

Egyptian military commands a vast business empire

By Mike Head
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Egypt's military has been presented by the Obama administration, as well as by the leaders of Egypt's official "opposition," such as Mohamed ElBaradei, as the guarantor of an "orderly transition" to a new democratic order. This is false to the core. The generals have a long record of repression against the working class, starting with the court-martial and execution of two textile workers' strike leaders just a month after the 1952 military coup that inaugurated the Nasser regime (see: "The Egyptian working class moves to the forefront").

Contrary to the myth of the armed forces' neutrality, every acute crisis of the military-backed dictatorship has seen troops mobilised to suppress working class discontent. These occasions included the 1977 food riots triggered by the implementation of World Bank and International Monetary Fund-ordered price rises, and an uprising of police conscripts in Cairo and other cities in 1986.

Last August, eight employees of Military Factory 99 were placed on trial—in a military court—for calling a strike. The workers had demanded safer working conditions, as they are formally entitled to do under Egyptian law, after a boiler exploded, killing one civilian worker and injuring six. The strikers were charged with "disclosing military secrets" and "illegally stopping production". In the end, after a quick trial, three were acquitted and the five others received suspended sentences. The outcome was regarded as lenient, but the military had sent an unmistakable message. "There are no labor strikes in military society," a retired army general, Hosam Sowilam, told the *New York Times*.

In addition to its unabiding commitment to maintain the capitalist order as a whole, Egypt's officer caste commands its own huge business empire, which has mushroomed since the 1952 coup. Military Factory 99, at Helwan, in Cairo's south, is a prime example. The plant produces a wide variety of consumer goods—stainless

steel pots and pans, fire extinguishers, scales, cutlery—in addition to its primary function of forging metal components for heavy ammunition.

Field Marshal Mohamed Tantawi, a life-long henchman of ousted president Hosni Mubarak, remains both Defence Minister and Minister of Military Production, posts he has held since 1991. That makes him not only the commander-in-chief of the military junta but, in effect, the chief executive officer of a giant military-run commercial enterprise.

Military-run firms hold strong positions in key industries, including food (olive oil, milk, bread and water); cement and gasoline; clothing; kitchen appliances; vehicle production (joint ventures with Jeep to produce Cherokees and Wranglers); resorts and hotels; and construction, in which the military benefits from being able to deploy conscripts during their last six months of service.

Among the range of products sold by military companies are medical equipment, laptops, televisions, sewing machines, refrigerators, butane gas bottles and Egypt's best-known bottled water brand, Safi. The military businesses do not pay taxes and are immune from government regulation.

The generals also control swathes of public land, which is increasingly being converted into gated communities and resorts for the benefit of the military caste, as well as the rest of Egypt's obscenely wealthy business elite. Among the resorts is one on the Red Sea at Sharm el-Sheikh, where Mubarak reportedly fled to one of his seaside palaces. Extravagant and well-watered golf courses have become notorious in a country where millions of people have no access to running water.

There are divergent estimates of the size of the military's business empire—partly because it is illegal in Egypt to report on the military's activities. Paul Sullivan, a US National Defense University professor, has stated

that the military conglomerates probably account for 10 percent to 15 percent of Egypt's \$US210 billion per year economy.

According to US Naval Postgraduate School Professor Robert Springborg, estimates of military control of Egyptian businesses range from 5 percent to 40 per cent. Whatever the exact percentage, officers in the Egyptian military were making "billions and billions" of dollars, Springborg said in a recent interview. He told the Global Research web site: "It's a business conglomerate, like General Electric. It's represented in virtually every sector of the economy."

The Ministry of Military Production alone has 40,000 civilian employees and takes in approximately \$345 million a year, according to its head, former General Sayed Meshal. A journalist from the online publication Slate, who interviewed Meshal last year, described the ministry's "lavish headquarters". It had "golden handrails" and "fancy custom-made drink counters". The place was "awash with cash".

At the pinnacle of this pyramid of wealth stood Mubarak, a former military commander himself, and his family. Their fortune amounts to as much as \$70 billion, according to a report by the ABC television network in the United States. The family is believed to own properties in Manhattan, Beverly Hills, California and London, to have large deposits in banks in Britain and Switzerland, and to have invested heavily in hotels and tourist businesses on the Red Sea.

Washington, which is now relying on Tantawi's military council to restore order, has long been well aware of the venal interests of the generals, who collaborate intimately with the Pentagon in return for military aid and weaponry worth an average of \$2 billion per year since 1979. In a 2008 US embassy cable published by Wikileaks, Ambassador Margaret Scobey reported that "analysts perceive the military as retaining strong influence through its role in ensuring regime stability and operating a large network of commercial enterprises".

Scobey said her sources "opined that the regime gives the six businessmen in the cabinet carte blanche to pursue commercial activities, but that the defense minister can put a hold on any contract for 'security concerns'." One source "pointed out that military companies built the modern road to the Ain Soukna Red Sea resorts 90 minutes from Cairo and Cairo University's new annex. He noted the large amounts of land owned by the military in the Nile Delta and on the Red Sea coast, speculating that such property is a 'fringe benefit' in exchange for

the military ensuring regime stability and security."

Scobey reported the existence of "economic and political tensions between the business elite and the military," but concluded that "the overall relationship between the two still appears to be cooperative, rather than adversarial". Her cable reviewed the military's unease at the rise of Mubarak's son Gamal, who was being groomed to succeed his father as president. She observed that his power base lay in the super-rich layer that had profited from the wholesale privatisation of state enterprises since 2004, rather than the military elite.

Not discussed in the cable, however, was the overriding concern of the military leadership: that the blatant wealth disparity produced by the privatisation process would generate convulsive social unrest. The sell-off of several hundred businesses to the profiteers associated with Gamal Mubarak resulted in the firing of thousands of employees. At the same time, again at the behest of the international financial markets, government subsidies for essential commodities were reduced or eliminated, creating dire poverty and immense popular discontent.

Samer Shehata, an Egyptian academic at Georgetown University told *Time* that the military had in 2008 pointed to the hundreds of strikes that the post-2004 economic changes had unleashed. "They said this was becoming an issue of national security," Shehata said. One of the groups organising on Facebook this year took its name, the April 6 Movement, from an April 6, 2008, strike by textile workers in the Nile delta that was brutally suppressed by the regime.

It is the powerful upsurge of the working class, which has deepened and broadened since 2008, that the military commanders are intent on defeating at all costs. Far from representing any democratic instrument, the military is a consciously counter-revolutionary force, determined to crush the workers' uprising in order to defend its own vast interests, as well as those of its pay masters in the US.

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