationalization program; a rising industrial fraction (to be discussed next); and remnants of the old bourgeoisie. This latter group comprised both members of the old bourgeoisie whose wealth had been reduced, as well as middlemen from the old bloc that functioned as mediators between the state and private sector.

One of the first directions in which the new bloc moved was to emphasize capital investment in industry instead of agriculture. The Nasserist bloc immediately began implementing laws that encouraged this:

“To encourage national capital to direct its savings toward industrial development, the authorities increased duties paid on imported industrial commodities that competed with domestic industrial products. The regime also cancelled or lowered duties on imported material inputs including equipment nec-

essary for the development of Egyptian industry. New companies were also exempted from paying taxes on profits for a five-year period. In addition, taxes paid on undistributed profits were lowered by 50%. Finally, tariffs on luxury imports were raised," (Aoude 1994, 6).

It soon became clear that the aim was not to displace private investment in the economy, but to shift it from agriculture to industry. Here we see another sign of the new bloc's program to *re-articulate* Egypt's capitalist trajectory rather than demolish it. At the same time, the new bloc restricted foreign capital, pushed through import substitution industrialization, and invested heavily in infrastructure (Ibid, 7). Nasser described these moves as the creation of a "controlled capitalistic economy," (Ibid).

Despite these changes, the bloc was largely unsuccessful at developing industry at the expense of agriculture. The capital needed for significant investments belonged to a very small circle of elites who saw Nasser's land reforms as anti-capitalist. Thus there was not enough trust to convince these individuals to invest (Beattie 1994, 144). The regime's dismantling of the old political parties also eliminated the avenues of influence of old elites—discussed in the previous section—further estranging them from the regime: "In the absence of political tools by which they could articulate and aggregate their interests, Egyptian capitalists remained suspicious of the Officers' objectives and were reluctant to follow their directives," (Ibid). Additionally, the old elite had very few links to the new regime. Class tensions played a role here, as the old elite often looked down on the new class of officers who they saw as less sophisticated (Ibid).

"Egyptian capital was concentrated in agriculture, and regime leaders destroyed large-scale investment support from that sector by denying major landowners any meaningful role in politics and earning their distrust through the land reform. Support from the rural middle class and peasants was greater, but it was insufficient for the industrialization and diversification goals. Meanwhile, Egyptian capitalists in nonagricultural sectors were unable to respond assiduously to regime directives for several reasons: they were too weak, they lacked in-

fluence over state economic planning, and they had little confidence in the officer-rulers. Thus state actors, by default, became the principal economic actors, while capitalists were left holding the short end of the stick," (Ibid, 147-8).

Meanwhile, the state began to redirect capital towards the public sector. "The regime wanted to save capitalism in Egypt by pursuing capitalist development independent of the major capitalist countries. The only available way of doing so was the building of a genuine public sector," (Aoude 1994, 8). Here I would qualify Aoude's argument by noting that "saving capitalism" here meant ensuring an alternative articulation of capitalism in Egypt, one focused on development rather than rampant accumulation and consumption. This redirection of capital towards the public sector was the second major driving force of the new bloc, alongside encouraging investment in industry.

In 1960, the National Bank of Egypt and Bank Misr were nationalized. This was followed by more nationalizations in 1961 which included all insurance companies and banks, 50 industrial and shipping companies, and most of the financial sector and the manufacturing sector (Beattie 1994, 155-6). The 1962 National Charter allowed the state to nationalize any company owned jointly with the private sector. Large companies owned by private individuals were also nationalized. Nationalization Laws 117 and 118 aimed at creating a public sector through making the state the central actor in production (Ibid). This is where we begin to see a particular relation between the state and capitalist development, one brought about by the particular conditions of the Nasserist bloc.

The National Charter clearly defined what role the private and public sectors were to play. It limited private ownership to the sectors of construction, land, buildings, and industry; and it made exploitation less likely by implementing land reform, rent controls, and new taxation rules. Moreover, the Charter guaranteed social welfare benefits such as education, health care, and a minimum wage (Ibid, 8). The Charter thus changed the role of state capitalism: it was now focused on either the public sector or joint projects between the state and the private sector. "By the end of the five-year plan, the public sector accounted for some 90% of total (mone-tized) investment throughout the 1960s and until 1973. State capitalism had eliminated the main centers of bourgeois monopolistic control tied to imperialism," (Ibid). The declining role of British capital and the focus on

industrialization thus both played a role in prompting the state to expand its role in production. The shift became apparent with realignments happening at the government level. Before the nationalization of the Suez Canal, the government divided the Ministry of Commerce and Industry into two separate ministries. Aziz Sidqi, who was an advocate of state planning and industrialization, was named the head of the Ministry of Commerce (Ibid, 94).

The politics surrounding the Aswan Dam represent an event through which some of these shifts can be understood. The Dam was conceptualized as a means through which Egypt could industrialize, as controlling floods would provide water for irrigation and generate electricity. Controlling the floods would also be productive for Egyptian farmland. The Dam was to be the main development project of the new regime, and the quest to find financing for it represented an important break between the Egyptian regime and Western interests. Due to the hefty contracts, foreign capital was very interested in acquiring tenders. The regime preferred European private capital to American or World Bank financing, but English Electric (the main firm involved) threatened to back out of the deal if the World Bank was not included (Ibid, 105). Following this, the World Bank became a major player in the negotiations: “Although they say the project is a sound proposition, Egypt must apply herself to the discipline and austerity that will be necessary,” (Ibid). The arms deal signed with the Czechs in that year, as well as Egypt’s increasingly close ties to the Soviets, added more tension to the already-fraught negotiations, eventually leading to Britain pulling out of any possible financing deal. The US-World Bank financing proposal had conditionalities that the new regime was averse to, however:

“The agreement was contingent on the government of Egypt accepting a letter of intent that would impose economic restraints on the Egyptian government. The Egyptians would be required to give economic priority to the dam project, ensuring that hard currency was always available for the prompt repayment of the loan and allowing the bank to determine what additional development expenditures the Egyptian government could undertake,” (Ibid, 107).

It is clear that these economic restraints as well as their interpretation by the Egyptian government as a new form of subordination to Western powers (*Ibid*) meant that the financing was intricately tied to the bloc's new economic vision. The eventual decision by the British and American governments not to finance the Dam was thus a culmination of these tensions. Egypt's overtures to the Soviets were seen as especially problematic. Nevertheless, the decision still came as a shock to Nasser, as detailed by Heikal:

“The President read Dulles’ statement and excused himself to Nehru (who was visiting Egypt) without telling him what was in the message, then brought it back to show Doctor Fawzi and myself. ‘This is not a withdrawal,’ he said, ‘it is an attack on the regime and an invitation to the people of Egypt to bring it down.’ He sat by himself for some fifteen minutes and then went and showed the message to Nehru. The Indian leader read it and said: ‘Those people, how arrogant they are.’ But Nehru did not feel the strength of the storm that was brewing,” (1972, 74).

Nasser’s response was swift, and came as a shock to the rest of the world: he announced the full nationalization of the Suez Canal Company. The announcement came in a speech Nasser gave to the Egyptian public, whose response was ecstatic:

“There was a moment of silent incredulity, as the significance of what they had just heard sank into the quarter of a million people crowded into Menshiyeh Square (Alexandria). Then pandemonium erupted and scenes of wild excitement broke out in towns and villages through the length and breadth of the land where millions had been clustered round their radios to listen to the President’s speech. Nobody in Egypt slept much that night,” (1986, 127).

Writing on the Suez crisis, Nasser later stated:

“The battle of Suez which was one of the major landmarks in the Egyptian revolutionary experiment was not merely a moment in which the Egyptian people discovered themselves or the Arab nation discovered its potentialities but was a moment of international significance and helped all oppressed people discover infinite latent powers in themselves and find out that they can revolt and that the revolution is the only course to take,” (1954, 12).

The Suez Canal Company was an Egyptian firm, but its capital and managers were completely foreign. Egyptians held 0.2% of shares in the company and the board of directors included only two Egyptians out of a total of 32 (Gerhart and Tignor 1998, 34). Egyptian banks also kept most of their funds overseas. “Many within the landed classes resented the rising business community, although there had been a steady mixing of capital streams. Perhaps more important, disagreements existed among capitalists seeking to promote Egypt’s export-oriented outlook and those striving for a more self-contained and industrialized country,” (Ibid, 35).

Nasser was unsure of whether Britain, France, and Israel would respond militarily to the nationalization, but the regime realized economic warfare was a definite expectation, despite the fact that Britain and France had more to lose financially than Egypt (Ibid, 116). The Company itself, following Nasser’s announcement, pushed for full military intervention and economic warfare. Oil companies also responded immediately, particularly as this announcement came only five years after the attempted nationalization of the Anglo-Iranian Oil Company. The oil companies pushed for an international organization that would take over the assets of the Suez Canal Company and manage the canal (Ibid, 122). The British carefully assessed the economic weapons available to them and it was at this moment that Britain realized what Egypt already knew: that Britain could not pursue financial sanctions because it would affect British financial interests more than it would affect Egyptian interests. Egypt therefore had to find alternative sources of funding for the dam. Eventually, two bids from Egyptian entrepreneurs were considered. One was from Osman Ahmed Osman, now one of Egypt’s more prominent capitalists, and the second was from Ahmed Abboud. Osman was awarded the contract, and his company built the dam. His company was nationalized soon after (Ibid, 187).

The nationalization of the Suez Canal was very much part of the regime's new project to both Egyptianize major companies in the country as well as to expand the state-controlled public sector. This was compounded by the increasing tensions between Western powers and Egypt, particularly after the Israeli invasion of Sinai, which was supported by the British and the French. Although the Americans and the Soviets quickly halted the invasion, the act had important repercussions. It severed most links between Egypt on the one hand and France and Britain on the other, and many foreign nationals began leaving Egypt. The assets that had been amassed by foreign nationals over decades were sequestered.

“The dissolution of the British and French economic presence in Egypt unfolded in conjunction with the invasion. At first the Egyptian actions were taken as wartime measures; only later were they made permanent through regular governmental decrees. By viewing the evolution of the government's relationship toward foreign capital during this period of acute strain, it is possible to see how the regime, so conflicted on the issue of foreign capital and the private sector, took its first decisive steps to undercut the power of foreign capital,” (Ibid, 128).

In 1957 it was ordered that all banks in Egypt must have only Egyptian shareholders and directors. In one move, the banking industry was nationalized. The same was done with insurance companies. Two additional laws were passed to create the Egyptian Economic Organization (to oversee public sector expansion) and to order commercial firms to turn themselves into Egyptian companies (this law was later made void following intense protest from foreign capital). These laws were constructed by both the regime and notable capitalists within the ruling class, including Aziz Sidqi, Abu Nusayr, Sayyid Marei, Kamal Ramzi, and Abdelmoneim Qaysuni (Ibid, 138). Even within the ruling class, there were disagreements over how much power the private sector should have. By the end of the wave of sequestering, British and French losses were massive. Moreover, their bargaining position was weak because they had more to lose in Egypt than Egypt had to lose in either France or Britain, as mentioned previously (Ibid, 144). Negotiations with the oil companies also led to significant

gains for the Egyptian state, including the power to set the price of Egyptian oil products and to exercise control over foreign oil companies (Ibid, 158). Throughout the entire process, however, Nasser always stated his intent to compensate shareholders for any losses.

It is clear from the preceding section that the events that led to the removal of large sectors of the foreign fraction of capital in Egypt significantly altered several aspects of the Egyptian economy. The next section will focus on two fractions in particular that were prominent in the historic bloc during this period and whose evolving fortunes demonstrated the aims of the Nasserist project. The first was Bank Misr, which controlled much of the private sector and was a major monopoly controlled by Muhammad Rushdy, Mohamed el-Atta and Ahmed Fuad. As noted by Abdel-Malek, the 29 industrial companies started by Bank Misr between 1922 and 1957 dominated almost the whole Egyptian economy (1968, 114). The second group was the Abboud group, controlled by Ahmed Abboud (who also had stock in Bank Misr). Abboud's holdings were extensive, and he was on the board of directors of the Suez Canal Company. These two groups exercised immense power of the Egyptian economy during the 1940s and 1950s.

“This whole world of finance, industry and business prospered as never before in the shadow of a strong authority concerned with order and economic progress. But these complexes had the habit of power. In another time they made and unmade ministries, negotiated with foreign powers, ran the press, the parties, Parliament: they were and they used the power of the state. Now their power was intact, their investments were clearly increasing and their profits were substantial. The hegemony of the landed aristocracy, which had occasionally got in their way, had been swept away,” (Ibid, 115).

Thus we see that initially the declining power of the agrarian fraction opened up space for different fractions that relied on finance and industry rather than land. Importantly, these fractions needed a strong state that valued nationalism, industrialization and economic progress along specific

lines. Indeed this is what characterizes the new fractions that emerged under Nasser: their capital came from and was concentrated on either the private sector or industry, and—later—the public sector.

Nevertheless, there were numerous tensions within this new configuration, including the fact that the new regime wanted to minimize the power of private capital and that the state wanted a lot of investment in industrialization, which was not always the main priority of the new fractions. Nasser's nationalization of many major enterprises also caused tension within the ruling class, as it placed these enterprises under state control. The sequestering of Abboud's company is a clear example of this. In 1952, the regime moved to sequester Abboud's sugar company, which was then one of the largest privately-owned companies in Egypt. The company owed the government over five million pounds in payment. Targeting this one company meant threatening to disrupt Abboud's entire economic empire, built on many different companies and investment (Ibid, 112). Following sequestration, the government became the major shareholder in the sugar company and paid off the French investors, who comprised the majority. This move was read as a warning signal to the capitalist class in Egypt, who were worried that it would set a precedent. It appeared that while Nasser supported the continued existence of the capitalist class, this support only extended to capitalists willing to allow the state a significant amount of control. This, I argue, is the correct reading: Nasser needed the state to control production and accumulation because the entire project of the Nasserist bloc was the redirection of production and accumulation *towards* national development.

These events show that there were key tensions within the ruling class based on a divergence in opinion on what the role of the private sector was to be under this bloc. As noted by Tignor:

“The business concerns used the traditional criteria of profitability and safety to decide on their investments. They naturally shied away from many of the large-scale projects that were close to the heart of the Egyptian rulers. In contrast, the military men were not merely enamoured of large projects for themselves and for the legitimacy they might bring to the ruling faction. They felt a desperate urge, motivated by their desire to stay in power, to jolt the Egyptian economy into forward motion. They believed that this could be accomplished

only through profound structural change. They concluded that if the business community was unwilling to play a lead role in this effort then the state must,” (Ibid, 113).

Aside from his reading of the new bloc’s orientation being driven solely by their desire to stay in power—which is problematic—Tignor makes an important point about profitability. For many within the ruling class, profitability was the driving force determining where capital investments went. To some extent, this is common sense; however it is precisely this trend of personal accumulation of profits that the Nasserist bloc wanted to interrupt. The aim of the bloc was not necessarily to not make profit, but rather this was to happen alongside the development of large-scale projects in the aim of national development. This was their criteria, and it was here that the tension arose with individual capitalists who did not share the same view. Moreover, the problem was that certain sectors have historically been more profitable than others: investment in agriculture, land and real estate is less risky than in industry (Mabro and Radwan 1976, 24). The aim of the new bloc was to rearticulate Egypt’s position vis-à-vis the capitalist mode, and to do this required changing the direction of Egypt’s development, and the ways in which capital was accumulated. These large-scale projects were therefore necessary, as well as the nationalization of key enterprises. In other words, nationalization should be understood within the framework of the new direction of the bloc, rather than simply as a means of amassing power.

The nationalization of the banks represented a watershed moment in this process. On February 11, 1961 Bank Misr and the National Bank of Egypt were nationalized. Two laws went into effect: one restricting the number of board positions to two and managing directorships to one; and another nationalizing the National Bank of Egypt and Bank Misr. The build up to these laws had been so intensive that the nationalization legislation announced in July of 1961 did not come as a surprise (Ibid, 160). The socialist laws left the power of the state unchallenged in numerous sectors. The total value of assets seized amounted to over LE850,000,000. “The bulk of the gain for the state came at the expense of the landowning class, especially the royal family, which received no compensation for its seized properties,” (Ibid, 166).

1961 witnessed the intensification of the nationalization program and thus a deepening of the economic direction the new bloc was headed

in. First, laws were passed that had a specific impact on the export of cotton that essentially ensured that the state had control over the cotton industry (Abdel-Malek 1968, 152). Second, laws were passed that targeted income inequality, including laws that required companies to be joint venture, as well as a law that increased the rate of progressive taxation (Ibid). Finally, laws were passed that focused on the ownership and management of productive enterprises that severely restricted private capital. The first law led to the nationalization of all banks and insurance companies, as well as 50 additional companies. The second law stipulated that 50% of capital must be held by a public agency, and this law affected over 80 companies. The third law ensured that the state was to become heavily involved in many companies through owning stock, and this law affected over 140 companies.

The process of nationalization worked through the establishment of public agencies under which various companies were organized. While the specific relationship between the public and private sectors was not defined clearly, it was clear that the public sector was to play the dominant role in economic development. The new laws ensured that the public sector owned companies in important sectors such as banking, insurance, and industry, and exercised varying degrees of ownership in other sectors. Top positions in these companies were filled by employees of public agencies, thus ensuring the emergence of a new technocratic class. These were drawn from the educated stratum of society, especially those who had been educated in the US or UK. For example, by 1961 the boards of 238 newly nationalized companies consisted of one-third engineers and scientists, while the rest were made up of lawyers, high officials, business graduates, and judges and councillors (Ibid, 176). The middle ranks of management within these companies were also transformed as more students were admitted into universities and technical institutes. From 1964 to 1965, for example, skilled workers increased by over one million (Ibid, 177). As Abdel-Malek notes, the explicit aim was indeed to create a new social category—the managerial/technocratic class (Ibid).

A quote from Abdel Malek sums up the situation of the Egyptian economy by the end of the Nasserist bloc:

“The Egyptian economy appears to be a mixed economy. It is still capitalistic in many ways: the land remains nearly untouched by nationalization; the public sector, though under

the direction of technocrats, is still regulated by the market demands and profit incentive; planning, and foreign aid in particular, tend to strengthen this pattern. It is a relatively fast-growing economy with a central state-capitalistic sector of unusual proportions, but although every new wave of nationalization weakens the power of private capital, it only provides more solidly entrenched positions and power to the technocrats," (1968, 35).

His designation of the economy is mixed is a useful point, as is his descriptor of the ruling class as a state-capitalistic one. Above all, he puts together the contradictions of the bloc, and the ways in which certain limits prevented the consolidation of the project envisioned by the Nasserist ruling class.

Egypt's worsening economic situation in the 1960s meant that strikes and demonstrations began to increase. Although the regime continued to repress these, the repression was met with even more anger. Notably, this anger was often expressed towards the police. The move to make the police responsible for repression under Nasser (a move consolidated under the next bloc) was thus already having repercussions (Hussein 1973, 231). 1967 saw an event that completely changed the balance of social forces in Egypt. The Israeli attack on Egypt was to have major repercussions on the Egyptian ruling class and the Nasserist bloc as a whole. Elements of the ruling class who were against a strong public sector at the expense of a private one began to gain traction. The chaos that resulted from the attack weakened the regime's ability to discipline fractions against the Nasserist project, fractions that had increasingly grown in strength throughout the 1960s. Indeed individuals such as Zakaria Mohieddin, who wanted to open the Egyptian economy up to the West, began to exert more influence (Aoude 1994, 9). Following the 1967 defeat, Nasser reorganized the military in order to ensure a less influential political and economic role for the institution.

3.6 Fractions of Labour

In order to properly situate the various fractions of labour within the Nasserist bloc, it is useful to go back to the Muhammad Ali period, during which many of these fractions were created through the spread of the capitalist mode of production. Key to Ali's project and the expansion of cotton production was the creation of a rural proletariat. Beckert argues that this not only functioned as a strategy with which to gain control over production, but that the creation of a state was central to this: "Creating a rural proletariat proved just as impossible without clear-cut private property in land, which could be fashioned only with massive expropriations and a powerful presence of the state," (Ibid, 117). Beckert importantly raises the point that in the case of Egypt, war capitalism was the framework used by Muhammad Ali to expand cotton production. War capitalism depended on the use of coercion, expropriation and slavery.

"Ali understood the potential of this new export crop and ordered it grown throughout the country. Coercion was integral to this project from the beginning. Peasants were forced to cultivate cotton on state-owned lands for their yearly corvée duty, a forced-labour tax. On their own lands they were also forced to plant cotton in specific ways, to sell their crop to the state, and to work without pay. The government set process for the cotton and controlled all aspects of its transport and sale to foreign merchants in Alexandria, who were explicitly disallowed to directly purchase cotton from Egyptian growers," (Ibid, 119).

This strategy worked so well that Egypt soon appeared to follow the trajectory of Europe. "Egypt had within itself many of the preconditions for successful cotton textile industrialization. It had access to raw cotton grown in even larger quantities on its own soil. It had a long history of textile production, and cotton was the most important craft industry of its major cities before the Industrial Revolution; in the eighteenth century Egypt was already exporting textiles to France. It had access to British technology. And Egyptians were able to mobilize sufficient amounts of capital. But by 1850 Egypt had not joined the small number of countries

experiencing the Industrial Revolution," (Ibid, 146). Indeed Ali had even begun an import-substitution project aimed at gaining Egypt independence, and even placed an embargo on British goods to protect the Egyptian market. By the 1830s, Egypt was fifth in the world regarding cotton spindles per capita (Ibid, 147). This rapid advancement as well as Ali's intention of developing autonomously began to worry the British. Beckert explains Egypt's divergence from other cotton-producing countries by looking at the labour regime.

"Much more than European states, Ali followed the war capitalism model in Egypt itself. Workers were forced to work in the factories. When the first cotton textile workshops opened in the Khurunfish quarter of Cairo sometime between 1816 and 1818, their skilled workers and machines came from Europe, but the one thousand to two thousand rank-and-file workers were Sudanese slaves and Egyptians coerced to work for minimal wages, tightly supervised by the army. These workers were frequently abused. Indeed, Ali demonstrated that war capitalism could, at least in Egypt, and for a short time, give birth to industrialization. By the 1850s, Egypt's cotton industry had essentially disappeared. Egypt was never able to build the institutional framework that would have enabled a full transition to industrial capitalism," (Ibid, 148).

This story is the perfect example of the importance of labour to the story of capital. The labour regime implemented under Ali, alongside British imperial interests, were what ultimately brought down Ali's industrialization project.

The British occupation brought with it new forms of domination, and thus impacted labour in a variety of different ways. Here Timothy Mitchell's work is particularly useful, and he begins by tracing the initial moment in 1830 during which Egyptians were confined to their villages in order to produce for the market (Mitchell 1991, 34). Following this, Egyptians had to seek permission and official documents in order to leave their home villages. Drawing on military infrastructure, the village was from then on to be guarded and organized in a way conducive to the production

of commodities for European consumption. Central Bureaux of Inspection were established, with local inspectors in each village:

“The ‘general system of dependence and subordination’ was more fully elaborated in a sixty-page booklet issued in December 1829, *La’ihat zira’at al-fallah wa-tadbir abkam al-siyasa bi-qasd al-najah* (Programme for Successful Cultivation by the Peasant and the Application of Government Regulations), which prescribed in detail how peasants were to work in the fields, the crops they were to cultivate, their confinement to the village, and the duties of those who were to guard and supervise them. The booklet was the outcome of a meeting of four hundred provincial administrators and military and government officers, called in Cairo in 1829 to address the problem of declining revenues and increasing desertion of the land,” (Ibid, 40-41).

We see here that the primary motivating factor was increasing revenues, alongside an argument about the correct and productive utilization of land. Peasants who did not obey were whipped. This new organization introduced a novel system of surveillance that included intense regulation and administration. The first population census in 1882 was part and parcel of this new system, whereby recording births and deaths became central to surveillance. There was major resistance to the imposition of such an organization—countless villagers left their villages—despite heavy penalties—and there were numerous uprisings (Ibid, 42). Alongside these changes we see the shift in modes of production, whereby peasants had to accept wage labour in order to survive under colonial capitalist expansion. Many British capitalists hired overseers whose job it was to ensure that farmers were “working properly,” (Ibid, 96). This was done through violence. Thus we see that the transition to wage labour was a violent process, whereby peasants had no choice but to adapt in order to survive.

The process of establishing private property was similarly a violent one. Once European modernists saw private property as central to being civilized, they established it as a core universal right. Mitchell notes the contradiction between establishing private property as a right and then using this to take over land in the colonies, including Egypt: “The land

could be taken because those who farmed it had not heard of this universal right,” (Ibid, 56). In violently seizing this land, the British had to construct the previous arrangement as backwards: the Egyptian state was portrayed as despotic and its right to the land seen as void because of this despotism. This is despite the fact that under the Ottoman Empire it was not the cause that the state “owned all land”—land was not seen as an object that could be owned:

“The doctrine of state ownership of land did not correspond to the modern notion of property but registered the ruler’s political claim to a share of the revenue, while also acknowledging both the revenue claims of local political forces and the subsistence claims of the cultivator and other members of the village,” (Ibid, 57).

Thus we see that establishing land as an object and commodity was an extreme departure, and could only have come about through colonial rule and its mechanisms of imposing violence, both material and ideological. A similar process happened to induce Egyptian peasants to grow the commodities that the British needed: cotton, as well as opium, sugar and indigo. The British solved this problem through the institution of private property as well as a monopoly system that forced villagers to grow specific crops and then hand them over (Ibid, 60). Again there was resistance, with masses of peasants refusing to grow these crops and deserting their land—even a strict system of control of mobility was unable to stop this massive desertion. Alongside this, many peasants chose armed rebellion as a form of resistance.

The institution of debt was a final mechanism of colonial control over Egyptian peasants. Debt bondage due to the inability to survive on the low wages of the time was the fate of many peasants. Indeed debt was also the reason that Britain moved to occupy Egypt in the late 1800s:

“Colonialism had helped institute the regime of private property and the monoculture of cotton; European-owned property companies and banks had driven the speculative growth of Cairo; large European financial houses owned the coun-

try's debt and had demanded the cadastral survey and the production of many other forms of statistical information; and European speculators were largely responsible for the growth of the stock market and the increasing circulation of paper money. Whether organized from Cairo or the European capitals, this colonial activity was the activity of outsiders, those for whom Egypt itself existed as an object of speculation, investment, government—and curiosity," (Ibid, 100).

It is thus apparent that a new banking system and the debt it brought with it were to have dramatic effects on the future of Egypt.

How did labour respond? Although there is a line of argument stating that Egyptian workers were inactive before 1952, there was in actual fact an active movement against imperial capitalism in Egypt before the British occupation. As pointed out by Zachary Lockman, strikes and trade union activism started at the beginning of the 20th century (1988, 265). Importantly, many workers saw a connection between anti-imperialism and struggles around work, despite resistance to such views from actors such as the Wafd (Alexander and Bassiouny 2014, 39-40). Major incidents such as the Cairo tramway workers' strike in 1908 defined the contours of British policy towards Egyptian labour activism. During the strike, the police intervened and broke it up, and "militant" workers were fired (Ibid, 226). This heavy-handed approach came to define the British response to labour activism and was justified on the grounds that the British were concerned about the political ramifications of successful strikes. In other words, it might further encourage nationalist sentiments, and this connection between labour activism and the nationalist movement was at the heart of what worried the British. "British officials deemed full-scale police intervention essential when a vital sector of the economy, such as public transport, the railways, or public utilities was threatened, and when the nationalists had adopted the workers' cause as their own to the extent that a successful strike would be perceived as a blow to the existing semi-colonial political order," (Ibid, 270).

The 1924 regime was perhaps the most hostile towards labour activism and workers in general. It was backed by King Fu'ad and the British, and shut down many labour unions through police harassment (Ibid, 277). However, the Egyptian working class was expanding, both numerically and in terms of influence.

“The aftermath of World War 1 witnessed an unprecedented trade union movement. By 1922, there were 102 trade unions: 38 in Cairo, 40 in Alexandria, 18 in the Canal Zone and 6 in the provinces. Simultaneously, a wave of strikes hit most of the major industries: during the years 1919-1921, 82 strikes took place. Some of the causes contributing to this upsurge in Egypt during this period included, first, the boom and the exorbitant rise in the cost of living, which immediately followed WW1; the lifting of protection meant that the full impact of foreign competition was felt by local industry; and foreign competition accelerated the replacement of workers by machines,” (Deeb 1979, 187).

Additionally, there was increasing resentment towards the Wafd for not supporting strong labour laws as well as its tendency to make deals with the British. Although initially the Wafd had been close to many of the labour unions and activists during the 1919-1923 period, this began to change further on. Indeed in 1924 an agreement between the Wafd and the British led to the repression of the trade union movement by the Wafdist-led government (Alexander and Bassiouny 2014, 45). Alexander and Bassiouny go on to note that the trade unions were “growing in a context where waves of political and economic struggles were inextricably interlaced,” (Ibid).

By the 1930s, the Egyptian working class had become a social force that the British had no choice but to confront (Ibid). In 1930, Prime Minister Ismail Sidqi set up an office—part of the security apparatus—to regulate labour affairs and intervene in labour disputes (Ibid). It soon became clear that repression alone would not quell the growing labour movement. In 1935, there were more strikes than there had been for years. The British were torn between recognizing the unions and trying to mediate between them and employers on the one hand, and increasing police repression against workers on the other (Ibid, 280). ‘Abbas Hilmi, a cousin of King Fu’ad who headed the labour federation, was seen as a major threat to the British. In 1936, however, the Anglo-Egyptian treaty was signed, and the British were no longer responsible for labour policy formulation in Egypt. Subsequently there were attempts to try and mediate with labour unions rather than repress them. This process of co-optation, however, also failed

to resolve the situation. The nationalist momentum was too strong for labour activism to be quelled (Ibid, 283).

Interestingly, resistance to colonial rule brought together native fractions of labour and fractions of capital in an attempt to gain independence. Sven Beckert details the ways in which an alliance between capitalists and workers developed, brought together by the fact that both groups wanted to end colonialism and achieve independence. He argues that throughout the Global South, cotton workers, among others, played key roles in the struggles for national independence (2014, 345).

“Independence first brought significant new protective labour legislation and, especially, an important role for the state in the mediation of labour conflict. Eventually, independence brought significant changes to the Egyptian economy, as raw cotton exports—the staple export of the Egyptian economy—stagnated as more and more cotton was used in domestic manufacturing. “Arab Socialism” brought improvements to workers, but also the repression of independent trade unions activities. During the 1960s, under Gamal Abdel Nasser, the cotton industry was nationalized. The strength and political importance of the working class had in effect resulted in the expropriation of local cotton capitalists, coupled with the belief that industrialization was necessary for the defence of the state itself. Capitalists’ dependence on workers (and peasants) in the struggle against the colonial state had now translated into diminished powers,” (Beckert 2014, 347).

As early as 1900, cotton workers organized to put forward programs of reform. Wady E. Medawar created such a program that included cooperatives, agricultural improvement associations, mechanisms for cheap credit to farmers, and an organization of rural cultivators that would combine public and private initiatives (Ibid, 281). Alongside this, cotton workers were engaging in outright rebellions. In 1865, for example, Ahmad el-Shaqi led a revolt against working conditions put in place by the British (Ibid, 280). These new conditions were not to be underestimated. Alan Richards writes:

The booming cotton export industry destroyed the old quasi-communal forms of land tenure, broke up the protective web of village social relations, replaced them with private property in land and individual tax responsibility, and helped create four classes: large landowners, rich peasants, small peasant landowners, and a landless class (Beckert 2014, 278).

Thus we see that British colonial rule had an impact not only on Egypt's economic structure, but on the types of subjectivities in place. Here we see, once again, the connections between the material and the ideational. Capital, defined expansively, refers not just to changes in economic relations, but also to the ways in which these impact social relations. Beckert adds:

“As early as the 1840s, the government had begun compelling peasants to grow specific crops, including cotton, and to deliver them to government warehouses. Peasants had responded to this pressure by leaving the land in droves, which the government took as reason to deny any claims to the land by those who had “deserted” it. By 1862, anyone who left the land for more than two months lost his claim to the property. In 1863, when Isma’il, Egypt’s new ruler, took power, he focused his efforts on creating large estates, giving land to relatives and officials in his government, and forcing peasants to work on infrastructure projects and on his own plantations. Resistance to such measures was violently repressed,” (Ibid).

Outside of labour activism—although these tendencies were closely intertwined—there were numerous instances where Egyptians took to the streets to express anger and discontent at the imperial situation they were in. One example is the response to the British opening fire on the *Buluks al-Nizam*—police forces made up of working class men—in 1952. The *Buluks* were involved in an operation against a British garrison when the British attacked; over 50 were killed, and massive demonstrations followed (Hussein 1979, 82). The crowds were so big that no political party was able to take hold of the situation. “The masses were more conscious than other

popular classes of the need for acting outside the normal, legal framework—and particularly the need for violence,” (*Ibid*, 83). On January 26, fires spread across Cairo. These targeted specific spaces such as expensive cinemas and cafes in order to make a point about the class privilege that had led to the dispossession and poverty of most Egyptians. Martial law was imposed and the King dismissed the government.



View of the Rivoli Cinema, in Cairo, Egypt.⁴⁷

⁴⁷ Source: <http://blogs.denverpost.com/captured/2013/07/09/egypt-1952-revolution-free-officers-movement-military-rule/6183/>



Aerial view of the remains of the burnt out *Cicurel*, Cairo's biggest department store, in Cairo (Ibid.).

The British occupation was therefore clearly a time of intensive resistance on the part of workers. This resistance was fused with the nationalist consciousness spreading across Egypt. Peasants in particular were dealing with changes in the land ownership system that dated back to Muhammad Ali's successors as well as the domination of foreign capital and the structures this created in Egypt. The introduction of private property, the increasing power of landlords, and the need for peasants to resort to wage labour—as they could no longer survive by producing their own livelihood through the land—all indicated the transition to a more capitalist mode of production. This transition was represented by the British colonial regime, which became the focal point against which workers resistance. Workers in more industrial sectors also took part in these rebellions, where strikes were the common form of resistance. Industry-based workers also tended to have unions—as mentioned, by 1922 there were over 100 trade unions.

The ruling class during this period—with the British at the center—saw the growth of a strong and nationalist labour movement that could not be ignored.

An interesting example of the hegemony of the Nasserist bloc vis-à-vis subaltern groups can be seen with regards to Egyptian feminists. Although the term subaltern has often been interpreted to refer to workers, the Nasser period was one during which multiple subaltern groups were brought into the historic bloc. I suggest that other subaltern groups, such as women, were as integral to the Nasserist projects as workers—accepting, of course, that women were often workers. Even with groups such as women, we see the extreme strength of the Nasserist project in forming alliances with a wide spectrum of society. During the 1950s we see the emergence of state feminism, an extensive project that must be contextualized within the broader changes happening under this new regime. As Mervat Hatem has argued:

“In the late 1950s and the 1960s, an Egyptian welfare state was developed to provide the economic basis of a new social contract between the Nasser regime and its key class allies. For Egyptian women, who were scorned by the pre-1952 states, the new welfare state offered explicit commitment to public equality for women. It contributed to the development of state feminism as a legal, economic, and ideological strategy to introduce changes to Egyptian society and its gender relations,” (1992, 231).

The key paradox of feminism under this regime was that it simultaneously gave women access to spaces in society they had long fought for—including work and education—while also closing down political space and extending control over independent organizations. In effect, state feminism represented a contradictory project that encapsulated the goals of the new regime and suffered from the authoritarianism that resulted from the 1952 revolution. This was a period during which the power of the state was expanding into all realms of society, including the lives of groups traditionally excluded, including women and rural Egyptians. Moreover, these groups were used as examples of how the state was modernizing Egypt. And yet, at the same time, through these changes women were able to

access rights they had long been demanding, including the right to work and the right to an education.

Above all, this regime's commitment to anti-colonial nationalism remains an important reason as to why it was so strongly supported by many feminists, who were more often than not deeply involved in the anticolonial struggle. Latifa al Zayyat, in her book *The Open Door*, details the ways in which she became involved in the anti-colonial struggle during the Nasser years, and how this helped her navigate her own personal life (1960). This involvement in the nationalist struggle as what in turn was to inform her personal life is a theme that was quite dominant among feminists at the time. As Bier has written, “the novel's resolution and its chronicle of Layla's transformation from a passive victim to a strong and independent woman is a poignant and passionate statement of the intimate and inseparable relation between personal liberation and the political freedom and self-determination, as well as an allegory of the historical progress of the nation itself,” (Ibid, 24). It is precisely this inseparable relation between the personal and political that was a marker of this period. Moreover, it is the ideological and material support for anti-colonial nationalism that allowed the Nasserist ruling class to form such broad alliances with subaltern groups.

3.6.1 The Officers and the Workers

In light of the widespread changes envisioned by the new ruling class as well as the ideology of Arab socialism that dominated this vision, the relationship between the Nasserist ruling class and fractions of labour is especially important to assess. Perhaps no statement sums the situation of workers under the Nasserist bloc as well as Charles Issawi's: “The energies of labour were drained into the nationalist movement,” (1954, 173). Workers from various sectors were an important and influential force before 1952, and the ruling class needed to form alliances with them to create a strong historic bloc. Hussein has argued that it is possible to speak of the Egyptian working class pre-1952 as “proletarianized” rather than as a proletarian class *per se*:

“Ideologically and politically, they are not yet radically uprooted from the environment controlled by the big landowners or radically liberated from feudal values, i.e. from the system of servitude characteristic of Egypt. They have by no means totally rejected every form of precapitalist exploitation, every form of oppression other than economic. It is the system of servitude and obstructed transition that has uprooted them; it is not they who have challenged the system. This is the result of a historical process during which the ruling class initiated gradual change without provoking violent upheavals, and without allowing any intervention by the laboring masses,” (1973, 39).

In other words, when this class revolts, it will never lead to structural changes since they are not organically linked to the processes of production and distribution. Only through an alliance with the industrial proletariat can a revolt begin to lead to changes. This industrial proletariat also does not own the means of production but has established a relationship to the means of production, unlike the proletarianized class. Prior to 1952, a strong militant workers’ movement was active in Egypt and played a major role in the anti-colonial movement—this movement was largely comprised of the industrial proletariat, who often occupied factories and formed the major part of nationalist movements. While this line of thinking is tempting, one cannot ignore the determining role played by Egyptian peasants, a role that has often been left out of the story because of the focus on urban workers, be they industrial, informal, service workers, or other. Hussein writes: “It is the system of servitude and obstructed transition that has uprooted them; it is not they who have challenged the system,” (Ibid). And yet one wonders if these two processes are neatly separable. There had clearly been a system that has uprooted many peasants, if not physically from their land then certainly from previous relations they had with the land, and this has led to resistance on their part. And yet is it not through changes that affect the livelihood of peasants that rebellion takes place? Hussein is right that feudal values remain, but perhaps this is better explained by the continuing presence of feudalism in the mode of production itself. At that point in time, there was not a clear transition from feudalism to capitalism in Egypt; what was occurring was the emergence of the capitalist mode as dominant. This meant that an articulation

of modes existed, and that feudal social relations remained to some extent.

