

Egypt and the IMF: 'Topple their debts'

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There really is a magic bullet that can make sure Egypt's revolution triumphs.

The Popular Campaign to Drop Egypt's Debts was launched at the Journalists' Union 31 October, with a colourful panel of speakers, including Al-Ahram Centre for Political & Strategic Studies Editor-in-Chief Ahmed Al-Naggar, Independent Trade Union head Kamal Abbas, legendary anti-corruption crusader Khaled Ali, and the head of the Tunisia twin campaign Dr Fathi Chamkhi.

Moderator Wael Gamal, a financial journalist, described how he and a core of revolutionaries after 25 January started the campaign with a facebook page DropEgyptsDebt. The IMF offer of a multi-billion dollar loan in June was like a red flag in front of a bull for Gamal, and their campaign really got underway after that, culminating in the formal launch this week, just as election fever is rising.

"Just servicing Egypt's debt costs close to \$3 billion a year, more than all the food subsidies that the IMF harps about, more than our health expenditures," Gamal said angrily. "We are burdened with a \$35 billion debt to foreign banks, mostly borrowed under the Hosni Mubarak regime, none of it to help the people."

Ali explained the basis of the campaign, which does not call for wholesale cancellation of the debt, but for a line-by-line review of the loan terms and useage to determine: whether the loan was made with the consent of the people of Egypt, whether it serves the interests of the people, and to what extent it was wasted through corruption. He explained that the foreign lending institutions knew full well that Mubarak was a dictator conducting phoney elections and thus not reflecting the will of the people when they showered him with money, and they should face the consequences — not the Egyptian people.

These are the internationally accepted conditions behind the legitimate practice of repudiating "odious debt", which were used by the US (though mutedly) in 2003 to tear up Iraq's debt, and by Ecuador in 2009. "Ecuador had an uprising much like our revolution and after the next election the president formed an audit committee and managed to cancel two-thirds of the \$13 billion debt," noted Gamal, leaving the conferencees to ponder what a truly revolutionary government in Egypt could do for the health sector and for employment.

Al-Naggar told how the loans propped up the economy as it was being gutted under an IMF-supervised privatisation programme from 1990 on, allowing foreign companies and Mubarak cronies to pocket hundreds of millions of dollars and spirit them abroad. Meanwhile, what investment that trickled down from the loans went to financing prestige infrastructure projects like the Cairo airport expansion, which was riddled with corruption and serves only

the Egyptian elite. Virtually all the loans from this period should be considered liable for writing off.

No government officials deigned — or dared — to come to the conference. On the contrary, Egypt's Finance Minister Hazem Al-Biblawi told Al-Sharouk that it defames Egypt in the world's eyes, saying, "like the proverb 'It looks like a blessing on the outside, but is hell on the inside'."

Both Gamal and Al-Naggar criticised Biblawi for distorting their intent, which is not to portray Egypt as bankrupt, like Greece, but to shift the burden of the bad loans to the guilty parties — the lenders, and thereby to help the revolution. "It is the counter-revolution that is discrediting Egypt. And they are the old regime that got the loans and misused them, and are now trying to discredit the revolution. The international community should willingly write off the odious loans if it wants the revolution to succeed," exhorted Al-Naggar.

The enthusiasm and sense of purpose at the conference was infectious. Indeed, this campaign is arguably the key to whether or not the revolution succeeds. But it requires a political backbone that only an elected government can hope to muster. The fawning of Al-Biblawi — this week he hosted another IMF mission — looks like the performance of someone from the Mubarak era, not someone delegated to protect the revolution. He welcomed the delegation and "the possibility of their offering aid to Egypt".

Al-Naggar pointed out that the purpose of the IMF is not to aid the Egyptian people, but to tie the government to international dictate. Rating agencies are part of this, downgrading Egypt's credit rating after the revolution. Why? Because Egypt is less democratic? Or because it will be harder to ply Egypt with more loans to benefit Western corporations, and to keep the Egyptian government in line with the Western political agenda. "Silence is golden," Al-Naggar advised Biblawi, meaning, "If you don't have something good to say, don't say anything."

Chamkhi brought Tunisian warmth to the meeting, though he further incensed listeners as he explained how the Western debt scheming is directly the result of 19th c colonialism. He told how France colonised Tunisia, stole the best agricultural land, and then how the quasi-independent government in 1956 had to take out French loans *to buy back the land that the French had stolen*, thereby indenturing Tunisia yet again, in a new neocolonial guise. The foreign debt really exploded with Zine Al-Abidine Ben Ali's kleptocracy, just as did Egypt's under Mubarak. Shamati eloquently expressed how "debts are not for our development, but to make us poor. To create a dictatorship of debts."

Tunisia's first democratic elections brought the Congress for the Republic, which supports the debt revision campaign, 30 seats. So far in Egypt, according to organiser Salmaa Hussein, Tagammu, the Nasserists and Karama support their efforts, along with presidential hopefuls Hamdeen Sabhi and Abdul Monem Abul Fotouh.

There is an international campaign dating from the 1990s, the 2000 Jubilee debt relief movement, and the Cairo conference heard a report from London about efforts on behalf of many third world countries — now including Egypt and Tunisia — by public-spirited Brits. The Arab Spring success stories now have a determined and politically savvy core of activists who know what the score is and will be pushing their respectively revolutionary governments to repudiate the debts from the corrupt regimes they overthrew at the cost of hundreds of lives. As the fiery Independent Trade Union head Abbas cried, adding an apt

phrase to Egypt's revolutionary slogan: "Topple the regime, topple their debts!"

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Canadian Eric Walberg is known worldwide as a journalist specializing in the Middle East, Central Asia and Russia. A graduate of University of Toronto and Cambridge in economics, he has been writing on East-West relations since the 1980s. He has lived in both the Soviet Union and Russia, and then Uzbekistan, as a UN adviser, writer, translator and lecturer. Presently a writer for the foremost Cairo newspaper, Al Ahram, he is also a regular contributor to Counterpunch, Dissident Voice, Global Research, Al-Jazeera and Turkish Weekly, and is a commentator on Voice of the Cape radio. Eric Walberg was a moderator and speaker at the Leaders for Change Summit in Istanbul in 2011.

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