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Egypt is Building to Crisis

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Egyptian society is rapidly building to another eruption of crisis. If Egyptian society is a plane, it is in the process of crashing; the broken plane's dive angle is steepening, and it is accelerating at the earth. For decades, productive capital in the form of the military has been accumulating capital by devaluing the labor-power commodity of workers in Egyptian society. This contradictory process – accumulation of value at one pole and destruction at the other – erupted in 2011. In superficial responses, productive capital twice replaced its junior partner in governing (in 2011 and 2013). The contradiction is again sharpening. When it erupts this time, productive capital, because of how it has temporally deferred crisis, will react with more extensive and intensive direct violence against workers.

The value of a worker's labor-power commodity is determined by the value of the means of subsistence necessary to reproduce the worker. Explains Marx: "the labour-time necessary for the production of labour-power is the same as that necessary for the production of those means of subsistence; in other words, the value of labour-power is the value of the means of subsistence necessary for the maintenance of its owner" (Marx, *Capital Volume I* (London, Penguin Books, 1976), 274). One way to reduce the value of the labor-power commodity is to reduce the value of the wage goods consumed by the worker; the less value consumed by the worker, the less value the worker's commodity. It is to this end of devaluation that capital encourages trade liberalization and welcomes lower value retailers such as Walmart and Target into societies. Presuming no commensurate increase in wages, price inflation also devalues the labor-power commodity by reducing workers' consumption of means of subsistence. As prices rise, workers are able to buy fewer wage goods. The depreciation of a society's currency devalues the worker's commodity in the same way as inflation. Currency depreciation demands that a smaller quantity of imported commodities – in the Egyptian case most importantly wheat for bread – be exchanged for the same quantity of the currency. The worker is reproduced with less value, and his/her labor-power commodity is devalued.

January 2011 in Egyptian society saw the eruption of a crisis of value destruction suffered by workers. Since then, productive capital and its junior partner, be it commercial capital in the form of the Muslim Brotherhood or finance capital represented by the state forms of the Gulf Cooperation Council (GCC) – the Kingdoms of Saudi Arabia and Bahrain, the Sultanate of Oman, the United Arab Emirates, Kuwait, Qatar, have weaponized the Egyptian currency to wage an unrelenting social war on workers. In January 2011, the exchange rate was 5.88 pounds to the US dollar. By July 2015, it was 7.73 pounds to the dollar. And with the Central Bank of Egypt's (CBE) decision on Monday to move the official exchange rate to 8.85 to the dollar, the value represented by the Egyptian currency has been almost halved in just over five years (Wahish, Levelling with the dollar).

Productive capital has been able to depreciate the Egyptian currency in a relatively controlled fashion, and attack Egyptian workers without major social conflagration, because of deposits made by the GCC state forms into the central bank. The deposits enabled the CBE to purchase Egyptian pounds in the international market and thereby gradually reduce the currency's price. Money was transferred to the CBE because capital represented by the GCC state forms benefits from this depreciation. For example, it cheapens land for Emerati-owned Emaar Properties and Arabtec Holdings and devalues the labor-power commodity consumed by Kuwaiti-owned Cairo Poultry Company and Saudi-owned Misr Arab Poultry (Hanieh, *Lineages of Arab Revolt: Issues of Contemporary Capitalism in the Middle East* (Chicago: Haymarket Books, 2013), 92). The contradictions of this relation are sharpening. The CBE is effectively out of money, having spent the deposits it received from the GCC state forms. Its remaining reserves of USD16 billion are sufficient only for three months of imports. In order to continue to receive deposits into the coffers of the CBE (and it seems increasingly likely that the Egyptian state form will have to apply for a loan from the International Monetary Fund (IMF)), productive capital must continue to devalue Egyptian commodities, including the labor-power commodity, by reducing the price of the currency. However, devaluing Egyptian commodities for foreign deposits increasingly antagonizes workers and thereby endangers productive capital's dominant social position. Also, while the controlled depreciation has allowed capital to intensify the process of transforming

Egyptian society into the GCC's Mexico, the low price of oil and costs of war on Yemeni society mean the GCC state forms cannot continue to transfer billions to the CBE. A Kingdom of Saudi Arabia that is raising domestic petrol prices, discussing the privatization of Saudi Aramco through an initial public offering and seeking a USD$10 billion loan cannot continue to transfer money to the CBE (Hazel Sheffield, Saudi Arabia reportedly looking to borrow $10bn in its first international loans in a decade). The gradual repricing of the Egyptian pound with its relative social peace is giving way to sudden, and sizeable, shocks such as Monday's abrupt 14 percent depreciation and with them more acute social conflict.

The sharpening contradiction means productive capital is increasingly desperate. It is increasingly desperate for US dollars to deficit finance its accumulation in Egyptian society. In a moment in which a quarter of global gross domestic product (GDP) is produced in societies with negative interest rates, the Egyptian state form has to pay double digit interest in order to be able to assume debt. The certificates sold to expand the Suez Canal, a materially unnecessary, but ideologically important endeavor, are paying 12.5 percent for five years. The state form's recently sold three-month bonds have yields of 13 percent. And most spectacularly, the state-owned banks Banque Misr and the National Bank of Egypt just issued dollar denominated *Beladi* (My Country) investment certificates with an interest rate of 15 percent!

Productive capital is also increasingly desperate in terms of its social relations. All commodity societies are governed by some balance of consent and coercion. The neoliberal form of state headed by Sisi is steadily losing the ideological support it once enjoyed, and with it the consent of the subordinated working class. Recent protests by doctors and cab drivers are expressions of this ongoing erosion. To try to arrest this erosion, the state form will continue to intensify its nationalist rhetoric, including escalating its encouragement of xenophobia, and may even involve itself in a war in Libya which Sisi recently, and curiously, disavowed. Of course, these ideological maneuvers will ultimately prove insufficient in the face of real, material degradation of the lives of workers. Because of the nature of Egyptian social relations, the contestation-repression dialectic is increasingly shifting the balance to state coercion of subordinate workers. This extension and intensification of violence directed at workers was evident last week when Sisi bellicosely promised to "remove from the face of the Earth" anyone subverting the state ("Sisi tells Egyptians: Don't listen to anyone but me,"). It was evident in the deployment of increased numbers of the state's repressive forces when the CBE depreciated the currency. It is evident in the expanding detention, disappearance and torture of tens of thousands of workers.

Productive capital's devaluation of Egyptian workers' labor-power commodity through currency depreciation is extending and intensifying state violence. This process will become even more destructive and the relation will become even more violent because the currency depreciation is not yet finished. Finance capital (including the usurer's house EFG-Hermes that once employed Gamal Mubarak) is calling for a further depreciation of the pound to the range of 9.5-10.45 to the US dollar (Deya Abaza, "Economists welcome Egyptian Pound devaluation, flexible exchange rate"). The working class will more hotly contest the further destruction of the value of its labor-power commodity and the state form will inevitably use more extensive and intensive violence to try and coerce it into continued subservience. The real threat to the daily reproduction of working class life in Egyptian society is not cadres of workers deluded by religion such as the Islamic State franchise in the Sinai, but rather productive capital in form of the military. Productive capital, with its material truncheons and fetishistic cudgel in the form of the Egyptian currency, is the barbarous social force driving Egyptian workers to the next deadly crisis.