The debate about Egyptian workers' consciousness and its ability to revolt is to be continued throughout the following decades, right until 2011. The question of Egyptian workers and class-consciousness is at the heart of this debate. Some, like Hussein, argue that Egyptian workers have not yet developed a sufficient level of class-consciousness. To use Gramsci, they have not yet reached the level where they see themselves as a *class for themselves*. Gramsci outlined three levels. The first is the economic-corporate level, where the individual sees himself or herself as an individual but realizes they need others to achieve their own goals—they need others because of their own self-interest. The second level is when solidarity is built based on shared interests, but where there is still no ideology connecting groups or workers from different sectors. The final level is when a class realizes that they need to go beyond their own class interests and form alliances with other classes—this is the level at which hegemony is formed. According to some scholars of Egypt, Egyptian workers are somewhere between the first and second levels. Until they realize the *political* nature of their class position and the need for structural change rather than reforms, they cannot be said to have gained consciousness. Some have even gone so far as to claim that foreign workers in Egypt developed consciousness while Egyptian workers did not (Beinin and Lockman 1998, 56).

This may seem like a somewhat convincing argument, but it relies on a problematic de-linking of the political and economic, and the relegation of workers' demands to this so-called economic sphere. Those who reproduce the narrative that Egyptian workers lack a politicized consciousness tend to ignore that the pre-1952 period, during which there was an active movement against imperial capitalism and the British occupation. As shown in the previous section, the pre-1952 workers' movement was highly politicized and represented one of the bastions of Egypt's anti-colonial resistance. Following the 1952 military regime, however, new relations were forged between the state and labour that essentially co-opted their militancy and served to create the superficial distinction between the "political" and the "economic." This continues until today, as can be seen from the way the literature represents Egyptian workers as only interested in economic questions (or 'rights') and as not sufficiently politicized to represent a real threat to the ruling class. Rather than explain this through

a supposed lack on the part of fractions of labour, I argue that it is connected to the specific conditions of the Egyptian independent state and the ways in which the Nasserist historic bloc attempted to channel workers' nationalism into their hegemonic project.

1952 altered the balance between labour and the ruling class, and this was to have ramifications that have persisted until today. It is common knowledge that the Nasser regime made heavy use of the rhetoric of welfare, and that it was during this period that a comprehensive welfare system was set up. This was to ultimately lead to the de-radicalization of the workers' movement through their co-optation (both ideologically and materially), through intimidation, and through the resulting separation between political and economic questions.

One of the most pivotal moments after 1952 was the brutal crackdown at Kafr al-Dawwar, an industrial area 30 kilometres from Alexandria. The workers at the Misr Fine Spinning and Weaving Company (founded by Tal'at Harb) began a strike on August 12, 1952, calling for higher wages, better working conditions, union recognition, and the dismissal of two managers (Botman 1986, 355). The workers, numbering over 10,000, had nursed these grievances prior to the revolution, and believed that the new ruling class would look on their cause favourably:

“It was very natural that the workers should start a movement in Kafr al-Dawwar because they heard the communiqués of the revolution which announced that the kingdom was abolished, that the regime was against injustice, that the rights of the people would be restored. It was natural that workers who had been oppressed for a very long time, would put forward their demands. The management of the company represented elements of the old regime. They were capitalists, very reactionary...and against both the workers and the revolution,” (Hilmi Yassin quoted in Botman 1986, 355).

The response from the regime, however, was to surround the striking workers, blockade some inside the factory while attacking others, resulting in one death. 545 workers were arrested and 29 were charged with offenses ranging from premeditated murder, arson, and destruction of property (Beinin and Lockman 1998, 423).

A court martial was appointed to try the leaders of the strike. The two main leaders—Muhammad Khamis and Ahmad al-Bakri—were condemned to be hanged while fourteen others were condemned to hard labour (Hilmi Yassin quoted in Botman 1986, 358). The hangings were carried out inside the factory grounds: “If nothing else was clear, the RCC wanted to make an example of anyone who threatened the stability of the new regime. A message was sent to the working class: no independent mass initiatives would be tolerated,” (Ibid). The hangings went forward despite the lack of clarity surrounding which individuals had actually planned the strike and whether Khamid and al-Bakri were actually leaders of the movement. Khamis’ last words were: “I am wronged. I want a retrial,” (Beinin and Lockman 1998, 423).

As Tignor points out, the military regime appeared to align itself with the management, and against labour (1988, 66). Although Amin Afifi—the chief accountant—and Muhammad Hussain al-Hamal—the manager—were questioned, both were released without charges. Moreover, the way in which the trials were held showed a determination on the part of the regime to make a point. 1000 workers were brought from other textile factories and lined up along a football field against a line of armed soldiers. A tank was in the corner. The indictments, including the death penalty, were announced over a loudspeaker. “The military emphasized that the present moment, while the British still remained in military occupation of Egypt and might at any time unleash their troops on the Delta, was not propitious for labour agitation,” (Ibid). Joel Beinin argues the same, writing that the government that first embraced the nationalist movement and its working class components now discouraged workers’ collective action: “The government now regarded the same demands, demonstrations, and strikes that had been applauded by many nationalists before the military coup as provocations and threats to social peace, which might destabilize the new nationalist regime and disrupt Egypt’s economic development,” (Beinin 1989, 71). Beinin and Lockman write:

“The regime indicated it would resolutely oppose any expression of autonomous working class organization and collective action. The widespread, though unproven, assumption that communists were responsible for inciting the workers of Kafr al-Dawwar to rebellion against the new regime strengthened

the hand of the already considerable anticommunist elements among the Free Officers," (1988, 426).

This initial moment of tension represented a preview of the upcoming battles, since the new regime did not intend to fulfil the main demands of the worker's movement and in fact even wanted to exert control over it. This meant that conflicts between labour and capital were to continue, during which the state often sided with capital over labour. As Beinin and Lockman have thoroughly documented, the regime cracked down on numerous strikes following the incidents at Kafr el-Dawwar (*Ibid*, 429).

However it was not simply through intimidation that the new regime attempted to de-radicalize workers. The ideological and material influence of the land reforms and welfare provisions put in place were equally, if not more, important. Soon after the incident at Kafr el-Dawwar, the Agrarian Reform Law was passed. Some of the major aspects of the law include: the ceiling on owning land was placed at 200 fedans per person; expropriated land would be distributed to peasants by the state within five years; agricultural cooperatives were to be created; and farm workers were to be able to join unions. Nevertheless, the regime's goals were often not met.⁴⁸ It was often the case that while small tenants benefitted from the new law, peasants often did not (Abdel-Malek 1968, 74). Abdel-Malek argues that the distribution of income among the different social classes in rural Egypt did not differ between 1952 and 1958: most peasants remained without land, direct exploitation of the peasants deepened; and the same production techniques continued to dominate (*Ibid*, 82). Indeed, wealth disparity increased, even as the law reduced the power of the agrarian fraction. Thus, as noted in a previous section, the aim of this law had never been to empower the peasants economically nor to transform the system itself; the aim had been to undercut the power of the landed bourgeoisie in order to favour industrial development over agrarian development. But crucially, in the long term this would have had clear benefits for peasants.

While the land reform program held immense symbolic and material significance and presented the regime as being on the side of the people against capitalists who accumulated wealth for their own gain, the result

⁴⁸ For a detailed discussion, see Abdel-Malek 1968, 72-76.

was not the type of wholesale structural change that would transform ownership of land—a crucial means of production—in a way that would benefit peasants. The Nasserist bloc successfully dismantled the power of the old ruling class and the halted the structure of accumulation that class had put in place. Indeed Nasser made clear critiques of the class of businessmen who were not contributing to the country's growth. At the same time, to achieve its project the regime still needed capitalists to invest in industrialization, and therefore had to concede to some of its demands regarding labour:

“The RCC explicitly rejected the view that there was, or ought to be, a struggle between classes in Egyptian society. Therefore, it sought to eliminate militant trade union leaders and replace them with elements loyal to the RCC and dependent on it. The repression of the Left in the trade union movement was an essential component of the RCC’s labour strategy and preceded any of the labour reform measures it eventually undertook,” (*Ibid*, 73).

At the same time, the regime realized it also had to grant certain concessions to labour in order to prevent outright class conflict. For example, employment security was improved. Some, like Beinin and Lockman, have argued that Nasser’s policy towards workers was corporatist, just as the pre-1952 policies had been (1998, 432). I would, however, question this comparison. There is little doubt that in both cases there were attempts to instrumentalize workers and harness the power of their resistance in order to push forward specific goals that did not necessarily benefit the majority of workers. Yet the Nasser regime also represents one of the most progressive periods of modern Egyptian history precisely because of the benefits many workers got through the welfare system. The access to free education, free healthcare and a guaranteed job are not to be underestimated. These changes elevated a large part of a generation of Egyptians that were now able to attend university and work in the public sector. One should question, however, the extent to which many Egyptians were still excluded from welfare, most notably peasants and workers in the industrial sector who may not have had the social mobility to migrate and take advantage of the new educational and employment opportunities. Moreover, even with regards to peasants and workers the situation was complicated: while

some laws negatively affected these groups, such as a law banning strikes, others benefitted them, notably the agrarian reform laws. For this reason, the picture under Nasser is more complicated than the pre-1952 situation.

The co-opting of trade unions was another blow to fractions of labour under this bloc, as was the crackdown against Communists. Four laws have been particularly important in this regard: the trade union laws of 1942, 1952, 1959, and 1976. The law passed in 1952 was an attempt by the new regime to expand the power of the unions while simultaneously bringing them under state control (Bianchi 1986, 430). Laws 1959 and 1964 completed the process of centralizing unionization. There were to be only a few federations that would be supervised by a confederation and a new Ministry of Labour. Bianchi argues that the labour movement was corporatized, with many in the union leadership being rewarded and thus co-opted. Moreover, indirect elections ensure that these leaders remain in office for extended periods of time. Leaders of the Confederation have been part of the ruling party, the People's Assembly and the Consultative Assembly (Ibid, 433). Through their access to these spaces, Confederation leaders have also managed to impact the creation of economic policy (Ibid, 434). These events consolidated the close relationship between Nasser and the labour unions, as the latter saw the state as an ally. This was despite the fact that the regime made striking illegal, on top of the many overtures it made to private capital at the expense of labour. As Beinin argues, while the state did improve some labour conditions, its ultimate priority was to favour capital (Ibid, 74).

The crackdown on Communism in Egypt targeted another ideological trend connected to labour, although I would not classify it as a fraction of labour given its somewhat disconnected relationship to the working class. Communism did not have the same mass support as other movements even though Marxist critique of Egyptian society played a big role in shaping the public discourse, particularly through journals and pamphlets (Gordon 1992, 20). As Selma Botman has noted, Communist thought and activism exerted ideological pressure on the Nasser regime, and they were key in formulating dissident thought against the pre-1952 regime (1988).

The Communist movement in Egypt was largely made up of urban intellectuals (the *effendiyya*) and an industrial working class (Beinin 1987, 569). Foreigners played an especially important role in the establishment of the movement as well as its re-emergence and radicalization in the

1920s. In 1950 and 1951, many of the Jewish leaders were removed and deported following tensions over the establishment of the state of Israel. In the 1950s and 1960s, Egyptian intellectuals became the leaders of the Communist movement due to its anti-imperialist stance. Beinin writes, “The experience of the Egyptian Communist intelligentsia confirms Abdallah Laroui’s thesis that the attraction of Marxism for Third World intellectuals is principally as a guide to the conduct of the national liberation struggle and as a way to reject traditionalism and overcome backwardness through understanding the historical, and consequently limited, character of the power of the West,” (Ibid, 572). Indeed Egypt has produced a wide array of prominent Marxist scholars, most of whose work has largely informed this dissertation.

The Communist movement was largely against the new Nasserist bloc, and suffered high levels of repression. In 1956, however, we see a shift, with almost all major currents of the movement supporting Nasser and the new bloc, swayed in particular by his anti-imperialism and the nationalization of the Suez Canal. Because anti-imperialism was so central to the Communist movement, they seemed to have no choice but to support the new bloc, even as the repression of their movement continued. “There were difficulties maintaining an independent communist position under the hegemony of Nasserist nationalism,” (Ibid, 578). This is an important point: the Nasserist bloc had similar ideological stances, and enjoyed high levels of public support, especially among workers. This put the Communist movement in a tough position.

Some have argued that when Nasser turned towards the Soviet bloc and away from America, there was an easing in the repression of Communists (Ide 2015, 60). In 1958, all Communist currents merged to form the Communist Party of Egypt. In September of the same year, following failed attempts by the regime and the Communists to reach a political agreement, a full-scale attack was launched against the movement (Ibid, 581). In December of the same year, 280 influential Communists were arrested, and within the next five months, an additional 700 were thrown in jail. Many suffered physical and psychological torture in prison (Ibid, 582). Following negotiations with the regime, all Communist prisoners were released in 1964, after an agreement stating that all Communist parties were to be dissolved. Beinin concludes: “The Egyptian Communists were caught up by their embrace of the national movement and ultimately destroyed by it. The Communist intelligentsia made the nationalist and

anti-imperialist struggle its priority and therefore conceded that political discourse should be conducted in these terms. But the Communists could not outbid Nasser for nationalist legitimacy," (Ibid, 584). As I argued earlier, it was precisely the strength of the Nasserist bloc that defeated the Communists, not necessarily the scale of repression. Because anti-imperialism and nationalism were what defined the bloc, movements pushing for the same type of transformations *but from a more radical position* had to compete with a ruling class intent on completing its own hegemonic project.

What is interesting is that despite the repression suffered by the Communist movement, many Communists remained supporters of the Nasserist bloc almost until the end. This tension has been addressed in Egyptian novels from the period. For example in Mohamed el Wardani's novel *Heads Ripe for Plucking* there is the following scene between two prisoners, both Communist:

"What I find hard to understand is how a nationalist government like President Nasser's would actually take it upon itself to sanction the torture, humiliation, wounding, and murder of Communist nationalists who stand by it."

"Nasser announced the nationalization of the Suez Canal and challenged the most arrogant and ruthless of imperial powers. We in turn stood by him, nor would it have been conceivable for us not to support him. None of the measures he took would have been undertaken except by a nationalist government that we must back and support. The problem is that we need, simultaneously, to uphold our call for democracy," (Mehrez 2011, 45-46).

Similarly in Mohamed Morsi Qandil's novel *Broken Soul* we read the following rumination on Nasser:

"He was a strange man! Even though he had imprisoned my father, I was incapable of hating him, for he was able to enrol me, thanks to him, in the faculty of medicine, like the children of the elite. Even when they were being tortured they chanted his name. They believed that what was happening to them was a kind of bitter misunderstanding," (Ibid, 37).

These emotive scenes show the tension many within the labour movement faced under Nasser's regime: between on the one hand, realizing the changes that Egypt needed so desperately were being put in place; and on the other hand, the painful awareness of the closing of democratic space.

Despite the slow de-radicalization of the workers' movement, it remains important to note that fractions of labour were able to gain several concessions from the regime, and that it was not a simple case of co-operation (Paczyńska 2010, 85). Right from the start there were debates within the Free Officers about whether they should support or repress the trade unions, with some arguing that providing workers with concessions would ensure their political support, and others arguing that this would negatively impact investment. Laws were passed that raised the minimum wage, strengthened labour codes, and gave workers representation on the management boards of state firms (Ibid, 86-87).

The founding of the Arab Socialist Union (ASU), however, hinted at the new bloc's intent on channelling labour's revolutionary energy into its own project. Workers and peasants were supposed to form most of the ASU and have 50% of seats in parliament. An umbrella of trade unions was also formed—the Egyptian Trade Union Confederation (ETUC).

"By the beginning the 1960s, corporatist labor institutions were finally in place and organized labor seemed firmly under regime control. Organized labor was willing to extend its support to the regime. Thanks to the shift in Egypt's domestic and foreign policies and the support that organized labor threw behind the "socialist" regime faction, it succeeded in fulfilling many, if not most, of its major demands. These included both substantive gains, primarily in the form of higher wages and benefits, and a number of procedural ones that gave the union leadership significant authority over the administration of internal union affairs and finances as well as political access to the top decision-making circles through its membership in the ASU," (Ibid, 88).

However, by the mid-1960s there were increasing signs of worker unrest once again, with demonstrations across the country. These escalated after

the 1967 defeat to Israel. Ali Sabri, Chairman of the ASU, appealed to the workers in an attempt to move against Nasser. Seeing that once again there were tensions within the ruling class, fractions of labour—in this case the ETUC—pushed for more concessions. Nasser granted some, which included placing the Ministry of Labour under purview of the ETUC. However, he could not grant their demand for trade union elections, as Sabri was strongly against this and Nasser could not afford to move against him at that particular point. Once again the concessions workers did or did not receive from the ruling class depended on the tensions within it. This demonstrates the ways in which a historic bloc is made and unmade: it is the negotiations and alliances formed both within the ruling class and between the ruling class and fractions of labour that determine the strength of a historic bloc.

3.7 Egypt's Strongest Historic Bloc

Samir Amin has argued that because the Nasserist project was a planned one with very specific goals and a very specific ideology, the regime *had* to take into account social forces that were expressed through fractions of labour, student unions, professional associations, and co-operatives (2012, 173). Nasser named these forces “power centers” (*marakez qawa*) and this act of naming indicates the view of the Nasserist ruling class that any hegemonic project had to take them into account. This is perhaps at the crux of why this bloc continues to represent the strongest bloc to date in Egyptian history

The main argument of this chapter is that the Nasserist historic bloc was Egypt's strongest bloc. It was the bloc that managed to bring the most fractions of capital and labour into the bloc, as well as implement changes that had far-reaching effects on most Egyptians. The ruling fraction of capital successfully transcended its narrow interests through moral and intellectual reforms. But beyond this there is a stronger case to be made for the singularity of the Nasserist bloc, a case that has been lost in the scholarship condemning Nasser's lack of democracy or socialism. This revolves around the simple fact that the Nasserist bloc was the first and last historic bloc in Egypt to be comprised of, and dominated by, a fraction that did not come from the wealthy class of elites with a history of accumulating

capital. While this fraction did continue the consolidation of the capitalist mode of production in Egypt, it did so by redirecting its trajectory. In other words, its articulation was changed, whereby capital was accumulated for different ends: national development, led by the state. Indeed by 1961, the state accounted for 90% of total investment, 75% of manufacturing value-added, and almost the whole of foreign trade. The state also employed 30% of the entire working population (Mabro and Radwan 1976, 40). This is a major shift in direction, considering the structure of Egypt's accumulation regime before 1952, where an agrarian fraction and foreign interests were accumulating vast amounts of wealth that were ultimately benefitting a small strata inside Egypt and in the center of the British empire. Similarly, the 1970s saw a return of this type of accumulation structure, whereby a small strata benefitted from accumulating massive amounts of capital. Only by looking at the structure before and after the Nasserist bloc can we come to terms with just how different this particular bloc was.

The norms, values and dispositions propagated by the Nasserist bloc provide one avenue through which we can understand why the bloc was particularly strong. In a previous section I discussed the ways in which the pre-1952 ruling class was extremely Westernized: foreign education, foreign languages, and foreign travels were seen as the markers of the ruling class. Consumption of luxury goods, displays of extravagant wealth, and a disparagement of local (read: popular) norms were rampant among this class. Even looking at the debates of traditional intellectuals during this period shows the extent to which European values and norms were seen as the model Egypt was to follow if it wanted to become modern. I also suggested that this type of ruling class was to return in the 1970s with the shift to the *Infītah* bloc: similar norms and values, expressed through similar characteristic. This can be explained by the return of a similar accumulation structure.

What were the dispositions favoured by the Nasserist bloc, and in which ways did they constitute this bloc as particularly strong? Here we need to look no further than the Free Officers themselves: most of these men hailed from the middle classes, and some from the lower middle classes. They had gained access to the Military Academy only because the institution had recently opened its doors to non-elites. They were, in other words, from the popular classes, and in a sense represented what Gramsci may call organic intellectuals. It is this concept of organic that I believe

describes this fraction within the bloc very well: they were not detached from Egypt's masses through Westernized education and consumption. The debates they engaged in and that they used to define their programs were debates that many related to: Egyptian independence, nationalism, land reform, accessible education and employment. Seeing this fraction as organic is one way of understanding its strong ideological pull. The men making up this fraction did not come from a class that was used to accumulating capital for personal gain.

This brings me to the second point that sets the Nasserist historic bloc apart from the other ones. The difference between this bloc and the previous ruling class, or this bloc and the following bloc, is not the existence of capitalism as a structure of accumulation. This was constant throughout, starting with the period following Muhammad Ali. What was distinctive was the ends to which this accumulation was directed. As Abdel Malek noted, "As the state provides about 90% of new capital formation, it can obviously impose its own priorities on economic developments," (1968, 34). The Nasserist bloc redirected this capital towards nationalist development projects and the cultivation of new fractions that depended on the public sector. It curtailed the agrarian fraction that accumulated capital through exploitation and for private gain; and also curtailed the power of foreign capital. It is true that by the 1960s the bloc was no longer able to prevent the emergence of a class that, once again, resorted to capital accumulation for private gain. But this does not detract from the fact that the articulation of capitalist accumulation under the Nasserist bloc was significantly different.

While the Nasserist bloc ultimately failed in its attempt to rearticulate Egypt's relationship to capitalist development, I argue that this cannot be explained by focusing solely on Nasser. It was not his hunger for power nor was it that he used socialist rhetoric to disguise his real capitalist goals. I believe the failure can be explained by returning to the structure-agency debate. The Nasserist bloc was ultimately unable to overcome the global capitalist logic of uneven development, a logic that not only set the conditions within which the bloc had to navigate in 1952, but which also created the single event that was to turn the balance of social forces away from nationalist and state-led development: the 1967 Israeli war. Hinnebusch has written: "The state Nasser built is used increasingly for purposes different from those for which he shaped it and, also increasingly, forces inside and outside of it are altering it," (1981, 443). This is where the story

of the Nasserist bloc ends. This was the one moment in modern Egyptian history where there was an attempt to alter the structures of production and accumulation in ways that benefitted more than just a handful of Egyptian and foreign capitalists. The two historic blocs that came after this one were to return Egyptians to a position of subservience, not only to global capital but to a small class of native capitalists for whom accumulation was never to be thought of as a process that should benefit all Egyptians.

This chapter has countered some of the main theorizations on the Nasser era in an attempt to historicize it through the concept of a historic bloc. The Nasser era is represented as constituting a complete break from the previous era, with new structures and new social relations. I have argued that while the Nasserist bloc did not constitute a complete break, there were also significant changes in the ruling class and in Egypt's political and economic trajectory. This new bloc—while still within the parameters of the capitalist mode of production—produced a different articulation than had existed under either Muhammad Ali, his successors, or British colonial rule. I ultimately argue that the conditions of global capitalism at the time prevented the continuation of state-led capitalist development. This type of debate has been absent in much of the recent literature on Egypt, where structural or capitalist analysis is missing, and thus my debates throughout this thesis address this gap. The transnational dimension is thus integral to my approach, as well as the structure-agency dialectic, particularly clear in my discussion of Bank Misr. Moreover, the focus on the impact of colonial rule also sets my work apart, in particular my discussion on the establishment of land as a commodity, the introduction of wage labour, and the ways in which this continues to impact capital-labour relations in Egypt.

This chapter also addressed a key debate in the literature that focuses on defining Egypt's economic system under this bloc. Rather than seeing Nasser's policies as driven by a desire to stay in power—as some of the literature on this period assumes—I instead look at the ways in which his economic changes were caught in structural limitations, and how the agency of both fractions of capital and labour affected this. Indeed my attempt to situate labour historically and as made up of fractions is also unique in the literature on Egypt. Moreover, I critique approaches that see Egyptian workers as lacking in political consciousness by locating workers within the nationalist movement against colonial capital.

Using the concept of historical non-linear time, denoted through changes in production, I was able to center the question of agency. Much historiography has focused on the challenges that faced the Free Officers from outside, and less on the structural divisions within the new ruling class. I was able to do this using the fractions of capital approach. The main factors behind the 2011 revolution can be located at various junctures, and as they do not build off each other in a mechanical way, production is a useful tool through which to locate them. This chapter aims to locate the junctures that were present during the Nasserist bloc, and ends by arguing, against much of the literature in the field, that the *Infatih* historic bloc had its roots in the late 1960s when social forces favouring liberalization began to dominate.

4

The *Infitah* Bloc

4.1 Introduction

“I come to you along the path of Gamal Abdel Nasser; for I consider your decision to nominate me for the Presidency of the Republic as a direction for me to pursue the path of Gamal Abdel Nasser. And if the vote of our masses in the general plebiscite will be “yes,” I shall consider this as an order to me to pursue the path of Gamal Abdel Nasser which I declare before you, in all honesty, that I will continue to follow, whatever the case may be and from whatever position.”

– Anwar el Sadat’s address to the National Assembly on October 7, 1970.

“Egyptians responded with disconcerting quiet to Sadat’s assassination. When Sadat’s predecessor, Gamal Abdel Nasser, had died a decade earlier, crowds had poured into the streets to grieve at the death of a leader routinely denounced in the United States as either a fascist or a communist. In the days following Sadat’s assassination Egyptians went about celebrating a religious holiday as though nothing had happened.”

– Robert Baker (1990, 2)

“At the time, a good many people in the West saw the assassination of Sadat as just another of those apparently senseless acts of violence which have destroyed...so many prominent public figures. Nothing could be further from the truth. The forces that conspired against Sadat were just as much a part

of the mainstream in Egyptian society as were the forces which overthrew the Shah from the mainstream in Iran. This was tragically and graphically illustrated at his funeral, when he was taken to his grave by a most imposing galaxy of foreign statesmen, including three former Presidents of the United States and the Prime Minister of Israel, but with only a handful of his own fellow-countrymen as mourners.”

– Mohamed Hassanein Heikal (1983, x-5)

Egyptian films and literature are full of references to the Sadat era and the rapid transformation of society that occurred at this time. This change was often represented by a specific group of businessmen that emerged during this time, a group I refer to as the *Infitah* fraction. Their families and social circles are shown as rich beyond imagination, decadent, Westernized, and extremely aware of their (newly achieved in a short amount of time) heightened position in society. Many are portrayed as drug dealers or corrupt businessmen who managed to make millions quickly, and whose culture and values did not transform fast enough to “keep up” with their material gain and concurrent rise in society. The term *nouveau riche* functions as a way of demonstrating that this new bourgeoisie did not come from “old money” or from the old royal or agrarian aristocracy; that their values and culture were not as refined; and that their money was often made in illicit ways.

These differences, portrayed in popular culture, are one of the ways through which we can trace the rise of a new historic bloc, one that is very distinct from the Nasserist bloc. On the one hand, it is clear that a new bloc became dominant around the time of *Infitah* and that a certain fraction that accumulated wealth in different ways began to dominate. Because of this, the mode of accumulation as well as the social relations arising from it—norms, dispositions, values—were different from the previous bloc. On the other hand, we see a pushback against this new fraction, these new forms of accumulation, as well as the resulting norms, from different parts of society—certainly classes who did not have access to this wealth, but also segments of the previous historic bloc. Indeed when we see the emerging distinction between “old” and “new” money we can clearly see the disjuncture between two historic blocs.



President Jimmy Carter stands center stage flanked by Egyptian President Anwar Sadat, left, and Israeli Prime Minister Menachem Begin as the three leaders shake hands following the signing of the Middle East peace treaty at the White House in Washington, March 27, 1979.⁴⁹

Yet this new historic bloc that emerged was different from the Nasserist bloc in one other way: it did not manage to achieve the same level of hegemony the Nasserist bloc had achieved. I argue that while there was the clear emergence of a new historic bloc and that while this bloc was certainly hegemonic, it was *less hegemonic* than the Nasserist bloc. My argument about hegemony in this chapter is therefore one that focuses on degree. With the *Infatah* bloc we do not see the same level of acceptance of the ideologies propagated by the bloc, and this raises questions about the decline in hegemony, something I will touch on later. Despite this difference,

⁴⁹ Source: <http://blogs.denverpost.com/captured/2013/07/09/egypt-1952-revolution-free-officers-movement-military-rule/6183/>

there is little doubt that the new bloc ruled over one of the biggest transitions in modern Egyptian history. In particular, the new fraction of capital that emerged is infamous for its rapid rise to riches through new forms of accumulation, as well as the new norms and values it embodied. As a group, it represented Egypt's transition to free market capitalism, even as many processes associated with the free market occurred in the late 1990s. This group also represented the emergence of an intensified form of corruption at the level of business and politics, following the increasing presence of financial capital within the bloc.

The historic bloc that rose around the time Anwar Sadat was president is often located either at the start of his presidency or with the passing of the first *Infītah* law in 1974. I argue, however, that the scene was set in the mid-1960s when there was the emergence of a new fraction within the ruling class that favoured a free market economy. The 1967 defeat to Israel gave this new fraction the momentum it needed to defeat the competing fraction that favoured state-led capitalist development. Thus the new bloc was one centered on opening Egypt's economy and liberalizing it. In other words, the narrow interests that had to be presented as universal in order to form a historic bloc were those pertaining to a free market economy.

The center of the ruling class was what I call the *Infītah* fraction, a fraction of capital made up primarily of businessmen working within real estate, finance, and speculation. This fraction dominated, but other fractions were also active during this period, notably the agrarian fraction that had been side-lined by the Nasserist bloc. An industrial fraction existed, although further weakened by *Infītah*, and the public sector fraction remained about the same size as under the previous bloc, although *Infītah*'s focus on the private sector would eventually weaken those who accumulated capital through the public sector. For a historic bloc to exist, there must be fractions of capital and fractions of labour within it in order to properly extend its hegemony. And yet it appears that this bloc's hegemony was weaker than the Nasserist bloc, and that the bloc that came after this one was altogether non-existent—the ruling class failed to create a bloc or hegemony. This is the major tension that I explore in this chapter: what accounts for the weaker hegemony of the *Infītah* bloc?

Another defining feature of this historic bloc is that we begin to see the crucial connections between national, regional and transnational capital vis-à-vis Egypt's ruling class. Under the Nasserist bloc, foreign capital played a diminished role as compared to under British colonial rule. Under

this bloc, however, foreign capital was to return to its prominent position in Egypt, something that had an effect not only on material processes but also on norms and dispositions, particularly of the ruling class. Indeed this ruling class managed to transform Egypt's economy and thus achieve their own narrow interests largely because of the growing power of transnational capital. The connections forged between national and transnational capital will be a central focus of this chapter.

The final aspect I focus on in this chapter is to elaborate on the moral reforms this bloc attempted in order to transcend their narrow interests, establish a bloc, and create hegemony. The 1970s and 1980s are particularly famous in Egypt for the emergence of a new class and the ways in which their norms and values differed dramatically from other classes, as well as from the ruling class of the Nasser era. I want to concretely show the ways in which this new fraction reproduced very new and distinct changes in identity by focusing on the moral reforms they put forward. Because the ideational is always grounded in the material, these changes need to be located vis-à-vis changes in production. This analysis will be done in part through an analysis of the new fraction and in part by looking at particular novels and films as representative of popular culture; the *Infital* fraction is one that has been widely covered through literature and film, and particular attention will be paid to the divergences from the Nasserist bloc in order to highlight the dramatic shift in fractions of capital.

4.2 1967 and a New Balance of Social Forces

“Theoretically, anyone could become wealthy as long as they had the ability and determination. Opportunities were open to all classes of society,” (Aulas 1982, 12).

The 1967 defeat to Israel as well as Egypt's deteriorating economic situation both resulted in a turning point in Egypt's trajectory, in large part because it rebalanced Egypt's social forces and thus led to the emergence of a new historic bloc. Prior to this, Nasserist social forces that supported state-led capitalism and development—through a strong public sector—had dominated. These forces had succeeded in strengthening the public

sector, undercutting the power of the landowning bourgeoisie, reducing the influence of foreign capital, and pushing for industrialization based on an ideology of national capital. However by the late 1960s the structural constraints facing Egypt demonstrated that development along the lines envisioned by the new regime was impossible. Egypt's debt had risen tremendously, economic growth had slowed down, and the Israeli defeat was a major shock to the country. The war and the defeat represented the first time that the Nasser regime and Nasser himself experienced such low levels of public support. The war was a blow to the legitimacy and popularity of the regime and thus provided an opening to oppositional forces. Indeed it was during this time that various segments of society turned towards Islamism in an attempt to make sense of what had happened, and where to go next. Other segments turned to economic explanations and pushed for a new market approach as the solution. The war coincided with a general economic downturn and thus was a useful pretext for the reorganization of the Egyptian economy. As Cooper notes, bringing these two arguments together, the war forced the reorganization of interests within the economy for political reasons (1979, 484). The shock brought about by this event in particular created the momentum needed for social forces that were continuing along Nasser's path of state-led capitalism and that instead favoured turning towards the free market.

Ibrahim Aoudé has argued that the structural changes under Nasser marked the beginning of capitalist development in Egypt⁵⁰ and that Sadat merely continued this under different conditions (1994, 1). Aoudé argues that the 1967 defeat marked a turning point after which the class fractions involved in national capitalist development through state capitalism decided that structural changes were necessary. This, he continues, gave an impetus to seemingly dormant fractions of capital that pushed for Egypt to be integrated into the global economy. These fractions had already begun pushing back against the Nasser regime's economic policies, and finally had the chance to re-exert control over the economy. It was these forces that came to dominate under Sadat: "The Sadat period saw the reversal of national capitalist development under new conditions," (Ibid).

⁵⁰ This is questionable given the history of colonialism in Egypt and the ways in which Egypt had already been integrated into the global capitalist system before 1952, as will be demonstrated in the next chapter.

Moreover, it is notable that some of the fractions of capital that were repressed under Nasser returned to prominence under Sadat, mixing with the class fractions that had been dominant since 1952. Similarly, Nazih Ayubi has argued that the changes in Egypt's political economy did not simply result from the change in leadership from Nasser to Sadat; rather this movement was already happening when Nasser was in power, and in particular following 1967 (1982, 280). Ayubi points out that the war was what eventually tilted the balance in favour of the fractions of capital that wanted a strong private sector: "The managerial and technocratic elite, together with the middle and petit-bourgeoisie—who, in the final analysis, were the main beneficiaries of most of the changes that took place in the fifties and sixties—were now in revolt against the very socialist ideas and 'étatiste' policies that had led to their eminence and to their flourishing position," (Ibid).

The important point is that the multiple shifts that occurred during the transition from Nasser to Sadat—mainly that different fractions of capital began to dominate—were the result of processes that had taken place during the 1950s and 1960s. Because of the alleged "failure" of Nasser's program of state-led capitalist development, the rationale for shifting to free market capitalism became more convincing, thus emboldening social forces who supported this shift. Sadat emerged as the leader that would support these social forces.

4.2.1 Shifting Ideologies and Shifting Materialities

Anwar el Sadat came to power after Gamal Abdel Nasser passed away from a heart attack. One month after taking over the presidency, Sadat outlined the main elements of his political and economic program in a statement to the National Assembly. These included: completing the base of a heavy industry in Egypt in order to guarantee that the economy would be an industrial one; transforming scientific agriculture and achieving self-sufficiency; freeing the Arab lands that had been conquered by Israel in 1967; achieving socialism; acting as part of the non-aligned and liberation movements across the Middle East, Africa, and the rest of the world; and finally, consolidating Egypt's special friendship with the Soviet Union. Anti-imperialism and attacks against both Israel and the United States

were also included, in strongly worded terms. These themes were present in many of his early speeches, and it is difficult to miss the similarity to Nasser and the Free Officer's political and economic program—indeed, it seems a replica of it. This shows that at the start of the Sadat period, we still see a continuation in the rhetoric of industrialization, socialism, and non-alignment. Sadat often spent time emphasizing the continuity between himself and Nasser. This section focuses on the shift from Sadat's replication of the ideological arguments made by the Nasserist bloc, to a new set of ideological justifications. This represents the shift from one bloc to another, with the new bloc having a new set of narrow interests that it needed to morally and economically justify. These narrow interests were framed using a new set of ideologies. In order to achieve these new interests, the Nasserist project had to be represented as a failure and a new project had to be constructed. This section is therefore not simply about pinpointing the ideological justifications, but also asking: what were these ideologies being used to justify? In other words, what were the material changes that gave birth to a new set of ideologies?

Sadat's regime came to be known for a very different set of accomplishments from the Nasserist bloc: the liberalization of the economy, the peace treaty with Israel, and a turn towards the United States and foreign capital in general. One of Sadat's first moves in office was what became known as the "corrective revolution." Although this is credited to Sadat, the changes brought about can be traced to the previous historic bloc. It was in 1968 that a new reformist cabinet was appointed. The biggest change that this led to was the demilitarization of political institutions (Cooper 1979, 205). This was a sign of what was to come in the 1970s. The "corrective revolution" was to further demilitarize political posts in government, leading to a major shift in the amount of power wielded by the military. Moreover, the "corrective revolution" was to drastically reduce the force of leftists in Egypt, following multiple purges. Indeed many of these initially focused on purging the Nasserist elite—for example on May 14, 1971 when most of the ASU executive committee and a number of ministers were arrested—but soon moved to other social forces that had supported the Nasserist project (Aoudé 1994, 11). Simultaneously, it was clear by the 1960s that the agrarian fraction of capital that Nasser had attempted to dismantle—arguably succeeding to some extent—as returning to power, as can be seen from its attempts to infiltrate the ASU (Arafat

2009, 11). Indeed the ASU represented an important threat to the emergence of pro-free market forces, as key individuals that had formed the Nasserist bloc were part of the ASU, including Ali Sabri. In place of the ASU, the National Democratic Party (NDP) was created.

Alongside the social forces that were removed from centers of political power, we also see the consolidation of power within government posts on the part of the new social forces that had emerged over the past ten years. Lawyers and businessmen became more prominent in the new cabinets. An analysis of cabinets under Sadat shows that only 3.8% were military officers, 9% were technocrats, and 15% were economists—up from 9% (*Ibid*, 208). The posts occupied by military officers were dramatically reduced, and were now to be given only in areas directly related to military expertise. Sadat broke the trend of deputy premiers coming from the military when he appointed Mahmoud Fawzy—a diplomat—in the November 1970 cabinet and Abdel Aziz Higazy—an economist trained in Britain—in the 1974 cabinet. Starting in 1972, two of the most important ministries—Local Government and People's Assembly Affairs—were demilitarized.⁵¹ Despite this, Cooper rightly notes that the appointment of a military man to the post of Vice President (Hosni Mubarak) signalled that the new regime wanted to keep the channels with the military open (1979, 218). The demilitarization of the government will be discussed further on.

It would thus appear that a new type of individual was being appointed to government posts: economists and businessmen, often educated abroad. Yet Nazih Ayubi points out that many public sector managers appointed during the Nasserist bloc had been businessmen or economists who had trained in North America. This is a disposition commonly assumed to belong to the class that became powerful during the *Infitah* historic bloc. On the one hand, this proves that the shift towards a new historic bloc that favoured the free market was already happening under the Nasserist bloc, given that this type of individual was already being appointed to government posts. Indeed Ayubi argues that because many of these public sector managers had been trained in the West, they often had a bias towards free-market solutions to the problems of the public sector. Thus we see the seeds for the new historic bloc already

⁵¹ The 1973 cabinet was an exception—with a large number of military officers—but this can be explained by the October War. Soon after the war ended, key posts were returned to civilian politicians.

emerging in the 1960s. On the other hand, the fact that these types of individuals were present in cabinets throughout both historic blocs suggests that we need to look beyond such an analysis to pinpoint the exact differences between the blocs. Importantly, the class basis making up the new ruling class was clearly different from the beginning of the Nasserist bloc. In the latter instance, we see military men and bureaucrats from wide array of class positions—predominantly lower-middle and middle class—taking up key positions. By the *Infitah* bloc this had shifted to Western-educated economists and businessmen.

