The Super Rich Sabotage the Arab Revolutions

By Shamus Cooke
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With revolutions sweeping the Arab world and bubbling-up across Europe, aging tyrants or discredited governments are doing their best to cling to power. It's hard to over-exaggerate the importance of these events: the global political and economic status-quo is in deep crisis. If pro-democracy or anti-austerity movements emerge victorious, they'll have an immediate problem to solve — how to pay for their vision of a better world. The experiences thus far in Egypt and Greece are proof enough that money matters. The wealthy nations holding the purse strings are still able to influence the unfolding of events from afar, subjecting humiliating conditions on those countries undergoing profound social change.

This strategy is being ruthlessly deployed in the Arab world. Take for example Egypt, where the U.S. and Europe are quietly supporting the military dictatorship that replaced the dictatorship of Hosni Mubarak. Now Mubarak's generals rule the country. The people of Egypt, however, still want real change, not a mere shuffling at the top; a strike wave and mass demonstrations are testing the power of the new military dictatorship.

A strike wave implies that Egyptians want better wages and working conditions; and economic opportunity was one of the central demands of the revolutionaries who toppled Mubarak. But revolutions tend to have a temporarily negative effect on a nation's economy. This is mainly because those who dominate the economy, the rich, do their best to sabotage any social change.

One defining feature of revolutions is the exodus of the rich, who correctly assume their wealth will be targeted for redistribution. This is often referred to as "capital flight." Also, rich foreign investors stop investing money in the revolutionary country, not knowing if the company they're investing in will remain privately owned, or if the government they're investing in will strategically default and choose not to pay back foreign investors. Lastly, workers demand higher wages in revolutions, and many owners would rather shut down — if they don't flee — than operate for small profits. All of this hurts the economy overall.

The New York Times reports:

"The 18-day [Egyptian] revolt stopped new foreign investment and decimated the pivotal tourist industry… The revolution has inspired new demands for more jobs and higher wages that are fast colliding with the economy's diminished capacity…Strikes by workers demanding their share of the revolution's spoils continue to snarl industry… The main sources of capital in this country have either been arrested, escaped or are too afraid to engage in any business…" (June 10, 2011).

Understanding this dynamic, the rich G8 nations are doing their best to exploit it. Knowing that any governments that emerge from the Arab revolutions will be instantly cash-starved, the G8 is dangling $20 billion with strings attached. The strings in this case are demands that the Arab countries pursue only “open market” policies, i.e., business-friendly reforms, such as privatizations, elimination of food and gas subsidies, and allowing foreign banks and corporations better access to the economy. A separate New York Times article addressed the subject with the misleading title, Aid Pledge by Group of 8 Seeks to Bolster Arab Democracy:

“Democracy, the [G8] leaders said, could be rooted only in economic reforms that created open markets…The [$20 billion] pledge, an aide to President Obama said, was “not a blank check” but “an envelope that could be achieved in the context of suitable [economic] reform efforts.” (May 28, 2011).

The G8 policy towards the Arab world is thus the same policy the International Monetary Fund (IMF) and World Bank have pursued against weaker nations that have run into economic problems. The cure is always worse than the disease, since “open market” reforms always lead to the national wealth being siphoned into the hands of fewer and fewer people as public entities are privatized, making the rich even richer, while social services are eliminated, making the poor even poorer. Also, the open door to foreign investors evolves into a speculative bubble that inevitably bursts; the investors flee an economically devastated country. It is no accident that many former IMF “beneficiary” countries have paid off their debts and denounced their benefactors, swearing never to return.

Nations that refuse the conditions imposed by the G8 or IMF are thus cut off from the capital that any country would need to maintain itself and expand amid a time of social change. The rich nations proclaim victory in both instances: either the poorer nation asks for help and becomes economically penetrated by western corporations, or the poor country is economically and politically isolated, punished and used as an example of what becomes of those countries that attempt a non-capitalist route to development.

Many Arab countries are especially appetizing to foreign corporations hungry for new investments, since large state-run industries remain in place to help the working-class populations, a tradition begun under the socialist-inspired Egyptian President, Gamal Abdel Nasser that spread across the Arab world. If Egypt falls victim to an Iraq-like privatization frenzy, Egypt’s working people and poor will pay higher prices for food, gas, and other basic necessities. This is one reason, other than oil, that many U.S. corporations would also like to invade Iran.

The social turmoil in the Arab world and Europe have fully exposed the domination that wealthy investors and corporations have over the politics of nations. All over Europe “bailouts” are being discussed for poorer nations facing economic crises. The terms of these bailout loans are ruthless and are dictated by nothing more than the desire to maximize profits. In Greece, for example, the profit-motive of the lenders is obvious to everyone, helping to create a social movement that might reach Arab proportions. The New York Times reports:

“The new [Greece bailout] loans, however, will only be forthcoming if more austerity measures are introduced…Along with faster progress on privatization, Europe and the [IMF] fund have been demanding that Greece finally begin cutting public sector jobs and closing down unprofitable entities.” (June 1, 2011).

This same phenomenon is happening all over Europe, from England to Spain, as working people are told that social programs must be slashed, public jobs eliminated, and state industries privatized. The U.S. is also deeply affected, with daily media threats about the "vigilante bond holders" [rich investors] who will stop buying U.S. debt if Social Security, Medicare, and other social services are not eliminated.

Never before has the global market economy been so damningly exposed as biased and dominated by the super-wealthy. These consciousness-raising experiences cannot be easily siphoned into politicians promising "democracy," since democracy is precisely the problem: a tiny minority of super-rich individuals have dictatorial power due to their enormous wealth, which they use to threaten governments who don't cater to their every whim. Money is thus given to subservient governments and taken away from independent ones, while the western media never questions these often sudden shifts in policy, which can instantly transform a longtime U.S. ally into a "dictator" or vice-versa.

The toppling of dictators in the Arab world has immediately raised the question of, "What next"? The economic demands of working people cannot be satisfied while giant corporations dominate the economy, since higher wages mean lower corporate profits, while better social services require that the rich pay higher taxes. These fundamental conflicts lay just beneath the social upheavals all over the world, which came into maturity with the global recession and will continue to dominate social life for years to come. The outcome of this prolonged struggle will determine what type of society emerges from the political tumult, and will meet either the demands of working people or serve the needs of rich investors and giant corporations.

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