The demilitarization of public posts signalled a shift in the position of the military within Egypt's ruling class. If the 1967 defeat to Israel was key to shifting the balance of social forces and leading to the rise of a new historic bloc, the 1973 war was what cemented this shift. "It was during that year that Egypt's opening to foreign capital was consummated through a series of economic and political measures," (Dessouki 1981, 412). Hazem Kandil details the disastrous effects the war had on the country in his work on elites and the military in Egypt, arguing that an effort to reduce the military's power and protect his regime Sadat began to rely on the Americans as a counter-balance to the military. He gave them a series of concessions, mostly related to the Israel-Egypt conflict, which eventually resulted in Egypt signing the Camp David Accords following a resounding defeat in the 1973 war (2012). This defeat, according to Kandil, was because of the decisions Sadat made, without which Egypt would have won the war. "The president's plan had been to wage limited war, which was only meant to act as a catalyst for political settlement," (Ibid, 235). Sadat also used the war as a pretext to remove Kamal Shazli, an incredibly popular military officer that had risen through the ranks (Ibid, 256). Indeed Shazli wrote in his memoir that the defeat of 1973 had not been due to military incompetence: "Egypt's soldiers and Egypt's commanders were of a high standard and they fought well but they were let down by their political leaders," (Ibid).

Here we see the beginnings of a shift towards a new set of ideologies that were to expand the new bloc's narrow interests into universal ones. In the "October Paper" of 1974, Sadat explicitly blamed the military for Egypt's economic problems:

"Sadat blamed the military expenditure for the drop in Egypt's economic development, hinting – even before Sinai

had been recovered – that the defense budget will be substantially reduced. Sadat also made explicit overtures to Egyptian investors, signaling his intention to open up the economy. Sadat was aware that this was the class that supported his war strategy most. Even before the October War, there was a plain consensus among Egyptian capitalists that a future war should not impair their scheme to join the Western camp and partner with American investors,” (Kandil 2012, 261).

The military had already tried to move against Sadat when he came to power, when Field Marshall Muhammad Fawzy tried to organize a coup (Bou Nassif 2013, 510). Sadat, having gotten rid of influential military officers, proceeded to push the military towards economic investment and away from overt political life. Kandil argues that this was what depolitized the military, and that following this reorientation, Sadat had to find a different power base on which he could rely. For this he chose the United States:

“Sadat’s decision to shift alliances, substituting U.S. protection for that which has been provided by the military, was a well-calculated power strategy. Reliance on the military for the past two decades proved to be (to say the least) problematic, leaving the political leadership vulnerable to the convulsions of the officer corps. By contrast to the military and its mood swings, the U.S. offered stable support with only a few strings attached: peace with Israel, abandoning the role of Arab power builder, contributing to the global war to contain communism (and later Islamism), opening up the economy to foreign investors, and preferably signaling an opening of the political system. Sadat had no qualms with any of these demands, since none of them jeopardized his regime,” (Kandil 2012, 274).

This explanation by Kandil comes up against several issues, most importantly the question of how Sadat managed to so greatly underestimate the dangers of relying on the United States. The idea that the US “offered

support with so few strings attached” was doubtful at best. A second problem with Kandil’s hypothesis is that it puts the burden of decision-making on the individual and thus hides the social forces involved in these shifts. A more plausible explanation is that the social forces now dominating Egypt’s political scene supported a shift towards the US because it served their economic interests. In other words, the new historic bloc was committed to transnational capital through liberalization. It was not just a decision made by Sadat in order to protect himself, as Kandil suggests. Rather it was representative of the shift in social forces and the rise of a new bloc. Kandil writes: “Because Sadat wanted a loyal social base that owed nothing to Nasser, and because he knew that opening up the economy was a non-negotiable item on the American agenda, he resolved to entrust the ruling party into the hands of an emerging capitalist class,” (Ibid, 288). And yet this removes all agency from Egyptian social forces themselves and makes it seem that the move towards economic liberalization was the result of a US demand that Sadat gave into because he needed American support against the threat of the Egyptian military. This discounts the trend that had materialized since the late 1960s whereby social forces inside Egypt that wanted economic liberalization had begun to gain traction.

This brief sketch demonstrates two trends. First, the demilitarization of political posts, which was to foreshadow the shift within the military from being heavily involved in government to becoming more heavily involved in the economy. Second, the high numbers of businessmen and Western-trained economists in the cabinets during this period are one way of showing the constitution of this new bloc. As noted previously, however, a change in political positions is not enough to understand shifts between historic blocs. This needs an analysis of changes in production and accumulation. The new fraction of capital that became dominant accumulated capital through three main avenues: speculation, import/export, and real estate, something I come back to later. The point I want to make here is that many of the figures that amassed wealth through accumulating in these three ways were present in the cabinet. This was a new feature that eventually came to dominate this new bloc: the mixing between business and politics. This is not to say that *money* and politics were separate before but that during this bloc the appearance of what some have called crony capitalism was especially noteworthy. Rather than refer to this phenomenon as crony capitalism, however, I would see it is proof

that the new dominant fraction of capital favoured, or led to, the emergence of businessmen in government posts. This is in distinction to the previous bloc, dominated by the military, in which military men dominated government posts alongside public sector bureaucrats who aimed to accumulate capital through industrialization. We now see that businessmen, engineers and technocrats came to be highly represented, while military men were no longer dominant. This was not what brought about *Infītah* but was rather a result of a shift in social forces and the rise of a new historic bloc, which in turn led to the adoption of *Infītah* as its concrete new project.

The Nasserist project had to be represented as having failed in order for a new project to be proposed. This was one of the first steps the new bloc took to transcend their narrow interests through moral reforms. The framing of the public sector was key to this, as the public sector's performance was at the heart of this perceived failure. Some scholars, such as Ayubi, have argued that the dominant narrative is that by the 1960s the public sector was experiencing a crisis in financing resulting from the way the regime had structured it:

“Through the manner of its organization, the public sector was an expansion of certain, mostly inefficient, private enterprises. Its organization was not seriously reformed, nor was technical or political control over its activities enforced. It was also set up in isolation from any ‘political movement’ that might have directed and mobilized it, and because it had been established in the absence of, and unrelated to, any process of comprehensive national planning, it developed separately from the planning machinery,” (Ayubi 1980, 280).

In other words, the regime had not seriously reformed the structure of the public sector. The public sector was also under pressure because of the regime's promise to provide full employment to all university graduates. These criticisms were used as part of a push for a strong private sector that would replace the “failing” public sector. Ayubi urges us, however, to interrogate this now-dominant narrative; this interrogation is necessary precisely because this narrative has been used time and again to justify the free market project that the newly dominant fraction of capital was keen

on implementing. The argument can be made that in fact most public sector firms were neither inefficient nor performing as badly as they were out to be (Ayubi 1980, 282). Despite the lack of structural reform on the part of the regime, the public sector was not “failing” in any sense:

“One can therefore see that in spite of a variety of constraining factors, the public sector was functioning fairly well in the late sixties and early seventies, and in a way that did not at all justify the argument of that group of supporters of *Infitah* who wanted to see the almost complete dismantling of the public sector,” (Ibid, 282).

The new hegemonic project had to be based on selling off the public sector and shifting emphasis to the private sector. Similar to Ayubi, Kandil has argued:

“Another troubling aspect of this whole economic reform episode pertains to the very rationale behind the privatization program. The conventional account emphasizes how Egypt could not longer cover the losses generated by its failed public sector. Yet on the eve of the IMF program, 260 out of the 314 state-owned companies were profitable, only 54 were suffering losses, and the rest were breaking even,” (Kandil 2012, 352).

The need to represent the public sector in a certain way was an ideological move necessary to pave the way for the material shift of power from the public to the private sector. Without first reframing the public sector as failing, and connecting this to the Nasserist bloc, it would not have been possible to fulfil the new bloc’s narrow interest of shifting economic policy.

Connected to this was the move to construct the private sector as the solution, and this was based on the notion, or idea, of efficiency. In 1971, a specialized company was set up for hard currency foreign transactions. Workers in the already-existing trade company complained to the Arab Socialist Union—a key organization under the Nasserist bloc—

about this development, and a debate began in the National Assembly (Cooper 1979, 488). The records show that one minister defended the creation of a new company using the following rhetoric:

“The creation of a specialized independent company for the practice of free market activity and the business of selling foreign currency to citizens and commercial activity carried out in the import market accords with the plan of financial and administrative reform which the government assumed in the period following the aggression, acknowledging the fact that the new company has all the necessary facilities to be a successful company and the power to permit it to obtain a more appropriate price from the places of production as well as providing a greater opportunity for research and follow up and better evaluation,” (Ibid, 489).

He went on to point out that the old company had gone into a deficit when it attempted to assume free currency operations. Workers in the old company argued that “tying income to ‘work’ and ‘productivity,’ imposing economic criteria, would damage their interests in the structure,” (Ibid). Both the rhetoric used by the minister and the response by the workers hint at the changing ideological landscape as Egypt shifted from one historic bloc to another. The “practice of free market activity” was now a priority, and because the selling of foreign currency was crucial to this a new company had to be founded to handle this properly, implying that public sector companies would have been unable to do so.

The idea of efficiency was crucial to pushing for a private sector, and this case illustrates the ways in which they were used by the ruling class while also showing how they were resisted by fractions of labour that saw through the language of productivity. Indeed, as Cooper notes, liberalization policies targeted the public sector using the logic of efficiency. “This policy, when it impinged on the public sector, meant change in the distribution of resources—either between the public and private sectors, or among units within the public sector—and immediately raised political temperatures,” (1979, 488). It was politically controversial because any limitations put on the public sector were seen as an attack on the socialist

nature of the Egyptian economic structure, and thus an attack on Nasserism. As Sidqi states:

“Such a sector (the public sector) cannot be ruled by the restrictions which rule government departments and the system of work in it cannot be developed in a manner which brings it within the scope of government control and thus loses its basic element of success. Consequently, this sector has to be managed on scientific and practical principles,” (Ibid, 492).

The use of scientific management as a tool for *evading* government control is a marked departure from the common usage of scientific management as a means of achieving Arab socialism. We can recall here how Sadat initially propagated the ideologies used by Nasser in order to capitalize on their popular currency, even as over time the terms started to take on new meanings as the new bloc emerged. “There was a particular emphasis on the theme of continuity with the principles of the 1952 revolution: that the *Infatih* is not a retreat from socialism but rather a policy for achieving the same goals,” (Dessouki 1981, 410). This points to the fact that the new historic bloc was aware of how powerful the Nasserist bloc had been. Nationalism, Arab socialism and anti-imperialism were strong ideologies that emerged from the hegemony of the Nasserist bloc, and these did not only win over allies in the ruling class, but throughout society. Notably, the first *Infatih* laws did not specify that any economic principles would be changing; rather, they emphasized that the *means* of achieving those *same* economic goals were what would change. This began to change as the new bloc consolidated itself materially.

The transformative effects of *Infatih* were tremendous, and these changes mark a clear distinction between the two blocs. Changes in institutions were key here. Take the legal system, for example. Attracting foreign investment meant that Egypt needed a strong independent court that could guarantee foreign companies legal protections. Tamir Mostafa has argued that it was for this very reason that an independent constitutional court was established: the Supreme Constitutional Court (SCC) (2003, 885). Because of the Nasserist bloc’s nationalizations, the new bloc had to ensure investors of guaranteed protection of property rights:

“Private property shall be protected and may not be put under sequestration except in the cases specified in the law and with a judicial decision. It may not be expropriated except for a public purpose and against a fair compensation in accordance with the law. The right of inheritance is guaranteed in it.” (Article 34)

“Nationalization shall not be allowed except for considerations of public interest, by means of law and with compensation.” (Article 35)

“General confiscation of property shall be prohibited. Special and limited confiscation shall not be allowed except with a judicial decision.” (Article 36) (Ibid, 890)

The SCC ended up being a key player in recording violations by the Sadat and Mubarak regimes. The SCC legalized the existence of many opposition parties, and ruled in favour of press freedom numerous times. Thus on the one hand, the SCC ensured property rights and the dismantling of the Nasserist bloc’s social welfare policies; while on the other hand it emerged as a key voice against the repression of this bloc and the next.

This section traced the rise of new social forces and their coming together as a new historic bloc. The narrow interests of this bloc had to be represented as universal and as applying to different fractions of capital and labour in order for the bloc to be strong enough to exert hegemony. The next section looks at the context within which the dominant fraction of capital drew legitimacy from: transnational capitalism and the emergence of neoliberalism. The following section argues that this fraction’s ideological power was too weak to convince other fractions of their own narrow interests, thus failing to create a hegemony as strong as Nasser’s.

4.3 The Emergence of Neoliberalism and Transnational Capital: *Infītah* and the Egyptian Economy

“The program of “structural adjustment” these organizations have attempted to impose on Egypt aims to dismantle the system of state subsidies and controls. Prices Egyptians pay to consume, or receive for producing, food, fuel and other goods, are to reflect prices in the international market. Yet it hardly needs pointing out that world prices for many major commodities are determined not by the free interplay of “private” market forces but by the monopolies or oligopolies organized by states and multinational corporations,” (Mitchell 1991, 30).

A central thread tying together the new project of the *Infītah* bloc as well as transnational capital and the emergence of neoliberalism at the global level is the process of liberalization, a process that has political, economic and social dimensions. This process was central in connecting the new historic bloc to transnational capital, and this connection was a defining feature that set this bloc apart from the previous one. The expansion of this process in Egypt under this new bloc must be contextualized within a global move towards liberalization, which had become a form of common sense. Springborg writes:

“From Morocco to Iraq, Arab polities and economies appear to be liberalizing. The holding of comparatively free elections, easing of media censorship, and invigoration of associational activity have accompanied relaxation of political control by single parties. Economic liberalization has paralleled these political changes,” (Springborg 1990, 447).

The literature on Egypt has often discussed liberalization from the perspective of political changes, with many arguing that the Sadat and Mubarak years witnessed increased freedoms in terms of civic rights. This is accompanied by the assumption that these expanding political freedoms are connected to the expansion of the free market, based on the theoretical

notion that transitioning to a free market automatically leads to democratic transition. While any analysis of the changes that occurred in Egypt during the 1970s and 1980s would be incomplete without a discussion about liberalization, I do not subscribe to the idea that it is by default connected to a transition to a free market system. It is important to interrogate its underlying assumptions and the ways in which dominant conceptualizations of political economy shape our notions of progressive and regressive economic systems. Liberalization should be placed within a specific strand of theorizing that favours the free market and neoliberal policies as the most progressive way of ordering an economy. Liberalization comes with its own baggage, in other words.

The transnational question comes in very explicitly with regards to liberalization. Liberalization refers mainly to a reduction in the government's role as director of the national economy, whereby deregulation, reliance on market forces and disinvestiture are emphasized instead and the government's ability to distribute welfare to society is reduced (Tschorgi 1996, 9). This economic definition also has political ramifications, and liberalization has come to be associated with participatory and liberal democratic systems of governance. "Liberalization cannot be a simple mechanical imposition. At best, it is an orientation whose concrete manifestations must be worked out in a process of accommodation between various power centers in any given society," (Ibid, 10). Because the discussion on neoliberalism necessitates a much deeper probing than this—which I have presented in the previous chapter—suffice it to say here that there was a clear push from the new fraction of capital for the implementation of a free market system along with the expansion of the private sector.

The shift towards liberalization did not happen in Egypt alone but was part and parcel of a global shift towards neoliberalism that was solidified through the Washington Consensus. The liberalization of the economy began to happen across the Arab world during the 1970s and 1980s, with visible effects materializing in the 1990s:

"Privatization, currency devaluations and partial flotations, rejuvenation of capital markets, reductions of subsidies on basic consumer goods, and other elements of economic liberaliza-

tion packages have been adopted in varying degrees in the political economies of the Arab republics and, to a lesser extent, in the Arab monarchies,” (Springborg 1990, 447).

These moves were supported by a growing international consensus that development and economic growth were to be achieved through integration into the global capitalist economy (Springborg 1989, 3). The idea that privatization and competitive markets were more effective for economic development than state-controlled economic systems became “common sense,” (Springborg 1999, 99).⁵² Protectionism, import substitutions strategies and trade barriers were all seen as hindering growth. Alongside these changes, developing countries received loans and aid in return for “good behavior”—i.e. the willingness to reform along the lines stated above.

In the quote above, Springborg outlines what the literature views liberalization with regards to the Middle East. Politically, free elections, less media censorship, associational organizations and the lack of one-party rules are what demonstrates that a country is liberalizing. Economically, privatization, currency devaluations, partial flotations, rejuvenation of capital markets, and the reduction of subsidies on basic consumer goods are indications of liberalization. In the same article, Springborg goes on to lament that Arab countries would not undergo a “thorough liberal transformation” engineered by an entrepreneurial bourgeoisie—*as happened in Europe*. Thus the teleology is made clear, as well as the assumption that Arab countries should follow the path Europe followed in the 18th century. Because the Egyptian bourgeoisie is split between those who favour the public sector and a more protectionist approach, and those who want to liberalize, the state continues to be a barrier to the establishment of a free market (1990, 447). This view is opposed by scholars such as Ellen Trimberger, who argue that the economic power of a capitalist class that is in a position of dependency vis-à-vis the global system will only create conflict and thus lead to the state becoming more authoritarian (1978, 166).

In an article he wrote on the 2011 revolution, Springborg once again returns to the question of liberalization, this time framing his debate

⁵² It is important to note that specific class fractions in Egypt used this to push for their interests, as I will demonstrate in the following section

through the concept of democratic deficits (2011). He lists these deficits as Egyptians being too young, too rural, too poor, too lacking in a middle class, too insecure, too poorly educated and trained, and too dependent on the government. Thus the liberal assumptions of his scholarship are made clear once again. Poor governance is yet another key aspect of his argument, and needless to say he does not mention either the global capitalist system nor unequal global relations as barriers to Egypt's ability to democratize. He states: "The two most vital tasks of governance in this regard are assuring macroeconomic stability, and the security of the person and of property rights," (Ibid, 91). The security of the person and *of property rights* is telling. Even his call for a focus on macroeconomic stability does not engage with the prominent critique that this understanding of the economy eludes social justice or redistribution as part and parcel of stability. Moreover, his concern about the private sector and attacks on businessmen demonstrate once again his assumption that a strong private sector and weak state—key to liberalization—should have been the outcome of the revolution. At the end of his article, he notes that Egyptians are more occupied with "economic concerns" rather than democratization (Ibid, 92). In other words, there is apparently no connection between economic justice and democracy.

Perhaps what is most surprising about his analysis is that the Egyptian bourgeoisie is in no way connected to transnational capital. In fact, the problem appears to be precisely that the Egyptian state is preventing Egyptian businessmen from engaging in and developing a strong private sector. This is not an uncommon assumption in much of the literature on Egypt. Designating the Egyptian bourgeoisie as "crony capitalists" implies that the problem is corruption in Egypt rather than the process of capitalist accumulation itself and, as was to happen further on, the development of monopoly capitalism. Getting rid of corrupt practices is thus presented as the solution. The Egyptian bourgeoisie is presented as though detached from the global economy, and the role of transnational capital appears to be non-existent. What this section aims to show is that, in actual fact, it is impossible to tell the story of Egypt's ruling class during this historic bloc, as well as afterwards, without speaking of the transnational level.

What was *Infatih* exactly? Because moves towards economic liberalization had already started under Nasser, the announcement of *Infatih* in 1974 did not mark the beginning of the trajectory, although it is important as a concrete move towards a new economic project. As noted previously,

the new laws were presented as new means of achieving the *same economic goals* that had been outlined by the previous historic bloc. Initially, it was announced that private capital would not be allowed to dominate the public sector and that foreign investment would not be allowed in strategic national industries—by the 1980s all of these restrictions were removed (Ibid).

Law 43 of 1974—“The October Paper”—was the legislative basis for *Infatih*. This law created free zone areas in Port Said and other Suez Canal cities, legislated for the relaxation of exchange laws and the facilitation of the repatriation of profits, allowed the private sector access to the parallel market, and curtailed the state monopoly of foreign trade (Hamed 1981, 3). The main aim of this law was to attract Arab and other foreign investment. Combined with Law 32 of 1977, the aim was to redefine what the private sector’s role was and to push for economic liberalization. Sadat announced that the private sector was to become the priority, even though the public sector would remain. As will be shown in the following chapter, Nasser did not remove the private sector; instead he regulated it and expanded the public sector. Sadat’s *Infatih*, on the other hand, did the reverse: more power was given to the private sector, notably by centering foreign investment, and the public sector began to be regulated through principles of profitability. Moreover, Sadat encouraged those who raised questions about the efficiency of the public sector, such as Minister of Finance Ahmed Abu Ismail, as part of the ideological attack on the public sector (Hinnebusch 1980, 455). This, importantly, does not mean that the public sector became irrelevant; rather it shows the ways in which it was realigned to the emergence of the new historic bloc and the new hegemonic project.

Over 100 laws were drafted in total, targeting almost all sectors of Egyptian political and economic life (Ayubi 1980, 281). By December 1978, 591 enterprises and 312 free zones were approved as part of the *Infatih* project, and the total capital involved amounted to over LE 2085 million. 65% of this capital went to distribution and services, and 35% to commodities (Ibid, 282). Prior to the 1974 announcement of the *Infatih* laws, there were already clear signs indicating the shift in policy. Foreign investors were guaranteed that their businesses would not be confiscated and did not have to pay income taxes for the first five years (Dessouki 1981, 411). In 1972, a preferential trade agreement was signed between Egypt and the European Economic Community. Soviet military advisors were ordered to leave Egypt, and diplomatic relations with West Germany

were resumed. In 1973, the term “open door policy” was used for the first time in an official government statement (Ibid). Law 65 of 1971 allowed foreign capital to invest in an extensive number of areas that had previously been off-limits (Ibid). And finally, commercial banks were allowed to deal in convertible currencies at a higher rate without having to get permission from the finance ministry (Ibid).

An increase in investment was key to *Infītah*. Indeed on March 27 1977 the newly created Investment Authority approved 102 projects in five hours (Waterbury 2014, 145). There is nothing problematic in this per se, but in this instance, over 81 per cent of total investments were being directed to nonindustrial sectors such as services and tourism (Moustafa 2008, 137). Samer Soliman confirms this by pointing out that structural changes in the Egyptian economy after 1974 led to the growth of traded goods and services at the expense of traded commodities (1998, 13). He argues that Egyptian capitalists did not invest much in industrialization during the early years of *Infītah* and that this was a rational choice given the economic conditions of the 1970s: the Egyptian economy during this period was characterized by a situation in which windfall earnings paved the way for a rise in the prices of non-tradable goods. Investments in industry yield long-term results and thus require confidence in the economic and political stability of the country, which Soliman argues was missing during the early years of *Infītah*. Moreover, this fell on the shoulders of the state, which did not actively encourage investment in industrialization (Ibid). On top of this, Egyptian capitalists who did not have foreign currency had to wait longer to gain the advantages given to foreign investors, thus indicating that the priority was not national but foreign capital. One should add here that foreign capital is more likely to invest in projects with a quick profit trajectory—industrial projects were therefore not on the top of the list.

Despite this, Soliman goes on to argue that Egypt did experience accelerated industrialization in the latter part of *Infītah*, a process that continued throughout the 1980s and 1990s: the share of industry in GDP increased and the rate of growth of industry also increased and was above that of numerous other sectors (Ibid, 16-17). The reasons behind this acceleration were the private sector and the investments made by industrial capitalists: “The tendency of the state is retreat from investing in industry was counter-balanced by the orientation of the private sector towards investing in industry,” (Ibid, 19). The share of the private sector in industry

rose from 36.9% to 55.6% in 1989/1990 (although this was also due to increased privatization of public sector companies) (Ibid, 21). Industrialization began to slow down following the IMF's structural adjustment program in 1992, since the package involved policies that had negative effects on industrial investment (Ibid, 24).

However, it is important to point out that this industrialization process relied on foreign goods and capital in several ways. For example, whenever foreign exchange reserves were low, it became difficult to import needed materials. This was a problem because, as Soliman notes, Egyptian industry was highly dependent on imported machines and equipment (Ibid, 23). Another example is the production of motor vehicles. During the 1960s there was one national company producing cars in Egypt. During the 1980s and 1990s, there were thirteen *foreign* companies producing cars in Egypt. While it is true that they used locally-produced components and created local jobs and that local businessmen provided 50% of the capital, the fact that they were foreign is a notable shift from the Nasser period (Ibid, 28).

A fraction of capital centered on accumulating capital through the private sector was therefore an inevitability given these changes in direction. As Hinnebusch notes:

“*Infatih*, the American connection and the peace treaty, all serve bourgeois interests first, bringing the revitalization of the private sector, free access to western cultural and consumer goods, and the chance to get rich. Thus, in general, the private bourgeoisie has many reasons to support Sadat, and, by and large, has done so,” (Hinnebusch 1980, 457).

The transnational connection is made clear here, whereby the turn towards American capital and the peace treaty with Israel are contextualized as events related to the emergence of a new Egyptian ruling class. Indeed the new bloc's shift towards the United States became increasingly clear over time. Aside from the fact that Sadat considered David Rockefeller an economic advisor (Kandil 2012, 293), Egypt also began to import massive amounts of American goods—\$2.8 billion between 1974 and 1984, even while Egyptian exports to the US were worth only \$33 million (Ibid).

American banks in particular profited greatly from *Infatih* (Ibid). Here protectionist policies made a difference between the ways in which the US and Egypt benefitted:

“US protectionism was a major issue, especially since the US was Egypt’s main trading partner. Egypt was caught in the impossible situation whereby it accepted donor advice to promote its exports, phase out import restrictions, and discontinue bilateral trade, and yet was prevented from making the expected transition to the status of a semi-industrialized mixed-economy exporter. Unless Egypt’s new aid and trade partners give special treatment to the exports from Egypt’s textile industry, the dominant source of comparative advantage, employment and linkages in the economy, there can be no prospect for Egypt to redress the balance between its exports and imports, or close its savings gap,” (Ibid, 120).

The USAID program was also set up during this period, and although it was sold as beneficial to Egypt, most of its funds went to paying American personnel and consultants, and it insisted on the right to determine Egypt’s investment priorities. Some have argued that this partially explains why there was a clear lack of investment in industry during this period (Handoussa 1990, 110). The US government has repeatedly stated that Egypt’s mismanagement of the national economy is to blame for skyrocketing debt, while Egypt has argued that the USAID program is largely to blame (Ibid). Handoussa argues: “The concept of ‘no strings attached’ is false—indirect costs have been significant in the form of excessive US consultancy services imposed by the donor, procurement conditions stipulating the use of often overpriced US goods and services, and finally donor selection of project priorities often at odds with Egypt’s priorities. This has resulted in the emergence of an inflated USAID bureaucracy often referred to as Egypt’s shadow cabinet,” (Ibid, 110). It is important to note that the US attached \$1 billion in arms trade money to the \$1 billion in economic aid. Soon after Camp David, Egypt had to pay \$650 million *in interest alone* to service the debt.

The extent to which USAID money benefits American capital above all cannot be overstated. US corporations receive the bulk of this

money, with more than half of the aid package spent on US goods, primarily grain (Mitchell 1991, 30). Egyptians may benefit from such aid in the short run, but it has created a dependency on importing US food products and equipment, as well as accumulating massive amounts of debt (Ibid, 31). Nobody has characterized this relationship better than Timothy Mitchell when he wrote: “USAID operates as a form of state support to the American private sector, while working in Egypt to dismantle state supports. None of this is explained in the discourse of USAID itself, which pretends to stand outside Egyptian politics, conducting merely a “dialogue” at the rational, detached level of “policy”,”(Ibid). This is indeed characteristic of almost all developmental interventions in Egypt. These power dynamics cannot be left out of the story, as they show a set of winners and losers contrary to the usual development discourse that posits the non-West as victim.

Aside from the effects on the development industry, the growth of the USAID program in Egypt also indicates the expansive role transnational capital was now to play. This bloc found itself in a very different geopolitical situation than the Nasserist bloc. Although the latter had to confront America’s anti-Communist hysteria, the world was not yet clearly aligned towards the US as the new unilateral global superpower, and neoliberalism had not yet been solidified as economic orthodoxy. The *Infatih* bloc on the other hand saw the opportunities presented by US hegemony, and indeed the major activities of the Egyptian economy during this bloc show this: speculation, rents, and a turn towards finance capital are all connected to the increasing role of neoliberal capitalism at the global level.

The expectations surrounding *Infatih* were high among certain segments of the ruling class. Osman A. Osman, for example, claimed that the Canal free zone was attracting a lot of interest: “At least twenty of the world’s largest contractors have come in to see me in the past month. There is lots for everybody,” (Hamed 1981, 4). However, at the same time, the ruling class had to ensure that there was enough domestic stability to attract investment. “When a ruling elite decides to pursue a development strategy based on foreign aid and capital, it follows that all necessary steps will be taken to assume and entice its creditors. And the more dependent on others, the more vulnerable to their pressure a country becomes. This is especially true in developing countries whose leadership fails to produce coherent development strategies,” (Ibid, 413). External influences have

been constitutive of *Infital* from the very beginning, since it relies extensively on neoliberalization, and in particular privatization through foreign capital. This is opposed to the Nasserist bloc and even Egyptian capitalists of the 1920s and 1930s who tried to avoid foreign capital through forming Bank Misr.

By 1975, liberalization was moving ahead and there was a debate about how far free market policies should extend. Some argued that international capital should dictate all sectors of the economy, including subsidies. This would force public sector companies to operate according to the laws of profitability and would ensure that the state would no longer offer subsidies on a large scale. Others argued that this was too drastic and that it would create deep class tensions. As pressure from transnational actors, including the IMF, pressed Egypt to remove subsidies and float the pound, the ruling class began to experience tensions over how to deal with the liberalization of the economy. Those who resisted the pressure to liberalize completely, such as Minister of the Economy Zaki Shafei, were dismissed from their positions (Ibid, 456). By 1976, both the Minister of Economy (Hamid Sayeh) and the Minister of Finance (Muhammad Hamid) were pro-liberalization.

International financial institutions were already approaching Egypt during this period. The IMF, for example, made its initial approaches in 1975. In April, talks between Egypt and the IMF began, and the IMF released the following statement (presented here in part):

“The Egyptian authorities have reaffirmed their commitment to the “open door” policy. The Fund believes that in order for this policy to be successfully implemented, fundamental changes in economic policies are required. Domestically, subsidization needs to be sharply reduced to ease the budget deficit and release resources for investment.”

“The structural imbalances in the Egyptian economy are particularly severe in the external sector. To correct these imbalances, it is essential to make appropriate adjustments in exchange rate policies. It is also desirable to continue the present

trend toward greater decentralization of foreign trade decisions and, in particular, to eliminate gradually the requirement of prior approval for imports," (IMF 1976, 16-17).

Other sections of the statement reiterate that the Egyptian economy requires "major restructuring" and that three areas in particular needed urgent attention: the elimination of subsidies; the upward adjustment of the interest rate structure; and greater flexibility in the foreign exchange market (Dessouki 1981, 414). Sadat resisted for two years, despite mounting pressure from transnational actors. In 1976, the Gulf States, the US and the IMF refused to give Egypt a substantial amount of money unless Sadat agreed to the proposed IMF reforms (Ibid). Sadat gave in. The IMF agreed to provide Egypt with loans, with the understanding that subsidies would be cut in the 1977 budget (Ibid). At the beginning of 1977, the government announced an increase in the prices of numerous basic commodities, leading to the bread riots, which will be discussed in detail in the following section. 800 were injured, 1,270 arrested, and the military had to be called in to bring back public order. Both the regime and the IMF realized that subsidies had to be cut gradually. "Since then the Egyptian government has decreased the subsidies indirectly and gradually. It has resorted to a number of means such as lowering the quantity of a product sold for the same price, raising the price over a period of time, or changing the brand name," (Ibid, 415).

The role of the IMF in the process of opening up Egypt's economy highlights the role of transnational capital in the new configurations of power emerging under the *Infatih* bloc. John Waterbury makes the astute point that capitalist accumulation is always conditioned by the world economy (1985, 66). The new bloc was being conditioned by a different set of circumstances than in the 1950s-1960s. Waterbury makes the argument that Egypt's transformation into a rentier state (through its dependence on oil exports, worker remittances, and Suez Canal and tourism revenues) under Sadat was inevitable and would have happened even if Nasser had still been in power: "It seems unlikely that Nasser would have had to face the same foreign exchange conundrum as Sadat and that he would have had to deal with it through some sort of trade and investment liberalization," (Ibid, 67). While it is true that the process of liberalization had already begun under the Nasserist bloc, this was due to the emergence of new social forces that were to eventually bring about the *Infatih* bloc. These

forces were not simply carrying out what was going to inevitably happen anyway; they also had a very different project from the social forces dominating the Nasserist bloc.

Moreover, while geopolitical factors do condition Egypt's economy, it is somewhat deterministic to suggest that local fractions of capital had no say in the extent to which *Infītah* was implemented, or that they did not have a specific project of their own. It is useful here to see the relation between local fractions of capital and geopolitical conditions—i.e. trans-national fractions of capital—as more complicated than simply assuming that one dominated over the other. Waterbury's tendency to see *Infītah* as more of a result of determinism rather than political agency on the part of a new historic bloc is clear in other statements as well. He argues, for example, that "at its inception *Infītah* was more a state of mind than a coherent set of policies. Different proponents of liberalization set for it different tasks and goals," (Ibid, 70). While the latter part of the statement is accurate, the former seems to suggest a lack of calculation on the part of the Egyptian ruling class. He continues:

"With varying degrees of emphasis, the following goals were integral to the liberalization process: (1) to attract Arab investment capital to Egypt from the oil-rich states of the Arabian peninsula; (2) to attract Western technology and investment through joint ventures with Egyptian public or private enterprises; (3) flowing from the preceding goal, to promote Egyptian exports and to stimulate the private sector; (4) to bring Egypt's trade with convertible currency economies more nearly into balance; and (5) to promote the rejuvenation and competitiveness of public sector enterprises," (Ibid).

While this is an important summary of many of the faces of *Infītah*, it seems to somewhat go against his argument that *Infītah* was a mood, not a concrete set of policies. The goals mentioned above were specifically created and pushed through by particular fractions of capital—making up a new historic bloc—not simply a mixed set of aims promoted by different independent actors. It is precisely because of this shift at the national and international level during Nasser and Sadat that fractions of capital favouring liberalization were able to implement *Infītah*. This still required that

these fractions existed and that their project coincided with the global neoliberal one. Without liberalization occurring at the global level, thus creating new transnational fractions of capital that wanted to expand neoliberalization, it is unlikely that the new historic bloc that emerged would have amassed enough material and ideological capital to implement *Infatih*.

4.4 Not One of Us: The New Ruling Class and Egyptian Society

The rise of a new historic bloc was to have major ramifications on Egyptian society. The previous sections have focused on some of the material changes that happened during the shift to a new bloc. This section aims to understand the ways in which these material changes created the conditions for new ideologies as well as new norms and values to emerge. These are always grounded in the material, and thus the aim is to connect the new norms, values and ideologies to these material changes.

Numerous scholars have noted the ways in which key elements of social relations changed following the rise of the *Infatih* bloc. Galal Amin, for example, has argued that this led to a new exploitative order:

“If the extraction of surplus value from the worker requires a relentless ordering of production, including the imposition of long work hours, close surveillance of the times of work, laxity, and absenteeism, then the extraction of surplus value from the consumer requires completely different methods. It requires an intervention that moulds the consumer psychologically and conditions him so that the demands things for which he has no need, makes advance payments that enmesh him in debt, and leads him to throw away goods before they are fully used. The new mode of exploitation requires the diffusion of a completely different ideology, resting on a perpetual striving to change one’s social class by means (of changing one’s) consumption,” (1981, 181).

Amin continues, noting the tendency to ignore the changes in class structure in the 1970s:

“It is indeed regrettable that economists, in their search for factors underlying economic development, have almost totally neglected the nonmaterial conditions of economic progress and concentrated instead on purely economic factors such as the rates of saving and investment, the availability of certain skills, and introduction of modern techniques; for such factors may only constitute the results rather than the cause of development,” (1980, 438).

Liberalization did not only have economic effects, but also cultural ones. He draws a parallel between Egypt under *Infītah* and Egypt after the Suez War, noting that following the war Egypt achieved its highest rate of growth, reduced inequality, and experienced psychological and cultural changes. “A feeling of national pride came gradually to replace that feeling of inferiority towards the foreigner which has accumulated during a century of foreign domination. Egypt’s middle class was forced to consume Egyptian products until it came gradually to admit that foreign products are not always superior,” (Ibid, 439). The fields of literature and the arts became lively once again (Ibid). These cultural changes are important to emphasize because they are directly conditioned by material realities. They are tied to the attempt by a new dominant fraction of capital to establish hegemony.

The focus on mental conceptions here is important. A new type of citizen was being imagined, one that defined him or herself through social mobility and consumerism. Under the Nasserist bloc the role of social mobility was also key, but this was never framed as necessary in order to consume; it was framed as necessary in order to serve and develop the nation. The shift to citizenship-as-consumption that occurred under the *Infītah* bloc was not accidental nor inevitable, but a result of a new hegemonic project whose material underpinnings relied on import/export, rents, and real estate. The opening up of Egypt’s economy led to a wave of imports, most of them luxury goods. This in turn required the consumption of these goods, as well as a class of individuals who had the material means to afford them. Luxury real estate in particular came to

represent the quickest way to accumulate wealth. This class “devoted their activities to short-term trade, reaping high cash profits that have...often been hoarded in the form of cash and jewellery, or spent on unnecessary luxuries, lavish consumption, or otherwise invested or saved abroad,” (Oweiss 1990, 43). As Kandil rightly notes:

“What *Infatih* did in fact create were millionaires – thousand of millionaires in an overwhelmingly poor society. Moreover, these millionaires were no great industrialists who might eventually expand the job market, but were rather importers, moneychangers, middlemen, as well as rehabilitated *ancien régime* landowners. They neither contributed to industry or employment. More dangerous still was *Infatih*’s re-distributional effects. [...] This was Nasser’s greatest fear. As he one day told the director of the International Monetary Fund, Nasser was sure a state that basically provides raw materials and services to the industrialized world, and whose economic elite are largely merchants and speculators, rather than industrialists, will shortly become the victim of an unpatriotic, corrupted wealthy class,” (2012, 296).

This is at the crux of the matter. Egypt had further reified its peripheral position under this new bloc, and now had a ruling class focused on neoliberalization. Industrialization—perhaps the only path that could have given Egypt a semblance of autonomy from global market forces—was now off the table.

Egypt’s class structure underwent major changes during the shift to the *Infatih* bloc. The Nasserist bloc remains the only bloc to have materially advanced social mobility for a sizeable number of Egyptians. The emphasis of the bloc was on expanding and elevating the middle class through making education and healthcare free and providing public sector jobs for all university graduates. This had ramifications throughout society. It allowed both rural and urban working and middle class Egyptians access to an educational system that had been closed off, and also provided key social support through free services and subsidies. Importantly, the Nasserist bloc had very close ties to these classes because most of the Free Officers came from them. The *Infatih* bloc was made up of elites that had a very

different class composition. Businessmen who had amassed wealth in an extremely short period of time—termed *nouveau riche*—as well as some members from the old agrarian fraction of capital dominated this bloc. These elites were not related to Egypt's working or middle class in any way, and were clearly from the upper class, whether through “old” or “new” money. More importantly the changes in Egypt's production and accumulation structure had negative effects on the majority of the working class, and only benefitted some within the middle class who rose to become part of the upper class. Those who were able to take advantage of investment opportunities benefitted; but this was by no means the majority. Because consumption was so central to this bloc, and because this consumption focused on luxury goods, it did not take long for the majority of Egypt's popular classes to see that this bloc's ideology of national development did not mean development for all Egyptians. Simultaneously, the socialist policies of the Nasserist bloc were being curtailed. Put together, this led to a volatile situation in which it was difficult for the *Infatih* bloc to create and expand hegemony. It is not that the bloc did not have the material power to spread its ideologies of consumerism, individualism and free-market economics, but rather that there was not enough legitimacy surrounding these ideologies and they were unable to penetrate society in the ways Nasserist ideologies had. This was undoubtedly connected to the deteriorating material conditions many Egyptians found themselves in, but also to the class base of the new dominant fraction of capital and its detachment from Egypt's lower and middle classes.

I want to focus on this more and in particular on the ways in which the differences between the two blocs were represented inside the country. For this I turn to several novels and films that are famous for depicting the differences between the Nasserist and *Infatih* blocs and then use them to discuss why the latter failed to create a hegemony as strong as the former.

The first of these are two works by Naguib Mahfouz. Mahfouz no doubt remains Egypt's most important writer, and his work provides us with an astute and critical analysis of several Egyptian regimes, leading Samia Mehrez to refer to him as an “underground historian,” (1994, 6). Two of his novels will be discussed here, one in its novel form—*Miramar*—and another in its film version—*Tharthara fow'q al-nil*. Mahfouz's novel *Miramar* is set in the 1950s and provides a useful counterpoint as it focuses on the changes happening in the 1950s. It is based on a series

of characters that come to stay at a pension in Alexandria owned by an older woman of Greek origin. The story revolves around a girl named Zohra, recently arrived from the countryside. Each character shows us a different aspect of the changes and upheavals of the 1950s. The owner of the pension, Mariana, demonstrates the ways in which Alexandrians of Greek or Italian origin were forced to confront their position within Egyptian society. In one scene she is asked:

“But where are your people?”

“They’ve gone, every one of them.” She purses her lips, showing her wrinkles. “I couldn’t leave—where should I go? I was born here. I’ve never seen Athens,” (1978, 7).

Another character, Hosny Allam, carries a chip on his shoulder because although he owns a lot of land, he does not have a degree. This demonstrates a certain shift in societal expectations, whereby owning land—which may have given you sufficient social capital before—is now not enough; one must also have a degree. This points to the role of education in Nasser’s Egypt. Similarly, Allam is made conscious—through other characters—of his lack of a government job, which is the only type of job seen as secure. Indeed owning land is risky because of the new land reforms, as can be seen through the character of a *Pasha*, whose land has been sequestered by the new regime. In one scene he is asked:

“But you can’t deny there have been a few reforms.”

“His [the Pasha] mouth twitches. ‘All meant for the diversion of this ignorant mob, who don’t have the head for it all,’” (Ibid, 67).

Some have suggested that Zohra represents the new Egypt. Although she is uneducated because of her peasant origins, she is hardworking and always willing to learn more—for example when she begins taking classes to learn how to read and write. In the novel we see that each character pulls her towards him, symbolizing the pull of different forces affecting Egypt, ranging from rich landowning elites to nationalists. What is fascinating about the novel is the way in which each character comes from a

different segment of society, and yet they are all dramatically affected by the emergence of the Nasserist bloc. Notably, it is Zohra—a peasant—who is most positively affected, and it is precisely this message about the Nasserist bloc that is prominent throughout the book.

The film based on Mahfouz's novel *Tharthara fow'q al-nil* (Adrift on the Nile) focuses on the next shift in historic blocs. In this film we see a clear critique of the *Insītah* bloc as it emerged in the late 1960s. The film follows a group of young and successful Egyptian men and women that routinely meet on a Nile houseboat on which they gather to smoke hashish, drink alcohol, and relax. In one telling scene, the group goes out on an excursion, clearly feeling the effects of hashish, and end up hitting and killing a peasant woman walking on the road. They decide to flee the scene without calling an ambulance. One member of the group—the odd one out—is Anis, who works for the Egyptian public sector as a bureaucrat in the Ministry of Health. It is ultimately Anis who confronts the group with the murder of the peasant woman, but they respond by belittling her, with someone even saying that she would probably have died of starvation anyway. A female journalist who had become part of the group in order to write an exposé on them then intervenes, asking why they did not respect Egyptian laws. One of the wealthy actors responds that the laws were not made for them and that in the new and *open* Egypt, there would be better laws, laws that focused on freedom. In the back and forth that follows, we see a debate between the old bloc (Anis and the journalist) and the new emerging bloc (the rest of the group, who in this scene were drunk, drugged and who refused to let the severity of the murder get to them). We also see an emphasis on a new Egypt, one characterized by its openness.

The film has been interpreted as a criticism of the Nasser era, although I would argue that instead Mahfouz seems to be critiquing the unravelling of the Nasserist project, witnessed in the ultimate emergence of a new class—and eventually bloc—that Nasser himself saw as a barrier to Egyptian development. A class of individualistic, well-off Egyptians who spent every night smoking hashish, getting drunk, and picking up new sexual partners; a class made up of individuals who had no qualms about killing an Egyptian peasant and leaving the scene without even calling an ambulance; a class that was ultimately waiting for a new Egypt in which they could live as they pleased. Indeed in the scene where Anis confronts them with the murder of the peasant woman, one responds by saying that if they

had stayed to help, the peasant's family would have killed *them*. They became the victims of the violent and emotional *fellaheen*, rather than the peasants being the victims of a rich and decadent class that was beyond the law.

Tharthara fow'q al-Nil not only shows the new and emerging class in negative and extravagant terms, but also makes a clear critique of the failure of the Nasserist project to control this class and prevent it from becoming dominant. It is within the contradictions of the Nasserist bloc and the ultimate defeat of 1967 that allow this new class to dominate a new historic bloc. The film, released in 1971, shows in stark terms the differences between this class and the historic bloc under Nasser, where such decadence, individualization, and Westernization were frowned upon. Above all, it predicts precisely the type of society that was envisioned by the new social forces that became dominant during the end of Nasser's rule. Indeed Mahfouz recalls:

"I was told after the publication of *Tharthara fow'q al-nil* that Abd al-Hakim Amer had said, "This time he has gone beyond the limits and he must be punished," (Mehrez 1994, 26).

These two works taken together show a dramatic shift from one bloc to another. This shift was very much made real by focusing on the material changes that took place. The emergence of new class forces was demonstrated through the central role of characters that were defined by these new forces. From Zohra to the group of wealthy film actors, we see that the focus is always on characters that had now "made it" because of shifts in Egypt's economic structures.

Another Egyptian writer, Sonallah Ibrahim, has also written extensively on the various regimes in modern Egyptian history. Sonallah Ibrahim is one of Egypt's most important critical writers, and his leftist and nationalist views have ensured that his work includes clear and concise critical views on economic, social and political change in Egypt. Some of his novels, specifically *The Committee* (*al-lagna*), have represented explicit critiques of Egypt's government. Indeed Ibrahim spent five years in jail in the 1960s—for being part of Egypt's Communist Party—and was to come to heads with the authorities on more than one occasion. This critical

stance against the political repression suffered by writers in Egypt was reiterated in 2003, when he rejected a prestigious writing prize from the Ministry of Culture, worth LE100,000. Ibrahim attended the ceremony and used it as a chance to criticize Mubarak's government, saying of the prize: "...it was awarded by a government that, in my opinion, lacks the credibility to bestow it."⁵³

Ibrahim has reflected on the difference between critical writing during the Nasser era versus critical writing at other points time, noting:

"The Arab community, with Egypt in the lead, was engaged in a fierce confrontation with American imperialism and its step-daughter Zionism, in addition to the emergence of Arab nationalism. Naturally I was plagued by the question of whether, in those circumstances, I was harming my country with this work," (Ibid, 123).

In another snippet on the Nasser era, Ibrahim asks:

"Have not revolutions and historical rebellions always passed through these two stages? In the beginning the goal is simple and clear and everything is either black or white, for or against. There is enthusiasm and faith in the future and the ability to change the course of history. Not a time for reflection and analysis. Then the revolution is accomplished and another stage with a slower rhythm begins: tasks are more complex, objectives are less clear, and shadows of grey begin to smudge the whiteness and the blackness. This becomes the time for thinking. What about? The mistakes of the first stage and the possibilities of the future," (Ibid, 125).

Perhaps no other work in contemporary Egyptian literature provides us with a sweeping view of the different historical blocs that make up the

⁵³ See: <http://www.newyorker.com/books/page-turner/sonallah-ibrahim-egypts-oracular-novelist>

subject of this dissertation than Ibrahim's epic novel *Zaat*. Originally published in 1992, the book was immediately popular. It charts the journey of a middle class woman—Zaat—from her university days and the beginning of her marriage during the Nasserist historic bloc, her marriage and career under the *Insitah* bloc, and finally her ultimate state of defeat during the shift to the last historic bloc before 2011. *Zaat* was published by Dar al-Mustaql al-Arabi, a leftist and Nasserist published, and its publication was received with great celebration by Cairo's intellectual scene. Samia Mehrez writes: "This is not a novel that critiques a regime of the past. Rather, it is one that hits hard at the present, in all its manifestations—social, economic, cultural, ideological, religious, political," (1994, 129). The novel ends with the 1980s, but in 2013 a popular Ramadan series (*mosalsal*) based on the novel ended with the 2011 revolution. The novel is structured around a series of newspaper clippings that detail numerous problems and issues the country is facing, alongside claims by successive governments that everything is fine and progress is being made. As Mehrez has pointed out, using these newspaper clippings works as a form of testimony, as a way of ensuring that a collective memory of the state of the country was put in place and serialized through literature (Ibid). In the original Arabic version, the publisher notes that these clippings are there to create the atmosphere of Egypt, so that the characters can be properly contextualized. Indeed these newspaper clippings provide just the context needed for the multiple social, economic and political problems *Zaat* and everyone else in the novel faces. The clippings focus extensively on the spread of corruption, the rise of Islamic banking and Islamic conservatism, the rise of Gulf capital, and the deteriorating state of Egypt's infrastructure. In one chapter, almost all of the clippings draw on news related to the foreign aid Egypt receives. Put together, the clippings provide views from the government and opposition papers in order to show the types of debates happening around certain issues. The chapter with clippings on foreign aid, for example, presents views critical of it as well as government views justifying why it is needed.

When asked why he wrote this novel, Ibrahim responded that he saw the novel as a sort of testimony:

"Like everyone else, I was thinking about what was happening in the country and I wanted to give my own testimony. I was hoping I could write a modern myth, with a character that

would overcome all the existing deteriorating circumstances. But when I started writing, the situation changed. The character was transformed into a completely crushed one," (Ibid, 130).

This vivid description brings to mind the situation of Egypt in the early 1990s, a situation in which most Egyptians did indeed find themselves crushed. This would only worsen as time progressed, and by 2011 Zaat would have been even more broken down by life and the changes Egypt was witnessing. Mehrez points out that when used alone, the word Zaat means "self" or "being" in Arabic, a tactic Ibrahim used to displace the focus from an individual onto the collective. This is not a story about an individual Egyptian woman named Zaat, but a story—or a series of stories—about Egypt and Egyptians.

"Through the transformations Dhat [sic] undergoes, a whole society is exposed—its institutions, mores, contradictions, failures, and mediocrity. Yet throughout the narrative and despite the obstacles she encounters, Dhat does try to resist, but her resistance collapses in face of the general tide of her social reality," (Ibid, 131).

And in another place:

"As we read Dhat's individual history, which gradually loses any individual features because of its familiarity, we discover that it is conditioned and shaped by a collective history that unfolds through [the] newspaper clippings," (Ibid, 131).

We see here again how central the newspaper clippings are to the storyline. To those who lived in Egypt throughout the decades covered by the clippings, there will be no doubt be a familiarity to the news stories and scandals, as well as the constant reassurances from the government that "everything is fine." Interestingly, the clippings cover two particular historic blocs: the *Infītah* bloc and the financial bloc; the Nasserist bloc is almost absent in the clippings, and even in the text of the novel itself appears only

in retrospect. These moments of retrospection, however, are enough to present us with the author's view of the Nasserist era—on the one hand, Ibrahim approaches the idea of the Nasser years as representing a sort of utopia with sarcasm and ridicule; on the other hand, it is clear that it represented the most progressive bloc of the three blocs. Sonallah Ibrahim was a renowned leftist, and in many ways a supporter of the Nasserist project. But by the end of the 1960s, this project had crumbled and what was taking its place was worse. In his novel *The Smell*, Ibrahim writes of this realization; that the Nasserist project was dead: “The romanticism of struggle is over. What remains are utterly naked facts. The culture of personality and its collapse. Rethinking of everything.”

The novel begins with the Nasserist bloc, when we are told that Zaat is born on the exact day of the revolution: July 23, 1952. The novel as a whole traces the rise and fall of different historic blocs and shows the ways in which material changes produced changes in norms, values and culture. The Nasserist era is often spoken about almost romantically, for example in the following part:

“In those days the tenant wasn’t obliged to paint the walls and tile the floors and fit all the taps and pipes, because landlords back then were still so naïve that they actually undertook the finishing touches themselves,” (2005, 7).

We also see clear references to the ruling class under the Nasserist bloc itself. The Nasserist bloc is often referred back to as the period during which “the people” were central to any discourses put forward by the ruling class. Within the first few pages we already read about Nasser’s relationship to the masses:

“But Abdel Nasser, intoxicated with the exultation of the masses and their demands for more, ordered two consecutive reductions in rent,” (Ibid, 6).

Similarly, we see comments about Nasser’s move to make certain goods available to all Egyptians, as opposed to what would come later when these

goods were available only to those who had access to what Ibrahim loosely calls “the market”:

“The holy trinity which Abdel Nasser had placed within everyone’s reach: a water heater, a stove from the war department factories, and an Ideal fridge,” (Ibid, 5).

It is useful to point out here that it was the Egyptian military that engaged in the production of basic household goods for civilians (Abdelrahman 2014, 22).

Further on in the novel, as we get to the years of *Infatih*, we see the struggles of Zaat’s family and other families to save up enough money, or borrow enough money, to purchase modern fridges, cars, electronics, and so on. All of these luxury foreign-made models had now been imported into Egypt and were thus available—but only to those who could afford them. We thus see the changes wrought by the *Infatih* bloc very clearly in Zaat’s life and those of her friends and family. We see new luxury imported goods flood the Egyptian markets, creating pressure on middle class Egyptians to consume them; we see the rise of corruption, particularly in the public sector; and we see the rise of migration to Gulf countries as a means through which consumption can be financed. Consumerism is the new way of being, and yet it is not accessible to everyone. Throughout the 1970s and 1980s we see Zaat and her husband struggle to buy things that they need and want, always conscious of how well other Egyptians appear to be doing. Perhaps no quote better summarizes Ibrahim’s view of the *Infatih* bloc than the following:

“The capitalist dream that had seemed almost attainable under the socialism of Abdel Nasser had, amazingly enough, become impossible during the capitalist era of Sadat,” (Ibid, 14).

Zaat’s husband—Abdel Meguid—who had been against her working, changed his mind suddenly under this new bloc when he realized that they needed the extra salary. Zaat had a job and struggled to balance this with raising her children, whose responsibility was solely hers, with help from her mother. The 1970s saw many Egyptian women join the labour force

out of necessity. As happened all over the world, they soon found that they had to find a way to balance this with the household and childrearing jobs they still had to do.

During this bloc, we see two social processes that come to light through both the clippings and the narrative: the rise of Islamic conservatism in Egyptian society, and the spread of corruption. The clippings consistently mention Islamic banking services and corruption among the Islamic elite, as well as quotes from prominent Islamic figures on a wide array of social issues. This rise in a specific type of Islamic conservatism impacted Zaat in numerous ways. Her style of dress is the most obvious, with her shift from the dresses and skirts of the 1960s to a more conservative style that eventually leads her to veil. This veiling happens after she is pressured by her co-workers, and also after her husband suggests it.

“Then the *hijab* revolution, which had spread through the women workers like fire through dry straw (even some Christian women had rallied under its banner) had been offset by an intentional crowding of too many desks into narrow spaces, which allowed for what was even more pleasurable than simply looking, by which we mean friction with protruding edges and corners,” (Ibid, 85).

The “*hijab* revolution” spread quickly through Egyptian society in the 1970s and 1980s, leaving few Muslim women untouched.

During this time we also see a series of events revolving around the issue of what Ibrahim calls “sectarian strife”: the relationship between Zaat’s family and their Coptic Christian neighbors changes; Zaat has a confrontation with her maid about the Coptic hymns the latter liked to play very loudly; and a new girl at work—Nadia—is boycotted by everyone because she is a Copt, without Zaat realizing this. In an interesting scene about this last incident, Sonallah Ibrahim makes clear the difference between the Nasser and Sadat eras in terms of how Christians were viewed and treated by Muslims:

“...she found in Nadia a submissive and patient receiver for replays of old transmission tapes, and she failed to notice the real boycott that her new friend had been subjected to. Zaat

only discovered this when Nadia did not come into work one day and she went to sign her name in the attendance register, as was the custom and spirit of solidarity among the workers. All of a sudden there was Rabbit Face [co-worker], exploding at her with penciled eyebrows raised: 'Have we no one but this Christian to sign in for now?'

Kind generous Zaat *was a loyal daughter of Gamal Abdel Nasser's revolution*, brought up on the principle that all people are equal regardless of religion or sex or wealth or rank or position. For this reason she had omitted to inquire after Nadia's family name in order to ascertain her true identity, a fact that had not been ignored by the vigilant machines [co-workers]. In order to atone for her mistake she began to reassess her convictions, going over in her mind the different Christians she had known: their outer appearances, their clothes, their accents, their kinds of food and drink, their behavior, looking for the secret of this strange consensus against them. All she could find was the green crucifix that swung between the breasts of one of the editors, and a bronze statue of the Virgin that Aminophis used to protect the papers of his encyclopedia, but she was a coward and she stopped visiting Aminophis in his office and she avoided Nadia.

The machines, so it seemed, did not accept the Christian offering, and Zaat, who failed to understand the real reason for the persecution to which she was being subjected, was overwhelmed with despair," (italics mine) (Ibid, 250).

Here we see the juxtaposition between Zaat's upbringing during the Nasser era, with its focus on equality, and her current position in the Sadat era, where religious differences mattered. While one should question this romantic view—that the Nasserist era did not contain sectarian tension—it is also undeniable that the rising Islamic conservatism of the 1970s exacerbated it. Alongside such instances, we are also told that Abdel Meguid had started praying:

“Abdel Meguid saw the light, he stopped drinking (he even poured half a bottle he had been saving for special occasions down the toilet), began to pray regularly, and bought the works of Sheikh Sha’arawi though he did not read them,” (Ibid, 147).

We also hear of him and other neighbors begin to be pressured by other men at work to pray regularly, and generally pay more attention to Islamic prescriptions. Alongside this, however, Ibrahim shows how corrupt the spread of this new piety was:

“Hagg Abdel Salam donated to the mosque a number of electric fans, carpets and hard-wearing green mats to put down on the street when necessary, and thus he was now entitled to perform the call to prayer, lead the prayers, give the Friday sermon, and make pronouncements on the affairs of the faithful,” (Ibid, 279).

In other words, it was an increase in capital that facilitated men to exercise this type of religious pressure over others. All of these changes were contextualized by Ibrahim through both the newspaper clippings and the novel—he consistently refers to the rise of Saudi Arabia, not only as a investor in Egypt’s economy, but also as a state through which a certain form of Islam was being spread. At one point he includes a clipping of the following quote, juxtaposing the Nasserist and *Infatih* blocs:

“His Highness Prince El Fasy: ‘We want to invest our money in Egypt, and there is money available, praise be to Allah. This is not what used to happen in the past when we were afraid to invest our capital in Egypt because of the danger of confiscation and nationalization. In those days we preferred to work only in the United States and Europe’,” (Ibid, 127).

The second process happening under the *Infatih* bloc was the rapid increase in corruption. Indeed almost all of the newspaper clippings in the book deal with the question of corruption, at all levels of society. This was

often linked to businessmen, and the name of Osman Ahmed Osman is mentioned more than anybody else's to the extent that he is almost a main character in the book. In this way Ibrahim is clearly connecting the rise of corruption to the rise of very specific personalities in Egypt—prominent among them those that benefitted from *Infatih*, or the fraction of capital that was dominant in the *Infatih* bloc.

As we move into the 1990s, we see the full effects of Egypt's deteriorating situation. Zaat's son, Amgad, needed to be sent to a school and so Zaat goes off to enroll him in a public school. After seeing the extremely dilapidated conditions of the school, Zaat panics. This negotiation is familiar to many middle class Egyptians, who did not want to send their children to public schools and yet could not always afford the high fees of private schools. One way Zaat thinks of to solve this problem is by demanding that Abdel Meguid go and work abroad. Indeed this is a question Zaat often asks her husband, as migration to a Gulf country represented one of the few ways to save money during the 1980s and 1990s. In another part of the novel, we see Abdel Meguid—after failing to land a job in Saudi Arabia—become involved with men who work “in the market.” Ibrahim never explains what this refers to but from the descriptions we can infer that these men got rich off of financial speculation. Eventually Amgad is sent to an Islamic school, after the family scrapes together the money, and soon after Zaat is showing off to her co-workers:

“The machines [co-workers] gathered around to hear the latest news of the miracle child, who, as Zaat proudly announced, could now say apple and orange in English completely, though he was incapable of pronouncing them in Arabic,” (Ibid, 203).

This touches on an important element of the *Infatih* bloc: the rising importance of foreign languages. Indeed throughout the novel we not only see Abdel Meguid consistently pepper his sentences with English words, but we also see the increasing need for employees who spoke English, as well as the increasing social capital associated with being able to speak English or French—even at the expense of speaking Arabic well.

By the end of the novel, the newspaper clippings speak about corruption—as they have throughout—but also about the social effects this

was having, namely: a rise in sexual violence, and a rise in drug addiction. Indeed the last newspaper clipping of the book is an accurate summary of the tone of the clippings throughout:

“The Prime Minister Dr. Atef Sidqi: We are a government, not a bunch of crooks,” (Ibid, 313).

This ending, juxtaposed with an image of Zaat sitting in her bathroom on her toilet crying, completes the narration of Egypt’s modern history. We see the rhetoric of socialism and the public sector of the Nasserist bloc; the disintegration of this bloc and the rise of consumerism and corruption under the *Infatih* bloc; and finally the excesses of the *Infatih* bloc towards the end of the 1980s. This is where the novel ends, and thus it does not depict the financial bloc.

Sonallah Ibrahim, in an interview in March of 2003, had the following to say about the events of January 25:

“It certainly was not a revolution. A revolution has a program and a goal—a complete change of reality or the removal of one class by another. What happened was a popular uprising [whose] primary demand was ‘regime change,’ though it was not clear what that was supposed to mean, except in the sense of removing the most prominent symbols of the old regime.

As for the youth, I did not have much confidence in them. I imagined their political awareness had been shaped by the values of our consumer society—and our society is wide open to the influence of foreign corporations, and Western values. I did not imagine that they had the consciousness they clearly do have, nor such an ability to rise up in defense of the principles of freedom and democracy.”⁵⁴

Drawing on Marx, Ibrahim noted that:

⁵⁴ See: http://www.jadaliyya.com/pages/index/1811/the-imagination-as-transitive-act_an-interview-wit

“In Marxist philosophy, there is the principle of “the negation of the negation,” which says that any situation is composed of contradictory elements, and that the struggle between them sets in motion a transition to a new, different situation which is itself the result of one of the opposing sides beating out the other. And this victory of one side over the other is, naturally, then subject to its own conditions and so on. The transition to a new situation is not the end of the cycle, because the process continues. The new situation creates new contradictions that set in motion a struggle between them. Certain forces triumph—those forces which, at a certain moment and under the right global or regional conditions, possess the necessary capacity and potential. In other words, there’s a process of struggle and defeat—one thing negates another, only to be later negated itself.

Capitalism is subject to change, and it is possible that a new system will come from these changes. It’s possible that they will be a mix of different systems. Life is open to any number of scripts—and it’s possible to predict them by studying the present reality we live in. By studying the forces that exist and the possibilities. By studying the shape of our economic system and its resources, and the forms that climate change will take. By studying where all the weapons are and who possesses them. By studying the problems and opportunities of all these elements.

Suppose that elections happen and we get a Parliament that represents the various political tendencies that exist in the country. Suppose a new president gets elected during this process. I could not say that this would represent a victory for us. Given the nature of human life, and given how historical contradictions develop, this victory will create other contradictions of other kinds within five or ten years. These will give rise to other struggles, revolutions of another sort, and so on. The process goes on and on. The process of change and revolt

continues. In other words, a revolution is not the end of something. No, there will be another revolution. I believe another revolution will happen again soon. Twenty or thirty years from now, there'll be a new revolution. As Trotsky put it, 'A permanent revolution',” (Ibid).

Perhaps there has not been a more accurate insight on 2011 than this.

4.5 A New Historic Bloc

“The joke was that at the crossroads the driver would ask Sadat whether to go left or right. Sadat would ask the driver which way Nasser had gone. He would reply that he had turned left, so Sadat would tell him to signal left but turn right.”

— Mohamed Berrada, *Like a Summer Never to be Repeated* (Mehrez 2011, 155).

The previous four sections set the stage by providing the context within which the new historic bloc was to emerge. This section and the next look at the new bloc in detail by looking at fractions of capital and fractions of labour.

The approach whereby the ruling class is understood as made up of fractions rather than an individual ruling over society is relatively rare in the field of Middle Eastern Studies. Take the work of Raymond Hinnebusch, for example, who has argued that the difference between Nasser and Sadat is that while Nasser was constrained by the Free Officers and could not wield power alone, Sadat was not constrained by any forces outside of himself:

“There is no inner core of equals or revolutionary comrades to whom he is in any way accountable. No centers of power independent of the president have emerged. It is well known that Sadat makes many major decisions with little consultation with or concern for the opinions of the members of the elite,

whom he tends to regard as his staff rather than as colleagues. Especially in foreign policy Sadat has led rather than followed elite opinion. No member of the elite has been able to stand against him and keep his position," (1980, 445).

This analysis misses some important points about the new ruling class that emerged during this period. To conceptualize Sadat as acting alone is to ignore the presence of a specific ruling class during the Sadat era. This ruling class may have been different from the one in the previous historic bloc, but it was nevertheless a ruling class, not simply Sadat acting alone. It is more useful to understand the ways in which the ruling class not only changed but how they attempted to create a new bloc. Additionally, it is of importance that the historic bloc that emerged around *Infatih* was notably smaller than the one it replaced. Moreover, one could also question whether the new fraction of capital (or bourgeoisie as Hinnebusch labels them) did not exercise more power than he suggests. While the decisions made by Sadat regarding foreign policy were unpopular among numerous segments of the ruling class—notably the military—it is impossible to see them as isolated from a global system in which Sadat was under pressure from transnational capitalist forces. These forces also had support from specific class fractions inside Egypt, who were *not* against liberalization or the peace treaty.

It is therefore more accurate to speak of ruling class tensions and conflicts rather than argue that Sadat made decisions unilaterally, as Hinnebusch does. Indeed Hinnebusch's argument reiterates Kandil's view that Sadat made decisions based on protecting himself and his regime (Ibid). This elides the role of various social forces during the Sadat era by assuming that he alone made major decisions. This raises the following question: what exactly was the relationship between Nasser and Sadat and the fractions of capital that emerged? Did Sadat "cultivate" a bourgeoisie, or were elements within the bourgeoisie able to use Sadat and the state apparatus to exert influence over capital accumulation? I believe the answer to the question of the relationship between the state, the regime and fractions of capital is always historically contingent. It is clear that under Nasser, it can be argued that the regime did indeed cultivate a fraction of capital. Through policies that dismantled the power of an agrarian fraction, the regime ensured the rise of alternate fractions of capital. Thus there is a clear causal connection between the ruling class and the regime under

Nasser. Under Sadat, however, it is more difficult to make that argument. As will be shown in the next chapter and as has been noted in this one, by the 1967 war it was clear that the fractions of capital that had been restrained by Nasser's regime were gaining power. It was precisely these fractions that became dominant in the new historic bloc. Did Sadat cultivate these forces? Or did these forces manage to align the regime's policies with their own interests? These fractions of capital attempted to create consent within the historic bloc through a specific hegemonic project. In other words, these fractions managed to convince other fractions that specific policies would serve Egypt's interests—they universalized their own narrow interests. This section focuses on these new fractions.

It has been argued that at the start of the Sadat era, the class that controlled the means of production was Nasser's public sector fraction of capital (Kandil 2012, 289). However, because they had been dramatically affected by the 1967 defeat, they were open to private capital as an alternative means of enriching themselves. Kandil uses this fact to make his point that Sadat used this class as a starting point from which to cultivate a bourgeoisie he could rely on (*Ibid*). This group had started to turn towards the private sector as a way of making up for their losses following the 1967 war. The private sector post-Nasser comprised many different groups: families who had been influential in industry before the revolution and had lost some influence under Nasser but now shifted to the private sector; black market entrepreneurs who benefitted from wartime shortages; the open-door class of importers, builders and bankers; small manufacturers and workers returning from abroad; and aspiring local industrialists.

Alongside this, Sadat began to reach out to the landowning class that had been dispossessed under Nasser. There are multiple layers to the class dynamics present in the Egyptian countryside and these are crucial to any understanding of the changes in historic blocs. Before the 1952 revolution, the agrarian fraction of capital represented the most influential fraction in Egypt. Under Nasser, the power of this fraction was severely curtailed and the ruling class became dominated by the state and the military. Nevertheless, the landowning elite remained an important element within the ruling class and were to become prominent once again during both the *Infītab* and financial blocs, mainly due to the reversal of Nasser's land reform program. Moreover, Sadat's corrective revolution led to the

isolation of Ali Sabry and Abdel Mohsen Abou el Noor, both influential leftists under the Nasserist bloc.

Already by 1970 Sadat had formed a committee to address the “past injustices of land dispossession.” Indeed land speculation became an important path to accumulating wealth during this period. In 1970, there were no millionaires in Egypt. By 1980, there were 17,000 and many had made their millions through land speculation (Ibid, 292). Over 90% of building construction during the 1970s went towards luxury villas, apartments and holiday homes, demonstrating that a specific class of Egyptians had access to these new investment opportunities. As Kandil notes: “Sadat was thus the founder of the Egyptian dependent state, the non-developing, de-industrialized, and randomly liberalized state; Mubarak only followed in his footsteps,” (Ibid). The attempt to reverse many of the land reforms that happened under Nasser is one of the defining features of agrarian relations under the *Infatih* bloc, with the complete reversal happening in the early 1990s. The law introduced under Sadat aiming to regulate landlord-tenant relations gave numerous rights back to the landlord that had previously been taken away. The new law included amendments that would allow landlords to evict tenants (following a compensation payment of 10% of market value of the land); that placed limits on the inheritance of rental contracts; and that stipulated rent increases of over 100% (Springborg 1990, 449). The law was placed on the backburner following the Central Security Forces riots in 1986.

Springborg distinguishes between two levels within the bourgeoisie in the Egyptian countryside (1990, 449). The first is composed of capitalist landowners who have political influence and relate to their wage laborers through clientalist relations. The second is composed of an agrarian fraction that was created through land reforms. The two groups are different in terms of their relations with agricultural laborers, the size of their land, and the amount and type of political power they wielded. This agrarian fraction emerged following Nasser’s land reforms but only became significant under Sadat. It was his policies of encouraging investment and relaxing price controls that provided an incentive to both the agrarian bourgeoisie and foreign investors to increase investments in Egypt.

However, the most important fraction of capital in the new historic bloc can be said to be a new class of businessmen that emerged. New investment opportunities provided a new means of accumulating capital.

Because of the importance of businessmen in this new bloc, businessmen's associations provide one avenue through which the new bloc can be analyzed. The Federation of Chambers of Industry and the Chambers of Commerce pre-dated the 1951 revolution but only came to play an important role first under Nasser and later Sadat and Mubarak. Under Nasser, these two chambers were reconstituted as state-controlled organizations that would regulate the economy, whereas under Sadat and Mubarak they began to demand changes in policy that would deepen privatization, notably through the elimination of workers participation in management as well as through attempts to limit job security and eliminate barriers to foreign investment (Bianchi 1985, 148). Additionally, the Federation of Chambers of Industry pushed for state subsidies for private industry in order to shift Egypt's economy from being a mixture between public and private industry to becoming reliant mainly on private industry (Ibid, 149).

In the new historic bloc there were three additional groups representing specialized interests that became dominant. The first was the Engineer's Syndicate, led by Osman Ahmed Osman, who had been appointed by the state and who represented the state bureaucracy—specifically elements of the rising bourgeoisie and the ruling party all at once:

“Osman began to transform it into a business enterprise that would serve as the prototype of a new economic sector based on what might be called syndical [sic] capitalism. Many other corporatist occupational groups, including labor unions, have been induced/pressured to follow this example: renouncing demands for more autonomous expressions of special interests in exchange for opportunities to use pension funds and state grants to create new development banks, establish their own industrial enterprises, and enter into joint ventures with foreign capital,” (Ibid, 150).

Osman tied the Engineer's Syndicate into a new network of financial institutions he was building in order to adjust the syndicate to the new open door policy. Critics pointed out his attempts to depoliticize the syndicate so it would support Sadat's policies. For example, the Engineer's Syndicate was the only one to support Sadat's peace treaty with Israel, and it was the

Engineer's Insurance Company that insured the Israeli Embassy in Cairo even after all other insurance companies refused (Baker 1990, 43).

The second was the Commercial Employer's Syndicate, headed by Abdel-Aziz Hegazy and Abdel-Razaq Abdel Maged, both of whom played a strong role in developing *Infitalah* policies. After being pressured to leave office because they did not favour a strong role for the state in the economy, they managed to use the Commercial Employer's Syndicate to exert political influence (*Ibid*). Finally there is the Egyptian Businessmen's Association (EBA), a collation of more than 200 private businessmen in Egypt. It has become especially dominant during the Mubarak years:

"It is establishing itself as the major coordinator of big-business demands and as the private sector's principle bargaining agent vis-à-vis the state and foreign capital. The association has welcomed Mubarak's interventionist policies to transfer private investment from commerce to industry, to shift importing from consumer goods to intermediate and capital goods, and to direct more foreign investment toward joint ventures with local firms. The coalition's leaders have tried to persuade the government that there are elements of the private sector that can be valuable allies in moving beyond the commercial profiteering, real estate speculation, and influence peddling that flourished under Sadat," (*Ibid*, 151).

In other words, the EBA has tried to demonstrate that private sector businessmen are invaluable to the state.

Which institution connected these businessmen to the state? Under the Nasserist bloc there was a large political party whose goal was to mobilize support for the Free Officers. Under Sadat we see a new political party emerge: the National Democratic Party. As detailed in the previous chapter, the NDP was soon to become the emblematic symbol of corruption and neoliberalism in Egypt, and its headquarters was one of the first buildings to be burned during the events of January 2011. Robert Bianchi has argued that the NDP became increasingly important as a means of maintaining authoritarian control over Egyptian capitalists (*Ibid*, 155). However, one could question whether the relationship was that simple.

While it is true that the NDP played a central role in regulating many economic policies and investment opportunities, it is also important to note that businessmen were part and parcel of the NDP. Bianchi's explanation implies that the state used the NDP to control businessmen; I would instead posit that there was not a clearly defined state on the one hand and businessmen on the other, with the NDP between them—the state and the new historic bloc, dominated by the capitalists/businessmen Bianchi is speaking of, are more porous than he implies, and the NDP was simply a mechanism through which this historic bloc accumulated capital and thus key to its project. Interestingly, the Arab Socialist Union—the NDP's predecessor—did not play such a role for the Nasserist bloc. The ASU was more of a mechanism of transmitting ideology than for accumulating capital. This also indicates a clear shift between blocs. The key role of the NDP in this accumulation becomes especially clear in the late 2000s, when Gamal Mubarak and other members of his fraction were able to almost completely dominate the NDP. The new historic bloc saw the benefits of an NDP that functioned in their interests. See for example Sayyid Marei's moves to lobby for the NDP to become more powerful.

An important shift within this historic bloc is the fact that many businessmen who accumulated vast amounts of capital were able to draw on power bases outside of the public bureaucracy controlled by the state—a dramatic shift from the previous Nasserist bloc (Hinnebusch 1980, 447). Under the Nasserist bloc, due to a focus on industrialization the public sector was a key source of wealth; this is opposed to before 1952 when it was the land, and after the 1960s when it was a combination of land, finance capital, and luxury goods. Take Sayyid Marei, who drew on his landed family's wealth. Marei was an important businessman that rose to prominence during the Sadat years. He was the People's Assembly Speaker and came from an old landed family. He was heavily involved in agrarian issues and policy, and wielded a large amount of influence. Marei served as head of the Agronomist's Union and in fact was one of the architects of Nasser's land reform program. Under Nasser, Marei had instigated the practice of combining individual ownership with compulsory cooperative membership in agrarian reform areas (Springborg 1979, 54). Despite this, under Sadat he claimed that land reform was bad for production, since it "rewarded poor peasants with a high propensity to consume," (Hinnebusch 1980, 458). He went on to claim that if the state wanted growth in the agricultural sector, it would have to favour the agrarian fraction of

capital (Ibid). Along with Mahmoud Abou Wafia, he represented this agrarian fraction, which came to exert increasing influence within the ruling class during the *Infītah* bloc, as will be detailed later in the section. Both Abu Wafia and Marei were supporters of *Infītah* and both pushed for political liberalization insofar as it would allow for relaxed market controls. Here we see two examples of businessmen who were able to use their wealth in land to push for *Infītah* and accumulate wealth. This type of capital accumulation is precisely what the Nasserist historic bloc had dismantled.

The power many businessmen wielded did not come from their position within the state bureaucracy or military, but rather from their personal business empires. During the previous bloc, there were class fractions that relied on their position within the political system due to Nasser's cultivation of a new bureaucratic and public sector elite. Under the new bloc, however, this was no longer enough to guarantee one's position within a dominant class fraction. This shows why under the *Infītah* bloc class fractions can be directly linked to businessmen and economic interests, as opposed to under the Nasserist bloc where political and military interests were key. Unfortunately this has served to disguise the workings of capital accumulation in Egypt, rendering the Sadat era one of "crony capitalism." Hinnebusch, for example, has argued that the bourgeoisie under Sadat influential *because* of their proximity to Sadat himself: "Most of their political power accrues from closeness to Sadat, from their ability to influence his decisions, and because this is known, to thus influence a wide range of lesser decisions by other elite elements," (Ibid). Other than the fact that this again assumes Sadat ruled as an individual despot, there is also the assumption that crony capitalism emerged under Sadat and was directly a result of him only granting those close to him access to new investment opportunities. The point of using the historic bloc as a tool for understanding change in Egypt is to move away from arguments that presuppose the lack of a ruling *class*. While proximity to Sadat may have played a role in one's access to resources, this is not the full story. It is not because these men were close to Sadat that they wielded influence; rather it was because they formed a specific fraction of capital whose interests—economic and political—were universalized to the entire historic bloc. This may seem like splitting hairs, as it seems obvious that proximity to Sadat played a role—but arguing this through the lens of individual

authoritarianism is different than through the lens of historic bloc formations and shifts within the ruling class and capitalist accumulation.

Moreover, it is clear that proximity to Sadat cannot account for some of the individuals who accumulated large amounts of wealth. Individuals such as Marei and Abu Wafia accumulated capital through their connections to old, powerful, landowning families who owned extensive empires. Others, such as Osman, exerted influence and power because of the empires they built and their positions within the previous historic bloc. In other words, these men were already in an advantageous position in Egypt, and this is what allowed them to cultivate a specific relationship to Sadat, rather than vice versa.

Osman Ahmed Osman is an example of a businessman that was successful under both historic blocs. Because of this, he is a useful case study to tease out the differences between the Nasserist and *Infatih* blocs. Osman rose to prominence under the Nasserist bloc and eventually won the tender to build the Aswan Dam. This can only be explained through the specific position of the Nasserist bloc vis-à-vis local capital: Nasser rejected offers from foreign capital to build the Dam because of the conditionalities attached that would render Egypt dependent on foreign countries; this is ultimately what led to the decision to look to national capital to build the Dam. In other words, without this bloc's specific position vis-à-vis foreign capital, and its decision to privilege national capital, Osman would probably not have gotten the tender.

However it was under the *Infatih* bloc that Osman expanded his business empire further and became involved in overt political life. When Sadat came to power, he was fully supported by Osman. The two had been close friends for some time, and Osman's son—Mahmoud Osman—married Sadat's youngest daughter Jihan.⁵⁵ Osman soon became the most prominent businessman in the country, representing the non-agricultural fraction of capital. Together, Osman's sons founded 26 companies in total (Baker 1990, 27).

Osman was a strong supporter of free market principles and expanding the private sector. Indeed it was his firm belief in these principles that guided his work as a minister in Sadat's cabinet: "I became convinced

⁵⁵ Another of Sadat's daughters was married to the People's Assembly Speaker Sayyid Marei's son.

that I could serve a useful purpose as a government minister only after I saw Sadat's goals coincided with mine to end the public sector's stranglehold on our economy," (Ibid, 25). In a telling paragraph about Osman, Baker writes about his views on freedom and the economy:

"Osman argued that freedom in the seventies meant something different from the "bread" of the socialist era or even the political rights of the pre-1952 liberal period. According to Osman, the idea of freedom emphasized the opportunity—whether large or small—open to all citizens to work hard and through individual effort improve their own position. As Osman saw it, individual successes also contributed to the general prosperity of the country. Osman argued that by dismantling the oppressive structures of Nasser's system, Sadat was making this opportunity available to all Egyptians," (Ibid, 26).

Moreover, Osman saw private property as essential to the "new Egypt" and argued that nationalization had had an extremely negative effect on the country. Nevertheless, he remained firmly against the idea that foreign capital should dominate Egypt, and was also wary of the increasing consumerism among the new generation who were benefitting from the new economic policies.

Some have pointed out that Osman was the first prominent businessman in Egypt to set up pension funds and medical insurance for his employees. At the same time, his response to the 1977 bread riots was to see those who took part as a "jealous minority stirred up by the communists to seize the benefits achieved by the people under the freedom and democracy of President Sadat," (Ibid, 24). The Arab Contractors became an institution of its own. By the 1970s, its profits rose to over LE 22.4 million and it comprised 33 companies and 4 consortia—involved in construction, banking and insurance, hotel and medical care facilities, and engineering services (Ibid, 33).

Osman's case can be used as proof of the thesis that the line between business and politics became exceedingly thin during the 1970s and 1980s. Kandil, for example, writes:

“Osman argued that freedom in the seventies meant something different from the “bread” of the socialist era or even the political rights of the pre-1952 liberal period. According to Osman, the idea of freedom emphasized the opportunity—whether large or small—open to all citizens to work hard and through individual effort improve their own position. As Osman saw it, individual successes also contributed to the general prosperity of the country. Osman argued that by dismantling the oppressive structures of Nasser’s system, Sadat was making this opportunity available to all Egyptians,” (Ibid, 26).

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“Osman was therefore the quintessential representative of the new ruling class: a man who expanded his capital through state commissions, and then went on to assume a leading role in government and the ruling party. It is important here to compare his fortunes under Nasser and Sadat. While Osman made a living under Nasser as a public sector manager, he had no influence over economic, let alone political life. With Sadat in power, he not only made unfathomable financial gains, but he also became a major economic and political player. This pattern would continue with little change during Mubarak’s rule,” (Kandil 2012, 300).

A group that was to become exceedingly influential over time and that emerged during this period were the Islamist businessmen. Sadat’s decision to release the Islamist forces that had been jailed under Nasser in order to use them as a counter-weight to leftists meant that there was more space available for Islamists to take advantage of the new economic opportunities. Sadat’s policies towards the Islamists have been one of the most controversial aspects of his regime. After the 1967 defeat, Nasser

had already released a number of Muslim Brotherhood figures from prison. Once he came to power, Sadat released the remaining in order to use them as a force against the leftists. This decision soon backfired, as by 1970 it was clear that the Muslim Brotherhood enjoyed increasing popularity. This needs to be situated in the context of the 1967 defeat, which led many Egyptians to search for a new structure of meaning within which to understand political events. The Nasserist project was dead, and there was nothing to fill the vacuum. Religious ideology thus became an alternative. The Muslim Brotherhood were soon in a strong enough position to attack Sadat for his peace treaty with Israel, as well as to call for the implementation of Islamic law. Indeed it was the Islamic associations in particular that led the opposition to the peace treaty. The Muslim Brotherhood had by that time renounced violent activities, but other Islamic groups such as Takfir and Jihad did resort to violence against the state. Sadat's assassination at the hands of Jihad in 1981 marked the ultimate failure of his plan to favour Islamists against leftists.

At the same time, a class of wealthy businessmen emerged from the Islamist ranks. Not only did many members become wealthy through the new investment opportunities, many also advocated for the new policies. After the Muslim Brotherhood were released from jail in the 1970s, they began a monthly magazine called *al Da'wa*, approved by the regime. It was funded by some of the businessmen who became successful, and came out in support of the new economic policies put forward by the new historic bloc. Although the magazine did criticize the Western "cultural invasion" in Egypt, it spent a lot of time criticizing Nasser's leftist policies, including land reforms and nationalizations (Ibid). At the same time this magazine was released about eight of the eighteen families that controlled the private sector were connected to the Muslim Brotherhood (Ibid, 163).

What is interesting to note is that the emergence of a new class of Islamist businessmen coincided with the increasing conservatism of Egyptian society. I argue that this new class managed to exert influence through civil society because of their increasing material power. New TV channels, publications and access to centers of power meant that this new class could spread their ideologies through society. While the 1967 defeat was part of why Egyptians turned to a more conservative form of religion, I would suggest that this new class and their access to material power was also responsible.

The adherence to neoliberal capitalism on the part of the Muslim Brotherhood cannot be understated. In an article on the Arab Spring and Islamism, Kees van der Pijl wrote: “Over almost the entire post-war period Turkish political Islam had a distinct anti-liberal, anti-Western contender profile; only after the turn of the century has this been replaced by a neoliberal orientation compatible with the interests of transnational capital and the global pre-eminence of the liberal West, and embodied in the AKP. This strand today offers itself to the wider Middle East as an option for the future,” (2012, 7). I would argue, however, that the Muslim Brotherhood in Egypt had already adopted this path in the 1970s

This discussion of the Muslim Brotherhood demonstrates that during the *Infatih* bloc, they were a social force that was part of the historic bloc of that era. This was not the case under the Nasserist bloc, during which they were a weak social force that suffered from intense repression, nor was it to be the case under the new ruling class that emerged in the 1990s, as they ultimately failed to create a historic bloc. Although the Muslim Brotherhood became an increasingly prominent social force in the 1990s and 2000s, largely due to the material power they amassed during the *Infatih* bloc, we cannot analyse them as part of a bloc because there was a failure to create a bloc after the fall of the *Infatih* bloc. Indeed the increasing power of the Muslim Brotherhood in certain areas such as elections and syndicates demonstrates *both* their increasing prominence as well as the failure of the new ruling class to create a bloc.

I already discussed the dramatic demilitarization of government posts that took place under the new historic bloc. On the one hand, this affected their position within the new ruling class, although they remained an important fraction of capital. On the other hand, it was under this bloc that they expanded into new industries. They had accumulated wealth under the Nasserist bloc but had done so from a central and dominant position within the ruling class, and had done so vis-à-vis the state, which they controlled. On the other hand, this central position within the ruling class did not last into the new *Infatih* bloc, yet they remained an important fraction of capital and continued to accumulate wealth. This is tied to the fact that the Egyptian military continues to indirectly own much of Egypt’s land. Nevertheless it is important not to underestimate the military during the Sadat and Mubarak years. The fact that both leaders continued to worry about popular military figures (notably Abu Ghazala) shows that

the military continued to exercise authority as part of the ruling class in Egypt. Indeed what changed was its *position* within the ruling class.

The demilitarization of the government was one of the first steps taken by Sadat when he came to power, and its pace increased after the 1973 war. Men with military backgrounds were filling fewer political posts (Hinnebusch 1980, 448). Under the Nasserist bloc, political posts were filled with men from several distinct pools, as mentioned previously, including the Free Officers, academics, bureaucrats, rural notables, and the new technocratic elite. Under the *Infatih* bloc, the number of political posts filled with men from a military background declined, suggesting Sadat's intent to depoliticize the military.

"While the presidency and vice-presidency are still preserves of ex-officers, the prime ministership, once a monopoly of the military, now goes to civilians; ministerial portfolios are open to a dwindling number of officers. (Under Nasser, officers made up about one-third of the elite; by the late Sadat years, little more than one new recruit in ten has been an officer.) The disappearance of the Free Officer-military career route means that the one recruitment channel by which younger persons of modest social status could reach top elite positions has eroded, and not been replaced. It also means an opening of top elite roles to civilians. Academia continues to serve as a main recruitment channel. The bureaucracy *per se* is still a major and expanding recruitment channel but the classical career bureaucrat has increasingly been replaced in ministerial roles by a new breed of engineer-bureaucrats who work their way up through state organization and the public sector," (Ibid, 450).

Additionally, an alternative pool from which Sadat drew on to fill political posts was the expanding private sector. By the late 1970s, a quarter of new ministers were drawn from this private sector pool (Ibid). Moreover, civilians dominated all levels of the state apparatus, and there was an increase in the number of ministers who specialized in economics, law, and engineering (Ibid, 451). This correlates with Sadat's new economic strategy, as well as his drive to depoliticize the army. Indeed as Cooper notes,

when a portfolio was removed from an officer to a civilian, it tended to be a civilian of very high political stature: “Whether or not this process was carried out as a conscious strategy or merely a series of ad hoc responses to specific events is difficult to say with precision. It can be said with absolute certainty, however, that an intense ideological campaign to put the military permanently back into the barracks accompanied these changes in the cabinet,” (Ibid). While Nasser’s strategy vis-à-vis the military had been to isolate them and try to curb their political power, often through direct confrontations with influential military men such as Amer, Sadat instead aimed to depoliticize the military entirely and redirect them towards economic investments. Because of *Infītah*, these opportunities were rife. It was during this period that the military built the economic empire they are now famous for.

There were strong responses from the military to this move to depoliticize them. Decisions taken by Sadat during the October War were seen as the main reason for Egypt’s defeat (2012). There were therefore very clear critiques against Sadat from military men who felt that they had not been able to make the right decisions during the war. In terms of the new economic outlook of the *Infītah* bloc, responses were more mixed. On the one hand, many investment opportunities opened up to military men, and to the military as an institution. On the other hand, not everyone within the military was satisfied with the direction taken by this new bloc, with some expressing clear reservations. In 1976 there was reportedly some friction between Vice President Mubarak and War Minister Abd el-Ghani al-Gamasy and Sayyid Marei, representative of the non-military part of the ruling class. In that same year there was also friction due to the large number of officers that resigned as a protest against *Infītah* (Dekmejian 1982). Moreover, Dekmejian writes that the anti-Communist role now assigned to the military was not well received. In 1977, an uprising by naval officers was crushed. In 1978, former Chief of Staff General Sa’ad el-Din al-Shazly called for a military coup against Sadat and was removed from his post. Following this, 14 paratrooper officers who had supported al-Shazly were jailed (Ibid). The final move came in 1978 with the War Ministry being replaced by the Ministry of Defense, meaning al-Gamasy lost his cabinet and military posts. “With Gamasy’s departure, the only individual in the government who had possessed an independent power base left the political arena,” (Ibid). Dekmejian continues:

“Whatever the political wisdom of Sadat’s policies toward the military after October 1973, they have been consistent with his reiteration that the army has no political role. Military men are not permitted to vote in elections, not is the army considered as a corporate member of the Alliance of Popular Forces, as it was under Nasser. Moreover, the imposition of an ideological and strategic reorientation upon the army may further increase the apparent estrangement of the military from the regime. Also, a reduction of the army’s size prompted by the easing of the Egyptian-Israeli confrontation will produce a major unemployment problem with massive destabilizing consequences,” (Ibid).

Thus it is clear that the military’s response to *Infitah* policies themselves were mixed, but their position vis-à-vis the new historic bloc was more antagonistic. Many powerful figures within the military rallied against the changes being undertaken by Sadat, particularly against Sadat’s strategy during the war with Israel. Nevertheless, to a certain extent the strategy of the dominant fraction in the new historic bloc worked: by the end of the 1970s, the military was no longer the central force of the Egyptian ruling class.⁵⁶

This section aimed to demonstrate the emergence of the new dominant fraction of capital, its sources of wealth, and its relation to the state; as well as its attempts to include and exclude other fractions from central positions within the bloc. This is important to keep in mind before discussing the ways in which this ruling class transcended its narrow interests, formed through its unique connections to production. The next section looks at fractions of labour under this bloc.

⁵⁶ The military will be discussed in more detail in the following chapter.

4.6 Egyptian Labour and the Beginnings of the Neoliberal Assault

Egyptian fractions of labour during the *Infītah* bloc were in a period of transition. On the one hand, the Nasserist bloc had just broken down. This bloc was the strongest bloc in Egyptian history, and this was largely because the dominant fraction managed to incorporate almost all fractions of labour within it through moral and intellectual reforms. The welfare function of the state, the commitment to state-led capitalist development, and the focus on nationalism all provided workers with material benefits. These began to disappear with the rise of the *Infītah* bloc. On the other hand, the groundwork for the neoliberalization that was to occur was only just being put in place by the new bloc, and its concrete effects were only to be felt in the 1990s. During this bloc, the welfare provisions put in place during the 1950s were slowly dismantled, and reforms such as the land law were undone. Privatization was put into effect, and although the public sector continued to be a major source of employment, attempts to expand the private sector presented a constant threat to public sector workers. Moreover, the new ideological currents that emerged emphasized notions of individualism, risk-taking and self-sufficiency that benefitted the wealthy and demonized the poor. Class stratification increased dramatically. For all of these reasons, the 1970s and 1980s saw a shift in the ways in which fractions of labour related to the state and the ruling class. This shift was to manifest itself clearly in the 1990s and 2000s, a period that saw a dramatic rise in workers' actions. While it is this period that is known for workers' mobilization, the *Infītah* bloc also saw important events that form part of this trajectory.

By 1971 and 1972, strikes were already happening in response to the deteriorating economic situation. In fact in 1974 over 400 work stoppages and strikes took place, and on New Years Day riots took place in Cairo. In 1975 over 33,000 workers took part in a strike at Mahalla al-Kubra, and in 1976 strikes continued throughout the country, sometimes turning violent (*Ibid*). "This growing worker restlessness came at an inauspicious moment for Sadat, who was attempting to consolidate his position through reforming the ASU and by redirecting Egypt's economic policies in order to attract more foreign and domestic private investment. Both moves set him on a collision course with organized labour," (Paczyńska 2010, 91).

This latter point is important: attracting foreign capital involved promoting Egypt as a place attractive to multinational corporations that wanted cheap and flexible labour, a point I expand on later.

In 1974, the first attempt at restructuring a public sector company took place through the creation of a joint venture between Arab investors and the public sector (Ibid, 165). The Egyptian Trade Union Confederation (ETUC) rejected the proposal, arguing it would be harmful to Egyptian workers. These objections were strong enough for proposals regarding joint ventures to be shelved. When in 1980 there was another proposal to restructure the public sector—this time by selling 51% of state firm shares—it was again rejected, and shelved. This was to happen again in 1981 and 1982 (Ibid). The deteriorating economic situation is what eventually changed this pattern: “Although by the late 1980s the ETUC conceded that state firms would have to be restructured, it remained opposed to outright privatization arguing that the economy would be better served by foreign capital’s setting up new ventures rather than taking over public sector firms,” (Ibid, 166).

The government knew that unrest would emerge in response to the IMF-led privatization process, and therefore it suggested that workers be allowed to buy shares in companies that were being privatized. This was a problematic solution, as will be discussed in the following chapter, although to some extent it allowed workers some control over the privatization process. In 1991, the ETUC came out against Law 203—the privatization law—and forced the government to make several concessions, including guarantees against mass layoffs (Ibid, 170). Nevertheless, soon the labour law was rewritten as the government needed to attract foreign investors and the private sector. The law took a full ten years to get pushed through parliament, due to two controversial clauses: the grounds on which workers could be fired, and the right to strike. Supporters of the law pointed out that it was pro-workers and showed the continuing legacy of Nasserism, and said that without a flexible labour market Egypt would not attract investment (Ibid, 177). The debate around this law shows the different positions:

“The government conceded to labour demands and announced that the new law would include provisions guaranteeing protection of workers’ rights, maintain their rights to a share of company profits, and pledged to increase wage levels.

Business refused these. These negotiations also reveal splits within the business community. Although large business was interested in pushing through changes in the labour code, others saw little reason to support any changes if the right to strike was included in the new provisions. Small and medium sized enterprises had little difficulty in circumventing the existing labour law and saw only marginal benefits in codifying flexibility in hiring and dismissal policies if such flexibility was at the expense of creating a more militant labour force,” (Ibid).

What these negotiations also show is the power of fractions of labour to resist the oncoming changes. This was based on previous experiences, notably those under the Nasserist bloc: “As in the past, when workers’ employment security and living standards were threatened, they were willing to confront the state. They knew from past experience that although the regime might initially respond with repression, it was also likely to grant the substantive concessions workers demanded,” (Ibid, 184). We see here that it was not fractions of capital that slowed down the passing of a new labour law or the implementation of the privatization program; it was fractions of labour, primarily those tied to the public sector. This cannot be written out of the narrative. By focusing on the ruling class rather than the historic bloc, it is easy to miss forms of resistance on the part of labour that were not merely symbolic but that had real material effects on the ruling class’ hegemonic project.

This can be explained by fractions of labour and their particular position within production. As noted by Paczyńska:

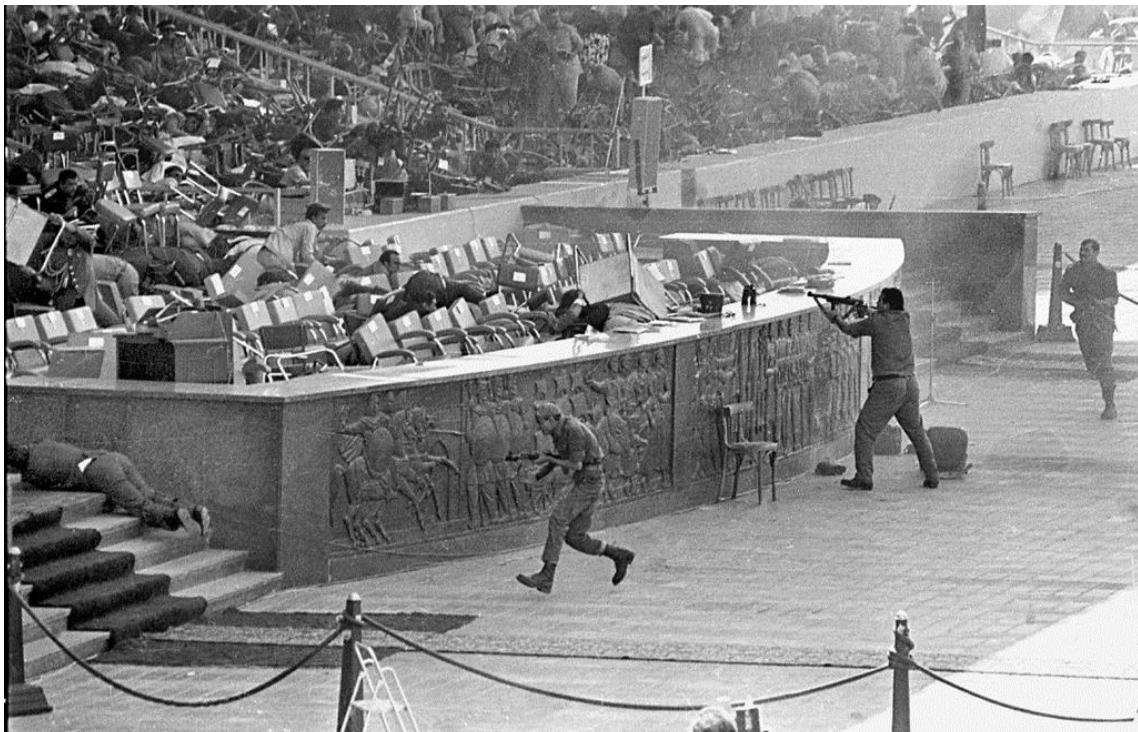
“Labour’s ability to respond to threats is theoretically greater than that of many other interest groups in society. Unions have established institutions and flexing political muscle is not easily ignored by governments. Strikes can have profound impact beyond the factory gates and affect broader macroeconomic conditions in a country. Even when trade unions seem weak they can make trouble for their employer and if that employer is the state then their behavior is politically threatening.

Privatization therefore affects what is one of the few organized groups in society,” (Ibid, 4).

Workers are in effect so directly related to accumulation and production that it is these fractions that have the power to affect accumulation. This is precisely why revolutionary actions that do not include or do not speak to labour are not as powerful; they do not touch the mechanisms of production and accumulation in the same way. In Egypt, fractions of labour were able to show down the implementation of the privatization program, and the restructuring of the public sector. Nevertheless, they were ultimately unsuccessful. Here we need to return once again to the dialectic between the ruling class and fractions of labour within the historic bloc of *Infītah* and remember that ultimately, the ruling class had more cards to play.

The bread riots of 1977 represented the struggle the ruling class was to face until 2011: the precarious balance between its narrow interest of accumulating capital through free market reforms and transcending this interest through moral reforms in order to maintain political stability. One of the main arguments of this paper is that the 2011 revolution occurred precisely because this balance—already precarious—was completely undone. The new ruling class of the 1990s, with Gamal Mubarak at its helm, prioritized free market policies without attempting to maintain political stability. This ultimately resulted in a mass uprising. Indeed the concept of a historic bloc elaborated on in the first chapter pointed to the necessity of stability in order to avoid an organic crisis that could bring about the downfall of the bloc. The Nasserist bloc and even to an extent the *Infītah* bloc were well aware of this—see for example the response to the 1977 bread riots. It is the last ruling class that lost all will to maintain this precarious balance and it is precisely for this reason that they were unable to ultimately create a historic bloc.

4.7 The Rise of the *Infitah* Bloc



The assassination of Sadat. October 6, 1981

This chapter has told the story of the formation of the *Infitah* bloc by focusing on the new fractions of capital that emerged, outlining their narrow interests, and showing the ways in which they transcended these. Ultimately these fractions were able to create a historic bloc and exercise hegemony, despite the fact that it was not as strong as the previous bloc. I have argued that this is because the moral and intellectual reforms this bloc used did not resonate with the majority of Egyptians, and did not form a powerful enough façade for the worsening economic situation faced by most of the country. Moreover, the moral and intellectual reforms of the *Infitah* bloc paled in comparison to those of the Nasserist bloc, whose focus on nationalism, anti-imperialism and state-led development had closer ties to the ideologies of the subaltern classes.

Nazih Ayubi has summed up the tensions the *Infatih* bloc faced in one paragraph:

“The state leadership may therefore be inclined to think that a larger role for domestic and international capital might relieve it from some of its growing developmental burdens, and the state bourgeoisie may eventually find itself tempted, or even corrupted, by a domestic commercial bourgeoisie and an international corporate bourgeoisie both of which are anxious for partnerships. In the meantime the concern of the state not to tamper with the welfarist pillar of its legitimacy, combined with the capitalist consumerist inclinations of the state bourgeoisie, result in heavy financial burdens that force the state to live beyond its means and eventually to over-borrow,” (1996, 336).

The link between a domestic commercial bourgeoisie and an international corporate bourgeoisie is one of the defining features of this bloc. At the same time, the expansion of this class had to occur without tipping the balance of political stability. In other words, capital accumulation could not rely on exploitation to the extent of creating enough instability to prevent this very accumulation. This balance was to be completely destroyed following the rise of a new ruling class. This bloc, however, laid the groundwork for the penetration of transnational capital through the consumerist inclinations of the new fractions created by the bloc.

To wrap up this chapter, I focus on the question of what *Infatih*’s concrete results were. Between 1974 and 1982, Egypt’s growth rates were the highest they had been in the 20th century. The GDP grew on average 9% and the rate of national savings increased (Waterbury 1981, 73). This growth, however, did not result from growing productivity in sectors with the highest rates of employment, as Waterbury notes, but rather from oil exports, Suez Canal revenues, remittances, and tourism (Ibid). Other scholars agree with Waterbury, arguing that the results of *Infatih* were not very impressive. Hamed argues that even though the aim of the new project had been to attract foreign capital and reduce public investment, over 90% of investments made in the industrial sector in 1975 came from pub-

lic funds (1981, 4). Agricultural output declined, from 20% in total investment in the 1960s to 8% in 1976 (Ibid). Finally, the deficit doubled from 1973 to 1976, reaching \$1.3 billion (Ibid, 5).

Many of the concerns surrounding *Infatih* and its focus on services rather than production were realized. Untaxed finished goods entering the country in great quantities were negative for local industries, particularly because *Infatih* projects were tax-exempt while local projects were not (Ayubi 1980, 282). Because many items could be imported duty-free, many imported goods ended up being cheaper than locally produced goods. Indeed the Egyptian Federation of Industries lodged complaints about this, pointing out that locally produced goods were left to stagnate in the market (Ibid, 283).

The question of the public sector remained at the forefront of the debates surrounding *Infatih*, as noted earlier. Despite attacks on the public sector, by the 1980s the state was still over-represented in production: in 1979 the public sector accounted for 68% of industrial production, and in 1981/82 the public sector was responsible for 77% of all investments (Ayubi 1992, 95). Even the privatization policies announced in 1987 did not drastically alter this. Throughout this dissertation I have touched on the debates surrounding the public and private sectors. Rather than attempt to simply argue that the public sector became powerless as the private sector gained power, it may be more useful to note that in actual fact the public sector did not lose its role in Egypt's economic development from the 1980s onwards. Instead its services were redirected towards a new type of accumulation. Similar to the state, it is not a question of the public sector no longer being active, but rather that it was from then on used in the services of a very different type of project.

By the end of the 1980s, Egypt's economic situation was deteriorating. Foreign debt increasing, there was a balance of payments deficit, and the macroeconomic situation was in bad shape. This set the scene for the IMF structural adjustment programs that Mubarak was to sign soon after becoming president. This was not the start of Egypt's relationship with the World Bank or IMF, as noted previously (Soliman 2011). In 1976, following IMF advice to cut subsidies, bread riots broke out, signalling the unwillingness on the part of many Egyptians to accept austerity. This instance of resistance not only forced the government to withdraw subsidies, but remains an important warning of what could happen if the delicate

political balance is not maintained. 2011 was to be another example of this.

However it would be a mistake to evaluate *Infatih* solely in terms of its concrete economic outcomes, since these cannot be separated from broader structural and ideational changes brought about by the new bloc. The Sadat era is infamous for creating the enormous gaps between social classes in Egypt, by allowing a small segment of Egypt's population to become extremely wealthy. Moreover, due to the cultural changes detailed in the previous section, this segment was very much consumed with consumption. This meant that their wealth was very visible. Lutfy Abdul Azim, editor of *Al Abram al Iqtisadi*, wrote sarcastically about these changes:

“With every step I take, my eyes are dazzled by the glitter of the open door policy. I need only walk into any grocery store to breathe a sigh of relief and to thank God that he has compensated us so well for the long period of frustration and deprivation,” (Baker 1981, 380).

Azim is contrasting the promises of *Infatih* with their actual outcome: grand promises of advancement and opportunities for all Egyptians meant, in reality, luxury beyond belief for a small percentage. Latest model cards, luxury apartments in new suburbs, and new imported fashions were now to be found in Egypt—at any price. In his scathing critique, Aziz puts his finger on the core problem with *Infatih*: its success depended on the continued exploitation of millions of Egyptians. Salah Hafez wrote about the “dollar group”—a group of Egyptians who could afford to pay for new appliances, apartments and cars in US dollars; a group he contrasts with the majority of Egyptians who have only seen a dollar in the cinema or newspapers (*Ibid*). Major newspapers and journals also raised questions about the sale of the public sector and expansion of the private sector (*Ibid*).

Other scholars have argued that it was the *excesses* of *Infatih* that gave economic liberalization a bad name in Egypt: “Under a political leader more committed to more careful supervision of the economic reform package, Egypt may have played a pioneering role in the Middle East and even the Third World in adopting successfully and at an early stage the

main features of the new development orthodoxy,” (Springborg 1989, 5). An important question to ask here is whether it was indeed the “excesses” of *Infatih* that were the problem, or *Infatih* itself. Indeed Springborg seems to be reproducing the typical Orientalist fallacy that the lack of good leadership (an offshoot of the Arab despot thesis) is what results in the failure of development in the Middle East. This automatically excludes any critical analysis of economic liberalization itself and broader questions of power and political economy. The assumptions underlying liberalization are naturalized, and the only reason it could have led to poverty or dissatisfaction is because it was not implemented the way it should have been—a clearly problematic approach.

Galal Amin offers an alternative explanation. He argues that there was no reason why the liberalization of the economy could not have led to a high growth rate for a long period of time (1980, 434). The problem was that lower income groups did not feel the effects of the growth rate experienced at the GNP level. He links this to the relationship between developed and underdeveloped countries: “A typical third world country enjoys a very low degree of freedom in deciding what kinds of foreign goods and foreign investments to import. If it decides to import only what it considers to be necessary goods and investments, it is likely to be deprived of both the necessary and the luxury. On the other hand, if it follows a liberal economic policy whereby little discrimination is made with regards to what to import, it is likely to be showered by goods and investments for which it has very little need,” (Ibid, 436). Amin argues that the most an underdeveloped country can aim for is to influence the conditions of financial aid, pointing out that when Nasser attempted to find financing for the Aswan Dam, the West had no issues provided that Egypt liberalized and prioritized foreign capital. Once Nasser rejected this, the aid offers were withdrawn. Similarly, he points out that any underdeveloped country that opens its economy to foreign investment, foreign goods and foreign capital cannot expect to determine the policies surrounding the distribution of income. “This is why one finds it difficult to reconcile the call for greater liberalization of the economy with the call, often made by the same persons, for greater equality of income,” (Ibid). Amin’s point that lower income groups did not feel the growth rate experienced at GDP level alludes to the very structure of neoliberal capitalism. Growth is measured through macroeconomic indicators that do not take the distribution of wealth into account.

In effect, what happened under this bloc was that capital was once again redirected from one place to another. Under the Nasserist bloc, as we will see, capital was redirected away from an agrarian fraction of capital and towards industrialization and the public sector. Under this bloc, capital was redirected away from the public sector and social services, as well as away from industrialization, and towards the private sector. Despite the rhetoric, there were not massive amounts of foreign capital coming into Egypt; what changed significantly was the dramatic expansion of imports. Many have noted the continuing dominance of the state and public sector under this bloc, aiming to disprove the narrative that Sadat favoured the private sector. And yet a longer historical view is needed to see that it *was* under this bloc that the decline of the public sector began, even if it was not completed under the same bloc. Capital was being redirected away from social services but the state and its organs were still responsible for distributing it elsewhere. Moreover, it is of no surprise that many within the public sector saw the opportunities created by *Infitah* and grasped them.

Infitah ensured that a new framework for discussing Egypt's economy became dominant, one in which the main actors were the state and the market. The state was seen as an impediment to growth and the general well-being of the country, while the market was seen as the solution to this impediment. This framing was to become even more dominant as time went on, and was a drastic departure from the Nasserist bloc, under which the state was the main actor and was seen as a force for progressive change.

This chapter has exposed the ways in which the rise of a new historic bloc led to both material and cultural changes in Egyptian society. The economy moved towards a free-market system that privileged the private sector, foreign direct investment, sectors of the economy such as tourism and real estate, and a new political reliance on the West. Simultaneously, new norms of self-reliance, individualism and entrepreneurship became a staple of the new bloc's hegemonic ideology. In order to wean people off state support and social services, a new way of interacting with the market needed to be presented and normalized—whereby each citizen is responsible for taking advantage of the new economic opportunities. Only then could they partake in consumption of new luxury goods and real estate. What is left out of this story is that these new economic opportunities

were not available to everybody, and given that, the removal of state support meant the creation of a class in Egyptian society that found itself lost. This is precisely what set the groundwork for the 2011 revolution.

Perhaps most important is the fact that the historic bloc that emerged around *Infatih* was smaller and less hegemonic than the one it replaced. Not only was it unable to form alliances with key fractions of capital left over from the previous bloc; it was also unable to reach out to all major fractions of labour and incorporate them into their project. Because it was a period of transition for labour, some fractions resisted while others were incorporated; but overall we do not see the wholesale incorporation of the Nasserist bloc nor the wholesale rejection of the financial ruling class. This is not an argument about whether hegemony existed or did not exist; it is clear that both the Nasserist and *Infatih* blocs were historic blocs and that both were hegemonic. Rather it is an argument about the degree and intensity of hegemony. Whereas the Nasserist historic bloc was able to exercise a high level of hegemony within itself and thus over society, as will be shown in the next chapter, we see that this was not the case with the *Infatih* bloc, which did exercise hegemony but in a limited form. This is important in light of the fact that the bloc that came after the *Infatih* bloc, was even less hegemonic. The previous chapter demonstrated that the fraction of capital dominant within the historic bloc under Mubarak was unable to form alliances with most fractions of capital, and with no fractions of labour. Thus we see that over time the historic bloc has decreased in size and power, and this is central, I argue, to the 2011 revolution's timing.

This chapter has argued that the social forces that were to dominate the *Infatih* bloc began to exert their dominance in the late 1960s and not the early 1970s as is commonly assumed. Because of the “failure” of the Nasserist bloc’s program of state-led capitalist development, the impetus to shift towards free-market capitalism became more convincing, thus empowering these new social forces. Under this new ruling class, we see a shift in the status of the military as well as the cultivation of crucial connections between national, regional and transnational capital vis-à-vis the new ruling class. The so-called failure of the public sector was key to the transition to a new bloc, although it is often ignored in the literature. By focusing on this, I center the role of productive versus financial capital in Egypt’s modern history. Indeed the neoliberalization taking place in Egypt

under this bloc further reified Egypt's peripheral position, removing industrialization from its central position under the Nasserist bloc.

Because this new ruling class relied on a very different set of norms and values to construct its hegemony, part of this chapter focused on several films and novels in order to demonstrate the dramatic shift from the Nasserist to the *Infītah* bloc. Positioning the ideational vis-à-vis the material in the way I have done here is rare in the literature on Egypt's cultural scene., despite it providing us with a unique lens through which to understand shifts in ruling classes.

The focus on fractions rather than individual elites—rare in the field of Middle East Studies in particular—once again allowed me to avoid the assumption that Sadat acted solely in the interest of maintaining power. Instead this chapter provided a more complex view of the period. The focus on the Muslim Brotherhood as a fraction of capital and thus part of the ruling class avoids the excessive focus on Islamism that is present in much of the literature on modern Egypt. Finally, this chapter shows how by transcending their narrow interests, the *Infītah* fraction of capital was able to create a bloc and hegemony, even though it was ultimately not as strong as the one preceding it. The 1977 bread riots are an indication of this weakness, and a warning of the importance of transcending these narrow interests in order to create consent.

5

A Failed Attempt at Hegemony: Gamal Mubarak and a New Financial Fraction of Capital

“In every country the process is different, although the content is the same. And the content is the crisis of the ruling class’s hegemony, which occurs either because the ruling class has failed in some major political undertaking for which it has requested, or forcibly extracted, the consent of the broad masses (war, for example), or because huge masses (especially of peasants and petty-bourgeois intellectuals) have passed suddenly from a state of political passivity to a certain activity, and put forward demands which taken together, albeit not organically formulated, add up to a revolution. A “crisis of authority” is spoken of: this is precisely the crisis of hegemony, or general crisis of the State.”

– Antonio Gramsci (2007, 210).

This chapter looks at the last ruling class before 2011, and their attempt to create a historic bloc. As argued in the previous chapter, the ascension of Hosni Mubarak did not result in the rise of a new historic bloc; rather, it represented a period of *trasformismo*. Thus when Mubarak came to power, there was a historic bloc and hegemony in place, although it was weakening. This attempt at damage control ultimately failed and by the late 1990s we see the final decline of the *Infatih* bloc and the rise of a new ruling class centered around Gamal Mubarak and others. This ruling class failed to create a historic bloc because of its failure to transcend its narrow interests. Neither fractions of capital nor fractions of labour were drawn into their project and thus a bloc was never formed. It is this, ultimately, that led to an increasing reliance on coercion rather than consent, and that created the material and ideological conditions for the 2011 uprising.

5.1 Introduction

As can be seen from the title of this chapter, the focus is on the emergence of a new fraction of capital. This fraction represents a shift in Egypt's accumulation strategy only insofar as it became a central mode of accumulation—it is not new in the sense of not having existed before this fraction emerged. Because of my argument that the new ruling class was dominated by a financial fraction of capital, I call this bloc the financial ruling class. This chapter is split into five sections, outlined below.

The first part of this chapter provides a justification for why I conceive of a break in the mid-1990s at which the *Infatih* bloc—a bloc that did exercise hegemony—declined and there was an attempt by a new fraction to establish a historic bloc. I argue that in the mid-1990s we see the emergence of a new fraction of capital that was to become dominant, one with a separate accumulation strategy. This fraction has been called the “neoliberal elite” in much of the literature on Egypt, betraying its allegiance to neoliberalism as an accumulation strategy. However, it seems that a more accurate description would be to treat them as a financial fraction, a point I explore in the chapter. This is characterized by an acceleration of neoliberalization. This fraction has also been described as “crony capitalist” or as a fraction known for blurring the lines between politics and economics because of the ways in which the businessmen that make up the fraction use political parties and state institutions to accumulate capital. I argue, however, that this does not represent a blurring of the line between politics and economics—as this line never existed—but rather that the state as a central institution of capitalist accumulation was now under the control of a new fraction of capital. Above all, referring to this bloc as a financial fraction of capital relates to one of the central arguments of this dissertation: that the rising dominance of financial capital over productive capital was completed under this bloc, and it is this that largely explains the organic crisis that brought about the 2011 revolution.

The second part of this chapter explores the position of the Egyptian military within this new ruling class. Many scholars have argued that the military was pushed out of power because of the emergence of the financial fraction. However, at the same time, it seems necessary to locate the military as an important economic actor in Egypt, particularly through its control of land. This tension will be addressed through an analysis of

the military's accumulation strategy and its resulting position within the ruling class in the period before the revolution. Importantly, it will address the question of how to understand the military: are they a class, an economic actor, a fraction, or the ruling class itself? Addressing the military is also important vis-à-vis my argument about financial and productive capital; the military have historically represented the latter and so their marginalization within the ruling class can be seen as representative of the marginalization of productive capital itself.

Third, this chapter deals extensively with fractions of labour under this last ruling class. This period is known for its massive number of workers' actions and strikes, with over two million workers participating over the span of ten years. This heralds a new wave of labour action that needs to be contextualized vis-à-vis neoliberalization. Moreover, this bloc did not include any major fractions of labour, thus rendering it weak in terms of its class alliances. This is important to discuss in light of its ultimate downfall at the hands of workers themselves.

The final part of this chapter brings together the various arguments in order to demonstrate that this new fraction of capital ultimately failed to establish a historic bloc and by extension hegemony. Increasing levels of coercion demonstrate this, and the final price this fraction had to pay for failing to create a bloc was its downfall following the 2011 revolution. I have arranged the sections in this order because I want to clearly demonstrate the emergence of this new fraction of capital, its accumulation structure—accelerated neoliberalization—and the ways in which it failed to expand its own narrow interests through moral reforms as well as to create a bloc. Each section thus provides a piece of the puzzle that shows why this final ruling class set the final conditions for the 2011 revolution.

5.2 A New Fraction of Capital

When Hosni Mubarak became President of Egypt, we saw an old pattern being repeated: just as Sadat had made sure to stay close to Nasser's rhetoric and position when he first became president, Mubarak maintained the same tone and objectives as Sadat when he first took office. Key to this was Egypt's new position as a US ally. Indeed in an interview he stated: "Without the United States it would have been difficult, if not impossible

to achieve what President Sadat achieved. I am very comfortable about dealing with the United States, and I will continue to do so and to enhance our relationship," (Kandil 2012, 312). This section begins by looking at the transition from Sadat to Mubarak, and arguing that this transition was marked by a period of *trasformismo*, rather than the emergence of a new bloc. The section then focuses on some of the mechanisms of accelerated neoliberalization that allowed for a new fraction to emerge, such as the structural adjustment program, reform of the banks, and a new cabinet of businessmen. The final part of the section looks at who made up this new fraction of capital, and what distinguishes it from the previous *Infītah* bloc.

Following Sadat's assassination and Mubarak's ascendancy to power, Mubarak initially moved to make significant changes to various institutions, primary among these an attempt to strengthen the public sector and to weaken the power of import-export businessmen. While these changes have been read as a move to weaken Sadat's power base, I argue instead that this period represents a period of *trasformismo*, during which Mubarak was attempting to do damage control. *Trasformismo* refers to an attempt to co-opt rising challenges in order to maintain both the state of consensus as well as the power and dominance of the ruling fraction. Challenges to the social order from the rise of new social forces as well as new ideas need to be co-opted in order for the hegemony of the historic bloc to stay in place.⁵⁷

When Mubarak became president in the early 1980s, we see that certain challenges existed and that they posed a threat to the *Infītah* historic bloc. This chapter looks at these challenges, the ways in which Mubarak attempted to co-opt them through a process of *trasformismo*, and the eventual rise of a new fraction that destroyed the *Infītah* bloc. Looking at the shift from one bloc to another is important, and these periods usually represent periods of transformation whereby a historic bloc attempts to subvert challenges it may face. It is key to remember that the *Infītah* bloc had a weaker hegemony than the Nasserist bloc and thus faced numerous challenges by the time Mubarak became president. The *Infītah* bloc did not end when Mubarak came to power, but it did enter a period of transformation. This period lasted until the mid-1990s, when we see the fall of this bloc,

⁵⁷ Gramsci has written that *trasformismo* is one of the historical forms of the 'passive revolution' or 'revolution/restoration' dialectic (1971, 157).

and the rise of a new fraction that ultimately failed to create a new historic bloc.

Mubarak, like Sadat, inherited a country full of economic problems. “Economists agree that the country could no longer tolerate the speculative activities and short-term ventures of private investors and their foreign partners, nor could it afford the consumption tendencies that surfaced in the 1970s, especially those directed toward imported luxuries. In conclusion, a return to state-planned economic development was essential, even if the private sector was allowed to play a leading role in this process,” (Soliman 2005, 40). This was what was needed. By the end of the 2000s, the complete opposite had taken place. Consumption (primarily of luxury goods) and speculation meant that Egypt’s productive industries were weak. Corruption had become endemic following *Infatih*, primarily in the now-defunct public sector. Members of this class constituted a large segment of the ruling class, but they represented a form of capital that was unproductive. The public sector did not create enough jobs or wealth to become productive the way it had been previously.⁵⁸ Similarly, the speculation and consumption of *Infatih* was not productive in the ways industrial development may have been—instead, it produced a new class of wealthy elites, and a large gap between them and the rest of society. To add to this, foreign debt increased exponentially during the *Infatih* period, to add to the already high levels inherited from Nasser. Indeed by 189, Egypt declared bankruptcy.⁵⁹

The first response to this was Egypt agreeing to participate as a US ally in the 1991 invasion of Iraq, a move which earned Egypt the cancellation of half its debt. This was still not enough, and in 1991 Egypt signed an IMF structural adjustment deal—the ERSAP. Nevertheless, this was not a simple case of capitulation. Egypt’s negotiation team—Kamal el-Ganzoury, Atef Ebeid, Mohamed Ahmed el-Razaz, Salah Hamed, and Youssef Boutros Ghali—were strong, and negotiations took quite some time. For example, the IMF called for shock therapy as the only solution to stabilizing Egypt’s economy, but this was rejected by the negotiating

⁵⁸ Indeed empirical data collected shows that by the early 2000s, the private sector vastly surpassed the public sector (ECB reports 2002/2003, 2004/2005, 2006/2007).

⁵⁹ This spiralling debt was only somewhat declining in the 2000s, as can be seen from ECB reports (*ibid*).

team, who probably realized the dramatic political ramifications of this. At the same time, strengthening the private sector remained a key priority of both the IMF as well as the *Infatih* bloc. But even this was not *per se* an outright capitulation, as the government moved to privatize public sector companies at a very slow pace. Ikram rightly notes: “Privatization on the scale proposed was not simply a financial exercise, but rather the abandonment of a model of development that had shaped Egyptian society for a generation,” (Ibid, 78). This would have no other outcome than a drastic realignment of economic power. “Thus the seemingly straightforward technical issue of privatizing some 300-odd enterprises might be the thin edge of a wedge that could initiate far-reaching changes in Egyptian society. The Egyptian authorities in 1991 accepted this possibility,” (Ibid). I would argue that the Egyptian authorities not only accepted this possibility but that it was in line with the hegemonic project the *Infatih* bloc had put in place. At the same time, it also set in place the groundwork for the new ruling fraction that was to emerge in a matter of years.

By 1995, 75% of Egypt’s subsidies had been cut, most public sector companies were being prepared for privatization, and it looked like neoliberalization was firmly underway: Egypt’s budget deficit was cut, and the economy started experiencing growth (Ibid, 350). Nevertheless, the IMF program should be assessed critically. Timothy Mitchell has noted: “The reform program did not remove the state from the market or eliminate profligate public subsidies. Its main impact was to concentrate public funds into different hands, and many fewer. The state turned resources away from agriculture and industry. It now subsidized financiers instead of factories, cement kilns instead of bakeries, speculators instead of schools,” (Mitchell 2002, 276). The connection between the IMF program and the emergence of a new fraction of capital is important. Through privatization in particular, a central tenet of IMF demands, a new fraction of capital was able to accumulate capital through neoliberalization.

By the late 1990s, it was clear that something had begun to shift in Egypt. Finance became integral to many Middle Eastern countries as neoliberalization deepened.⁶⁰ The control the government exercised over credit was liberalized in the 1990s, making credit widely available to the

⁶⁰ This was confirmed by empirical data collected in the form of ECB reports detailing the shifts in types of investment and GDP expenditure (ECB reports 2002/2003, 2004/2005, 2006/2007, 2008/2009).

private sector. In Egypt this credit was taken advantage of by a small group of businessmen who were part of the ruling class.

“In early 2000, 42% of the 206 billion Egyptian pounds extended to the private sector went to only 343 clients, with 28 of them taking 13% of the total. By 2002, nearly 18% of non-performing loans were held by only 12 clients. Well-connected business groups were generally able to borrow with insufficient collateral and no formal procedures. These borrowers were often connected to the Mubarak regime and the state were indicted in the 1990s for running a loan distribution network connecting public banks, businesses and the political system,” (Hanieh 2014, 82).

This new fraction of capital began to give off the impression that decision-making had increasingly become the purview of a smaller group: “The process of neoliberal reform is driven by the ability of a highly centralized political core to frame the context of the implementation of its policies. This dialectic of centralization and decentralization has been the distinguishing feature of the institutional restructuring of the neoliberal state in the Middle East region—rhetorically founded upon “good governance” and “accountability,” while simultaneously strengthening the tendencies towards authoritarianism,” (Ibid, 92).

The shift towards accelerated neoliberalization with its focus on financialization is key to the development of a new fraction halfway through the Mubarak era. As has been argued, financialization often affects power relations in a country because they increase the political independence and power of private businessmen (Roll 2010, 350). A key aspect of financialization has been the loss of government control over the allocation of capital, including credit. Take this table issues by the Central Bank of Egypt for the fiscal year 2002/2003 (Central Bank of Egypt 2002/2003, 64):

Relative Importance of the Public and Private Sectors in GDP				(%)
	2001/2002	2002/2003		
	Public	Private	Public	Private
GDP	27.9	72.1	28.1	71.9
Productive sectors, of which:				
Agriculture, irrigation and fishing	0.4	99.6	0.4	99.6
Mining and crude petroleum	5.4	94.6	5.4	94.6
Manufacturing and petroleum products	13.5	86.5	13.3	86.7
Construction and building	41.5	58.5	41.4	58.6
Service Sectors, of which:				
Transportation, communications and storage	16.8	83.2	16.6	83.4
Wholesale and retail trade	4.2	95.8	4.2	95.8
Financial intermediation & support activities	65.1	34.9	65.7	34.3
Real estate activities	4.1	95.9	4.1	95.9
General government	100.0	0.0	100.0	0.0
GDP Growth Rate	1.1	4.0	3.8	2.9

Table 2.1: Private vs. Public GDP Expenditure

This report, part of my empirical data, details the massive percentage of GDP expenditure the private sector monopolized, versus the public sector. Even sectors traditionally dominated by public capital such as construction and transportation were now primarily listed under private. These reports are also important as they show the sectors that experienced massive growth during the 2000s, when this new fraction began to consolidate itself. Indeed this same report noted the government's focus on strengthening the private sector, reporting that for fiscal year 2002/2003 the private sector contributed about 71.9% of GDP (ibid, B). Tourism and tourist resorts in general began to experience massive growth, as detailed by both the reports cited above as well as reports by the General Authority for Investment and Free Zones (General Authority for investment and free zones 2010/2011, 2009/2010, 2008/2009, 2007/2008, 2006/2007, 2005/2006, 2004/2005, 2003/2004). Another part of my empirical research – the American Chamber of Commerce reports – consolidated this view in a report published in 2008 (American Chamber of Commerce 2008).

Indeed chairman of Banque du Caire noted that between 2000 and 2005, 75% of the bank's loan portfolio belonged to 46 businessmen (Roll 2010, 356). Banking sector reforms and the development of Egypt's capital market were both central to this financialization process that benefitted the new fraction that emerged. Without access to capital offered by public banks in particular, the new fraction would not have had the liquidity needed to make such large investments. "These mechanisms enabled a few entrepreneurs to take excessive advantage of financial sector reforms, [which] led to capital concentration within the private sector and therefore a 'restructuring' of the Egyptian business elite," (Ibid, 363). Roll points to the fact that large family holdings were not what dominated the economy in the 1980s, but by the 1990s they had become characteristic of the Egyptian economy (Ibid). While it is true that they only became notable in the 1990s, it is important to point out that the conditions for their emergence began with the shift to the *Infatih* bloc. Many within this new fraction achieved a level of independence and power unseen since the colonial period. Take the example of Samih Sawiris, member of Egypt's richest business family, and his move to register Orascom—one of Egypt's biggest companies—as a Swiss company in order to avoid interference from the Egyptian government (Ibid, 366). This move, not unknown to major corporations across the globe, indicated a new level of independence for Egyptian capitalists. It ensured that company assets were beyond the reach of the state and made it easier to transfer capital abroad. This is despite the fact that Mubarak's tax system was not that threatening to big business. By 2001, taxes on industrial and commercial profits amounted to a mere 4.4% (Abdelrahman 2014, 15). This worsened under the "cabinet of businessmen," during which the corporate tax was cut from 42 to 20%. By 2009, salaried workers paid a total of LE13 billion in taxes while corporations paid only LE29 billion (Ibid).

The relationship between banks and businessmen was another aspect of the emergence of a new fraction of capital. Businessmen were increasingly able to take out massive loans to finance investments. Ahmed Bahgat, for example, founder of Bahgat Group and one of Egypt's most successful businessmen, took a loan of over LE2 billion to finance the construction of Dreamland (El Tarouty 2015, 87). Aside from Dreamland, he also started the private TV channel Dream TV and owned multiple factories. In May 2004, he was prevented from leaving the country because he owed billions of pounds to the National Bank of Egypt (Ibid, 89).

Hassan Hussein, former head of Misr Bank Al Motahad, said in an interview:

“In the 1980s, there were respected businessmen who worked in trade and industry. They would open a letter of credit and when the goods arrived, they would pay the banks. But in the 1990s, businessmen were trading with the banks’ money. For example, those who had political connections bought pieces of land for a nominal price. Then they would get loans from the banks based on the value of this piece of land after the bank had highly inflated its price. These people were involved in unproductive activities and made money using state-owned lands,” (Ibid, 71).

His point about productive capital is fascinating, and touches on one of the key distinctions between the Nasserist historic bloc and the new fraction of capital that emerged in the 1990s, with the *Infatih* bloc acting as a bridge between the two, namely: the shift to accelerated neoliberalization and financialization entailed a shift towards forms of capital investments that were on the whole unproductive. Under the Nasserist bloc, the aim had been to make the public sector the center of the economy, based on industry. Under the *Infatih* bloc we see that financial speculation, primarily based on land, became one of the main forms of generating capital, as well as import and export. This solidified under the financial bloc, where financialization became the dominant form of capital generation. Thus when Hussein designates the new type of businessman as unproductive, he means that land and money were being used to generate more money, rather than being invested in industry, trade, or other long-term projects. This shift is crucial to understanding the differences between the different blocs. Speculation, especially when done using national banks’ funds, was not only risky but was on the whole not able to contribute to the development of the nation as a whole; instead it developed a small class. Alongside this, when we see this shift to the *Infatih* bloc and the fraction of the 1990s, we also see a change in the public sector itself. Once the harbinger of development and productive capital, it slowly degenerates until it is held up by nothing but corruption. Indeed the critiques made of Egypt’s public sector during Nasser—that it was unproductive, corrupt and inefficient—

were ironically untrue at the time, but because true following the shift to a free market system.⁶¹

Changes in public banking and the availability of capital lend credence to Timothy Mitchell's argument that the reforms of the financial sector did not get rid of state support, but redirected it where the support was to go (2002, 277). This points to my argument that the state should always be contextualized within historic blocs, and not be seen as essentially consisting of its own policies or preferences. This is something we saw in Chapter Three where I argued that what the Nasserist historic bloc did was essentially change the recipients of capital, rather than the mode of production itself. Similarly, under the new ruling class of the 1990s, we see that the new fraction was able to redirect state support—or capital—towards its own investment projects. Indeed they were able to initiate an almost complete reversal of what the Nasserist bloc had achieved. This was done through several mechanisms, including the restructuring of banks for example. In 2004, a close associate of Gamal Mubarak—Faoruk el Okda—was made head of Egypt's Central Bank:

“The most important thing was to amend the Central Bank law and reconcile with the businessmen. El Okda wanted to change the environment. There was a general pressure on the banks to reconcile with the businessmen and not to arrest them...they don't pay back the whole amount but negotiate on paying part of it, and they will get out,” (El Tarouty 2015, 72).

Gamal Mubarak was a key figure driving these financial reforms.⁶² National banks were a major part of these reforms, despite the fact that the

⁶¹ For the decline in investment in the public sector, see the ECB reports (ECB reports 2002/2003, 2003/2004, 2004/2005, 2005/2006, 2006/2007, 2007/2008, 2008/2009, 2009/2010).

⁶² As Roll notes: “...financial sector reforms allowed Gamal Mubarak to strengthen his personal ties to the strategically important financial sector. Many of the changes taking place in the boardrooms of public and private financial institutions as part of the financial reforms put in power friends or, at the very least, confidants of the President's son, whom he had known since his own financial sector career. Exemplary of this are Hassan Abdallah, Vice Chairman and

point of such banks was to finance national infrastructure and public projects through the use of tax payers' savings and pensions (Abdelrahman 2014, 15). Indeed the National Investment Bank was a major player. Instead, national banks were tied up financing private businesses. By 2011, Egypt was servicing a debt of LE962.2 billion—double the amount it had been in 2004—just seven years ago! (Ibid)

Table 2. The most important enterprises controlled by members of the Egyptian entrepreneurial elite listed at the EGX, end 2008

Company	Controlling family/entrepreneur	Market capitalisation in LEm	Value traded in LEm
Orascom Construction Industries	Sawiris	30,145	25,252
Orascom Telecom Holding	Sawiris	27,396	18,033
Egyptian Company for Mobile Services	Sawiris	14,686	4,266
El Arabia for Projects & Construction Development Co.	Talaat Moustafa	14,413	0.08
El-Ezz National Iron and Steel	Talaat Moustafa	10,734	4,935
El-Sewedy Cables	Sewedy	10,029	4,746
Egyptian Fertilizers Company	Sawiris	8,779	8,747
TMG Holding	Talaat Moustafa	6,212	17,403
El-Ezz Steel Rebars	Ahmed Ezz	5,406	9,153
Orascom Development Holding	Sawiris	4,026	99
Orascom Hotels and Development	Sawiris	3,809	19,428
Palm Hills Development Company	Mansour/El-Maghraby	2,870	3,985
GB Auto	Ghabbour	2,135	1,598
Orascom Hotels Holding	Sawiris	1,809	2.3
Oriental Weavers Carpet Company	Mohamed Khamis	1,738	1,476
Olympic Group Financial Investments	Sallam	1,449	3,022
Al-Arafa Investment and Consulting	Arafa	799	1,058
Total		146,435	123,202
In percentage of EGX total		31	26

Source: *Business Today Egypt*, 2009: 56–178; EGX, 2008, 21.

Table 2.2

Managing Director of the Arab African International Bank (AAIB) and Board Member of the Central Bank of Egypt as well as Yasser El-Mallawany, Chief Executive Officer of EFG-Hermes. Both of them are members of the NDP's Policy Secretariat and are seen as close friends of Gamal Mubarak," (2010, 366).

Table 4. Important members of the entrepreneurial 'top elite' with net assets worth more than \$100m

Name	Companies	Industry
Abu el-Enein, Mohamed	Ceramic Cleopatra Group	Ceramics
Arafa family	Arafa Holding	Textiles
Diab family	Pico Engineering Holding	Machinery, Equipment
El-Chiaty, Hamed	Travco Group Holding	Tourism
Ezz, Ahmed	El-Ezz Steel Repars	Metal production
Gabr, Shafiq	Artoc Group for Investment and Development	Real estate
Ghabour family	GB Auto	Automotive
Kamel, Ibrahim	Kato Group	Multiline
Khamis, Mohamed	Oriental Weavers	Textiles
El-Maghraby family	MMID	Investment
Mahmoud family	Mohamed Mahmoud and Sons Group	Multiline
Mansour family	Mansour Group	Multiline
Nosseir family	Alkan Holding	Multiline
Rashid family	Rashid Group	Consumer goods
Salem, Hussein	HKS Group	Real estate, Landlords
Sallam family	Olympic Group	Electronics, Appliances
Sawiris family	Orascom Construction, Orascom Telecom, Orascom Development Holding	Construction, Telecommunication, Tourism
El-Sewedy family	El-Sewedy Cables	Wires and Cables
Sheta family	International Group for Investment	Developer
Talaat Mustafa family	Talaat Moustafa Group	Developer

Source: The selection is based on the author's own estimations of assets, for instance, by calculating market capitalization and level of investments held by the respective entrepreneur or business family. In addition, the author conducted several interviews with bankers, economic journalists and businessmen between 2006 and 2009 in Cairo. The list makes no claim to being complete and mistakes cannot be ruled out.

Table 2.3

The two tables above show the most important companies in Egypt, as well as the biggest families in terms of wealth and investment. It is these individuals and companies that make up the private sector from the table presented by the 2002/2003 report from the Central Bank of Egypt cited above. The first table tells us that Orascom Holdings is the most valuable company in Egypt, headed by the Sawiris family. The Sawiris family, who are characteristic of capital in Egypt during the 1990s and 2000s, owns seven out of the top seventeen companies that are trading on the Egyptian stock market. The family controls the Orascom conglomerate, which includes companies in the sectors of tourism, industry, technology, and telecommunications. Forbes has estimated the family's worth at \$36 billion.⁶³ Onsi Sawiris and his three sons—Naguib, Samih and Nassef—run the

⁶³ http://www.forbes.com/lists/2008/10/billionaires08_Naguib-Sawiris_4MRK.html

various companies. Orascom was started in 1950, and since then the family has also invested heavily in the media, notably newspaper *al Masry al Youm* and the TV channel ONTV.

The second table shows the major families in Egypt and indeed it is notable that the circle of elites is not much bigger than shown here. As the following table shows, the main business groups on the Egyptian stock exchange are controlled by seven families.

Table 4.1 – Main business groups at EGX

Company	Controlling shareholder	Market capitalisation (LE mn, 2008)	AmCham Top Ten (2009)	EGX 30 weight (% July 2010)
Orascom Construction Industries	Sawiris	30,145	1	18.59
Orascom Telecom Holding	Sawiris	27,396	2	12.69
TMG Holding	Talaat Moustafa	6,212	6	6.47
Egyptian Company for Mobile Services (MobiNil)	Sawiris	14,686	3	4.23
Ezz Steel	Ezz	5,406	8	3.37
El Sewedy Cables	Sewedy	10,029	5	2.91
Palm Hills Development Company	Mansour, Meghraby	2,870	X	1.69
Egyptian for Tourism Resort	Kamel	2,017	X	0.89
Orascom Hotels Holding	Sawiris	1,809	X	Not included
Oriental Weavers Carpet Company	Khamis	1,738	X	Not included
<i>Total</i>	<i>7 families</i>	<i>102,307</i> <i>21.66%</i>	<i>6/10</i>	<i>50.84</i>

Sources: EGX 2008 and 2010; AmCham 2010.

Table 2.4

Source: Roccu 2012, 147.

Who formed this new fraction?⁶⁴ Alaa al-Din Arafat has written about elite changes during the Mubarak era. Four fractions dominated the NDP during the mid-1980s, when we see Mubarak become president: one led by al-Sharif, supported by Mubarak; one led by Wali; one by al Shazli; and one by Gamal Mubarak. Wali has been quoted as saying: “We have very deep-rooted conflict and disagreement, especially in the NDP economic committee. There is no structural hegemony in the party. We have a variety of fractions,” (Ibid, 55). Arafat argues that the fraction led by al Shazli was the most powerful, and it was this fraction that was soon to be decimated by Gamal’s fraction.

By the time we see the rise of Gamal Mubarak, there was a power struggle between two groups only: the “Big Four” and the “Big Eight,” (Ibid). The Big Four were Youssef Wali, Kamal al Shazli, Safwat al Sharif, and Fathi Sorour. The Big Eight were Gamal Mubarak, Ahmed Ezz, Hosam al Badrawi, Ali al Din Hilal, Mohamed Kamal, Mahmoud Mohie el Din, Mahmoud abou el Enein, and Youssef Boutrous Ghali. The Big Four rose during 1987, and were central to Mubarak’s attempt to consolidate his rule. Already by 1990 the tensions between these groups were evident: when the NDP performed badly in the elections, Gamal Mubarak was able to defeat al Shazli and Wali and push for the NDP to become more authoritarian (2009, 27). Younger cadres were given a bigger role to play, and the Big Eight managed to put in place people loyal to them over the Big Four (Ibid, 31). Gamal Mubarak authored a report on NDP structural reform, arguing that political and economic liberalization were necessary to move forward, and emphasized the pivotal role of the private sector (Ibid, 33). The Policies Committee was also established at this point, which was chaired by Gamal Mubarak. This was to become an important mechanism through which the new historic bloc accumulated capital.

Members of the Big Four such as Wali—who represented the agrarian fraction of capital—were replaced by al Sharif from the NDP General Secretariat in 2006. This was after the NDP created a new General Secretariat in 2006 in which Gamal Mubarak became one of the three assistant

⁶⁴ For an important set of oral history interviews with key players in the Egyptian economic scene, see the archive of the Economic and Business History Research Center: <http://schools.aucgypt.edu/research/ebhrc/archives/Pages/EBHRC-NarrativeProjects2015.aspx>

secretaries, replacing al Shazli. Arafat argues that moves such as these confirmed the NDP's new bias towards businessmen at the expense of other fractions. Indeed the fraction now dominating was the second generation of those who had dominated under the *Infītah* bloc (Ibid, 37).

“The NDP elite under Mubarak first consisted of wealthy peasants and provincial businessmen who established themselves in the 1980s and 1990s. This is different from Sadat's *munfatibun* (those who made money through *Infītah*). During the 1990s, Mubarak's regime leaned away from wealthy peasants and towards business magnates, especially those active in the mid-1990s such as Ezz, el Enein, and al Badrawi. The new electoral system encouraged businessmen to stand for election since they didn't require any political affiliation, followers, or grassroots organizations, but simply needed a lot of money. The NDP's new elite of businessmen filled two-thirds of the high-ranking party positions and half of cabinet ministries,” (Ibid, 39).

While the battle between these two groups within the NDP could be interpreted as being a generational one, it is also important to note, as Roberto Roccu argues, that what divides them can also be understood in terms of class (Roccu 2012, 181). On the one hand we see Gamal Mubarak and co, a financial fraction; and on the other the old guard, who can be seen as—according to Roccu—bureaucrats. The first group wanted aggressive liberalization, while the second wanted a stronger public sector. I would question Roccu's designation of this latter group as bureaucratic, and rather pose that they should be seen as the earlier generation of *Infītah* elites who also favoured economic liberalization, but at a different pace. Nevertheless, the point remains that these two groups represented different fractions and different approaches to capital accumulation. One favoured a slow neoliberalization in which the public sector still played a major role; the other a form of accelerated neoliberalization that all but destroyed the ability of the public sector to be productive.

Ahmed Ezz played a key role in consolidating the new historic bloc under Gamal's fraction of capital. Businessmen have flourished under this new configuration. This was by no means an easy task, and indeed

throughout the late 1990s and early 2000s the two fractions—the old *Infitah* guard and Gamal’s new circle—battled with one another for control. The 2005 parliamentary elections are one example of this struggle. Indeed the NDP performed badly in those elections, partly due to these inter-faction struggles. “The old conservative had more reason to doubt Gamal Mubarak’s role, especially after five years of reforms. Gamal and his coterie had failed to improve the party’s image or win elections under the NDP banner. While the NDP’s hold on parliament remains secure, the party’s ideological grip has been seriously weakened,” (Ibid, 133). It was the Muslim Brotherhood that capitalized on these weaknesses, winning an unprecedented 88 seats. Indeed under the new historic bloc the Muslim Brotherhood managed to dominate the syndicates and associations, seeing them as a means of increasing their influence. Universities also became a key site of expanding influence. By 1993, when the Syndicate Law was passed—requiring that 50% of a syndicate’s membership must vote for a syndicate election to be valid—this influence had already spread far and wide. By 2005, the Muslim Brotherhood were demanding reforms and holding demonstrations. Escalation against them increased after their major wins in the 2005 elections, and by 2006 mass arrests were happening in response to Brotherhood attacks on the government’s slow pace of reform. In one extreme instance in 2007, two MB members of parliament were arrested on accusations of being involved in terrorism, money laundering and belonging to a banned organization (Ibid, 176). They were released a few hours later. Notably, businessmen tied to the MB were also arrested—their combined investments totally \$4 billion, indicating the strength of the MB’s material base, as well as the regime’s ability to attack it.

This new fraction headed by Gamal Mubarak managed to close all avenues of change to Egyptian society (Ibid, 139). Changing electoral laws, refusing to reform the NDP from the bottom-up, and calling for extensive economic liberalization caused tension to build up in a society that had no outlets—the “only solutions were a revolution or a coup d’état,” (Ibid). By the 2010 parliamentary elections, the new fractions—through the NDP—were clamping down on all political space. They won 97% of the available seats. Importantly, the last elections before 2011 saw 49 police officers elected to parliament for the first time in history (Kandil 2012, 340). Speaker of Parliament and member of the old guard, Fathi Sorour, said

the following about these results: “I said this was political stupidity. I telephoned Hassan Abd al Rahman, head of State Security, and asked him what in the world was going on. I also complained to Safwat al Sharif (former intelligence officer and NDP Secretary-General). I have worked with the President for 25 years, but lately I felt that the Interior Ministry was running the country,” (Ibid). This touches on the emerging differences between the two fractions. What Sorour was labelling as political stupidity was the blatant rigging of an election. Clearly, for the old guard, there was still a need to maintain some kind of pretension that Egypt was not completely authoritarian. The new guard, on the other hand, did not seem to see the need for such pretensions. This is precisely why it is difficult to argue that this new fraction of capital created a historic bloc, or hegemony. Winning 97% of the vote created a major scandal, and I would argue that this scandal was one of the main triggers of the 2011 revolution.

By the late 1990s, Egypt’s economy was controlled by a dwindling number of individuals. Sfakianakis puts the number at 32 businessmen and notes that they were primarily involved in rent-seeking operations (2004, 79). These businessmen were import-oriented and privatization gave them new opportunities to expand their wealth. He notes: “The networks that elite businessmen put in place in the mid-1990s were not circumstantial. They were established as a result of the dwindling power of the public sector elite and the regime’s intention to see businessmen replace the bosses of the state-owned enterprises,” (Ibid, 89). Kandil argues that the economy was controlled by not more than 25 family-owned monopolies: “The founders of these dynasties had a lot in common: most were into construction; their businesses were kicked off through state contracts; they drew funds freely from public banks; they partnered with foreign (especially American) investors; they employed a relatively small working force (3000 on average); and their products catered to the needs of the affluent. This fraction certainly did not represent the Egyptian bourgeoisie in its entirety but it was the fraction off of which the rest of the class members made their living, and the one none of them had any hope to compete with or dislodge,” (Kandil 2012, 353). Kandil’s point is crucial: the new fraction restructured the economy in such a way that other fractions had no choice but to accumulate capital in the same way. In other words, fractions that had previously accumulated wealth through other means—for example the public sector—now found their access to this form of accumulation blocked.

In 2004, Egypt's first "government of businessmen" was formed, with Prime Minister Ahmed Nazif at its helm:

"The cabinet included six monopoly capitalists who were put in charge of ministries directly related to their business portfolios, in addition to a number of prominent neoliberal intellectuals. A few examples suffice. Ahmed al-Maghraby, owner of the tourism conglomerate Accor Hotels, was appointed Minister of Tourism, and a year later Minister of Housing and Construction; Rashid Ahmed Rashid, head of the Middle East and North Africa affiliate of the multi-national Unilever, became Minister of Industry and Trade; Mohamed Mansour, chairman of Al-Mansour Motor Group, was charged with the Ministry of Transportation (he had also served as Secretary-General of Gamal's Future Generation Foundation, and President of the American Chamber of Commerce in Egypt between 1999 and 2003); Youssef Boutros Ghali, longtime IMF executive, was entrusted with Treasury; and Mahmoud Muhi al-Din, a Cairo University professor who was later elected Executive Director of the World Bank, handled economics and investment. These were all of course members of the Policies Committee," (Kandil 2012, 356).

However here we begin to see friction within the *Infītah* bloc, friction that would eventually lead to the emergence of a new ruling class. Gamal Mubarak's fraction of capital had taken over the NDP through the formation of a Policies Committee, a central mechanism through which this fraction went on to exercise control. Over time, the "old guard" of the NDP—the Big Eight—began to object to the new direction being taken by the party. Kandil quotes Fathi Sorour, for example, who criticized the inclusion of so many businessmen in the new cabinet (Ibid, 357).

When we look at some of the individuals making up this fraction, we see exactly what was at stake: literally billions and billions of pounds. Take Hussein Salem, for example, a close friend of Hosni Mubarak. He was engaged in arms dealing, tourism, construction and real estate, and his wealth was estimated at \$15 billion. He fled to Dubai and then Spain during the events of 2011, with a bag containing \$500 million in cash (Kandil

2012, 343). Another example is Ahmed Ezz, already discussed above, whose wealth added up to an estimated \$10 billion. He owned steel factories and monopolized the steel industry, controlling 55.3% of the domestic market and 72.3% of exports (Ibid, 362). Interestingly, when Fathi Sorour tried to intervene to reduce this monopolization of the steel industry, he found that ultimately it was Ezz who called the shots: “At this point I realized that Ahmed Ezz was stronger [than the President], that he represented a dangerous power,” (Ibid). It’s important to remember that Sorour was one of the key personalities of the *Infatih* bloc.

In a study on Egyptian firms and political connectedness, Chekir and Diwan found that connected firms in Egypt tended to be concentrated in the following sectors: construction, services, textiles, and metals. These firms represented over half of stock market value (Chekir and Diwan 2013, 8). In the first quarter of 2011, connected firms lost twice as much value on the stock market as non-connected firms. Importantly, the study found that most of the heads of politically connected firms were being held on corruption charges post-2011. The study reveals interesting information about the precise ways in which connected firms were tied to state power. Notably, this was not through tax exemptions, as they found that connected firms paid as many taxes as non-connected firms—showing that not all institutions in Egypt were biased towards the direction of the *Infatih* bloc and the ruling class that came after it. At the same time, we see that the tax rate was low by international standards, which is another example of a Nasserist policy reversed by the *Infatih* bloc. In terms of borrowing, the study found that connected firms borrow more, suggesting an advantage. The authors argue that banks may have found it more profitable to lend to connected firms: “It suggests that banks were focusing their loans not just on large firms, but on the firms that had the higher market shares, i.e. the more dominant firms, which suggests that they believed that these firms would be more profitable,” (Ibid, 14). At the same time, connectedness also played a role, as banks assumed it more likely that connected firms would be bailed out if a crisis occurred. Connected firms also tended to have a larger market share and they became more dominant as we move towards 2011 (Ibid).

Thus we see that this new fraction increasingly become dominant in comparison to the old guard and that this was key to the decline of the *Infatih* bloc. How did they accumulate wealth? Here privatization was crucial. Members of government who were against privatization were side-

lined during the 1990s, most notably Abdel Wahab, Minister of Industry. Ironically, he became chairman of a company that eventually benefitted greatly from privatization: the Arab Swiss Engineering Company (Ibid, 94). The company eventually joined with French capital to acquire one of Egypt's most profitable state-owned cement factories, Ameriyah Cement Company. By 1991, Law 203 was passed, which created the legal framework for privatization by dividing the public sector into holding companies that were allowed to put their components up for sale or liquidation. This law did not reduce the role of the public sector, but rather "made it the agent of its own privatization," (Alexander and Bassiouny 2014, 47). Law 8, passed in 1997, prohibited the nationalization or sequestration of companies and prevented the interference of administrative authorities in pricing or regulating profits.

Until these laws, privatizations often occurred in an extra-legal fashion, as opposed to nationalization, for example, which had taken place under the Nasserist bloc through clearly defined laws. The structural adjustment deal that had been signed with Mubarak in the late 1980s had already called for privatization, but the pace was extremely slow at the start. It was only in the early 2000s with the emergence of a new cabinet under Ahmed Nazif—the government of businessmen—that privatization sped up tremendously. Indeed Nazif was highly commended by organizations such as the IMF. Privatization signaled a shift whereby foreign capital became more dominant in the Egyptian context, especially as Gulf companies became major investors in many of the companies that were privatized. By 2007, GCC capital in Egypt represented over 25% of investment (Ibid, 81). By 2008, four of the largest Egyptian banks were foreign-owned, and one-fifth of Egypt's stock exchange capitalization was controlled by *seven families* (Ibid, 82).

In Egypt the concept of Employee Shareholders Associations (ESAs) ensured that workers participated in the privatization of the Egyptian economy. While this could be seen as a powerful means through which workers can exercise control over economic decisions, the drawbacks were numerous. These associations allowed workers to buy shares in a company after it was privatized, and this was used to frame the process as democratic. "By offering workers a share in the company, it could turn worker opposition to privatization into strong support," (Hanieh 2013, 67). Moreover:

"ESAs were linked to debt-for-equity swaps—the US government would swap the debt that a country owed to it for equity in a newly privatized company, and then sell this equity to workers. In this manner, the country's debt burden was directly offloaded onto workers while they were simultaneously enlisted to help in the privatization of their own company. Egypt was the first country in the global South to trial the ESA approach," (Ibid).

Throughout the 1990s, ESAs were part of almost every single privatization (Ibid). Public-Private Partnerships (PPPs) were another central mechanism through which rampant privatization could continue unabated without raising too many concerns. In such a situation, a private company enters into a contract with a public company to provide a service:

"PPPs differ from typical privatization deals in that they often involve the partitioning of economic sectors into a large number of integrated functions, each of which is contracted out separately. This separation institutionalizes a market-driven logic into the everyday reproduction of the economy that is difficult to combat because the precise responsibility for various functions can be hard to identify. Moreover, the state may retain a role in one or more of these functions, socializing the risk and cost of less profitable activities while profit-making functions are shifted to the control of private capital," (Ibid, 73).

Agriculture in particular has been an important site of privatization. As Hanieh points out, it is an especially symbolic site because of the emphasis Nasser placed on redistributing land following Egypt's independence (Ibid, 103). Law 96, passed under Mubarak, gave landlords the right to evict tenants. The World Bank, IMF and USAID all supported the law, which led directly to one million Egyptians losing their rights to the land (Ibid). This rural dispossession has driven many Egyptians to either move to urban areas or to migrate. Moreover, there has been heavy investment in Egyptian agriculture by foreign investors, primarily from the Gulf. It was under this ruling class that Egypt became a country that imported

food—by the late 1980s, Egypt was importing over 60% of its food needs (Kandil 2012, 345). Moreover, even agriculture saw a shift towards produce aimed at the middle and upper classes. Expensive fruits and vegetables came to replace rice, sugarcane and other staples (Ibid). Poultry production was controlled by three companies, all based in the Gulf, who controlled more than half of production.⁶⁵ Dairy and juice were also controlled by three companies, all connected to Gulf capital.⁶⁶ Fruit production was controlled by one company, based in Kuwait.⁶⁷ The effects on farmers was disastrous. By the time these liberalization reforms were put in place, rents in the countryside increased by 300-400%. One third of Egyptian families lost their right to farm.

These changes date back to the *Infatih* bloc, during which Egypt became the third biggest importer of grain (Mitchell 1991, 21). Egypt financed increased imports of grain through borrowing. This change can be attributed to both a growing class of rich Egyptians who created a market for luxury produce at the expense of traditional staples, as well as government policy that subsidized the import of staples and heavily taxed staples produced by Egyptian farmers (Ibid). Mitchell writes: “The image of a vast, overbreeding population packed within a limited agricultural area is therefore quite misleading. Egypt’s food problem is the result not of too many people occupying too little land, but of the power of a certain part of that population, supported by the prevailing domestic and international regime, to shift the country’s resources from staple foods to more expensive items of consumption,” (Ibid, 22).

The textile sector was also severely affected. Here there are very clear gendered effects. For example, poor women began to be drafted into textile factories to work at extremely low wages so that Egypt could compete with other countries that also provided cheap labour. Thus working conditions worsened, the informal economy expanded rapidly, and protection for workers became almost non-existent. Workers in textile factors

⁶⁵ Cairo Poultry Company (Kuwait), Wataniyah Poultry (Saudi) and Misr Arab Poultry (Saudi).

⁶⁶ Dina Farms, Beyti and Juhayna. Dina Farms is owned by private equity company Citadel Capital, which joins leading Egyptian capitalists with Saudi private business groups.

⁶⁷ Americana Group.

actually had their wages drop 4% from 1999 to 2007, even as the numbers of workers were also decreasing (Hanieh 2013, 78).

Real estate was one of the prime investment sectors under this new ruling class. A flurry of construction emerged, with luxury real estate dominating. In May 2007, for example, Egypt held one of the largest land auctions in history. 90% of the 18.5 million square meters of Cairo land up for sale went to Saudi Arabian, Qatari, and Emirati companies (Hanieh 2015, 164). Holiday resorts, gated compounds and shopping malls popped up all over the country. Over 67,200 square kilometres were allocated by the state to investors, worth LE80 billion (Kandil 2012, 362). Who got this land?

“[Ahmed] Ezz acquired 21 million squared meters at the price of L.E. 4 per meter in the industrial area on the Gulf of Suez, only to resell it to foreign companies for L.E. 1000 per meter a couple of years later; Minister of Tourism Zohair Garanah allocated plots in some of the best tourist sites at prices considerably below that of the market, thus costing the state over L.E. 2 billion in 2006 alone; Minister of Housing and Construction Ahmed al-Maghraby allocated between January 2006 and December 2008 over 27.2 million squared meters to 13 companies in which his family-owned Palm Hills Company controls between 49 and 100 percent of each – in Palm Hills itself, the President’s younger son’s stock increased by L.E. 16 million in 2009 alone as a result of the appreciation of the value of land acquired by the company; Minister of Agriculture Amin Abaza gave away 11,556 feddans in Sinai for free to a businessman, who then sold 8,000 of those feddans for L.E. 350 million to foreign investors; companies owned by the Presidents sons and in-laws acquired vast amounts of agricultural land on the Cairo-Alexandria Desert Road for the ridiculously cheap price of L.E. 200 per feddan to build luxurious compounds with hundreds of multi-million-dollar villas; former Minister of Housing and Construction Ibrahim Suleiman sold 40,000 squared meters of land on the Mediterranean Sea for L.E. 300 instead of its true market value of L.E. 8,000; finally, the Prime Minister Ahmed Nazif cost the country a total loss of L.E. 51.2 billion by passing Ministerial Decree

2843 of 2009, which legalized the disputed acquisitions of 1.5 million feddans for 2.5 percent of their market price,” (Ibid).

The case of Ahmed al Maghrabi in particular is notable, as it formed part of a post-2011 court case. His position as Minister of Housing allowed him to sell massive tracts of land across the country at low prices to business associates. Indeed his company, Palm Hills, was the second largest real estate developer in Egypt. Alaa Mubarak, Gamal’s brother, owned shares in Palm Hills. This case, among others, shows how real estate, corruption, and connections to Gamal Mubarak were key to capital accumulating during this ruling class.

Another example here is Ahmed Ezz, who has been described as “a living embodiment of the intimate connection between the state and capital under neoliberalism (Alexander and Bassiouny 2014, 55). At some point during the 2000s, Ahmed Ezz controlled around 65% of the steel market in Egypt (Chekir and Diwan 2013, 2). This is no small matter, considering the central place of steel in construction, one of the major drivers of Egyptian investment under both the *Infatih* bloc and the new ruling class. The scandal surrounding Ezz began when he was accused of buying Egypt’s largest public steel company at an extremely low price. The fact that this was a public sector company shows that this sale was part of the larger privatization program. The accusation centered around the point that the price was artificially low, suggesting corruption. In addition to this, Ezz was accused of manipulating steel prices to make profit; ensuring that the anti-monopoly bill that was passed through parliament was weak; and ensuring that foreign tariffs were put in place that protected the steel industry in Egypt. Ezz’s position in the NDP and particularly in the Policies Committee was precisely what aroused suspicions. Moreover, some have pointed out that Ezz was in debt to major public banks and this was why he was able to invest such massive amounts of capital into his steel company (Roll 2010, 357). Attaining such significantly sized loans from public banks would have been impossible without both his political connectedness as well as the weak state of public banking in general. As noted, Ezz was central to the new orientation of the ruling class emerging around Gamal Mubarak.

Gamal Abdel Nasser saw industry as the key to Egypt’s future, and steel was a central aspect of this. Indeed companies such as the Egyptian Iron and Steel Company were seen as key symbols of Egyptian nationalism

and independence, underlining how steel production was central to Egyptian development. Indeed, Nasser called this particular company “Egypt’s dream come true,” (Makram Ebeid 2012, 14). The company aimed to produce enough steel so that Egypt would not have to import any. By the 2000s, Egypt’s steel was controlled largely by a single individual: Ahmed Ezz. Under the *Infatih* bloc, Japan built a steel factory in Egypt—Ezz el Dekheila—which was later sold to Ahmed Ezz. This company began to take away EISCO’s market share. Indeed EISCO was already suffering from increased prices due to structural adjustment, as well as the liberalization of the economy and the competition from imports (Ibid, 23). Egypt went from producing steel in large public sector companies with the aim of developing the country, to producing steel in private companies monopolized by a corrupt businessman-cum-politician for his and his family’s private gain.

How was this new fraction connected to transnational capital? It was clear that the aim of this fraction was to further align Egypt with the global neoliberal order, a process happening across Africa, Asia and the Middle East. The weakening power of workers and peasants, as well as the decline of the public sector and the rise of the private sector are all manifestations of this (Roccu 2012, 182). Roccu has argued that this alignment with global capital played out in two forms in Egypt:

“On the one hand, the outward-oriented component within the regime developed its own project of neoliberal reform, which leads the IMF, the World Bank and the EU to take on a lower profile. On the other hand, “reformers” were able to pursue the final goal of a “free market economy” by mixing up the implementation of recipes suggested in the previous decade with more heterodox policies, such as continuing state intervention in agriculture, the launch of state-funded industrial modernization, and the move towards PPPs with respect to the management of state assets,” (Ibid, 183).

This points to the fact that neoliberalization as a process is always combining with previous structures, thus producing a mixed set of processes. In the case of Egypt, the continuing importance of the state can only be understood historically. At the same time, understanding local conditions

does not take away from the fact that “under conditions of neoliberal globalizations the room to manoeuvre on the national scale narrows down significantly,” (Ibid, 184). While the benefits accruing to the new dominant fraction may seem to have been attributable to their own power, it is key that these benefits ultimately also served global capital.

The emergence of the new fraction of capital also coincided with the taking off of the Egyptian stock market (Ibid, 6). This was connected to attempts to expand the private sector and make Egypt competitive internationally. The stock market grew steadily from 2002 to 2007, linked partly to the entrance of foreign investors into the economy. It crashed in 2008 as a response to the global crisis, and again in 2011 because of the revolution. An interesting historical anecdote is that the Egyptian stock market was founded by the British in the 1890s to manage the new companies being formed, and soon became one of the six most active stock exchanges in the world: the capital of joint stock companies was £92,617,219 by 1907 (Mitchell 2002, 95). What is fascinating is that most of this capital was held by land development companies—a pattern repeated in the 2000s. In the early 1990s this was due to the expansion of private property; in the early 2000s the increase in speculation and financialization.

Foreign investment more than tripled during the first three years of the Nazif government (Ibid, 358). Here we see a very important shift, one that continues to define investment in Egypt, and that is the shift towards Gulf capital. Indeed by the 2000s, Gulf capital represented the most important source of investment to Egyptian capitalists. Adam Hanieh has argued that the route through which Gulf capital has penetrated Egypt has been through private equity. He looks at EFG-Hermes as a classic example of this, and writes that it is difficult to overstate the influence of this company on Egypt’s economy (2013, 167). This firm developed many of the privatization plans for the Egyptian state and indeed was at the forefront of many of these in the 1990s. In 2006 an Emirati company, Abraaj Dubai, took the largest stake in EFG-Hermes by investing \$300 million (Ibid). This was later sold to two UAE-based investment funds: the Dubai Group and the Abu Dhabi Investment Authority. Hanieh writes:

“There is a pattern whereby Gulf investors merge with large Egyptian capital groups in financial firms that are nominally owned by Egyptian capital and are considered ‘Egyptian’ but

have high proportions of their capital controlled by the Gulf. Citadel Capital and Beltone Financial are examples. Both Citadel and Beltone are renowned for recent purchases of farmland throughout the rest of Africa and thus Egyptian private equity has acted as a means for Gulf-based capital to expand deeper into the African continent,” (Ibid, 167).

While much has been made of Mubarak’s attempts at political liberalization—including his moves to allow multi-candidate presidential elections, allowing political parties, and amending the constitution several times to achieve these two changes—it again seems useful to see these as attempts at *trasformismo*—damage control to try and save a declining *Infatih* bloc. This ultimately failed as we see a new fraction of capital emerge. Perhaps nothing was more symbolic of this decline of a bloc and rise of a new fraction as the 2007 annulling of the constitutional reform that guaranteed socialism.

Arafat has argued that this new fraction never exercised hegemony, arguing that their influence was always individual, not collective, and that as a class businessmen were still under control of the regime (Arafat 2009, 69). This separates capitalists from the state, a move that is problematic. Moreover, Arafat also argues that these businessmen did not exert as much influence on the state as is assumed, and that the “political elite” had much more power. He argues that they are divided, and that different fractions lobby for different things, e.g. industrialists for tariff protections for domestic industries and importers for the opposite (Ibid, 81). This suggests that the structural divisions within the ruling class were acute during this period, and that the new financial fraction was unable to form alliances with other fractions that would allow them to form a historic bloc. However I disagree with Arafat’s contention that there was a group of businessmen on the one hand and a state/regime on the other, and that the reason this group of businessmen were not hegemonic is because they were controlled by the regime. Instead I posit that the reason that this group—who had already infiltrated the state and who *were* the regime—were unable to form a bloc or hegemony is because they did not attempt to transcend their narrow interests through moral reforms. This is a central aspect of the formation of a historic bloc. However the accelerated ne-

oliberalization of this new fraction proceeded without the necessary accompanying moral and intellectual reforms that would form alliances with other fractions of capital and with fractions of labour.

Although this fraction did attempt to justify its neoliberalization, these attempts were never strong enough to penetrate society. Take the example of think tanks, and in particular the Economic Research Forum (ERF) and the Egyptian Center for Economic Studies (ECES). These think tanks comprised intellectuals who can be labelled as organic. Both were founded in the 1990s, both are foreign funded, and both use rhetoric closely aligned to that of the Washington Consensus. ECES was founded by Egyptian businessmen and became the policy platform of the new financial fraction of capital (Ibid, 192). The major aim of these think tanks was for neoclassical economic views to dominate the debate on the Egyptian economy. Roccu's work shows concretely how the work done by these think tanks began to impact Egyptian policies (Ibid, 193-196).

Nevertheless, while the ideas propagated by think tanks and other institutions may have been enough to formulate policies and create consensus within the financial fraction itself, they were not enough to form alliances with other major fractions of capital, let alone labour. Thus this fraction ultimately failed in convincing others of its project. If we consider the other fractions of capital to consist of the agrarian fraction (that had come back full force under the *Infatih* bloc), the industrial fraction, and the public sector/productive capital fraction—including the military—we can see that none of these fractions can be considered to be influential within this ruling class. This is because the hegemonic project of this fraction revolved not only around financial capital, but also served to displace other forms of capital such as productive and industrial capital. In other words, it challenged other fractions. This can be seen from the wave of privatizations above all, as well as the pace of neoliberalization. The move to make financial capital the basis of Egypt's accumulation strategy benefitted one fraction above all—the financial fraction—while threatening the accumulation strategies of other fractions such as productive capital. Unlike other historic blocs, these fractions sat uneasily side by side until the contradictions became visible.

On another level of analysis, the push to make financial capital the center of Egypt's accumulation strategy also served to create severe societal unrest. Distribution of income and benefits to various segments of society was severely affected, particularly after the attack on productive

capital through the public sector. Not only did the working class suffer; the petty bourgeoisie felt the lack of economic opportunities as well. This situation created the type of unrest that other fractions of capital must have seen as a problem. For accumulation a certain level of stability through legitimacy is required; the project of the financial fraction steadily eroded this stability and this affected the ability of *all* fractions to accumulate capital. Thus it is not just that the moves to financialize Egypt's economy affected fractions of capital directly by challenging their accumulation strategies; it is also that these moves affected the balance of society itself and therefore the ability of any fraction to accumulate.

5.3 Defining the Egyptian Military

The Egyptian military has been subject to a high level of scrutiny in the academic literature since 2011. Despite the fact that very little is known about them, as this information is difficult to access, there seems to be a tendency to grant them center stage in events preceding and following the Egyptian revolution. It is therefore necessary to pause and ask what precisely the role of the military is in the Egyptian context: does it constitute the ruling class itself, or is it a fraction within it? If it is a fraction, what kind of capital does it represent? Moreover, understanding the military is important in light of its move to remove the financial fraction of capital in 2011, in an attempt to co-opt the revolution and save themselves.

As we have seen, under the Nasserist bloc the Egyptian military came to be central to national development and state-led capitalism. Military men occupied most high-ranking positions and were key to decisions regarding production. Ministerial and bureaucratic positions usually drew on military men, particularly those Nasser could trust. Under the *Infatih* bloc the military was to lose its control over such positions, as Sadat's corrective revolution replaced military men with economists and other civilians. The 1967 and 1973 wars played a central role in weakening the military's power. Much of the military's attention was now to turn towards investing in the new economic opportunities available because of *Infatih*.

It seems clear that after the 1973 war there was a rift between military commanders and the new regime, headed by Sadat. This was initially over the Sadat's disastrous military decisions that led to Egypt's ultimate

defeat at the hands of Israel, to be described in the following chapter. This soon extended to other matters. Kandil writes:

“With the rise of the President’s son and his U.S.-connected business associates during the last decade of Mubarak’s rule, the Defense Minister and Chief of staff, criticized the direction the regime was taking in general, and to the increasing role of Mubarak’s son and his capitalist circle in particular,” (2012, 327).

By the time Mubarak came to power, the military was no longer a central part of the Egyptian ruling class. Under Mubarak military men continued to receive financial rewards from the state as well as opportunities to be appointed as governors and heads of public institutions.

The only major confrontation Mubarak was to have with the army was when he faced competition from Major General Abd al-Halim Abu Ghazala, who, unlike Mubarak, had been a member of the Free Officers. Abu Ghazala was extremely popular within the military, not least because he raised wages, upgraded facilities, and was a down to earth figure (Kandil 2012, 413). Importantly, Abu Ghazala oversaw a period under which the military became involved in manufacturing and food production on an unprecedented scale. By 1986 18% of food production was under the control of the National Services Projects Organization, run by the military (Alexander and Bassiouny 2014, 55). His anti-communism meant that the US saw him as a potentially more useful ally than Mubarak, a point Mubarak was well aware of. Following a scandal over allegedly smuggled weaponry, Abu Ghazala was eventually demoted, but these events demonstrate the continuing threat posed by the military: as depoliticized as they may have been by the end of the 1980s, they still had a strong enough material and ideological basis from which to challenge other fractions of the ruling class.

One of the most common sentiments about the military is that it controls around 30-40% of the Egyptian economy. These claims are difficult to prove for two reasons. First, it is likely that this is an exaggeration. Following the events of 2011, a Financial Times analyst wrote that the military’s “reputed economic ‘empire’...is considerably more modest in

volume than is commonly believed, and has probably shrunk in proportion to a national economy that has grown by more than 3% annually since 2003 [...] Although a few generals are rumoured to have become rich, the main purpose is to ameliorate the impact of a rapidly privatizing economy on the living standards of officers,” (Sayigh 2011, 11). Kandil supports this line of reasoning, arguing that the army’s concern had always been to supply army personnel with enough of a wage to live decently, at a time when the upper-middle and upper classes were consuming ever more luxurious goods. He writes:

“While military spending in the mid-1970s represented as much as 33 percent of the country’s GDP, it fell significantly afterwards to 19.5 percent in 1980 and further down to 2.2 percent in 2010 – reaching its lowest level in Egypt’s recorded history. In money terms, defense expenditures oscillated between approximately \$2.4 and \$4.2 billion during Mubarak’s three-decade term, without ever being adjusted for the erosive effects of inflation, the ever-mounting cost of technology, or the tenfold increase in Egypt’s GDP from around \$17.8 to \$188 billion between 1980 and 2010.²⁷ Moreover, the celebrated \$1.3 billion provided annually by the U.S. had depreciated in real terms by at least 50 percent since the Peace Treaty was signed in 1979,” (2012, 322).

Some have argued that American military aid gave the military an enormous economic resource, an argument Kandil also disproves. The political conditions that were part of the aid package had long disturbed the army, specifically the de-militarization of Sinai (Ibid, 327). Similarly, Bou Nassif points out that while top ranking officers may have had access to high positions because of state patronage, mid-ranking and low-ranking military men had to survive on less than \$300 a day (2013, 516). Housing and medical facilities were available to anyone in the military, and there was always the goal of reaching the high ranks, where financial and political rewards were promising. Indeed out of 156 governors appointed under Mubarak, 65 were from the military.

Table 2: The Background of Governors Appointed under Mubarak, by Decade²⁵

	1981–1989	1990–1999	2000–2011	Total
Military officers	9 / 30 (30%)	28 / 67 (42%)	26 / 59 (44%)	63 / 156 (40%)
Police officers	11 / 30 (37%)	11 / 67 (16%)	12 / 59 (20%)	34 / 156 (22%)
Civilians	10 / 30 (33%)	28 / 67 (42%)	21 / 59 (36%)	59 / 156 (38%)

Table 3.1

Source: Bou Nassif 2013, 517.

We see that alongside military officers, police officers were also a significant pool from which governors were drawn. Once officers were drawn into this system of patronage they often became part of corruption scandals.⁶⁸

Another constraint facing the army because of *Infatih* was that they could no longer recruit from the middle and upper-middle classes. Sadat wanted to free up these classes to work in the new and expanding private sector, and therefore changed the conscription criteria. Now college graduates only had to serve nine months (*Ibid*, 331). The question of class and class mobility is indeed an important and often-neglected one. Kandil quotes Major General Ahmed Fakhr, who once noted, during the Sadat years, that until the economy was stabilized the military would not “ forsake its members to the caprice of market forces; it is duty-bound to provide them at least with a decent living,” (2012, 320). On the one hand, the army continues to offer one of the few remaining avenues of social mobility in Egypt, particularly to rural working class Egyptians. On the other hand, as the military’s importance declined beginning in the 1970s, they were unable to maintain the standards needed to attract middle-class Egyptians. Thus we see the effects of both processes: the continuing importance of the military as an institution in the eyes of poor Egyptians;

⁶⁸ See: Bou Nassif 2013, 518.

and the decline of the military because of the lack of a pool of well-educated Egyptians to draw on for leadership purposes.

The second problem with asserting that the military owns 30-40% of the Egyptian economy is a methodological one. As Maha Abdelrahman notes, “No accurate estimate of the size of the military economy is feasible in a country like Egypt. The term ‘military economy’ is fraught with methodological ambiguities making it difficult to determine what to include and exclude. Official figures show a very low 2% of GDP,” (Abdelrahman 2014, 21). What is more useful is to instead trace the specific benefits accrued by the military as an institution. Above all, the military has autonomy over its budget; it is central to Egypt’s public bureaucracy—particularly through the organization it runs called the Authority for Organization and Administration; it has somewhat developed its own class that makes it autonomous from other institutions (*Ibid*, 76); and it has access to state resources—both material and social—through the appointment of military men to top political posts.

The question of the military and the economy is key because it is often presented as the reason behind the military’s continuing power in Egypt today. It is argued that under Sadat there was a depoliticization of the military whereby they were removed from political power but were instead given an economic empire—or at least, access to a wider range of investment opportunities. This depoliticization is at the heart of the questions posed in this section. Some scholars—indeed, the majority—posit that the Sadat regime successfully ‘bought off’ the military by redirecting them towards lucrative economic investments under *Infatih*.⁶⁹ Sadat had created the National Service Projects Organization as a mechanism through which the army would be directed towards national development projects.

One of the main mechanisms through which the Egyptian military accumulates wealth is through the Arab Industrial Organization (AIO), started in 1975 with the aim of building Egypt’s military industrial power. The organization began with the production of rocket, military and missile vehicles but soon became involved in manufacturing non-military goods as well (*Ibid*, 526). This case is an example of how the military became part and parcel of *Infatih* by taking up the new investment opportunities

⁶⁹ Springborg 1989; Sadowski 1993; Cook 2007; Droz-Vincent 2007.

and simultaneously turning away from the Nasserist bloc's program of national development. The point here is not to romanticize the military under the Nasserist bloc but rather to show the ways in which *Infithah* itself created new relations between fractions of capital within the ruling class.

There are therefore two major questions with regard to the Egyptian military and the 2011 revolution. The first is the position of the military before the revolution, and the second is about the military's accumulation strategy. The first question is one that has been extensively debated, while the second has received less attention. The literature seems split between two positions: on the one hand, the idea that the military had been pushed out of power in the decades preceding the revolution, a position exemplified by the work of Hazem Kandil (2012). On the other hand, there is the position that the military never lost the power they amassed during the Nasser period, and they continue to wield the same kind of influence today (Sayigh 2012).⁷⁰ Maha Abdelrahman similarly argues that the military's economic interests have benefitted from neoliberal restructuring under Mubarak, which she demonstrates by citing the promotion of military officers to positions within the private sector. At the same time she points out that the military was not the *primary* benefactor in Mubarak's Egypt.

The question of the military and its relationship to the new dominant fraction of capital is important in light of my argument that the two fractions had different accumulation strategies. Here, again, privatization is key. A concrete case to highlight this growing friction is that of the "privatization" of the Alexandria Shipyard in the 1990s. The Shipyard was supposed to be privatized, but after several failed privatizations it was instead transferred to the Ministry of Defence. Alexander and Bassiouny argue that this indicates an attempt by the military to "frustrate neoliberal reforms" and protect its own interests (*Ibid*, 36). What is the difference between these two accumulation strategies? On the surface it would seem that one fraction—the military—sees the state as central to accumulation, while the other fraction—the so-called neoliberal elite—see the free market as central. However once we accept that the state never really retreated from the market, this explanation becomes less tenable.

⁷⁰ An important caveat is that Sayigh does argue that the military were no longer the central decision makers in Egypt under Sadat and Mubarak.

The demilitarization of the army under the *Infatih* bloc should be seen as central to the changing position of the military in Egypt. The position of the state has always been key to accumulation and production, and therefore the removal of the military from state power—power they had previously monopolized—would clearly have an impact on the ability of the military to control the levers of production. This is not to say that the military did not have access to the economy or new investment opportunities—it is clear that under the *Infatih* bloc they did; but having access is not the same as controlling the area, priorities and extent of investment itself. I want to propose a way of bringing these two extreme positions on the military pre-2011 together. Understanding the military as part of the historic bloc through each era allows us to trace the ways in which the military shifted in terms of other fractions of capital within the ruling class. Under the Nasserist bloc it is clear that the military were the center of the ruling class and historic bloc; there is little doubt that this shifted under the *Infatih* bloc and financial ruling class. We can see that post-2013, the military has once again come to the center. The historic bloc is therefore never static, but always shifting. Indeed the changing position of the military has been one of the major measures with which the rise and fall of historic blocs can be traced in Egypt.

Under this new ruling class, dominated by a new financial fraction of capital, it appears that because of the military's alternate accumulation strategy *historically*, it was side-lined by the dominant fraction of capital under this ruling class. The military, starting from the Nasserist bloc, represented the productive and national forms of capital. Industrialization and investment in infrastructure were two examples of how the military accumulated capital, and indeed under Nasser the aim had been to create a ruling class that relied on national capital through industrialization. The *Infatih* bloc changed the position of the military within the ruling class, and by extension its accumulation strategy—or as a result its accumulation strategy—was side-lined under the increasing dominance of speculation, real estate, and finance capital in general. Indeed this bloc acted as a bridge to the new ruling class, under which accelerated neoliberalization ensured that finance capital dominated. To push this further, however, it is crucial to note that productive or national capital did not disappear; it remained, but was no longer the basis of accumulation as it had been under the Nasserist bloc. Financial capital was now that basis, along with the specific

contradictions it brought with it. Through understanding this displacement, we can see why the military was not the center of the ruling class from the 1970s up until the 2000s.

This process can also shed light on the intervention of the military in 2011. The battle was not simply about who would control institutions or the state; it was a much larger battle about who would dominate the ruling class, and by extension, determine the accumulation strategy Egypt would follow post-revolution. Although beyond the scope of this dissertation, an interesting analysis would focus on the historic bloc formed in 2013—with the military as the dominant fraction—and what types of accumulation strategies have been made central. It is highly possible that the military did not return to the accumulation strategy they were known for that emerged under the Nasserist bloc. It is possible instead that their inclusion within the *Infītah* bloc constituted them as a fraction that saw their future in financial rather than productive or industrial capital, a response to the dramatic and accelerated neoliberalization of the Egyptian economy over the past few decades.

5.4 Labour's Response

Part of the failure to form a new historic bloc in the 1990s and 2000s was due to the inability to draw fractions of labour into the hegemonic project spearheaded by the new fraction of capital. We see that the *Infītah* bloc had been able to form a hegemony, albeit one that was weaker than the one under the Nasserist bloc. This fraction, on the other hand, was unable to form alliances with subaltern groups, and this is one of the central reasons for the weak nature of this ruling class and its inability to create hegemony. This comes back to the failure on the part of this fraction to transcend their narrow interests in order to form a bloc. Moreover, labour agitation and resistance during this period was at an all-time high. This section aims to trace the ways in which this resistance has been understood, as well as the contribution it made to the revolution itself. I begin by discussing the so-called split between political and economic grievances and how this has served to depoliticize fractions of labour in the Egyptian context.

The delinking of the political from the economic has been one of the central ways in which the workers' struggle in Egypt has been depoliticized. It has been noted that the struggles of workers and peasants have been characterized as being "narrowly focused on economic demands," (Ibid, 117) as opposed to—one assumes—movements such as Kefaya and movements by peasants and workers but also because it assumed that economic demands are "narrow." This middle class bias extends to groups such as the Muslim Brotherhood as well, who have never established a strong support base among workers because of both their paternalistic and utilitarian approach, as well as their own class base. Rauf Abbas, a prominent historian of the workers' movement, writes:

"In the history of our country, there are areas which have been far from the attention of researchers, who have restricted their interest to the political side of Egypt's development. Some attention was given to the economic aspects; but they neglected the social sphere and only rarely attempted to delve into it and present studies that would shed light on obscure events and explain social phenomena and their causes, so that the study of the past might provide a useful lesson for the development of our country in the present and future. The history of the Egyptian workers movement is one of the subjects that deserves the serious attention of researchers. The workers today constitute the pillar of socialist construction in the period of the Revolution. It is our duty to trace their movement and its development, for it includes many of the social, political and economic phenomena significant to the history," (Abbas 1967, 10).

It is precisely this delinking of the economic from the political that allows for class, capitalism and imperialism to be decentred in much of the work on the Middle East. Indeed it is the capitalist process itself that serves to create a so-called binary between the political and economic. Maha Abdurrahman has explained the ways in which different groups in Egypt have chosen to focus either on the political or the economic, thus reproducing this false binary (2012, 620). She writes:

“Examining the nature of the demands of workers and unorganized groups of citizens, one can easily see their overtly political character. By demanding potable water and effective garbage collection, disempowered and marginalized groups have been bringing the state and its agents to account and putting pressure on its institutions to be responsive and accountable in the only way that was left open to them. Similarly, labour protest to demand better pay and secure jobs is necessarily a political act. While the failure to see labour strikes and market-relations-based protests for economic benefit as truly political is a huge analytical oversight, the unwillingness to see the growing ‘political’ demands of Egyptian labour during the last decade is tantamount to blindness,” (Ibid).

This intervention from Abdelrahman is crucial to the debates surrounding fractions of labour in Egypt. Categorizing workers as non-threatening because their demands are economic—and not political—not only reproduces the problematic binary between the two but also serves to hide the fact that economic demands *are by nature political*. In other words, any demand to change the structure of production affects accumulation, which in turn touches the very heart of politics: the *ruling class*. Abdelrahman goes on to give the great example of workers’ demands for economic security being highly political because they reference the Nasserist historic bloc, thus making a clear statement about the decay of the political order. Indeed this debate reminds me of the following scene from a novel by Gamal Atia Ibrahim called *Down to the Sea*:

“Shatara laughed. ‘So it’s a question of politics!’

‘Politics is in everything,’ Girguis replied. ‘If you ate beans for breakfast, it’s politics, and if you had meat, it’s politics,’” (Mehrez 2011, 381).

When workers in Egypt, under this new ruling class, rose up time after time, it was always a political challenge. Demands for pensions, job security, wage increases and so on were a challenge to the very heart of the

political system, because they were a challenge to the accumulation strategy put in place by the ruling class. Moreover, this challenge was being made to the financial fraction through references to the Nasserist historic bloc—one was being used to criticize the other. This highlights that what were seen as narrow economic demands always contained an implicit critique of the new ruling class—and explains why this fraction could not establish a historic bloc. The rest of this section traces the changes that happened under this new class that affected fractions of labour, as well as labour's response.

The liberalization of Egypt's economy brought with it new relations between labour and capital. Through the reduction of trade barriers, an increase in foreign direct investment, and the deregulation of markets, Egypt was to become more competitive globally. What this essentially meant was an assault on the working classes. Alongside rapid privatization, moves were made to deregulate labour. The labour force was to become more flexible and casual, according to guidelines suggested by the IMF and World Bank. In order to drive workers towards the private sector, the public sector could not have better working conditions. Temporary contracts became more commonplace and it became easier for workers to be fired (Hanieh 2014, 70). Brecht de Smet has argued that this represented the state withdrawing from the moral economy pact it had established with workers during the 1950s (2012, 146).

Any discussion of labour under the new ruling class has to take the acceleration of privatization as a major event. As Ikram notes:

“A main reason for the government's hesitation in launching the privatization program was the effect that this would have on the labor employed in the privatized enterprises. It was no secret that public enterprises suffered from a surfeit of labor. It was inevitable that if these enterprises were to be made attractive to the private sector, the excess labor would have to be shed. Several measures were adopted to help cushion the impact: creation of the Social Fund for Development; offer of early retirement packages,” (2007, 82).

By the 1990s, this hesitation was abandoned and privatization moved forward. Labour responded fervently to this change in pace. Indeed by 2000,

a proposed labour law that would have taken away significant rights from workers was in its 17th version. The National Committee in Defence of Workers Rights was formed, whose aim was to increase labour's say in the new law. Earlier, in 1993, the National Committee to Combat Privatization had been formed. Alongside this, a massive wave of strikes was engulfing Egypt. As Kamel Abbas has noted, "The only way to understand the wave of strikes that have taken place...is that they only have one thing in common: they are targeting—at least in part—the measures taken within the framework of privatization," (Paczyńska 2010, 188). An additional important point about this new labour law was its aim to creating and deepening a division between temporary and permanent workers, thus attempting to fragment the working class (Makram Ebeid 2012, 29). The labour law also marks a transition from the Nasserist bloc's promise of stable lifetime employment to workers in the public sector to the neoliberal bloc's withdrawal of that promise and its imposition of flexible and precarious work conditions. These kinds of shifts which are major but which take place over decades are key to the story of the rise and fall of historic blocs, but can only be traced historically.

These changes did not affect all workers in the same way. In her research on steel workers in Egypt, Dina Makram Ebeid argues that the onset of neoliberal reforms in 1991, which along with other changes in the state allowed some workers to access state resources while dispossessing others, creating a situation of unevenness (2012). Her fieldwork focuses on the Egyptian Iron and Steel Company (EISCO), founded under Nasser as part of his industrialization program. It was a company that held major symbolic capital as the symbol of Egypt's independent future. In a telling passage, Makram Ebeid narrates the ways in which the lives of company workers were changed by becoming part of this company:

"In time, permanent workers at EISCO acquired a status in their communities and had higher expectations about the sort of lives they should lead. 'amm 'Umar, a production worker said that when buying clothes in Helwan, he never tells the salesperson he works at EISCO; otherwise they would triple the price. Responding to my surveys in the plant, many replied to the question, "What is the most important benefit you gained from working at EISCO?" with "kul hāga" ("everything") and workers often described the plant with generous

terms such as al-sharika dih 'ummi 'ata'ha gheir mutanahī ("this company is my mother, it gives endlessly"), or "I did not own land, but this job is my piece of land" or "I am retiring from the plant as a bey". Their reflections explain how the stability of their work allowed them to plan for the future and to make their aspirations for upward social mobility concrete, whether through offering their children the opportunity of higher education or through stable jobs in the plant, building family houses for their nuclear families, marrying their children into well-off families, or buying land. Hajj Medhat, a retired worker, summarised the life conditions of many workers in a somewhat intense way when he said: "we were nothing when we came to the plant, now we have become something, a big thing". Those who joined the plant later as temporary workers starting from 2007 lived a different reality conditioned by the devaluation of EISCO's market status since the 1980's," (Ibid, 22).

This emphasis on stability is what demonstrates the change following the neoliberal reforms. Indeed the number of workers was cut in half following these reforms, demonstrating an immediate attack on the sense of security or stability of these workers. By 1991 there was a halt in hiring new employees, and early retirement packages were introduced.

Most importantly, specific reforms introduced under the new ruling class made it impossible for different types of workers to see production as a common interest (Ibid, 86). Pointing out that management and workers do not necessarily correlate to capital and labour, she shows how engineers in EISCO began to see themselves in solidarity with workers following the neoliberal reforms. Engineers lost their prestige and hence their power, and thus ended up aligning with workers in order to subvert the very structures that created their deteriorating position (Ibid, 106). Here we see how Gramsci's discussion of the different levels/moments in workers' consciousness is useful: we see how engineers have transcended the individual level and are now forming solidarity with workers outside of their sectors through recognizing their common positions as workers.

By the 1990s, when accelerated neoliberalization was looming over Egypt, there was also an acceleration of labour activism. On the one hand, the ETUC directly challenged the regime over its privatization plans and

how this was to affect the public sector. On the other hand, other organizations and workers engaged in direct actions. While some have argued that the ETUC challenged the privatization program, others have posited that the ETUC's role vis-à-vis the neoliberalization of Egypt demonstrates the ways in which by the 1990s the organization had become a mechanism through which the state could control various fractions of labour. Alexander and Bassiouny argue that the ETUC did not challenge privatization because of pressure from workers, but that they did so because they were part and parcel of the hegemonic project of the historic bloc. This would suggest that the financial bloc had indeed managed to form alliances with fractions of labour, a line of arguing I suggest is unfounded. They cite the fact that the ETUC declared its support for privatization policies in 1991 and list a host of examples whereby the union did not back workers (2014, 137). They also state that the lower levels of the ETUC should be seen as separate from the upper levels, which had been corrupted and therefore no longer served labour's interests, and should therefore be seen as an extension of the state bureaucracy (*Ibid*, 143).

On the one hand, Alexander and Bassiouny make the important point that the ETUC structure was changing as historic blocs shifted (*Ibid*)—by the 1990s and 2000s it was indeed the case that the organization could not be said to be serving the interests of labour. On the other hand, their argument suggests that this places the ETUC within the historic bloc of the period, an assertion I find problematic. What seems clear is that the ETUC adopted a whole range of positions over time, showing that there were most likely tensions within the organization vis-à-vis the hegemonic project of the new historic bloc. Thus it cannot be said that they were part of the bloc. Moreover, their waning power and the fact that they did not adopt consistent positions means that by the late 1990s, many fractions of labour no longer looked to them as a representative organization. Strikes and actions began to bypass the ETUC, and they no longer formed a major part of negotiating teams. This decline meant a resurgence in workers' *self-organization* as a means of challenging capital (*Ibid*, 154). Moreover, in any discussion about the ETUC it is crucial to note the ways in which workers were materially tied to it—pensions, healthcare and other subsidies were dependent on membership in state trade unions. This has to be made clear in discussions about workers resisting state trade unions as well as in discussions about the proliferation of independent trade unions post-2011—indeed by 2013 there were more than 1000.

By 2011, some of the major organizing by workers focused on dismantling the ETUC and replacing it with independent unions. The first independent union began to be developed in 2007 after the successful tax collectors' strike. The union was formed to oversee the implementation of the agreement reached following the strike. The strike had been an explicitly political one that challenged the power of the state itself, as well as the power of the ETUC who were side-lined throughout. The strike took the form of a sit-in, and soon losses for the Property Tax Agency were at LE300 million (Ibid, 164). Three days later, on December 12, negotiations that ended at 4 am led to the government agreeing to implement the demands of the strikers. The resulting pay rise of 300% was significant. The success of the strike led the organizing committee to institutionalize itself into an organization: a new and independent labour union called the Real Estate Tax Authority Union (RETAU).

“By December 2008 the Permanent Committee had recruited a membership of nearly 30,000 across all 26 provinces, around a third of them women. The picture of the union’s internal structures [...] reveals the depth of the roots that had grown out of the strike. The union claimed membership in every province,” (Ibid, 167).

Thus the self-organization of workers as a response to the weakness of the ETUC suggests that we should not assume that the ruling class had successfully aligned major fractions of labour as part of their project. The opposite seems true, even as new policies introduced by the bloc served to divide fractions of labour from one another. This is precisely why I argue that there was no historic bloc in place, nor hegemony: the intellectual reforms and alliances needed to form both of these were not cultivated by the new fraction of capital.

Migration of workers is another key aspect of labour under this historic bloc. Samir Amin has referred to migration of lower and middle class Egyptians as a “safety valve” that allowed the regime to stay in power (2012, 21). Indeed migration can be seen as one of the most concrete responses by labour towards policies of both the *Infatih* bloc and the financial fraction of capital: having given up on living a decent life in Egypt, they moved abroad. We only have to look at literature and film, as well as

anthropological work, to see that even while being treated badly in places like the Gulf or Europe, Egyptians preferred migration over the increasingly pointless struggle of trying to subsist in Egypt. Amin's point is equally important: migration certainly helped the individuals who migrated, but it also helped the ruling class by acting as a valve that released pressure.

Resistance to neoliberal reforms came from another significant fraction of labour: peasants. Indeed land reform was the first target of reform under the Nasserist bloc, and was also the first target of reform under the neoliberal bloc, demonstrating both its material and symbolic significance. In the middle of the 1990s, the law eliminating rent ceilings was removed, and farmer protests began. In some instances farmers blocked railway lines to prevent trains coming from and going to Cairo (Mitchell 2002, 265). The law was implemented in 1997, after which there was an escalation in protests. According to the Land Center for Human Rights, 1997 and 1998 49 people were killed in disputes relating to the new law, 956 were injured, and 2,785 were arrested (*Ibid*). Timothy Mitchell notes that the impact of this law had different effects across villages, because each village had its own history of tenancy and land ownership. Despite this, the statistics are staggering: half of tenant farmers affected by the new law became landless, while the other half continued farming on other plots they owned or because they managed to negotiate with their tenants (*Ibid*).

An important point about fractions of labour and the ways in which they resist comes from the excellent work being done by economic anthropologists such as Dina Makram Ebeid (2012). Much work on labour resistance has focused on overt actions such as work stoppages, strikes, sit ins, and demonstrations, as well as on whether workers have participated in political movements and demonstrations. While this is important and tends to be focused on because it is easier to notice and thus study, daily acts of resistance are also part and parcel of the ways in which workers resist capitalism. Jokes, everyday stories, family arrangements and relations within the workplace are all part of the everyday, and are central to a worker's state of being. Makram Ebeid shows, for example, how aging machinery at EISCO led to the increased breakdown of machines, which in turn led to frequent work stoppages. These lapses in production were blamed on workers, who were penalized for them. She shows how when these breakdowns happened, workers always gathered collectively in order to try and resolve the issue, and always tried to make sure that no one

single person got blamed. When these codes of solidarity were broken by someone, this person was often ostracized:

“Sha‘ban was ostracised for not expanding the relations of trust, the values of collectivity and the investment in the well-being of others. These practices were largely valued on the shop-floor and were practiced everyday through the collective negotiation of work. Relations among workers were thus not just a product of the division of labour or of the production process, but their power and ability to influence everyday politics comes from their entanglement with the values that people hold and their ability to reproduce the moral and cosmic logic that guides the community. These relations produced workers’ solidarity and control of the shop-floor,” (Ibid, 83).

This type of solidarity is crucial to understanding labour and their resistance to increasingly bad conditions. This would provide an important intervention to studies of Egyptian labour, which focus almost exclusively on actions taken by workers against their working conditions. Economic ethnographies instead show the micro level of workers’ resistance. Even during times when strikes, demonstrations or sit-ins are not happening, for a whole range of possible reasons, these micro practices of resistance show a form of consciousness amongst workers that should not be ignored. Indeed this type of consciousness disproves theses on Egyptian labour that argue that they lack the type of consciousness needed for meaningful or successful resistance.

5.4.1 The Mahalla Fine Weaving and Spinning Factory Strike

The Mahalla Fine Weaving and Spinning Factory is the largest factory in the Middle East and Africa, and employs one quarter of Egypt’s entire public sector textile labour force (Abdelrahman 2014, 56). In 2006 Prime Minister Ahmed Nazif tried to address rising worker unrest by promising all public sector workers a raise in their annual bonus. When workers from the Mahalla Fine Weaving and Spinning Plant arrived to collect their bonuses, they received only the old bonus amount. This led to a spontaneous

demonstration made up of 10,000 workers. The number doubled the next day when security forces tried to control the crowd (De Smet 2012, 147).

“The Mahalla strikes are the story of a particular economic struggle for livelihoods that developed into a fight for general labor rights. Neo-formations such as strike committees, mass meetings, sit-ins, and “tent cities” stimulated collective debate and decision making and transformed the worker activity system,” (Ibid).

The official trade union position was that workers did not have a valid cause to strike. Despite this, the Minister of Labour, Ai’sha Abdel-Hadi, announced that the demands of the workers would be met and that strike days would be seen as a paid holiday.

The 2006 Mahalla strike has often been labelled one of the key moments for labour in Egypt. It was a strike, and not a sit-in or work stoppage, and it ended with the government giving in to all demands rather than security forces violently breaking it up (Alexander and Bassiouny 2014, 103). In 2007 there was another strike to demand the profit-sharing bonus as laid down by law, as well as pay rises (Ibid, 118). This strike was extremely well organized, and also ended through negotiation rather than state-inflicted violence. Most of the workers’ demands were granted. The 2008 strike, however, ended very differently. Security forces violently prevented workers from demonstrating, and also responded violently when demonstrations broke out in the town of Mahalla itself. One person was shot, and hundreds injured arrested. What some have called a local uprising was brutally crushed (Ibid, 120).

Most scholars have tended to situate these strikes within the growing “protest culture” that was spreading across Egypt. According to this narrative, Kefaya and other political movements and groups were part of the reason why workers began to strike. It is important to note here that the ways in which growing political movements and groups such as Kefaya were accused of what De Smet had called *colonizing* the workers’ struggle, through ignoring workers’ demands and subsuming their struggle inside that of the political group: “The colonizing attitude of civil-democratic actors led on 6 April 2008 to an important setback for the entire Egyptian workers’ movement. When Mahalla worker leaders and activists planned

a new strike, some political groups, bloggers, and student activists seized the event to call for a “general strike” or “day of anger” against the regime, without, however, organizing anything on the ground,” (*Ibid*, 150). This is very different from what Gramsci called for if there is to be an alternative hegemony, whereby different classes realize their common interests and unite against the ruling class.

This touches on the ways in which different fractions of labour responded to the new ruling class. Industrial and textile workers, such as those at Mahalla, seemed to be more radicalized than workers in middle-class professions, who tended to be part of movements like Kefaya. Doctors, engineers and so on were active through their syndicates, and have often taken a stance against the new historic bloc’s increasingly neoliberal and coercive policies, but the class division between them and the working class or peasants played a notable role in uniting the various fractions of labour.

The eventual defeat at Mahalla was a message to workers not to step out of line when challenging the new ruling class. Whereas before, particularly under the *Infatih* bloc, we see that the ruling class often gave in to worker demands and that a process of negotiation took place, the violent repression at Mahalla suggests a shift in tactic that can be explained by the emergence of a new fraction. As Maha Abdelrahman has noted, the new dependency on negotiation and settling labour disputes rather than using raw violence demonstrated what she calls “the new variant of capitalism in Egypt” represented by a new type of business owner that used cost-benefit analysis rather than automatic violence (Abdelrahman 2014, 59). This points to a shift in the relations between fractions of capital and labour. As we see a new mode of accumulating capital, we also see a new form of disciplining labour. The violence used against labour during the Nasserist and *Infatih* blocs was substituted for negotiation with labour—but while this may seem positive on the surface, it is useful to remember that this shift also came with increasing insecurity in the workplace in terms of job contracts, salaries, pensions, and social services. In effect workers found themselves negotiating for things that they had under the Nasserist bloc and that were slowly being taken away. At the same time, the violent crushing of the 2008 Mahalla strike indicates a change in this policy of negotiation. Why? I suggest that by the late 2000s the contradictions of this bloc—namely its inability to form alliances with enough fractions of capital and with *any* fractions of labour, and its resulting inability

to extend its hegemonic project—had become so severe that coercion became the means of survival for the ruling class. This turn to brutal coercion was not just on show in labour strikes, but extended to the entire society, as will be discussed in the next section.

5.5 Coercion, Hegemony, and the Failure to Establish a Historic Bloc

What is beyond dispute is that increasing levels of coercion were necessary to maintain stability under this new ruling class. The 2000s—the decade during which this new fraction consolidated itself—saw a rapid expansion of internal security forces, and a spike in the brutality and violence used by these forces against those seen as a threat to the status quo. By 2010, this latter group had come to include almost all Egyptians. I want to use the expansion of coercion to end this chapter in order to demonstrate that this fraction was ultimately unable to create a historic bloc. Indeed even if the events of 2011 had not happened, the increasing reliance on coercion, materially and ideologically, demonstrates that the ruling class was weak.

In 1997, Habib al-Adly was appointed Minister of the Interior, and was to remain in that post for over fourteen years. Adly was a graduate of the Police Academy and was known for having expanded the practice of using thugs during elections to intimidate voters. Notably, he was close to the Policies Committee, which represented the dominant fraction within the ruling class. Between 1988 and 2002, expenditure on the Interior Ministry went from 3.5% of GDP to 6% (Kandil 2012, 336). Not only did police wages increase, bribery also became more commonplace as police began to target more and more people. An important shift was when police began to target Egyptians not involved in overtly political activities. Indeed in 2010, this realization was made visible through the torture and killing of Khaled Said in Alexandria. On June 6, 2010, two police officers entered an Internet café and began asking for people's ID cards. 28-year-old Khaled Said objected to being searched without a warrant. He was then attacked physically by the police officers, before being dragged out of the café and into a nearby street, where the officers smashed his head into a concrete wall. They then threw him into their car, only to return

minutes later to dump his corpse onto the street (Abdelaty, 2000). While the Ministry of Interior claimed Said had died because he swallowed drugs he was carrying, photo-graphic evidence of Said's smashed up face spread rapidly through social media, throwing doubt onto the official story. Demonstrations in Cairo and Alexandria followed, but paramilitary and riot police forces crushed them violently. A Facebook page entitled We are all Khaled Said (*Kolena Khaled Said*) was started and became one of the prominent sources of information before and during the uprising. For many Egyptians, Khaled Said represented a normal, middle-class youth who was not politically active, thus allowing them to identify with him. His death seemed to highlight that no one was immune to police brutality (Salem 2015, 33).

Some have argued that the increased coercion was a result of Mubarak himself. Springborg, for example, writes that Mubarak's "passion for security was obsessive," (1987, 27). Similarly, Kandil writes: "Mubarak adopted an unorthodox security strategy, which rather than targeting major opposition groups, kept the entire society paralyzed with fear through a dizzying pattern of detention, release, and then re-detention, striking almost randomly at various activists, common citizens, and even some of the ruling elites without explanation," (2012, 341). On the other hand I believe it is more useful to look to the position of the new ruling class to understand why coercion became so necessary. The argument that Mubarak was obsessed with his safety somewhat hints at the fact that his regime, compared to previous ones, was not as stable. I want to push this further and look at the inability of this new fraction to establish a historic bloc.

It is important here to address political science's main "innovation" when it comes to Egyptian politics during the 1990s and 2000s: the concept of cronyism. Indeed this has become an overused mantra that is supposed to explain all of Egypt's problems using a single concept. Conveniently, this concept places the blame for Egypt's social, economic and political problems squarely on the shoulders of Egyptians themselves, sometimes even relying on old cultural tropes of Arabs as being especially prone to corruption and nepotism. "For these authors, an imperfect economic liberalization allowed weakening regimes, coming out of the crisis of state-led growth during the 1950s-70s, to redefine the rules of the game by building alliances with the business elite in ways to dominate the business sector and use it as a source of patronage," (Chekir and Diwan 2013,

3). Here we see that an *imperfect* economic liberalization was what led to the reliance on cronyism to solve the emerging contradictions. I have tried to show instead that it was economic liberalization itself that led to the emergence of a ruling class unable to make alliances with any fractions of capital and labour outside of its own fraction and thus failing to create a strong historic bloc or a hegemonic project that would allow for capital accumulation and maintain stability. The inability of this bloc to form alliances with other fractions is a key reason for its eventual downfall. Bureaucrats from the Nasserist bloc, landowners and the agrarian fraction of capital, and industrialists were all left out of this bloc.

Proponents of the thesis of “imperfect liberalization” suggest that the lack of political liberalization or a pluralizing of the political system was what made the entire liberalization project fail. This seems to suggest that had the political system been open, liberalization could have gone ahead as though it had the support of most of the population. In fact it is the opposite: the majority of Egyptians, and specifically the majority of fractions of labour, were against economic liberalization. Political space *had to be constricted and closed* for the liberalization project to be put in place. Alongside this argument, it is useful to look at the literature arguing that economic liberalization *increased* authoritarianism in Egypt (Kienle 2001, El Tarouty 2015).

Perhaps one of the central questions of this chapter, and of the dissertation as a whole, is the role of the state, the regime and the new dominant fraction of capital. On the one hand neoliberal common sense would have it that as neoliberalization occurs, the role of the state shrinks and the power of those associated with the free market expands. This, however, ignores the fact that the free market needs the state to act in certain ways to ensure that markets can work—in other words, the state must intervene, but only in ways beneficial to accumulation *through* neoliberalism. On the other hand, it seems clear that in Egypt the role of the state and the regime did not diminish as neoliberalization deepened. One explanation is that the state was “in on it” and therefore supported the economic liberalization because of that. Another more convincing explanation is that the ruling class that emerged in the 1990s and 2000s did what every other ruling class had done: use the state for its own project. This amounted to nothing less than using the state to redirect accumulation and production according to the project of accelerated neoliberalization. So it was never a question of whether the state was controlling capitalists or

whether capitalists were controlling the state—it had always been and continues to be a question of which fractions of capital are using the state to direct production and accumulation. In some sense this matches the second theory—that capitalists always control the state—but it is more complex than individual capitalists using the state for their own ends; Ahmed Ezz, for example, using the NDP to expand his steel monopoly. The state is not an instrument to be used merely by individual capitalists, but is part and parcel of the historic bloc; it is always in line with the hegemonic project of the bloc in power. It is a key part of the ruling class. Questions of autonomy of capitalists from the state and vice versa therefore miss the point.

By 2010 the failure to form a bloc had left the ruling class no choice but to resort to high levels of coercion to maintain stability. The increased focus on finance at the expense of productive capital had transformed the economy into one that relied heavily on importing basic goods, that was dominated by Gulf capital, and that was saturated with investment opportunities for luxury goods, primarily luxury real estate. It is no surprise then that the gaps between classes had grown to an all-time high, and that economically the poor were finding it more and more difficult to survive. At the same time, neoliberal norms and values such as individualism, self-support and entrepreneurship had failed to become hegemonic and justify the hegemonic project of the bloc itself. Indeed the 2011 revolution was saturated with calls for a return to social welfare, showing just how weak the financial bloc's ideational push had been. This can be traced back to the failure of the new fraction to incorporate enough fractions of capital and labour by transcending its narrow interests and forming a bloc. Tracing the previous two blocs, we see that the historic bloc's size had been steadily decreasing, and that the financial fraction of capital failed to even create a bloc, and therefore failed to avoid the organic crisis that led to the events of January 25th 2011.

The focus of this chapter has been on the emergence of a new fraction of capital. Much of the literature on Egypt in the 1990s and 2000s acknowledges the emergence of a new elite, but rarely has this elite been conceptualized as a fraction of capital, or, in other words, *vis-à-vis* its position to production. I have argued that what characterizes this new fraction is accelerated neoliberalization. This fraction has been called the “neoliberal elite” in much of the literature on Egypt, betraying its allegiance to neoliberalism as an accumulation strategy. I have argued it may be more

accurate to characterize them as a financial fraction instead. I also argue against the tendency to label them “crony capitalist” and rather locate the increasing levels of corruption in the acceleration of neoliberalization. Indeed it is under this fraction that the dominance of financial capital over productive capital is completed, leading to the organic crisis of 2011.

I have argued that the start of this period—the late 1980s—is characterized by a period of *transformismo*, in which Hosni Mubarak attempts to save the declining *Infatih* bloc. This ultimately fails as we see the emergence of a new fraction of capital. This was to have dramatic effects on a key player within the ruling class: the military. The battle of 2011 was not simply about who would control the institutions of the state but about who would dominate the ruling class.

This new fraction of capital was ultimately unable to create a historic bloc or hegemony. The increasing levels of coercion are one sign of this, as well as its inability to transcend its narrow interests to other fractions of capital such as the military. Yet again we see the focus on an individual ruler looking for power in much of the literature, whereby Mubarak is seen as having turned towards violence as a means of keeping himself in power. Instead I have argued that the dominance of coercion is due to the non-existence of a historic bloc.

6

Concluding Remarks: Why 2011?

“If the ruling class has lost consensus, that is, if it no longer “leads” but only “rules”—it possesses sheer coercive power—this actually means that the great masses have become detached from traditional ideologies, they no longer believe what they previously used to believe, etc. The crisis consists precisely in the fact that the old is dying and the new cannot be born: in this interregnum, morbid phenomena of the most varied kind come to pass.”

- Antonio Gramsci (1992, 32).

The story of the 2011 revolution has two beginnings. The first can be located in the two decades leading up to the revolution itself; decades during which there was an important shift within the ruling class that was to accelerate Egypt’s neoliberalization. This in turn resulted in unprecedented numbers of workers’ strikes and actions, with a total of over two million Egyptian workers taking part in actions through the 2000s. The second beginning goes back much further. It would be a mistake to assume that 2011 can be explained by looking at the decades that preceded it. Instead, I have argued that we need to go back at least one century to understand why in 2011 Egypt saw a revolution demanding bread, freedom and social justice. The reason for this temporal choice—after all, one can always go back further and further—is because it was almost one century ago that the capitalist mode of production became a major part of Egypt’s trajectory. My main argument is that the increasing expansion of the capitalist mode of production can explain many of the changes in Egypt’s ruling class over time. In particular, by looking at changes in the mode of production, we can trace the rise and fall of various historic blocs. It is only by adopting a longue durée perspective that looks at patterns and

disjunctures over a significant period of time that we can answer the central question of this dissertation: why did the revolution happen in 2011? I have attempted to answer this question by tracing the various historic blocs and ruling classes in modern Egyptian history. In order to answer the overarching question of the research project, I will answer the question of why the final historic bloc fell in 2011.

6.1 Why 2011?

Finally we arrive at the main question this dissertation seeks to answer: why did the revolution happen in 2011? The broad answer to this is that by 2011 there was no historic bloc in place, nor a hegemonic project that could either prevent the conditions that ultimately created an organic crisis, nor withstand an uprising once it took place. Egypt's first historic bloc was created in 1952 following formal independence from Britain. The Free Officers were able to go beyond their own narrow interests in order to create a historic bloc around numerous fractions of capital and labour. This was done through particular moral and intellectual reforms, through which they were able to establish and maintain hegemony. 1967 represented the organic crisis that was to bring about the decline of the Nasserist bloc and the rise of a new *Infatih* bloc based on social forces that were already beginning to become dominant by the mid-1960s. The *Infatih* bloc was dominated by a fraction of capital—emerging businessmen—that was also able to move beyond its own narrow interests in order to draw other fractions of capital and labour into the bloc. This bloc was not as hegemonic as the Nasserist bloc, but nonetheless did establish a hegemonic project. By the time Sadat was assassinated and Mubarak came to power, the *Infatih* bloc was declining and there was a period of transformation, during which there were attempts to stabilize the bloc. By the mid-1990s, however, we see a rival fraction of capital emerge that sealed the fate of the *Infatih* bloc. This new fraction attempted to create a historic bloc but ultimately this attempt failed. This is why by 2011, there was no historic bloc nor hegemony to speak of, a far cry from the 1950s Nasserist era.

The ruling class that was in power from the mid-1990s until 2011 not only failed to create a bloc, it also put in place several other processes.

First, the precarious balance between political stability and capital accumulation was destroyed; in other words, accumulation happened at such an intense rate that social tensions exploded. This was due to their project of accelerated neoliberalization. This meant that there was an increasing need to rely on coercion in order to maintain power. The second reason is that the fraction of capital dominating this bloc began to accumulate capital in ways that directly threatened the accumulation of other fractions. Additionally, because there was no bloc, there was no attempt to bring fractions of labour into an alliance with the dominant fraction. The final reason is that this fraction failed to resolve some of the key structural problems of the Egyptian economy that were present before 1952 and that returned in the 1970s. Increasing reliance on foreign capital—whether Western or Gulf—as well as the marginalization of productive capital—meant that Egypt's economy became a highly financialized one. Taken together, these three elements can explain why by 2011 an organic crisis erupted that toppled the ruling class. Precisely because it was a failed attempt at creating a bloc and hegemony, any organic crisis would have been a serious threat. All three elements are connected to this fact, and I briefly explore each in the form of a dialectic below. Indeed since 1952 the size of Egypt's various blocs had been decreasing, both in size as well as hegemonic power. By 2011, there was not even a bloc in place.

6.1.1 Coercion and Consent

The first dialectic is Gramsci's famous formula of coercion and consent, key to understanding the failure of this final ruling class. Gramsci argues that if a bloc is hegemonic, it will not need as much coercion to maintain order. The less hegemonic it is, the more coercion is needed to maintain order. The new ruling class that emerged after the fall of the *Infatih* bloc needed increasing levels of coercion to maintain social order. This was expressed most clearly in the internal security forces becoming more powerful and more visible through all segments of society. Whereas previously it was usually Egyptians who were politically active or from marginalized groups that felt the brunt of police violence, by 2010 we see that almost all segments of society were now exposed to—at the very least—the threat of police violence. Policing became an increasingly visible mechanism of control. This indicates precisely how weak consent was

during this final decade preceding 2011. The moral and intellectual reforms this fraction needed to establish hegemony were lacking and thus their narrow interests were transparent. This transparency is precisely what sparked resistance from so many parts of society, from labour to political activists and professional syndicates. Indeed the 2010 parliamentary election where the ruling party won with 99% of the vote was one of the pivotal moments where we see that this fraction was *not even attempting* to put on a show. It was precisely this transparency and lack of effort on the part of this fraction that angered many Egyptians who became politicized as a result. Because of this increasing anger and resistance, more coercion was needed. The Ministry of Interior became a powerhouse because of how reliant the new fraction was on it. Indeed it was no coincidence that the revolution began on January 25—the day Egyptians were supposed to have been celebrating the police.

Related to coercion and consent is the question of stability and legitimacy. Perhaps there was no clearer lesson the new fraction of capital could have learned from the *Infatih* bloc than the one learned by Sadat following the 1977 bread riots. While the ultimate goal of any historic bloc is capital accumulation, there is always a political question that needs to be addressed—the question of legitimacy. In other words, there must be some level of stability in the relation between capital and labour, and this is achieved through legitimacy. Once this legitimacy is destroyed because labour's conditions are deteriorating too rapidly, stability comes under threat. The accelerated neoliberalization put in place by the new fraction of capital ultimately required a dramatic deregulation of labour. Disciplining workers through increased flexibility, harsher working conditions and lower salaries/fewer bonuses were some of the ways this happened. In response there was a rapid rise in strikes to counteract these measures. Many of these strikes explicitly targeted privatization and saw it as the reason so many laws negatively affecting workers were being passed. It is precisely this new fraction that adopted accelerated privatization as its main measure of accelerating neoliberalization. Workers often made references to the Nasser era and thus to a bloc that was seen as pro-labour, as opposed to the current ruling class that simply wanted to make profit. Indeed from the *Infatih* bloc onwards we see that the ruling class was increasingly seen as being driven solely by profit, and not development. This demonstrates the increasing failure of dominant fractions of capital to

transcend their narrow interests—which were indeed centered around profit—in order to form strong blocs.

6.1.2 Private and Public

The second dialectic is that between the private and the public sphere. The new fraction of capital did not only come up against resistance from workers and society at large, but also from one other fraction within the ruling class that was to eventually remove them from power: the military. It is key that the new accumulation strategy—accelerated neoliberalization—clashed with the military’s history legacy of accumulating through the public sector. Privatization was one of the central mechanisms through which this new fraction accumulated capital. Even under the *Infītah* bloc we do not see the levels of privatization that we see from 2004 onwards, when Ahmed Nazif becomes Prime Minister. This surely had an effect on the relationship between this new fraction and the military, whose assets and investments tended to be concentrated in the public sector. As more of the public sector got privatized, the more this new fraction became a threat to the military’s own accumulation. This partly explains why in 2011 the military so willingly sacrificed Hosni Mubarak, and with him this entire fraction of capital. This was necessary in order to both save the ruling class itself—a class the military was a part of, after all—as well as to prevent the further consolidation of this new fraction’s strategy of accumulation—accelerated neoliberalization. By the end of the revolution we see that the ruling class remained the same, but with this new fraction no longer dominant and with the military at the center.

6.1.3 Productive and Unproductive Capital

The final nail in the coffin for this fraction of capital was that it presided over the end-point of a transition that began under the *Infītah* bloc. It was under this bloc that we see a transition whereby the base of Egypt’s economy changes from being productive to being financial. In other words, by 2011 we see that finance capital is the determining force in Egypt’s economy. This shift began under the *Infītah* bloc but was consolidated by the

fraction that emerged after this bloc declined. Foreign capital became a cornerstone of Egypt's economy, and in particular Gulf capital—by 2011, few major companies in Egypt were not at least partly owned by Gulf businessmen. This brought with it a ruling class that was very much Westernized. As mentioned throughout, a strong presence of foreign capital was always accompanied by norms and dispositions among the elite that mirrored a cosmopolitan and global ruling elite. This was a far cry from the Nasserist bloc, when elites focused on Arab and Islamic identity and national cultural norms. But arguably the biggest shift we see from the Nasserist bloc to the final ruling class is from a focus on productive capital to unproductive capital. The ultimate aim of the Nasserist bloc had been industrialization and nationalization, in an attempt to give Egypt autonomy over its economy. Nasser ultimately did not succeed, and this was largely due to the global structural impediments as well as to the emergence of the very social forces that would create the new *Infatih* bloc. The new bloc took Egypt in a very different direction: it was to be finance capital that would create a new class of millionaire businessmen, whose aim was profit alone. While this bloc was able to transcend this interest in order to create a bloc and hegemony, the ruling class that came after it was not.

6.2 Time and Production

To return to the title of this dissertation—the old is dying and the new is not yet born—I suggest that the 'old' was the *Infatih* bloc and the new—that was not born—was a new historic bloc to replace it. The ultimate reason 2011 happened when it did was that the contradictions of Egypt's accumulation structure had become overbearing, and there was no historic bloc in place to resolve them or to at least maintain a synthetic level of stability. Two events in 2010—the heavily rigged parliamentary elections and the murder of Khaled Said by the police—both made it clear that the new ruling class was not interested in transcending its narrow interests in order to maintain a façade of national development. This meant that ultimately it did not form a bloc nor hegemony—the only two things that could have prevented what was initially an uprising demanding reforms turning into a full-blown revolution that restructured the ruling class.

Throughout this dissertation I have used the concepts of time and production to analyse the rise and fall of different ruling classes and historic blocs. A key claim I have made is that not every era is characterized by a historic bloc—many are simply represented by a ruling class. Another claim I have made is that not all historic blocs are equal: some are more hegemonic than others. Along this line, I have tried to find out what made the Nasserist bloc as hegemonic as it was, and found that it was the most successful at disseminating moral and intellectual reforms and thus had the largest historic bloc, with multiple fractions of capital *and* labour. As time goes by, we see that the historic bloc decreases in size until 2011, when we have no bloc in place.

The concept of production, understand through neo-Gramscian theory, has allowed me to trace ruling classes and historic blocs through changes in Egypt's accumulation structure. This has led me to argue that Egyptian history should not be understood through the conventional thematic eras of Nasser—Sadat—Mubarak, whereby their years in power indicate separate and distinct eras. Instead, if we take production as our starting point, we come to a very different understanding of time. We see that the Nasserist historic bloc ended in the mid-1960s and the *Infītah* bloc began soon after this, following a very brief period of *trasformismo*. Similarly, the *Infītah* bloc only ended in the mid-1990s, after which we have a similar period of *trasformismo* and then the rise of a new fraction of capital and a new configuration within the ruling class.

The concept of time has been key in tracing and understanding the shifts between the different ruling classes and blocs, as well as in uncovering patterns and repetitions, as well as disjunctions and breaks between the different eras. Because time was always connected to production, I was able to reconceptualize Egypt's history and reorganize it according to changes in production. The dissertation has tried to show that starting with the Nasserist historic bloc, we see a diminishing level of hegemony. The Nasserist bloc represents Egypt's strongest bloc as well as strongest instance of hegemony. The *Infītah* bloc was hegemonic, but less so, and thus we see the beginning of a decline in hegemony. By the time we get to 2011, there is no hegemony or historic bloc to speak of. The changing nature of hegemony shows why time is so crucial to this project. It is only through analysing the *cumulative* aspect of hegemony and historic blocs that we can ultimately understand the 2011 revolution. It is not simply about the failure of the financial fraction of capital to form a bloc in the 2000s

that matters, but about how this was the pinnacle of a series of events, and the end point of the cumulative and incremental changes happening within hegemony and historic blocs from the late 1800s. Historical trajectories are key, but not in a linear sense. Although each bloc is related to the ones around it in time, there is not a linear progression that we can speak of. Ultimately, the question this dissertation tried to answer is one related to time: why 2011? It was only by connecting time and production that I was able to answer this.

6.3 The Rise and Fall of Historic Blocs

The main contention of this dissertation was to trace the rise and fall of historic blocs in modern Egyptian history in order to answer the question of why the 2011 revolution happened when it did. A historic bloc is the structure and superstructure forming a unity, and includes the state and civil society. It is not simply an alliance, but rather a condition to be achieved, and is comprised of both fractions of capital and fractions of labour that are tied together in a hegemonic project developed by the dominant elements of the ruling class. These elements must transcend their narrow interests through moral and intellectual reforms in order to establish a historic bloc. This is the key: the transcending of *narrow* interests to form a hegemonic project that convinces major fractions of capital and labour to be part of the bloc.

In Chapter Three I argued that we cannot speak of a historic bloc before 1952 because the formula of consent-coercion cannot exist in a colonial situation, either under the Ottomans nor under the British. Colonialism is a condition of coercion, even when masked through consent, and thus while there were several ruling classes in place before 1952, these did not form a historic bloc at any point. The narrow interests of the colonial rulers were not transcended in the Egyptian case, and there was no hegemonic project to speak of.

1952 saw the formation of Egypt's strongest historic bloc. We see this in the ability of Nasser and the Free Officers to transcend their narrow interests—capital accumulation through the state and military domination of the economic and political spheres—through moral and intellectual reforms—anti-colonialism, nationalism, pan-Arabism, social welfare—and

create a hegemonic project that provided material changes to the majority of Egyptians, and that convinced all major fractions of capital and labour to join the bloc. Chapter Three has detailed both the narrow interests of the dominant fraction of capital, as well as the reforms they put in place to expand their historic bloc. The chapter ends by discussing the organic crisis—1967—that led to the fall of this bloc. We know that this bloc declined because new social forces with a contrary set of narrow interests began to call for a different hegemonic project.

These new social forces are the subject of Chapter Four. I argue that the new dominant fraction of capital, in favour of economic liberalization through free-market capitalism, was able to construct a historic bloc by transcending these narrow interests. However this bloc was weaker than the previous one because it was smaller: while the bloc did include most major fractions of capital and many fractions of labour, it did not include all of them, as the Nasserist bloc had. Labour in particular was undergoing a transition at this point, and thus we see the beginnings of the resistance towards neoliberalism. Thus we know that this new dominant fraction convinced many fractions of capital and some fractions of labour that the market liberalization project was Egypt's only way forward—thus successfully creating a historic bloc—but we also know that this hegemony was not as strong as the Nasserist bloc's hegemony had been.

This became clear when it did not even take an organic crisis to bring about the decline of this bloc. Hosni Mubarak attempted to save the bloc when he took power, but ultimately failed. By the 1990s we see a new dominant fraction of capital emerge, characterized by the narrow interests of accelerated neoliberalization. This dominant fraction, however, did not transcend these narrow interests and create a historic bloc; indeed by the 2000s it is clear that most fractions of capital and all fractions of labour were against this dominant fraction. This failure means that there was no historic bloc in place for much of the 1990s and all of the 2000s. It is this absence that ultimately explains why the 2011 revolution happened: there was no bloc in place to either avoid the deteriorating economic and political conditions that led to the revolution, nor to control the demonstrations once they began. Neither *trasformismo* nor a passive revolution was possible by the financial fraction of capital, which is why post-2011 we see the emergence of a new dominant fraction—the military—who did succeed in establishing a historic bloc in 2013.

6.4 Conclusion

The overarching objective of this dissertation was to propose an answer to the question of why the 2011 Egyptian revolution happened when it did. I have done this by using both Gramscian and neo-Gramscian theoretical concepts and by using time and production as key explanatory variables. I believe this dissertation has answered the research questions highlighted in chapters one and two adequately, and these answers have been highlighted above. It was my aim to trace the ruling class, subaltern classes, and the historic bloc—or lack thereof—throughout different eras, and I believe that this is the dissertation’s major contribution. By tracing historic blocs, I have been able to demonstrate the ways in which hegemony was created and undone, as well as the ways in which it was resisted. I have also suggested alternative historical eras in understanding Egyptian history, eras that are delineated through changes in social forces and blocs.

Both Gramsci and the neo-Gramscians I have used proved to be enlightening and useful in exploring this topic. Although the Amsterdam and Nottingham schools were key to my analysis, I went beyond them by looking at the particular connections between Egypt and the international system through my analysis of the cumulative nature of historic blocs.

Historical materialism’s focus on both time and production as well as the rich concepts of the historic bloc and hegemony were instrumental in providing a fresh take on the 2011 Egyptian revolution. While much work has looked at the revolution, the answer of why it happened when it did has not been explored thoroughly. This work has suggested a way of looking at elites and subaltern classes as part of one whole, and has highlighted the dialectical relationship between these forces. This work has also emphasized the centrality of the mode of production to Egyptian history, and it is my hope that this also becomes central to Egyptian historiography. The story of the revolution has been told in many ways. Above all, what I have put forward here is the suggestion that capitalism, class, power, and history should always be included in any story about the Egyptian revolution.



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Zaalouk, M. (1989) *Power, class, and foreign capital in Egypt: The rise of the new bourgeoisie*. London: Zed Books.

SARA SALEM

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CURRENT POSITION

WARWICK UNIVERSITY Department of Politics and International Studies

Research & Teaching Fellow • Coventry, England • August 2016 - present

- Research Associate on the AHRC-funded project, "Politics and Popular Culture in Egypt: Contested Narratives of the 25 January Revolution and its Aftermath" led by Dr Nicola Pratt.
- Instructor for the Gender and Development and Middle East Regional Relations modules.



BOOK CHAPTERS

- Salem, S. "Creating Spaces for Dissent: The Role of Social Media in the 2011 Egyptian Revolution," in Social Media, Politics and the State Protests, Revolutions, Riots, Crime and Policing in the Age of Facebook, Twitter and YouTube, C. Fuchs and D. Trottier, ed., 1st ed. (London: Routledge, 2015).

- Salem, S. "The 2011 Egyptian Uprising: Framing Events Through the Narratives of Protesters," in: Revolution as a Process: The Case of the Egyptian Uprising, A. Hamed, ed., 1st ed. (Vienna: Wiener Verlag für Sozialforschung, 2014).



EDUCATION

THE INTERNATIONAL INSTITUTE OF SOCIAL STUDIES (ISS)

The Hague, NL

PhD Development Studies

Specialization:
Political Economy

Anticipated Completion: Nov 2016

M.A. Development Studies

Specialization:
Women, Gender & Development

Completion: Dec 2011



PEER-REVIEWED JOURNAL ARTICLES

- Salem, Sara. "Book review: Marginality and Exclusion in Egypt." Capital and Class 40(2) (2016): 378-380.

- Salem, Sara. "Intersectionality and its discontents: intersectionality as traveling theory." European Journal of Women's Studies. (Online First: April 2016.)

- Salem, Sara and Karim Malak. "How far does neoliberalism go in Egypt? Gender, citizenship, and the making of the 'rural' woman." Review of African Political Economy. (Forthcoming 2016.)

- Salem, Sara, and Karim Malak. "Reorientalizing the Middle East: The Power Agenda Setting Post-Arab Uprisings." META 4 (2015): 93-109.

- Salem, Sara and Rekia Jibrin. "Revisiting Intersectionality: Reflections on Theory and Praxis." Trans-Scripts 5 (2015).

- Salem, Sara and Vanessa Eileen-Thomas. "Old racisms, new masks: On the continuing discontinuities of racism and the erasure of race in European contexts." nineteen sixty nine: an ethnic studies journal (Forthcoming: 2016).

- Salem, Sara. "Reading and Mis-Reading Frantz Fanon." The Postcolonialist.<<http://postcolonialist.com/culture/reading-mis-reading-frantz-fanon/>>

- Has peer-reviewed for journals including Hypatia and the European Journal of Women's Studies.



MEDIA PUBLICATIONS (SELECTION)

- The Egyptian Military and the 2011 Revolution (2013) <http://www.jadaliyya.com/pages/index/14023/the-egyptian-military-and-the-2011-revolution>

- Neo-liberal Islamism & the Effects of Egypt's IMF Loan (2013) <http://muftah.org/neo-liberal-islamism-the-effects-of-egypt-imf-loan/>

- Les Femen, un féminisme de type neocolonial (2013) http://www.lemonde.fr/idees/article/2013/06/11/les-femen-un-feminisme-de-type-neocolonial_3428285_3232.html

- Femen's Neocolonial Feminism: When Nudity Becomes a Uniform (2012) <http://english.al-akhbar.com/node/14494>



PERSONAL & PROFESSIONAL SKILLS

Academic Research	○ ○ ○ ○ ○ ○ ○ ○ ○
Proposal/Grant Writing	○ ○ ○ ○ ○ ○ ○ ○ ○
Teaching/Mentoring	○ ○ ○ ○ ○ ○ ○ ○ ○
Presentations	○ ○ ○ ○ ○ ○ ○ ○ ○
Communication	○ ○ ○ ○ ○ ○ ○ ○ ○



LANGUAGES

	READING	WRITING	SPEAKING
English (Native)	○	○	○
Arabic (Fluent)	○	○	○
Dutch (Fluent)	○	○	○
French (Semi-Fluent)	○	○	○



CONFERENCE PRESENTATIONS

"Gramsci, Egypt, and the Question of History"

Mar 2016 • Brighton, UK

- "Gramsci on Tahrir" roundtable at the International Political Science Association Conference

"Marxist Feminism and Intersectionality: the Case of Egypt"

Nov 2015 • SOAS, University of London

- 2015 Historical Materialism Conference

"Marxist Feminism, Intersectionality, and the Global South"

Oct 2015 • University of Amsterdam

- Class in the 21st Century Conference

"Bread, Freedom, Social Justice"

Jul 2015 • Cairo, Egypt

- Leiden University-Netherlands Institute Cairo summer school

"Racism as 'over there' or 'back then': On the displacement and erasure of race and racism in the Netherlands"

Dec 2014 • UC Berkeley

- Graduate Conference in Dutch Studies: Identities in the Making: Dutch Colonialisms and Postcolonial Presents

"The 2011 revolution: passive revolution and continued neoliberalism"

Nov 2014 • Washington, D.C., USA

- 2014 Middle East Studies Association meeting

Nov • SOAS, University of London

- 2014 Historical Materialism Conference

"Questions of Neoliberal Subjectivity: The Effects of Transnational Funding on Civil Society and Egyptian Women"

Jun 2014 • Bonn, Germany

- European Association of Development Institutes Conference

"Historicizing the 2011 Egyptian uprising: a neo-Gramscian approach"

May 2014 • University of Chicago

- 29th Annual Middle East History and Theory Conference

"Gramsci and civil society in Egypt: attempts to create consent through neoliberalism"

Apr 2014 • UC Berkeley

- 4th Islamic Studies Graduate Student Conference "UnCivil Society, Past and Present"

"The Egyptian military and the 2011 uprising: re-alignments within the ruling class"

Oct 2013 • Goldsmiths, University of London

- "Crisis and critique of the state"

"Military Engagement in Mobilizing Societies in the Middle East"

Mar 2013 • Adana, Turkey

- Fourteenth Mediterranean Research Meeting

"Social media and spaces of dissent in Egypt."

Jan 2013 • Cairo University

- Youth after the Arab Spring conference, Faculty of Economics and Political Science.

"The question of 'youth' and the Arab Spring"

Jun 2012 • The Institute of Social Studies, The Netherlands

- Poverty and Exclusion of Children and Youth Conference

"Narratives of protesters during the 2011 Egyptian revolution"

Feb 2012 • Cairo University

- Narrating the Egyptian Spring Conference

PREVIOUS PROFESSIONAL EXPERIENCE

CAIRO INSTITUTE FOR LIBERAL ARTS & SCIENCES - (CILAS)

Teaching Fellow • Cairo, EG • Jan 2016 - Jun 2016

THE WOMEN AND MEMORY FORUM

Communication & Cooperation Officer • Cairo, EG • Apr 2015 - Aug 2016

THE UNIVERSITY OF CALIFORNIA, BERKELEY

Visiting Scholar • Berkeley, CA, USA • Jan 2014 - Dec 2014

THE POSTCOLONIALIST

Editorial Board Member • <http://postcolonialist.com/> • May 2014 -

INSTITUTE OF SOCIAL STUDIES

Facilitator & Teaching Assistant • The Hague, NL • Sept 2012 - Jan 2013

ISS: DEVELOPMENT DIALOGUES CONFERENCE

Organizer • The Hague, NL • Jul 2012 - Oct 2013

POPULATION COUNCIL

Researcher on Female Circumcision • Cairo EG • Jan 2009 - Jun

DEPARTMENT OF SOCIOLOGY (AUC) • Cairo EG

Teaching Assistant to Dr. Amy Holmes • Nov 2008 - Jun 2009

Research Assistant to Dr. Helen Rizzo • Feb 2007 - Jun 2007

CARE INTERNATIONAL: Program For Democracy & Governance

Intern • Cairo, EG • Jun 2008 - Jul 2008